

THE LIMNERS AND BARDS LIMITED

Financial Statements
Year Ended October 31, 2021

CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-4
Group Statement of Financial Position	5
Group Statement of Profit or Loss and Other Comprehensive Income	6
Group Statement of Changes in Equity	7
Group Statement of Cash Flows	8
Company Statement of Financial Position	9
Company Statement of Profit or Loss and Other Comprehensive Income	10
Company Statement of Changes in Equity	11
Company Statement of Cash Flows	12
Notes to the Financial Statements	13-31

*

HALL, WILSON & ASSOCIATES

CHARTERED ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Members of
THE LIMNERS AND BARDS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Limners And Bards Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary (the Group) set out on pages 5 to 31, which comprise the statement of financial position of the Group and the Company as at October 31, 2021, the Group and Company statements of profit or loss and other comprehensive income, the Group and Company changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information. In our opinion, the accompanying consolidated and stand – alone financial statements give a true and fair view of the financial position of the Group and Company as at October 31, 2021, and of its consolidated and stand – alone financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment were of most significance in our audit of the financial statements of the current period. The matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on this matter.

Measurement of expected credit loss

Key Audit Matter	How the matter was addressed in our audit
We considered the measurement of expected credit loss (ECL) a key audit matter as the determination is subjective and requires management to make significant judgments and estimates and the application of forward – looking information.	Our audit procedures included: <ul style="list-style-type: none">• Obtain and evaluate the model used by management.• Testing the completeness of the data used.• Testing the accuracy of the ECL calculation.• Reviewing collection history and testing subsequent collections.• Assessing the adequacy of disclosures of the key assumptions and judgments in the financial statements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

2

To the Members of
THE LIMNERS AND BARDS LIMITED

Report on the Audit of the Financial Statements (continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand – alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand – alone financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the consolidated and stand – alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of the consolidated and stand – alone financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of the consolidated and stand – alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand – alone financial statements, management is responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Group and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand – alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

HALL, WILSON & ASSOCIATES

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

3

To the Members of
THE LIMNERS AND BARDS LIMITED

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Identify and assess the risks of material misstatement of the group and stand – alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidate and stand – alone financial statements, including the disclosures, and whether the consolidated and stand – alone financial statements represent the underlying transactions and events in a manner that presents a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HALL, WILSON & ASSOCIATES

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

4

To the Members of
THE LIMNERS AND BARDS LIMITED

Report on the Audit of the Financial Statements (continued)

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the consolidated and stand – alone financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Wilfield St. P. Hall.

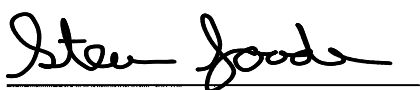
Stall Wilson & Associates

Chartered Accountants
December 29, 2021

Group Statement of Financial Position
At October 31, 2021

	<u>Notes</u>	<u>2021</u> \$	<u>2020</u> \$
<u>Non – current assets</u>			
Property, plant and equipment	4	58,728,263	57,310,248
Intangible assets	5	4,876,846	5,862,544
Right – of – use asset	6	96,386,641	52,644,683
Investments	8	478,143	408,301
Deferred taxation	9	<u>2,049,359</u>	<u>-</u>
		<u>162,519,252</u>	<u>116,225,776</u>
<u>Current assets</u>			
Due from related parties	10	-	17,554,178
Accounts receivable	11	222,234,933	158,427,327
Taxation recoverable		6,225,722	3,444,850
Cash and cash equivalents	12	<u>415,252,582</u>	<u>380,416,342</u>
		<u>643,713,237</u>	<u>559,842,697</u>
Total assets		<u>806,232,489</u>	<u>676,068,473</u>
<u>Shareholders' equity</u>			
Share capital	13	178,941,261	178,941,261
Retained earnings		<u>336,781,987</u>	<u>285,285,888</u>
		<u>515,723,248</u>	<u>464,227,149</u>
<u>Non – current liabilities</u>			
Long – term loans	14	9,141,087	10,374,542
Due to related party	10	55,473	-
Long – term lease liability	6	<u>97,682,096</u>	<u>52,473,977</u>
		<u>106,878,656</u>	<u>62,848,519</u>
<u>Current liabilities</u>			
Accounts payable and accrued charges	15	180,364,465	146,600,229
Current maturity of long – term loans	14	1,233,454	1,258,686
Current maturity of lease liability	6	<u>2,032,666</u>	<u>1,133,890</u>
		<u>183,630,585</u>	<u>148,992,805</u>
Total equity and liabilities		<u>806,232,489</u>	<u>676,068,473</u>

The financial statements on pages 5 to 31 were approved for issue by the Board of Directors on December 29, 2021 and signed on its behalf by:



Steven Gooden
Chairman



Kimala Bennett
Chief Executive Officer

The accompanying notes form an integral part of the financial statements.

Group Statement of Profit or Loss and Other Comprehensive Income
Year Ended October 31, 2021

	<u>Notes</u>	<u>2021</u> \$	<u>2020</u> \$
Operating revenue	16	1,227,208,331	911,738,363
Cost of operating revenue		(851,401,349)	(613,112,753)
Gross profit		<u>375,806,982</u>	<u>298,625,610</u>
Administrative, selling and distribution expenses:	17		
Administration expenses		(233,516,565)	(172,874,745)
Selling and distribution		(3,745,356)	(548,564)
		<u>(237,261,921)</u>	<u>(173,423,309)</u>
Impairment losses on financial assets	17	(2,613,706)	(1,535,366)
Profit before net finance cost and taxation		<u>135,931,355</u>	<u>123,666,935</u>
Finance income		25,805,000	9,279,673
Finance cost		(8,304,955)	(5,634,350)
Net finance income	18	<u>17,500,045</u>	<u>3,645,323</u>
		153,431,400	127,312,258
Loss in value of investments classified as FVTPL		<u>69,841</u>	(231,013)
Profit before taxation		153,501,241	127,081,245
Taxation	19	<u>2,049,359</u>	-
Net profit being total comprehensive income for the year		<u>155,550,600</u>	<u>127,081,245</u>
Earnings per stock unit	20	<u>16c</u>	<u>13c</u>

The accompanying notes form an integral part of the financial statements.

Group Statement of Changes in Equity ·
Year Ended October 31, 2021

	<u>Share capital</u> \$	<u>Retained earnings</u> \$	<u>Total</u> \$
Balance at October 31, 2019	178,941,261	177,118,448	356,059,709
Dividends	-	(18,913,805)	(18,913,805)
Total comprehensive income for the year	<u>-</u>	<u>127,081,245</u>	<u>127,081,245</u>
Balance at October 31, 2020	178,941,261	285,285,888	464,227,149
Dividends	-	(104,054,501)	(104,054,501)
Total comprehensive income for the year	<u>-</u>	<u>155,550,600</u>	<u>155,550,600</u>
Balance at October 31, 2021	<u>178,941,261</u>	<u>336,781,987</u>	<u>515,723,248</u>

The accompanying notes form an integral part of the financial statements.

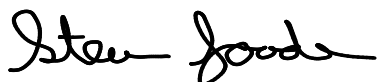
Group Statement of cash flows
Year Ended October 31, 2021

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	155,550,600	127,081,245
Adjustments to reconcile net profit for the year to net cash provided by operating activities:		
Depreciation and amortisation	16,801,277	12,357,729
(Profit)/loss on investment	(69,841)	231,013
Interest income	(8,378,366)	(4,429,944)
Interest expense	6,966,314	4,664,780
Taxation	(2,049,359)	-
	<u>168,820,625</u>	<u>139,904,823</u>
Working capital components:		
Due from related parties	17,554,178	(7,241,793)
Accounts receivable	(63,839,812)	(74,541,220)
Due to related party	55,473	-
Accounts payable and accrued charges	<u>33,764,236</u>	<u>67,064,049</u>
Cash provided by operating activities	156,354,700	125,185,859
Interest paid	(6,966,314)	(4,664,780)
Tax paid/deducted at source	<u>(2,780,872)</u>	<u>(1,831,114)</u>
Net cash provided by operating activities	<u>146,607,514</u>	<u>118,689,965</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	8,410,572	4,385,973
Proceeds from disposal of property, plant and equipment	-	45,160,417
Addition to property, plant and equipment	<u>(13,421,492)</u>	<u>(18,572,646)</u>
Net cash (used) in/provided by investing activities	<u>(5,010,920)</u>	<u>30,973,744</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability – principal portion	(1,447,167)	(618,416)
Long – term loans, net	(1,258,686)	(41,293,802)
Dividends paid	<u>(104,054,501)</u>	<u>(18,913,805)</u>
Net cash (used)/provided by financing activities	<u>(106,760,354)</u>	<u>(60,826,023)</u>
Net increase in cash and cash equivalents	34,836,240	88,837,686
Cash and cash equivalents at start of year	<u>380,416,342</u>	<u>291,578,656</u>
Cash and cash equivalents at end of year	<u>415,252,582</u>	<u>380,416,342</u>

Statement of Financial Position
At October 31, 2021

	<u>Notes</u>	<u>2021</u> \$	<u>2020</u> \$
<u>Non – current assets</u>			
Property, plant and equipment	4	58,728,263	57,310,248
Intangible assets	5	4,876,846	5,862,544
Right – of – use asset	6	96,386,641	52,644,683
Investment in subsidiary	7	15,000,000	-
Investments	8	<u>478,143</u>	<u>408,301</u>
		<u>175,469,893</u>	<u>116,225,776</u>
<u>Current assets</u>			
Due from related parties	10	-	17,554,178
Accounts receivable	11	222,234,933	158,427,327
Taxation recoverable		6,225,722	3,444,850
Cash and cash equivalents	12	<u>408,530,018</u>	<u>380,416,342</u>
		<u>636,990,673</u>	<u>559,842,697</u>
Total assets		<u>812,460,566</u>	<u>676,068,473</u>
<u>Shareholders' equity</u>			
Share capital	13	178,941,261	178,941,261
Retained earnings		<u>342,930,064</u>	<u>285,285,888</u>
		<u>521,871,325</u>	<u>464,227,149</u>
<u>Non – current liabilities</u>			
Long – term loans	14	9,141,088	10,374,542
Due to related party	10	55,473	-
Long – term lease liability	6	<u>97,682,095</u>	<u>52,473,977</u>
		<u>106,878,656</u>	<u>62,848,519</u>
<u>Current liabilities</u>			
Accounts payable and accrued charges	15	180,444,465	146,600,229
Current maturity of long – term loans	14	1,233,454	1,258,686
Current maturity of lease liability	6	<u>2,032,666</u>	<u>1,133,890</u>
		<u>183,710,585</u>	<u>148,992,805</u>
Total equity and liabilities		<u>812,460,566</u>	<u>676,068,473</u>

The financial statements on pages 5 to 31 were approved for issue by the Board of Directors on December 29, 2021 and signed on its behalf by:



Steven Gooden
Chairman



Kimala Bennett
Chief Executive Officer

The accompanying notes form an integral part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income
Year Ended October 31, 2021

	<u>Notes</u>	<u>2021</u> <u>\$</u>	<u>2020</u> <u>\$</u>
Operating revenue	16	1,227,208,331	911,738,363
Cost of operating revenue		(851,510,349)	(613,112,753)
Gross profit		<u>375,697,982</u>	<u>298,625,610</u>
Administrative, selling and distribution expenses:	17		
Administration expenses		(228,384,289)	(172,874,745)
Selling and distribution		(570,990)	(548,564)
		<u>(228,955,279)</u>	<u>(173,423,309)</u>
Impairment losses on financial assets	17	(2,613,706)	(1,535,366)
Profit before net finance cost and taxation		<u>144,128,997</u>	<u>123,666,935</u>
Finance income		25,804,794	9,279,673
Finance cost		(8,304,955)	(5,634,350)
Net finance income	18	<u>17,499,839</u>	<u>3,645,323</u>
		161,628,836	127,312,258
Loss in value of investments classified as FVTPL		<u>69,841</u>	(231,013)
Profit before taxation		161,698,677	127,081,245
Taxation	19	<u>-</u>	<u>-</u>
Net profit being total comprehensive income for the year		<u>161,698,677</u>	<u>127,081,245</u>

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity
Year Ended October 31, 2021

	<u>Share capital</u> \$	<u>Retained earnings</u> \$	<u>Total</u> \$
Balance at October 31, 2019	178,941,261	177,118,448	356,059,709
Dividends	-	(18,913,805)	(18,913,805)
Total comprehensive income for the year	<u>-</u>	<u>127,081,245</u>	<u>127,081,245</u>
Balance at October 31, 2020	178,941,261	285,285,888	464,227,149
Dividends	-	(104,054,501)	(104,054,501)
Total comprehensive income for the year	<u>-</u>	<u>161,698,677</u>	<u>161,698,677</u>
Balance at October 31, 2021	<u>178,941,261</u>	<u>342,930,064</u>	<u>521,871,325</u>

Statement of cash flows
Year Ended October 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	161,698,677	127,081,245
Adjustments to reconcile net profit for the year to net cash provided by operating activities:		
Depreciation and amortisation	16,801,277	12,357,729
(Profit)/loss on investment	(69,841)	231,013
Interest income	(8,378,159)	(4,429,944)
Interest expense	<u>6,966,314</u>	<u>4,664,780</u>
	177,018,268	139,904,823
Working capital components:		
Due from related parties	17,554,178	(7,241,793)
Accounts receivable	(63,839,812)	(74,541,220)
Due to related party	55,473	-
Accounts payable and accrued charges	<u>33,844,236</u>	<u>67,064,049</u>
Cash provided by operating activities	164,632,343	125,185,859
Interest paid	(6,966,314)	(4,664,780)
Tax paid/deducted at source	<u>(2,780,872)</u>	<u>(1,831,114)</u>
Net cash provided by operating activities	<u>154,885,157</u>	<u>118,689,965</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	8,410,365	4,385,973
Investment in subsidiary	(15,000,000)	-
Proceeds from disposal of property, plant and equipment	-	45,160,417
Addition to property, plant and equipment	<u>(13,421,492)</u>	<u>(18,572,646)</u>
Net cash (used) in/provided by investing activities	<u>(20,011,127)</u>	<u>30,973,744</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability – principal portion	(1,447,167)	(618,416)
Long – term loans, net	(1,258,686)	(41,293,802)
Dividends paid	<u>(104,054,501)</u>	<u>(18,913,805)</u>
Net cash used in financing activities	<u>(106,760,354)</u>	<u>(60,826,023)</u>
Net increase in cash and cash equivalents	28,113,676	88,837,686
Cash and cash equivalents at start of year	<u>380,416,342</u>	<u>291,578,656</u>
Cash and cash equivalents at end of year	<u>408,530,018</u>	<u>380,416,342</u>

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements
Year Ended October 31, 2021

1. Corporate structure and nature of business

The company is incorporated in Jamaica under the Companies Act and is domiciled in Jamaica. The registered office of the company and its principal place of business is situated at Unit # 4, 69 – 75 Constant Spring Road, Kingston 10.

The company was re – registered as a public company by resolution passed at an extraordinary general meeting held on February 25, 2019 and its shares were listed on the Junior Market of the Jamaica Stock Exchange on July 26, 2019.

The principal activities of the company are the production, media and is an advertising agency.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB) and comply with the provisions of the Companies Act.

New standards, interpretations and amendments to standards that are effective for accounting periods beginning on or after January 1, 2020:

Certain new and amended standards that were in issue came into effect during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following, which are relevant to its operations:

- Amendments to *IAS 1 'Presentation of financial statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'* (effective for annual periods beginning on or after January 1, 2020). These amendments and consequential amendments to other *IFRSs* result in the use of a consistent definition of materiality throughout *IFRSs* and the Conceptual Framework for Financial Reporting. They clarify the explanation of the definition of material and also incorporate some of the guidance in *IAS 1* about immaterial information. The adoption of these amendments did not have a significant impact on the company.
- Amendments to *IFRS 16 'Leases – COVID - 19 related rent concessions extension of the practical expedient'*, (effective for annual periods beginning on or after June 1, 2020). This amendment provides lessees with an exemption from assessing whether a COVID – 19 related concession is a lease modification. The adoption of this amendment did not have an impact on the company's financial statements.

New and amended standards issued but not yet effective and not early adopted:

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position and which the company has not early adopted. Management anticipates that the following will be relevant to the company's financial statements.

- Amendments to *IAS 1 'Presentation of financial statements' on classification of liabilities*, (effective for annual periods beginning on or after January 1, 2022). These amendments to *IAS 1*, 'Presentation of financial statements', clarify that liabilities are classified as either current or non – current, depending on the rights that exist at the end of the reporting period. The amendment also clarifies what *IAS 1* means when it refers to the 'settlement' of a liability.

Notes to the Financial Statements
Year Ended October 31, 2021

2. Statement of compliance and basis of preparation (continued)

New and amended standards issued but not yet effective and not early adopted(continued):

- Amendments to *IFRS 3*, *IAS 16*, *IAS 37* and some annual improvements on *IFRS 1*, *IFRS 9* and *IFRS 16* (effective for annual periods beginning on or after January 1, 2022). Amendments to *IFRS 3* 'Business combinations' update a reference in *IFRS 3* to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to *IAS 16* 'Property, plant and equipment' prohibit a company from deducting from the cost of the property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to *IAS 37* 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss – making. Annual improvements make minor amendments to *IFRS 1*, 'First – time Adoption of IFRS', *IFRS 9* 'Financial instruments' and the illustrative examples accompanying *IFRS 16*, 'Leases'.

The company is assessing the impact the amendments will have on its 2022 financial statements.

(b) Basis of preparation:

The financial statements are presented in Jamaican dollars (J\$), which is the functional currency of the company. The financial statements are prepared under the historical cost convention, except for the inclusion of investments classified as fair value through profit or loss carried at fair value.

(c) Basis of consolidation:

Subsidiaries

A subsidiary is an entity controlled by the company. Control exists when the company has power, directly and indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The company may have power over an entity even when it holds no ownership interest in the entity, or when it holds less than a majority of voting power in the entity. In such cases, the company exercises judgment and assesses its power to direct the relevant activities of the entity, as well as its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the entity. The financial statements of the subsidiary are included consolidated from the date on which control commences until the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation. In the company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment.

(d) Use of estimates and judgement:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the statement of financial position date, and the income and expenses for the year then ended. Actual amounts could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Notes to the Financial Statements
Year Ended October 31, 2021

2. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgement (continued):

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below.

(i) Financial assets:

For the purpose of these financial statements, judgment refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and well – reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS. The key relevant judgements are as follows:

1. Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

2. Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward – looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

Allowance for impairment losses:

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward – looking information. Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such estimates.

(ii) Residual value and expected useful life of property, plant and equipment:

The residual value and the expected useful life of an asset are reviewed at least at each financial year end and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the company.

3. Significant accounting policies

(a) Property, plant and equipment:

(i) Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self – constructed assets includes the cost of material and direct labour and any other costs directly attributable to bringing the assets to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Notes to the Financial Statements
Year Ended October 31, 2021

3. Significant accounting policies (continued)

(a) Property, plant and equipment (continued):

(ii) Depreciation:

Property, plant and equipment are depreciated on a straight-line basis at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

Equipment, furniture, fixtures & building improvements	10%
Building	5%
Computers & motor vehicles	20%

Depreciation methods, useful lives and residual values are reassessed annually.

(b) Intangible assets – computer software:

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of five (5) years for the software on a straight – line basis.

Costs associated with developing or maintaining computer software programs are recognised as expenses as incurred.

(c) Accounts receivable:

Accounts receivable is stated at amortised cost less impairment losses.

(d) Related parties:

A party is related to the company, if:

- (i) directly, or indirectly through one or more intermediaries, the party:
 - (a) is controlled by, or is under common control with the company;
 - (b) has a direct or indirect interest in the company that gives it significant influence; or
 - (c) has joint control over the company;
- (ii) the party is an associate of the company;
- (iii) the party is a joint venture in which the company is a venturer;
- (iv) the party is a member of the key management personnel of the company;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. The company has a related party relationship with its directors and key management personnel, representing certain senior officers of the company.

(e) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances including short-term deposits and other monetary investments with maturities ranging between one and three months from the date of statement of financial position. Bank overdrafts, repayable on demand and forming an integral part of the company's cash management activities, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Notes to the Financial Statements
Year Ended October 31, 2021

3. Significant accounting policies (continued)

(f) Accounts payable:

Trade and other payables are measured at amortised cost.

(g) Borrowings:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest – bearing borrowings are measured at amortised cost, with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as property, plant and equipment.

(h) Foreign currencies:

Foreign currency balances at the reporting date are translated at the exchange rates ruling at that date. Transactions in foreign currencies are converted at the exchange rates ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are recognised in the statement of profit or loss and other comprehensive income.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in the statement of profit or loss and other comprehensive income are treated as cash items and included in cash flows from operating or financing activities along with movement in the relevant balances.

(i) Share capital:

Ordinary shares are classified as equity where there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds of the issue.

(j) Dividends:

Dividends on ordinary shares are recognised in shareholders equity in the period in which they are approved by the Board of Directors.

(k) Revenue recognition:

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a good or service to and is accepted by a customer. Revenue from the sale of goods or provision of service represents the invoiced value of goods and services and is recognised in the statement of profit or loss and other comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

(l) Taxation:

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the date of the statement of financial position.

Notes to the Financial Statements
Year Ended October 31, 2021

3. Significant accounting policies (continued)

(l) Taxation (continued):

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(m) Impairment:

Financial assets

The company recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost and at fair value through OCI. This replaces IAS 39's 'incurred loss model'.

Recognition of credit loss is no longer dependent on the company first identifying a credit loss event. Instead, the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of future cash flows of the instrument.

The company applies the simplified approach for trade receivables which is permitted by IFRS 9. The simplified approach requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

In calculating, the company uses its historical experience, external indicators and forward - looking information to calculate the expected credit losses using a provision matrix.

The company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

(n) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets comprise cash and cash equivalents, trade and other receivables, investments and amounts due from related parties. Similarly, financial liabilities comprise trade and other payables and loans.

Notes to the Financial Statements
Year Ended October 31, 2021

3. Significant accounting policies (continued)

(n) Financial instruments (continued):

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (except a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not a FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

The financial assets that meet both of the following conditions are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as “held to collect” and measured at amortised cost.

Amortised cost represents the net present value (NPV) of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Trade and other receivables
- Investments

Due to their short – term nature, the company initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

All income and expenses relating to financial assets that are recognised in the statement of profit or loss and other comprehensive income are presented within finance income, finance costs or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement

- Finance cost at amortised cost – These are measured at amortised cost using the effective interest method.
- FVTPL – Any gains or losses recognised in profit or loss.
- FVOCI – Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset. None of the company’s financial assets fall into this category.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the company transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass – through’ arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(o) Leases:

The company adopted IFRS 16 as at November 1, 2019, consequently, all leases are accounted for by recognising a right – of – use asset and a lease liability for all leases with a term greater than 12 months.

Notes to the Financial Statements
Year Ended October 31, 2021

3. Significant accounting policies (continued)

(o) Leases (continued):

At the lease commencement date, the company recognises a right – of – use asset and a lease liability on the statement of financial position. Lease liability is measured at the present value of the contractual payments due to the lessor over the lease term (including variable payments based on an index or rate), amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Other variable payments are expensed in the period to which they relate.

Right – of – use assets are initially measured at the amount of the lease liability, reduced by any lease incentives received and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liability will be increased as a result of interest charged and reduced for payments made. Right – of – use assets are amortised on a straight – line basis over the shorter of the remaining lease term or over the remaining economic life of the leased asset.

When the company revises its estimate of the term of any lease or when the variable element of future payments dependent on an index or rate is revised, it adjusts the carrying amount of the liability to reflect the payments to be made over the revised term. Which were discounted at the same discount rate that applied on the lease commencement date. Similarly, an equivalent adjustment is made to the carrying value of the right – of – use asset, with the revised carrying amount being amortised over the remaining lease term or useful economic life of the leased asset.

The company has elected to account for short – term leases and leases of low value assets using the practical expedients. Instead of recognising a right – of – use asset and lease liability, the payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight – line basis over the lease term.

The right – of – use – asset is depreciated over the shorter of the assets' useful life and the lease term on a straight – line basis.

(p) Finance costs and income:

Finance costs comprise interest expense on borrowings calculated using the effective interest rate method. Finance income comprise interest income on funds invested.

(q) Short – term employee benefits:

Short term employee benefits including holiday entitlement are included in accruals, measured at the undiscounted amount that the company expects to pay as a result of the unused entitlement.

(r) Operating segment:

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess performance. The company has three operating segments: agency, production and media. Results by segments are disclosed in Note 22.

Notes to the Financial Statements
Year Ended October 31, 2021

4. Property, plant and equipment

	<u>Motor Vehicle</u> \$	<u>Computers</u> \$	<u>Equipment</u> \$	<u>Office Furniture & equipment</u> \$	<u>Building & Building improvement</u> \$	<u>Total</u> \$
<u>At cost</u>						
October 31, 2019	11,882,480	6,398,730	31,409,462	9,184,846	74,536,165	133,411,683
Disposals	-	-	-	-	(51,125,000)	(51,125,000)
Additions	-	<u>6,623,475</u>	<u>3,020,451</u>	<u>362,795</u>	<u>2,929,340</u>	<u>12,936,061</u>
October 31, 2020	11,882,480	13,022,205	34,429,913	9,547,641	26,340,505	95,222,744
Additions	-	<u>2,249,432</u>	<u>8,058,981</u>	<u>769,823</u>	<u>2,014,353</u>	<u>13,092,589</u>
December 2021	<u>11,882,480</u>	<u>15,271,637</u>	<u>42,488,894</u>	<u>10,317,464</u>	<u>28,354,858</u>	<u>108,315,333</u>
<u>Depreciation</u>						
October 31, 2019	594,125	5,374,972	15,737,465	2,653,833	9,066,389	33,426,784
Disposal	-	-	-	-	(5,964,583)	(5,964,583)
Charge for the year	<u>2,376,496</u>	<u>957,138</u>	<u>2,921,205</u>	<u>871,103</u>	<u>3,324,353</u>	<u>10,450,295</u>
October 31, 2020	2,970,621	6,332,110	18,658,670	3,524,936	6,426,159	37,912,496
Charge for the year	<u>2,376,496</u>	<u>1,832,577</u>	<u>3,771,748</u>	<u>944,177</u>	<u>2,749,576</u>	<u>11,674,574</u>
October 31, 2021	<u>5,347,117</u>	<u>8,164,487</u>	<u>22,430,418</u>	<u>4,469,113</u>	<u>9,175,735</u>	<u>49,587,070</u>
<u>Net book values</u>						
October 31, 2021	<u>6,535,363</u>	<u>7,106,950</u>	<u>20,058,476</u>	<u>5,848,351</u>	<u>19,179,123</u>	<u>58,728,263</u>
October 31, 2020	<u>8,911,859</u>	<u>6,690,095</u>	<u>15,771,243</u>	<u>6,022,705</u>	<u>19,914,346</u>	<u>57,310,248</u>

The building was transferred to a related company, Kimala Bennett Realty Company Limited (KBRC) in exchange for the transfer of bank loan and receivable from KBRC repayable within one year. Motor vehicle was pledged as security for loans (See notes 10 and 14).

5. Intangible assets

	<u>Software</u> \$
<u>At cost</u>	
October 31, 2019	689,741
Addition	<u>5,636,585</u>
October 31, 2020	6,326,326
Addition	<u>328,903</u>
October 31, 2021	<u>6,655,229</u>
<u>Amortisation:</u>	
October 31, 2019	137,948
Charge for the year	<u>325,834</u>
October 31, 2020	463,782
Charge for the year	<u>1,314,601</u>
October 31, 2021	<u>1,778,383</u>
<u>Carrying amount:</u>	
October 31, 2021	<u>4,876,846</u>
October 31, 2020	<u>5,862,544</u>

Notes to the Financial Statements
Year Ended October 31, 2021

6. Right – of – use asset/lease liability**Right – of – use asset:**

	<u>2021</u>	<u>2020</u>
	\$	\$
November 1/Adoption of IFRS 16	52,644,683	54,226,283
Addition	<u>47,554,061</u>	<u>-</u>
October 31	100,198,744	54,226,283
Amortisation	<u>(3,812,103)</u>	<u>(1,581,600)</u>
October 31	<u>96,386,641</u>	<u>52,644,683</u>
Lease liability:		
November 1/Adoption of IFRS 16	53,607,867	54,226,283
Addition	<u>47,554,061</u>	<u>-</u>
	101,161,928	54,226,283
Interest charged for the period	6,192,969	2,675,702
Payments made for the period	<u>(7,640,135)</u>	<u>(3,294,118)</u>
October 31	99,714,762	53,607,867
Current liability	<u>(2,032,666)</u>	<u>(1,133,890)</u>
Non – current	<u>97,682,096</u>	<u>52,473,977</u>

The right – of – use asset relates to the lease of buildings, units # 4 & 5 situated at 69 – 75 Constant Spring Road, Kingston 10.

7. Investment in subsidiary

	<u>2021</u>	<u>2020</u>
	\$	\$
Scope Caribbean Limited	<u>15,000,000</u>	<u>-</u>

Scope Caribbean Limited was incorporated on April 13, 2021 and is a wholly owned subsidiary of the company. This represents the cost paid to acquire all the issued ordinary shares.

8. Investments

	<u>2021</u>	<u>2020</u>
	\$	\$
Quoted shares: – classified as FVTPL		
QWI Shares – value at November 1	408,301	639,314
At fair value – October 31	<u>478,143</u>	<u>408,301</u>
Gain/(loss) in value of investment	<u>69,842</u>	<u>(231,013)</u>

9. Deferred taxation

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Deferred tax is attributable to the following:				
Unutilised tax losses	<u>2,049,359</u>	<u>-</u>	<u>-</u>	<u>-</u>

All changes in the provision for deferred taxation are recognized in the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements
Year Ended October 31, 2021

10. Due from related parties

The balances are interest free and have no fixed repayment terms (see note 4).

11. Accounts receivable

	<u>2021</u>	<u>2020</u>
	\$	\$
Trade receivables	220,706,142	154,635,459
Allowance for impairment losses (i)	(5,346,860)	(2,733,154)
Other receivables	215,359,282	151,902,305
	<u>6,875,651</u>	<u>6,525,022</u>
	<u>222,234,933</u>	<u>158,427,327</u>

(i) The movement in allowance for doubtful receivables during the year was as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Balance at beginning of year	2,733,154	1,197,788
Impairment loss recognized (Note 17)	<u>2,613,706</u>	<u>1,535,366</u>
	<u>5,346,860</u>	<u>2,733,154</u>

12. Cash and cash equivalents

	Group		Company	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$	\$	\$	\$
Bank balances	157,002,391	43,402,102	150,279,827	43,402,102
Short – term bank deposits	<u>258,250,191</u>	<u>337,014,240</u>	<u>258,250,191</u>	<u>337,014,240</u>
	<u>415,252,582</u>	<u>380,416,342</u>	<u>408,530,018</u>	<u>380,416,342</u>

13. Share capital

	<u>2021</u>	<u>2020</u>
	\$	\$
Authorized:		
5,000,000,000 Ordinary shares without par value		
Issued and fully paid:		
945,690,252 Ordinary shares without par value	<u>178,941,261</u>	<u>178,941,261</u>

14. Long-term loan

	<u>2021</u>	<u>2020</u>
	\$	\$
6.99% National Commercial Bank Jamaica Limited (i)	10,374,541	11,633,228
Current maturity of long – term loans	(1,233,454)	(1,258,686)
	<u>9,141,087</u>	<u>10,374,542</u>

(i) The loan is secured by a bill of sale over a motor vehicle owned by the company. The vehicle is comprehensively insured with the bank's interest noted as mortgagor. The loan is repayable in one hundred and two equal monthly payments. (See note 4).

Notes to the Financial Statements
Year Ended October 31, 2021

15. Accounts payable and accrued charges

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trade payables	154,189,027	133,532,527	154,269,027	133,532,527
Other payables and accrued charges	<u>26,175,438</u>	<u>13,067,702</u>	<u>26,175,438</u>	<u>13,067,702</u>
	<u>180,364,465</u>	<u>146,600,229</u>	<u>180,444,465</u>	<u>146,600,229</u>

16. Operating revenue

Operating revenue represents the invoiced value of services provided by the company, after discounts allowed and net of general consumption tax.

17. Expenses by nature

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Administrative:				
Directors' remuneration – Executive	28,663,366	24,589,771	28,663,366	24,589,771
Directors' fees – non – executive	3,053,125	2,385,000	3,053,125	2,385,000
Staff costs	129,830,337	86,268,836	128,023,595	86,268,836
Audit fees	2,000,000	1,250,000	2,000,000	1,250,000
Depreciation and amortisation	12,989,174	10,776,129	12,989,174	10,776,129
Amortisation – right – of – use asset	3,812,103	1,581,600	3,812,103	1,581,600
Other administrative expenses	<u>53,168,460</u>	<u>46,023,409</u>	<u>49,842,926</u>	<u>46,023,409</u>
	<u>233,516,565</u>	<u>172,874,745</u>	<u>228,384,289</u>	<u>172,874,745</u>
Selling and distribution:				
Advertising, promotion & entertainment	3,734,856	548,564	560,490	548,564
Travelling	<u>10,500</u>	<u>-</u>	<u>10,500</u>	<u>-</u>
	<u>3,745,356</u>	<u>548,564</u>	<u>570,990</u>	<u>548,564</u>
Total administrative and selling and distribution expenses	<u>237,261,921</u>	<u>173,423,309</u>	<u>228,955,279</u>	<u>173,423,309</u>
Impairment losses on financial assets:				
Trade receivables (note 10(i))	<u>2,613,706</u>	<u>1,535,366</u>	<u>2,613,706</u>	<u>1,535,366</u>
Staff costs				
Salaries	109,452,202	73,106,971	107,645,460	73,106,971
Employer's statutory contributions	15,680,033	9,744,557	15,680,033	9,744,557
Other staff costs	<u>4,698,102</u>	<u>3,417,308</u>	<u>4,698,102</u>	<u>3,417,308</u>
	<u>129,830,337</u>	<u>86,268,836</u>	<u>128,023,595</u>	<u>86,268,836</u>

Notes to the Financial Statements
Year Ended October 31, 2021

18. Net finance income

	Group		Company	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$	\$	\$	\$
Finance income:				
Foreign exchange gain	17,426,634	4,849,729	17,426,634	4,849,729
Interest income	<u>8,378,366</u>	<u>4,429,944</u>	<u>8,378,160</u>	<u>4,429,944</u>
	<u>25,805,000</u>	<u>9,279,673</u>	<u>25,804,794</u>	<u>9,279,673</u>
Finance cost:				
Loan charges and interest	(773,345)	(1,989,078)	(773,345)	(1,989,078)
Lease interest	(6,192,969)	(2,675,702)	(6,192,969)	(2,675,702)
Bank charges	(1,338,641)	(969,570)	(1,338,641)	(969,570)
	<u>(8,304,955)</u>	<u>(5,634,350)</u>	<u>(8,304,955)</u>	<u>(5,634,350)</u>
	<u>17,500,045</u>	<u>3,645,323</u>	<u>17,499,839</u>	<u>3,645,323</u>

19. Taxation

	Group		Company	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	\$	\$	\$	\$
(a) Current taxation	36,302,586	31,433,083	36,302,586	31,433,083
Remission of income tax	(36,302,586)	(31,433,083)	(36,302,586)	(31,433,083)
Deferred taxation:				
Origination of temporary differences	<u>2,049,359</u>	-	-	-
Total taxation in the statement of profit or loss	<u>2,049,359</u>	<u>-</u>	<u>-</u>	<u>-</u>
(b) Reconciliation of effective tax rate:				
Profit before taxation	<u>153,501,241</u>	<u>127,081,245</u>	<u>161,698,677</u>	<u>127,081,245</u>
Computed "expected" tax expense @ 25%	38,375,310	31,770,311	40,424,669	31,770,311
Tax relieved under the JMSE	(32,203,868)	(31,433,083)	(36,302,586)	(31,433,083)
Difference between results for Financial statements and tax reporting purposes in respect of:				
Disallowed items, net	(4,122,083)	(337,228)	(4,122,083)	(337,228)
Actual tax expense in the statement of profit or loss	<u>2,049,359</u>	<u>-</u>	<u>-</u>	<u>-</u>
c.) Effective July 26, 2019, the company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JMSE). By notice dated August 13, 2009, the Minister of Finance and the Public Service, issued and gazetted the Income Tax (Jamaica Stock Exchange Junior Market) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that are admitted to the JMSE if certain conditions were achieved after that date of initial admission. Consequently, the company is entitled to a remission of income tax for ten years from the date of listing in the proportions set out below, provided the shares remain listed for at least 15 years.				
Years 1 to 5	100 %		August 1, 2019 to July 31, 2024	
Years 6 to 10	50%		August 1, 2024 to July 31, 2029	

Notes to the Financial Statements
Year Ended October 31, 2021

20. Earnings per stock unit

The calculation of earnings per stock unit is based on the profit after taxation and the weighted average number of stock units in issue during the year.

	<u>2021</u>	<u>2020</u>
	\$	\$
Net profit attributable to shareholders	155,550,600	127,081,245
Weighted average of ordinary stock units	945,690,252	945,690,252
Basic and diluted earnings per stock unit	<u>16c</u>	<u>13c</u>

21. Dividends

During the year the Board of Directors declared and paid dividend as follows:

- Final for 2019/2020, paid on January 27, 2021, comprising ordinary dividend of \$0.034 per ordinary share and a special dividend of \$0.04 to shareholders on record at January 8, 2021.
- Interim for 2020/2021, paid on August 27, 2021, ordinary dividend of \$0.036 per ordinary share to shareholders on record at August 5, 2021.

22. Segment reporting

The company has three reportable segments: production, media and agency. Performance is measured based on segment gross profit and management has determined that this measure is the most relevant in evaluating results and allocating resources. Assets and liabilities are not assigned to each segment. Segment information for the reporting period are as follows:

	Year Ended October 31, 2021			
	Production	Media	Agency	Total
	\$	\$	\$	\$
Revenue	382,126,379	664,965,723	180,116,229	1,227,208,331
Direct costs	<u>(229,243,180)</u>	<u>(568,611,888)</u>	<u>(53,546,281)</u>	<u>(851,401,349)</u>
Gross profit	<u>152,883,199</u>	<u>96,353,835</u>	<u>126,569,948</u>	<u>375,806,982</u>
	Year Ended October 31, 2020			
	Production	Media	Agency	Total
	\$	\$	\$	\$
Revenue	234,105,237	492,061,773	185,571,353	911,738,363
Direct costs	<u>(131,727,577)</u>	<u>(420,548,626)</u>	<u>(60,836,550)</u>	<u>(613,112,753)</u>
Gross profit	<u>102,377,660</u>	<u>71,513,147</u>	<u>124,734,803</u>	<u>298,625,610</u>

23. Related party transactions

The statements of financial position and profit or loss and other comprehensive income includes the following related party transactions arising from the ordinary course of business during the year.

	<u>2021</u>	<u>2020</u>
	\$	\$
Transactions during the year:		
Talent fees – Scope Caribbean Limited (eliminated on consolidation)	432,000	-
Impairment provision – CR8 Space Limited	1,205,366	-
Lease payments – Kimala Bennett Realty Company	<u>8,038,750</u>	<u>3,764,706</u>
Year end balances:		
Due from (note 10)	<u>-</u>	<u>17,554,178</u>
Due to (note 10)	<u>55,473</u>	<u>-</u>

Notes to the Financial Statements
Year Ended October 31, 2021

24. Financial risk management

Exposure to various types of financial instrument risk arises in the ordinary course of the company's business. The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyse risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed on a regular basis and reflect changes in market conditions and the company's activities.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises principally on trade and other receivables, cash and cash equivalents and investments. There is no significant concentration of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The maximum exposure to credit risk at the reporting date was:

	<u>2021</u>	<u>2020</u>
	\$	\$
Cash and cash equivalents	415,252,582	380,416,342
Investment	478,143	408,301
Due from related parties	-	17,554,178
Accounts receivable	<u>222,234,933</u>	<u>158,427,327</u>
	<u>637,965,658</u>	<u>556,806,148</u>

(i) Trade receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the company's customer base has less of an influence on credit risk.

A credit policy has been established under which each customer is analysed individually for creditworthiness. Credit is granted to customers on the approval of management. During the credit approval process, the customer is assessed for certain indicators of possible delinquency. In monitoring customer credit risk, customers are grouped according to the ageing of their debt. The company does not require collateral in respect of trade and other receivables.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowances for doubtful debts are based on the ageing of the receivables and the customer's ability to pay.

The expected loss rates are based on the payment profile for sales over the last 24 months as well as the historical losses during the period. Individual customer payment history also forms a critical part in the analysis. The historical rates are adjusted to reflect forward looking economic factors affecting the customer's ability to pay. Trade receivables are written off when there is no reasonable expectation of recovery.

The expected credit loss for trade receivables as at October 31, 2021 were as follows:

	<u>Current</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>Over 90 days</u>	<u>Total</u>
ECL rate	1%	1.5%	2%	5%	
Gross carrying amount	<u>89,107,964</u>	<u>36,596,600</u>	<u>28,108,276</u>	<u>66,893,302</u>	<u>220,706,142</u>
Lifetime ECL	<u>891,080</u>	<u>548,949</u>	<u>562,166</u>	<u>3,344,665</u>	<u>5,346,860</u>

Notes to the Financial Statements
Year Ended October 31, 2021

24. Financial risk management (continued)

(a) Credit risk (continued):

(i) Trade receivables (continued)

October 31, 2020

	<u>Current</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>Over 90 days</u>	<u>Total</u>
ECL rate	1%	1.5%	2%	5%	
Gross carrying amount	<u>76,015,765</u>	<u>22,469,079</u>	<u>39,052,375</u>	<u>17,098,240</u>	<u>154,635,459</u>
Lifetime ECL	<u>760,158</u>	<u>337,036</u>	<u>781,048</u>	<u>854,912</u>	<u>2,733,154</u>

(ii) Cash and cash equivalents

The company limits its exposure to credit risk by maintaining these balances with financial institutions which management considered to be stable and only with counterparties that are appropriately licensed and regulated. Management does not expect any counterparty to fail to meet its obligations.

The company considered that cash and cash equivalents have low credit risk. No impairment allowances were recognised on initial adoption of IFRS 9 and there has been no change during the year.

(b) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market. The company has no significant exposure to market risk as financial instruments subject to this risk are not material.

(i) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The company minimises interest rate risk by investing mainly in fixed rate instruments and contracting liabilities at fixed rates, where possible. The company's interest rate risk arises mainly from bank loans.

The company does not account for any interest bearing financial instrument at fair value, therefore a change in interest rates at the reporting date would not affect the carrying value of the company's financial instruments.

At October 31, 2021, interest bearing assets aggregated \$236,976,457 (2020: \$233,121,361) financial liabilities subject to interest aggregated \$10,374,541 (2020: \$11,633,227).

An increase in interest rates of 100 basis points would increase profit for the year and retained earnings by approximately \$2,266,019 (2020: \$2,214,881). A reduction in interest rates of 100 basis points would have an equal but opposite effect, assuming all other variables remain constant.

(ii) Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company is exposed to currency risk on transactions that are denominated in a currency other than its functional currency. The principal currency giving rise to this risk is the United States dollars (US\$).

Notes to the Financial Statements
Year Ended October 31, 2021

24. Financial risk management (continued)

(b) Market risk (continued):

(ii) Foreign currency risk (continued):

The company manages foreign exchange exposure by maintaining adequate liquid resources in appropriate currency and by managing the timing of payments of foreign currency liabilities.

The company's exposure to foreign currency risk at the reporting date was as follows:

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Financial assets	1,619,299	1,655,778
Financial liabilities	(12,993)	(8,000)
Net assets	<u>1,606,306</u>	<u>1,647,778</u>

Average exchange rates were as follows:

	<u>US \$1.00</u>
At October 31, 2020	145.00
At October 31, 2021	155.66

Sensitivity analysis:

A 5% strengthening or weakening of the United States dollar against the Jamaican dollar would increase/(decrease) equity and profit by \$12,501,880 (2020: \$11,946,391). This analysis assumes that all variables, in particular, interest rates remain constant. The analysis is performed on the same basis for 2020.

(iii) Equity price risk:

Equity price risk arises from FVTPL equity securities held by the company as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the company's investment strategy is to maximise investment returns.

A 10% increase in the market price at the reporting date would cause an increase in gain on investments classified as FVTPL of \$47,814 (2020: \$40,830). A 10% decrease would have an equal but opposite effect on the net results or shareholders equity.

(c) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid resources to meet its financial liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to reputation. Liquidity risk may result from an inability to sell a financial asset at, or close to, fair value.

Notes to the Financial Statements
Year Ended October 31, 2021

24. Financial risk management (continued)

(c) Liquidity risk (continued):

The following are the contractual maturities of financial liabilities (including interest payments where applicable) measured at amortised costs.

	Carrying amount	Contractual cash flows	0-1 year	2-5 year	>5 year
	\$	\$	\$	\$	\$
October 31, 2021					
Accounts payable	180,364,465	180,364,465	180,364,465	-	-
Lease liability	99,714,761	197,285,710	10,430,442	42,082,914	144,772,354
Long – term loans	<u>10,374,541</u>	<u>13,208,203</u>	<u>2,032,031</u>	<u>4,064,063</u>	<u>7,112,109</u>
	<u>290,453,767</u>	<u>390,858,378</u>	<u>192,826,938</u>	<u>46,146,977</u>	<u>151,884,463</u>
October 31, 2020					
Accounts payable	146,600,229	146,600,229	146,600,229	-	-
Lease liability	53,607,867	109,176,481	5,647,059	22,588,237	80,941,185
Long – term loans	<u>11,633,228</u>	<u>15,240,235</u>	<u>2,032,031</u>	<u>4,064,063</u>	<u>9,144,141</u>
	<u>211,841,324</u>	<u>271,016,945</u>	<u>154,279,319</u>	<u>26,652,300</u>	<u>90,085,326</u>

(d) Operational risk:

Operational risk is the risk of direct or indirect losses arising from a variety of causes associated with the entity's processes, personnel, technology, infrastructure and external factors, other than financial risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

(e) Capital management

The policy of the company's Board of Directors is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business and ensure it continues as a going concern.

The company considers its capital to be its total equity inclusive of unappropriated profits and capital reserves. The company's financial objective is to generate a targeted operating surplus, in order to strengthen and provide for the future continuity of the company as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Directors regularly review the financial position of the company at meetings and monitor the return on capital and the level of dividends to the ordinary shareholders.

There was no change to the company's approach to capital management policies during the year.

Notes to the Financial Statements
Year Ended October 31, 2021

25. Fair value of financial instruments

The fair value of short – term monetary assets and liabilities are assumed to approximate their carrying values due to their relatively short – term nature. Long – term loans are carried at the contractual settlement amounts.

26. Impact of COVID – 19

The World Health Organisation (WHO) declared the novel Coronavirus (COVID – 19) outbreak a pandemic on March 11, 2020. The pandemic and the measures to control its impact have resulted in disruptions to economic activities, business operations and asset prices. Some of the measures taken by the Government to contain the impact include, travel bans, quarantines, curfews, social distancing, closure of non – essential services and work from home orders. These measures have affected some areas of the company’s operations, particularly production.

The company has performed various assessments and stress testing of its business plans under different scenarios as part of its business continuity and contingency planning. The company has implemented a work from home regime with remote access to its operation systems for most of its employees. In addition, temperature checks and hand sanitising are requirements for all staff members and visitors entering the office. COVID – 19 test is also a requirement for all persons involved on shoots/production sites.