



**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

**AUDITED RESULTS**

**FOR THE YEAR ENDED OCTOBER 31, 2023**



## REPORT TO STOCKHOLDERS Year Ended October 31, 2023

The Board of Directors of Main Event Entertainment Group Limited is pleased to present the Company's audited financial statements for the year ended October 31, 2023.

### Performance Highlights:

	Year Ended October 31, 2023	Year Ended October 31, 2022	Year Over Year \$	%
Revenues	\$ 1,921.876 M	\$ 1,549.003 M	\$ 372.873 M	24%
Gross Profit	\$ 1,025.409 M	\$ 754.822 M	\$ 270.587 M	36%
Net Profit	\$ 207.411 M	\$ 151.249 M	\$ 56.162 M	37%
Earnings Per Share (EPS)	69 cents	50 cents	19 cents	38%
Total Assets	\$ 1,155.957 M	\$ 1,094.673 M	\$ 61.284 M	6%
Shareholder's Equity	\$ 848.408 M	\$ 670.997 M	\$ 177.411 M	26%

In 2023, our overall financial performance continued the upward trajectory seen in the latter part of the last year. The Company's performance relied heavily on its core segments, which all saw increases during the current financial year.

The company improved net profit from \$151.249 million in 2022 to \$207.411 million in 2023. This represents an increase of 37% over the corresponding financial year. The result means this is the most profitable year, and the highest profit margin in the company's history. Underpinning these results was the company's ability to respond to shifts in market conditions within the entertainment sector through the introduction of new products and engaging new clients. The pursuit of new opportunities along with the company's focus on operational efficiency yielded success in 2023.

**REPORT TO STOCKHOLDERS**  
**Year Ended October 31, 2023**

Cont'd

Revenues increased by \$372.873 million or 24% to \$1,921.876 million when compared to the prior year. This has eclipsed the previous highest revenues of \$1,799.445 million earned in 2019 and has now elevated our total revenues above pre-pandemic levels. The company relied heavily on its strengths in key segments, while benefiting from new ventures during the current year as the company pivoted to pursue revenues from non-traditional sources. This resulted in growth in our M Style, Audio & Film and Entertainment segments, achieving increases ranging from 25% to 36%.

Continuing with management's pre-pandemic strategy of improving efficiency, our gross margins improved from 49% to 53% in the current year. This achieved gross profits of \$1,025.409 million; a growth of \$270.587 million or 36% year-over-year. This performance was also achieved through the pursuit of revenue streams which delivered higher margins while giving an opportunity to focus on our key strengths. Cost management strategies are key to the company's continued growth as the company explores new opportunities to deliver our services while providing great value to our clients.

Operating expenses increased by 37% year-over-year. This increase was anticipated given our increased operating activities and cost increase to key expense items. Overall, we managed our expenses efficiently by streamlining key procurement processes within our business. Amortization charges increased by 189%, following the completion of lease re-negotiations. Selling and promotion costs also increased by 135% or \$13.220 million during the year, as the Company enhanced marketing strategies to deepen its footprint. Staff costs increased by \$58.920 million or 23.44% as we strengthened key positions and added new portfolios in response to our strategic objectives and market demand. Expected credit losses (ECL) on trade receivables also increased by \$14.539 million, which is largely a result of a change in the mix of customer balances.

Finance costs showed a 41% increase reflecting the increase in charges on leased assets, following re-negotiations. With fiscal year 2023 marking the first full year of taxable profits since listing, and with higher profits, taxation charges show a \$9.801 million or 61% increase.

The company's asset base grew by \$61.284 million or 6% to \$1,155.957 million as at October 2023. This was mainly as a result of increases in our cash and short-term deposits of \$180.059 million due to strong receivables collections. Receivables fell by \$118.175 million or 33% during the year. The company also strengthened its property, plant and equipment position by investing in new and improved equipment as the company positions itself to grow its revenue lines in the short to medium term. The investment in property, plant and equipment was also partially offset by depreciation charges.

Total liabilities were \$307.549M as at October 2023 and showed a decrease of \$116.127 million or 27.41%. This decrease was driven predominantly by a decrease in payables of \$53.936 million due to improved trade payables management. Amounts due to related parties also declined year-over-year by \$23.084 million, due to similar management. Loans fell by \$22.981 million as the company continues to service its debt obligations and reduce its overall debt exposure. Shareholders' equity increased by \$177.411 million or 26% this year. This follows a dividend payment of \$30 million, which was completed in July 2023.

**REPORT TO STOCKHOLDERS  
Year Ended October 31, 2023**


Cont'd

Main Event Entertainment Group remains focused on developing unique, inventive, and exceptional ideas as we remain the brand for delivering phenomenal experiences. Our management team remains committed to building on our strong performance as we look to create new and additional value for all our stakeholders. Our strategic goals are centered around being responsive to the changing climate and pursuing new ideas and ventures that will capitalize on the hard work of our team and Board members over the last three years.

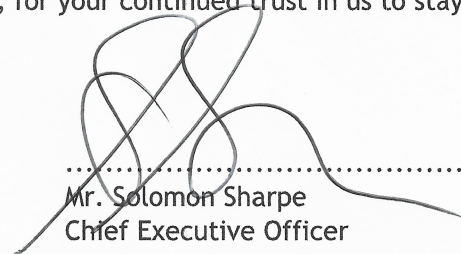
We are committed to creating shared value for our shareholders and all stakeholders connected to our business by having the support of a strong board of directors as we remain nimble and processive in our approach to delivering phenomenal experiences.

Our team continues to deliver fantastic results to our clients, and we are grateful to every member of our team whose sacrifices make us the company of choice for extraordinary experiences. We could not achieve all we did without the unwavering loyalty of our employees. We thank our entire team for their admirable dedication in keeping us on track as we met and exceeded our customers' expectations. We thank our Board of Directors for their astute guidance as the company continues to grow, expand business lines, and improve.

We thank our partners, clients, suppliers and our investors for their continued support, confidence, and loyalty in making us their partner of choice for delivering exceptional experiences. Thank you all for positively impacting the way we work, through co-operation, coordination, and agile responsiveness. We thank you, our shareholders, for your continued trust in us to stay the course.



.....  
Dr. Ian Blair  
Chairman



.....  
Mr. Solomon Sharpe  
Chief Executive Officer

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

**FINANCIAL STATEMENTS**

**31 OCTOBER 2023**

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

**FINANCIAL STATEMENTS**

**31 OCTOBER 2023**

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Tel: (876) 926-1616/7, 926-4421  
Fax: (876) 926-7580  
www.bdo.com.jm

Chartered Accountants  
26 Beechwood Avenue  
P.O. Box 351  
Kingston 5, Jamaica

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
Main Event Entertainment Group Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Main Event Entertainment Group Limited (the company) set out on pages 6 to 42, which comprise the statement of financial position as at 31 October 2023, the statements of profit or loss and other comprehensive income, 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 financial statements give a true and fair view of the financial position of the company as at 31 October 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (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. These matters were 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 these matters.

**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Main Event Entertainment Group Limited

**Key Audit Matters (cont'd)**

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Measurement of Expected Credit Losses</i></b></p> <p><i>See notes 3(e)(iv) and 5(c)(ii) to the financial statements for management's disclosures of related accounting policies</i></p> <p>The carrying value of the company's trade receivables may not be recoverable due to changes in the business and economic environment in which customers operate. There is judgment involved in determining the levels of allowance for impairment on these balances, because of the uncertainty involved in estimating the timing and amount of future collections.</p> <p>Management considered the increased uncertainty about potential future economic scenarios and their impact on credit losses.</p> <p>We therefore determined that the estimates of impairment in respect of receivables have a high degree of estimation uncertainty.</p>	<p>Our audit procedures in response to this matter included:</p> <ul style="list-style-type: none"> <li>• Testing the company's recording and ageing of trade receivables.</li> <li>• Evaluating the techniques and methodologies utilized by the company to estimate the ECLs, and assessing their compliance with the requirements of IFRS 9.</li> <li>• Testing the accuracy of the inputs used to derive the loss rates used in determining the ECLs for trade receivables.</li> <li>• Testing the accuracy of the ECL calculation.</li> <li>• Assessing the adequacy of disclosures in the financial statements.</li> </ul> <p>Based on the results of the procedures performed, no adjustments to the financial statements were considered necessary.</p>





**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Main Event Entertainment Group Limited

**Other Information**

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 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 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 Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing 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 company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Main Event Entertainment Group Limited

**Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

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

- Identify and assess the risks of material misstatement of the 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with those charged with governance 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 provide those charged with governance 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.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
Main Event Entertainment Group Limited

**Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)**

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter 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 kept, so far as appears from our examination of those records, and the 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 auditors' report is Karen Heron.

A handwritten signature in black ink, appearing to read 'BDO' or similar, located below the text of the engagement partner.

Chartered Accountants

15 January 2024

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**YEAR ENDED 31 OCTOBER 2023**

	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
<b>REVENUE</b>	6	1,921,876	1,549,003
Direct expenses		( 896,467)	( 794,181)
<b>GROSS PROFIT</b>		1,025,409	754,822
Other operating income	7	<u>19,171</u>	<u>2,540</u>
		<u>1,044,580</u>	<u>757,362</u>
<b>EXPENSES:</b>			
Administrative and general		( 626,956)	( 446,810)
Selling and promotion		( 23,007)	( 9,787)
Depreciation	13	( 109,475)	( 109,728)
Amortisation	12(a)	( 35,934)	( 12,425)
		<u>( 795,372)</u>	<u>( 578,750)</u>
<b>OPERATING PROFIT</b>		249,208	178,612
Finance costs	8	( 16,020)	( 11,387)
<b>PROFIT BEFORE TAXATION</b>		233,188	167,225
Taxation	11	( 25,777)	( 15,976)
<b>NET PROFIT, BEING TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>207,411</u>	<u>151,249</u>
<b>EARNINGS PER STOCK UNIT</b>	12	<u>\$0.69</u>	<u>\$0.50</u>

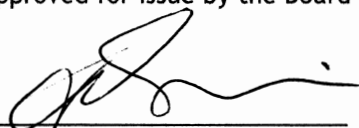
## MAIN EVENT ENTERTAINMENT GROUP LIMITED

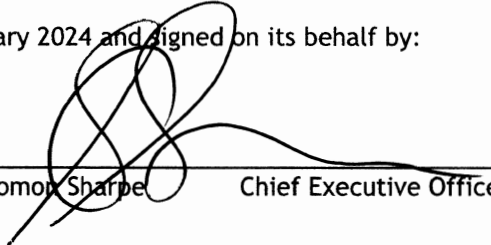
## STATEMENT OF FINANCIAL POSITION

31 OCTOBER 2023

<u>ASSETS</u>	<u>Note</u>	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	13	400,929	376,679
Deferred taxation	14	5,540	2,213
Deposit - long term	15(a)	-	21,928
Right-of-use assets	21(a)	<u>27,224</u>	<u>29,842</u>
		<u>433,693</u>	<u>430,662</u>
<b>CURRENT ASSETS:</b>			
Receivables	16	237,562	355,737
Due from related parties	17(b)	25,896	29,527
Deposits - short term	15(b)	232,892	150,814
Cash and cash equivalents	18(a)	<u>225,914</u>	<u>127,933</u>
		<u>722,264</u>	<u>664,011</u>
		<u>1,155,957</u>	<u>1,094,673</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>EQUITY:</u></b>			
Share capital	19	103,652	103,652
Retained earnings		<u>744,756</u>	<u>567,345</u>
		<u>848,408</u>	<u>670,997</u>
<b>NON-CURRENT LIABILITIES:</b>			
Long term loan	20	44,371	68,564
Lease liabilities	21(a)	<u>5,888</u>	<u>22,818</u>
		<u>50,259</u>	<u>91,382</u>
<b>CURRENT LIABILITIES:</b>			
Payables	22	194,893	248,829
Due to related parties	17(b)	11,408	34,492
Taxation payable		4,691	13,627
Current portion of long term loan	20	22,980	21,768
Current portion of lease liabilities	21(a)	<u>23,318</u>	<u>13,578</u>
		<u>257,290</u>	<u>332,294</u>
		<u>1,155,957</u>	<u>1,094,673</u>

Approved for issue by the Board of Directors on 15 January 2024 and signed on its behalf by:


  
 Dr. Ian Blair Chairman


  
 Solomon Sharpe Chief Executive Officer

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**YEAR ENDED 31 OCTOBER 2023**

	<u>Note</u>	<u>Share Capital \$'000</u>	<u>Retained Earnings \$'000</u>	<u>Total \$'000</u>
<b>BALANCE AT 1 NOVEMBER 2022</b>		103,652	446,096	549,748
<b>TOTAL COMPREHENSIVE INCOME</b>				
Net profit		-	151,249	151,249
<b>TRANSACTION WITH OWNERS</b>				
Dividends paid	23	-	( 30,000)	( 30,000)
<b>BALANCE AT 31 OCTOBER 2022</b>		103,652	567,345	670,997
<b>TOTAL COMPREHENSIVE INCOME</b>				
Net profit		-	207,411	207,411
<b>TRANSACTION WITH OWNERS</b>				
Dividends paid	23	-	( 30,000)	( 30,000)
<b>BALANCE AT 31 OCTOBER 2023</b>		<u>103,652</u>	<u>744,756</u>	<u>848,408</u>

## MAIN EVENT ENTERTAINMENT GROUP LIMITED

## STATEMENT OF CASH FLOWS

## YEAR ENDED 31 OCTOBER 2023

	Note	<u>2023</u> \$'000	<u>2022</u> \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net profit		207,411	151,249
Items not affecting cash resources:			
Interest income	7	( 19,171)	( 1,223)
Interest expense	8	16,020	11,387
Exchange (gain)/loss on foreign balances		( 313)	276
Taxation expense	11	25,777	15,976
Depreciation	13	109,475	109,728
Right-of-use assets amortisation	21(a)	35,933	12,425
Gain on disposal of property, plant and equipment		( 6,864)	( 425)
		<u>368,268</u>	<u>299,393</u>
Changes in operating assets and liabilities:			
Receivables		118,175	(259,890)
Related party balances		( 19,453)	25,261
Payables		( 53,936)	<u>173,897</u>
		413,054	238,661
Taxation paid		( 38,040)	( 201)
Cash provided by operating activities		<u>375,014</u>	<u>238,460</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment	13	(135,286)	( 32,017)
Proceeds from sale of property, plant and equipment		8,425	426
Interest received		19,230	-
Long term deposit		21,519	( 21,519)
Short term deposits		( 81,883)	(150,000)
Cash used in investing activities		<u>(167,995)</u>	<u>(203,110)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Loan repayments	18(c)	( 22,981)	( 42,968)
Lease repayments	21(a)	( 47,920)	( 19,268)
Interest paid		( 8,605)	( 10,660)
Dividends paid	23	( 30,000)	( 30,000)
Cash used in financing activities		<u>(109,506)</u>	<u>(102,896)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		97,513	( 67,546)
Exchange gain on foreign cash balances		313	457
Cash and cash equivalents at beginning of year		<u>127,933</u>	<u>195,022</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	18(a)	<u>225,759</u>	<u>127,933</u>

## MAIN EVENT ENTERTAINMENT GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

- (a) Main Event Entertainment Group Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 7-9 Ardenne Road, Kingston 10.
- (b) The company is a subsidiary of MEEG Holdings, a company incorporated and domiciled in Saint Lucia.
- (c) The company was listed on the Junior Market of the Jamaica Stock Exchange on 8 February 2017.
- (d) The principal activities of the company are to carry on the business of entertainment promoter, agent and manager. This includes planning, coordinating and delivering diverse entertainment and event related experiences; and providing advertising, marketing, and corporate communications services to clients.

2. **REPORTING CURRENCY:**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standard Board (IASB) and Interpretations (collectively IFRS) and, comply with the requirements of the Jamaican Companies Act. The financial statements have also been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.



**MAIN EVENT ENTERTAINMENT GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 OCTOBER 2023****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(a) Basis of preparation (cont'd)****New, revised and amended standards and interpretations that became effective during the year**

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following amendments are relevant to its operations:

**Amendment to IAS 16, 'Property, Plant and Equipment', (effective for accounting periods beginning on or after 1 January 2022).** This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The adoption of this amendment did not have a significant impact on the company.

**Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', (effective for accounting periods beginning on or after 1 January 2022).** This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The adoption of this amendment did not have a significant impact on the company.

**Annual improvements to IFRS Standards 2018-2022 cycle (effective for accounting periods beginning on or after 1 January 2022).** These amendments include minor changes to the following applicable standards:

- (i) IFRS 9, 'Financial Instruments' amendment clarifies that - for the purpose of performing the '10 per cent test' for derecognition of financial liabilities - in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- (ii) IFRS 16, 'Leases' amendment removes the illustration of payments from the lessor relating to leasehold improvements.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 OCTOBER 2023**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(a) Basis of preparation (cont'd)**

**New standards, amendments and interpretation not yet effective and not early adopted**

The following amendments, which are not yet effective and have not been adopted in these financial statements will or may have an effect on the company's future financial statements:

**Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities, (effective for accounting periods beginning on or after 1 January 2024).** The amendments in classification of liabilities as current or non-current affects only the presentation of the liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end or reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place at the end of reporting period should affect the classification of liability. The adoption of these amendments is not expected to have significant impact on the company.

**Amendments to IAS, Non-Current Liabilities with Covenants, (effective for accounting periods beginning on or after 1 January 2024).** Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The adoption of these amendments is not expected to have significant impact on the company.

**Amendments to IAS 1, 'Presentation of Financial Statements', Practice Statement 2 and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', (effective for accounting periods beginning on or after 1 January 2023).** The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The adoption of these amendments is not expected to have a significant impact on the company.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 OCTOBER 2023**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(a) Basis of preparation (cont'd)**

**New standards, amendments and interpretations not yet effective and not early adopted (cont'd)**

**Amendments to IAS 12, 'Income Taxes', (effective for accounting periods beginning on or after 1 January 2023).** In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The adoption of these amendments is not expected to have a significant impact on the company.

**(b) Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

**(c) Property, plant and equipment**

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 OCTOBER 2023**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(c) Property, plant and equipment (cont'd)**

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Annual rates are as follows:

Leasehold improvements	10%
Audio and filming equipment	10%
Furniture and fixtures	10%
Motor vehicles	12.5%
Equipment	15%
Computer equipment	20%
Rentals and décor	15-33 1/3%
Building	2.5%

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

**(d) Impairment of non-current assets**

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**(e) Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

**Financial assets**

**(i) Recognition and derecognition**

Financial assets are initially recognized on the settlement date, which is the date that an asset is delivered to the company. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 OCTOBER 2023****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(e) Financial instruments (cont'd)****Financial assets (cont'd)****(i) Recognition and derecognition (cont'd)**

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the company is recognized as a separate asset or liability.

**(ii) Classification**

The company classifies all of its financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at fair value through profit or loss, transaction costs are added to, or subtracted from, this amount.

The company classifies its financial assets as those measured at amortised cost.

**(iii) Measurement****Amortised cost**

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company's financial assets measured at amortised cost comprise receivables, amounts due from related parties, short and long term deposits and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at fair value. For the purpose of the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 OCTOBER 2023****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(e) Financial instruments (cont'd)****Financial assets (cont'd)****(iv) Impairment**

Financial assets carried at amortised cost are assessed on a forward looking basis for the expected credit losses (ECL) associated with these instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The ECL will be recognised in profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. Under current guidance, impairment amount represents the single best outcome; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

**Application of the Simplified Approach**

For receivables, the company applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for receivables.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL.

Impairment provisions for receivables from related parties and loans to related parties are recognized based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognized. For those for which credit risk has increased significantly, lifetime expected credit losses along with gross interest are recognized. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognized.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 OCTOBER 2023****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(e) Financial instruments (cont'd)****Financial liabilities**

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: loan, lease liabilities, due to related companies and payables.

The company derecognizes a financial liability when its contractual obligations expire or are discharged or cancelled.

**(f) Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

**(g) Current and deferred income taxes**

Taxation expense in profit or loss comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 OCTOBER 2023****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(h) Revenue recognition**

Revenue is measured taking into account contractually defined terms of payment. Revenue comprises the fair value of the consideration specified in a contract which is received or receivable for the services rendered in the ordinary course of the company's activities. Revenue is shown net of discount allowance. The company recognizes revenue over time when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the company regardless of when payment is made.

The specific recognition criteria are described below -

**Entertainment services**

Revenue from entertainment promotion, digital signage and audio and film are recognized in the accounting period in which the services are rendered by reference to completion of the specific transaction, assessed on the basis of the actual services provided. These services are rendered as a single performance contract or as multiple performance obligations within a contract. A contract with several performance obligations are normally for a period of six (6) to twelve (12) months. Revenue is recognized when the performance obligations are satisfied.

The company collects deposits on contracts for mobilization. These deposits are initially recognized as deferred income and recognized as revenue when the performance obligations are completed.

**Interest income**

Interest income is recognized in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial assets, that is, after deduction of ECL.

**(i) Leases**

All leases are accounted for by recognising a right-of-use asset and a corresponding lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.



**MAIN EVENT ENTERTAINMENT GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 OCTOBER 2023****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(i) Leases (cont'd)**

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at an amount equal to the initial value of the lease liability reduced for 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 liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Property, plant and equipment includes right-of-use assets previously held under finance lease.

Right-of-use assets are generally depreciated over the lease terms on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying assets' useful life.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 OCTOBER 2023**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

**(j) Related party identification**

A party is related to the company if:

- (i) directly or indirectly the party:
  - controls, is controlled by, or is under common control with the company;
  - has an interest in the company that gives it significant influence over the company; or
  - 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 an individual referred to in (i) or (iv) above;
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant costing power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v) above; or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any company 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.

**(k) Dividend distribution**

Dividends are recorded as a deduction from equity and recognized as a liability in the company's financial statements in the period in which the dividends are declared or approved. In the case of interim dividends to shareholders, this is when declared by the directors and final dividends when approved by the company's shareholders.

Dividend for the year that are declared after the reporting date are dealt with in the subsequent events note.

**(l) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 OCTOBER 2023****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):****(m) Earnings per share**

Earnings per share is calculated by dividing the operating results for the year by the weighted average number of ordinary shares in issue.

**(n) Segment reporting**

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

Based on the information presented for review by the chief operating decision maker, the entire operations of the company are viewed as one operating segment.

**4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:**

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Critical judgements in applying the company's accounting policies**

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

**(b) Key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**(i) Depreciable assets**

Estimates of the useful lives and the residual values of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 OCTOBER 2023****4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):****(b) Key sources of estimation uncertainty (cont'd)****(ii) Income taxes**

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which determination is made.

**(iii) Allowance for expected credit losses**

In determining amounts recorded for impairment of accounts receivable in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable, for example, repayment default and adverse economic conditions.

In determining amounts recorded for impairment of accounts receivable in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable, for example, repayment default and adverse economic conditions.

**5. FINANCIAL RISK MANAGEMENT:**

The company is exposed through its operations to the following financial risks:

- Credit risk
- Market risk
- Liquidity risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks are presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 OCTOBER 2023**

**5. FINANCIAL RISK MANAGEMENT (CONT'D):**

**(a) Principal financial instruments**

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Receivables
- Cash and cash equivalents
- Long and short term deposits
- Payables
- Related parties' balances
- Long term loan
- Lease liabilities

**(b) Financial instruments by category**

**Financial assets**

	Amortised Cost	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Long term deposit	-	21,928
Short term deposits	232,892	150,814
Cash and cash equivalents	225,914	127,933
Receivables	207,359	325,493
Due from related parties	<u>25,896</u>	<u>29,527</u>
<b>Total financial assets</b>	<u>692,061</u>	<u>655,695</u>

**Financial liabilities**

	Amortised Cost	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Payables	88,652	77,248
Due to related parties	11,408	34,492
Long term loan	67,351	90,332
Lease liabilities	<u>29,206</u>	<u>36,396</u>
<b>Total financial liabilities</b>	<u>196,617</u>	<u>238,468</u>

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 OCTOBER 2023**

**5. FINANCIAL RISK MANAGEMENT (CONT'D):**

**(c) Financial risk factors**

The Board of Directors has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

**(i) Market risk**

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company operates internationally and is exposed to foreign exchange risks arising primarily with respect to the United States Dollar. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets. The company's statement of financial position at 31 December includes aggregates net foreign assets as follows:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Cash and cash equivalents	83,213	32,314
Trade receivables	39,379	12,219
Trade payables	(22,669)	( 7,964)
Net assets	<u>99,923</u>	<u>36,569</u>

## MAIN EVENT ENTERTAINMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (c) Financial risk factors (cont'd)

## (i) Market risk (cont'd)

## Currency risk (cont'd)

## Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated balances as indicated above, and adjusts their translation at the year-end for 4% (2022 - 1%) depreciation and a 1% (2022 - 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency rate <u>2023</u>	Effect on Profit before Tax 31 October <u>2023</u> <u>\$'000</u>	% Change in Currency rate <u>2022</u>	Effect on Profit before Tax 31 October <u>2022</u> <u>\$'000</u>
Currency:				
USD	-4	3,997	-4	1,463
USD	<u>+1</u>	<u>( 999)</u>	<u>+1</u>	<u>( 366)</u>

## Price risk

Price 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 instrument or its issuer or factors affecting all instruments traded in the market. The company is currently not exposed to price risk.

## Cash flow and fair value 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.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk.

Short and long term deposits and long term loan are the only interest bearing assets and liabilities respectively, within the company. The company's short term deposits are due to mature within 3 months of the reporting date.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS****31 OCTOBER 2023****5. FINANCIAL RISK MANAGEMENT (CONT'D):****(c) Financial risk factors (cont'd)****(i) Market risk (cont'd)****Cash flow and fair value interest rate risk (cont'd)****Interest rate sensitivity**

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

A 0.5% increase/0.25% decrease (2022 - 2% increase/0.5% decrease) in interest rates on long term deposit would result in a \$Nil increase/decrease (2022 - \$439,000 increase and \$110,000 decrease) in profit before tax for the company.

A 0.5% increase/0.25% decrease (2022 - 2% increase/0.5% decrease) in interest rates on borrowings would result in a \$337,000 decrease and \$168,000 increase (2022 - \$1,807,000 decrease and \$452,000 increase) in profit before tax for the company.

**(ii) 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 from trade receivables, due from related companies and cash and bank balances.

**Cash and bank balances and short and long term deposits**

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

**Maximum exposure to credit risk**

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables, due from related company, short and long term deposits and cash and cash equivalents in the statement of financial position.

**Trade receivables**

Revenue transactions in respect of the company's primary operations are settled either in cash or by using major credit cards. For its operations done on a credit basis, the company has policies in place to ensure that sales of services are made to customers with an appropriate credit history.



## MAIN EVENT ENTERTAINMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2023

## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (c) Financial risk factors (cont'd)

## (ii) Credit risk (cont'd)

## Maximum exposure to credit risk (cont'd)

## Trade receivables (cont'd)

Customer credit risks are monitored according to credit characteristics such as whether it is an individual or company, geographic location, industry, aging profile and previous financial difficulties. Trade receivables relate mainly to the company's customers. The company's average credit period on the provision of services is 30 days.

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the company's historical credit losses experienced over the period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the inflation rate of the country in which it offers its service to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The following table provides information about the ECLs for trade receivables as at 31 October 2023:

<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Expected Loss Rate</u> <u>%</u>	<u>ECL Allowance</u> <u>\$'000</u>
Trade receivables:			
0-30 days	109,504	3.85	4,216
31-60 days	38,334	3.85	1,476
61-90 days	5,237	13.71	718
91 and over	<u>53,356</u>	61.15	<u>32,631</u>
	<u>206,431</u>		<u>39,041</u>

The following table provides information about the ECLs for trade receivables as at 31 October 2022:

<u>Aging</u>	<u>Gross Carrying Amount</u> <u>\$'000</u>	<u>Expected Loss Rate</u> <u>%</u>	<u>ECL Allowance</u> <u>\$'000</u>
Trade receivables:			
0-30 days	124,754	1.49	1,864
31-60 days	90,476	1.49	1,352
61-90 days	36,456	6.54	2,383
91 and over	<u>34,901</u>	54.16	<u>18,903</u>
	<u>286,587</u>		<u>24,502</u>

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 OCTOBER 2023**

**5. FINANCIAL RISK MANAGEMENT (CONT'D):**

**(c) Financial risk factors (cont'd)**

**(ii) Credit risk (cont'd)**

**Maximum exposure to credit risk (cont'd)**

**Trade receivables (cont'd)**

Movements in the impairment allowance for trade receivables are as follows:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
At 1 November	24,502	14,390
Movement on ECL	<u>14,539</u>	<u>10,112</u>
At 31 October	<u>39,041</u>	<u>24,502</u>

The majority of trade receivables are due from customers in Jamaica.

The creation and release of provision for impaired receivables have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

**Concentration of risk - trade receivables**

The following table summarises the company's credit exposure for trade receivables at their carrying amounts, as categorized by the customer sector:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
M Style Rental & Décor	16,027	21,433
Entertainment promotions	148,042	204,654
Digital signage	9,383	34,343
Audio and film	<u>32,979</u>	<u>26,157</u>
	206,431	286,587
Less: Provision for credit losses	<u>( 39,041)</u>	<u>( 24,502)</u>
	<u>167,390</u>	<u>262,085</u>

**(iii) Liquidity risk**

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

## MAIN EVENT ENTERTAINMENT GROUP LIMITED

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## 5. FINANCIAL RISK MANAGEMENT (CONT'D):

## (c) Financial risk factors (cont'd)

## (iii) Liquidity risk (cont'd)

**Liquidity risk management process**

The company's liquidity management process, as carried out within the company and monitored by the Accounts Department, includes:

- (i) Monitoring future cash flows and liquidity on a weekly basis.
- (ii) Maintaining committed lines of credit.
- (iii) Optimising cash returns on investments.

**Cash flows of financial liabilities**

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	<u>Within 1</u> <u>Year</u> <u>\$'000</u>	<u>1 to 2</u> <u>Years</u> <u>\$'000</u>	<u>2 to 5</u> <u>Years</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
<b>At 31 October 2023</b>				
Trade payables	88,652	-	-	88,652
Due to related parties	11,408	-	-	11,408
Lease liabilities	28,130	4,712	-	32,842
Long term loans	<u>30,287</u>	<u>45,430</u>	<u>-</u>	<u>75,717</u>
<b>Total financial liabilities</b> <b>(contractual maturity dates)</b>	<u>158,477</u>	<u>50,142</u>	<u>-</u>	<u>208,619</u>
<b>At 31 October 2022</b>				
Trade payables	77,248	-	-	77,248
Due to related parties	34,492	-	-	34,492
Lease liabilities	17,288	13,264	11,999	42,551
Long term loans	<u>29,589</u>	<u>29,454</u>	<u>44,181</u>	<u>103,224</u>
<b>Total financial liabilities</b> <b>(contractual maturity dates)</b>	<u>158,617</u>	<u>42,718</u>	<u>56,180</u>	<u>257,515</u>

## (d) Capital management

The company's objectives when managing capital are:

- (i) to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders;
- (ii) to maintain a strong capital base which is sufficient for the future development of the company's operations; and
- (iii) to ensure compliance with all capital requirements as stipulated by loan covenants.

## MAIN EVENT ENTERTAINMENT GROUP LIMITED

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6.	<b>REVENUE:</b>		
		<u>2023</u>	<u>2022</u>
		<u>\$'000</u>	<u>\$'000</u>
	Audio and film	350,217	256,952
	Digital signage	99,644	119,289
	Entertainment promotions	1,301,822	1,044,851
	M Style Rental & Décor	<u>170,193</u>	<u>127,911</u>
		<u>1,921,876</u>	<u>1,549,003</u>
7.	<b>OTHER OPERATING INCOME:</b>		
		<u>2023</u>	<u>2022</u>
		<u>\$'000</u>	<u>\$'000</u>
	Interest income	19,171	1,223
	Other income	<u>-</u>	<u>1,317</u>
		<u>19,171</u>	<u>2,540</u>
8.	<b>FINANCE COSTS:</b>		
		<u>2023</u>	<u>2022</u>
		<u>\$'000</u>	<u>\$'000</u>
	Loan interest	8,605	10,660
	Other finance charges - right-of-use assets	<u>7,415</u>	<u>727</u>
		<u>16,020</u>	<u>11,387</u>

## MAIN EVENT ENTERTAINMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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## 9. EXPENSES BY NATURE:

Total direct and administration expenses:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Signature events expenses	684,525	645,394
Audio and filming costs	119,042	57,956
Digital signage costs	22,126	39,531
M Style costs	67,429	41,160
Freight expenses	3,346	10,138
Donation and subscription	10,317	10,034
Sponsorship	108,127	20,522
Directors' remuneration	28,029	22,844
Staff costs (note 10)	310,277	251,357
Advertising and entertainment	23,007	10,179
Utilities	27,267	22,424
Audit fees	6,087	4,400
Repairs and maintenance	13,957	12,813
Gasoline	31,957	29,685
Motor vehicle expenses	29,859	25,432
Printing, stationery and office expenses	9,570	6,791
Security	21,939	13,618
Research and development	1,118	215
Depreciation	109,475	109,728
Amortisation	35,933	12,425
Increase in expected credit gain, net of recoveries	14,539	10,112
Gain on foreign exchange translation	( 313)	( 232)
Other operating expenses	3,725	2,018
Gain on disposal of property, plant and equipment	( 6,864)	( 426)
Legal and professional fees	8,467	7,373
Insurance	8,898	7,440
	<u>1,691,839</u>	<u>1,372,931</u>

## 10. STAFF COSTS:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Wages and salaries	293,575	242,948
Staff welfare and Insurance	16,702	8,409
	<u>310,277</u>	<u>251,357</u>

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

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**11. TAXATION EXPENSE:**

- (a) Taxation is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%.

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Current taxation	29,104	15,820
Deferred tax (note 14)	( 3,327)	156
	<u>25,777</u>	<u>15,976</u>

- (a) The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rate of 25%, as follows:

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Profit before taxation	<u>233,188</u>	<u>167,225</u>
Tax calculated at 25%	58,297	41,806
Adjusted for the effects of:		
Expenses not deductible for tax purposes	29,057	29,467
Remission of taxes (note (c) below)	( 29,103)	( 11,300)
Net effect of other charges and allowances	( 32,474)	( 43,997)
Taxation charge	<u>25,777</u>	<u>15,976</u>

- (c) Remission of income tax:

On 8 February 2017, the company's shares were listed on the Junior Market of the Jamaica Stock Exchange. Consequently, the company is entitled to a remission of income tax for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5   100%  
Years 6 to 10   50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

## MAIN EVENT ENTERTAINMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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## 12. 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>2023</u>	<u>2022</u>
Net profit attributable to stockholders (\$'000)	207,411	151,249
Weighted average of ordinary stock units ('000)	300,005	300,005
Basic earnings per stock unit (\$ per share)	<u>0.69</u>	<u>0.50</u>

## MAIN EVENT ENTERTAINMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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## 13. PROPERTY, PLANT AND EQUIPMENT:

	<u>Equipment</u> <u>\$'000</u>	<u>Building</u> <u>\$'000</u>	<u>Leasehold</u> <u>Improvements</u> <u>\$'000</u>	<u>Furniture</u> <u>&amp; Fixtures</u> <u>\$'000</u>	<u>Computer</u> <u>Equipment</u> <u>\$'000</u>	<u>Audio &amp;</u> <u>Filming</u> <u>Equipment</u> <u>\$'000</u>	<u>Rentals</u> <u>&amp; Décor</u> <u>\$'000</u>	<u>Motor</u> <u>Vehicles</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Cost:									
1 November 2022	311,382	40,610	4,646	12,101	63,388	547,641	132,154	84,159	1,196,081
Additions	13,333	-	382	44	4,581	3,285	5,130	5,262	32,017
Disposals	( 3,038)	-	-	-	-	-	-	-	( 3,038)
31 October 2022	321,677	40,610	5,028	12,145	67,969	550,926	137,284	89,421	1,225,060
Additions	14,552	-	328	511	12,396	100,250	7,249	-	135,286
Disposals	-	-	-	-	-	( 3,790)	-	( 8,505)	( 12,295)
31 October 2023	<u>336,229</u>	<u>40,610</u>	<u>5,356</u>	<u>12,656</u>	<u>80,365</u>	<u>647,386</u>	<u>144,533</u>	<u>80,916</u>	<u>1,348,051</u>
Depreciation:									
1 November 2022	220,193	3,894	1,556	6,444	49,571	332,721	73,237	54,074	741,690
Charge for the year	29,804	1,416	489	1,139	6,269	40,791	22,028	7,792	109,728
Disposals	( 3,037)	-	-	-	-	-	-	-	( 3,037)
31 October 2022	246,960	5,310	2,045	7,583	55,840	373,512	95,265	61,866	848,381
Charge for the year	28,383	1,416	536	878	7,189	45,311	18,894	6,868	109,475
Disposals	-	-	-	-	-	( 2,229)	-	( 8,505)	( 10,734)
31 October 2023	<u>275,343</u>	<u>6,726</u>	<u>2,581</u>	<u>8,461</u>	<u>63,029</u>	<u>416,594</u>	<u>114,159</u>	<u>60,229</u>	<u>947,122</u>
Net Book Value:									
31 October 2023	<u>60,886</u>	<u>33,884</u>	<u>2,775</u>	<u>4,195</u>	<u>17,336</u>	<u>230,792</u>	<u>30,374</u>	<u>20,687</u>	<u>400,929</u>
31 October 2022	<u>74,717</u>	<u>35,300</u>	<u>2,983</u>	<u>4,562</u>	<u>12,129</u>	<u>177,414</u>	<u>42,019</u>	<u>27,555</u>	<u>376,679</u>

Included in motor vehicles are assets acquired under finance leases with net book value of \$8,621,000 (2022 - \$10,574,000). See note 21(a).



**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

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**14. DEFERRED TAXATION:**

Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

The movement in the deferred tax account is as follows:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Balance at start of year	2,213	2,369
Credit/(charge) for the year (note 11)	<u>3,327</u>	<u>( 156)</u>
Balance at end of year	<u>5,540</u>	<u>2,213</u>

Deferred tax is due to the following temporary differences:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
(Accelerated)/decelerated capital allowances	( 532)	2,327
Unrealized foreign exchange	( 78)	( 114)
Expected credit losses	<u>6,150</u>	<u>-</u>
	<u>5,540</u>	<u>2,213</u>

Deferred tax credited to profit or loss comprises the following temporary differences:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Accelerated capital allowances	(2,859)	( 214)
Unrealized foreign exchange	36	58
Expected credit losses	<u>6,150</u>	<u>-</u>
	<u>(3,327)</u>	<u>( 156)</u>

**15. DEPOSIT:**

- (a) Long term deposit in the prior year represents an amount invested for more than 1 year at an interest rate of 5.75% per annum and includes interest accrued of \$409,000. The amount was reinvested for less than 3 months in the current year and included in cash and cash equivalents.
- (b) Short term deposit represents amounts invested for periods greater than 3 months but less than 1 year at a weighted average interest rate of 8.25% (2022 - 8.25%) per annum and includes interest accrued of \$1,009,000 (2022 - \$814,000).

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

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**16. RECEIVABLES:**

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Trade receivables	206,431	286,587
Less - expected credit losses	( 39,041)	( 24,502)
Trade receivables (net)	167,390	262,085
Prepayments	23,801	21,776
Staff loans	5,055	6,292
Other	<u>41,316</u>	<u>65,584</u>
	<u>237,562</u>	<u>355,737</u>

**17. RELATED PARTY TRANSACTIONS AND BALANCES:**

(a) The following transactions were carried out with related parties:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
(i) Purchase/(sale) of goods and services -		
IPrint Digital Limited	45,307	39,137
Dream Entertainment Limited	( 7,066)	10,309
Supreme Ventures Limited	(85,994)	(13,715)
Mystique Integrated Services Limited	(31,611)	(42,361)
The M One Productions Limited	<u>5,058</u>	<u>12,624</u>
(ii) Directors' emoluments -		
Fees	2,460	795
Management remuneration	<u>25,569</u>	<u>22,049</u>

(b) Year end balances arising from transactions with related parties -

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Due from related parties -		
Mystique Integrated Services Limited	9,385	12,157
Stimulus Entertainment Limited	492	492
Ras Promotions Incorporated Limited	678	678
IPrint Digital Limited	192	192
National Outdoor Advertising Limited	-	440
The M One Productions Limited	3,079	928
Directors	10,572	9,865
Supreme Ventures Limited	1,172	4,775
Dream Entertainment Limited	<u>326</u>	<u>-</u>
	<u>25,896</u>	<u>29,527</u>

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

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**17. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):**

(b) Year end balances arising from transactions with related parties (cont'd) -

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Due to related parties -		
IPrint Digital Limited	10,474	26,587
Directors	934	2,043
Dream Entertainment Limited	<u>-</u>	<u>5,862</u>
	<u>11,408</u>	<u>34,492</u>

(c) Supreme Ventures Limited is an affiliate of the company, holding 10% of issued share capital as at reporting date. In addition, the company's Chief Executive Officer holds an executive directorship post in a subsidiary entity of Supreme Ventures Limited. All other related companies share common directorship with one or more directors of the company.

**18. CASH AND CASH EQUIVALENTS:**

(a) For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Cash in hand	53	554
Foreign currency accounts	77,048	26,371
Local currency accounts	95,556	71,621
Short term deposits (less than 3 months)	<u>53,257</u>	<u>29,387</u>
	225,914	127,933
Less: accrued interest	<u>( 155)</u>	<u>-</u>
	<u>225,759</u>	<u>127,933</u>

(b) During the year the company closed its bank overdraft facilities of \$30 million which attracted interest at 12% per annum.

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

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**18. CASH AND CASH EQUIVALENTS (CONT'D):**

- (c) Reconciliation of movements of liabilities to cash flows arising from financing activities:

Amounts represent long term loan.

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
At 1 November	90,332	133,300
Cash - Loans repaid	<u>(22,981)</u>	<u>( 42,968)</u>
At 31 October	<u>75,717</u>	<u>103,224</u>

**19. SHARE CAPITAL:**

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Authorised - 320,004,000 ordinary shares of no par value		
Stated capital - Issued and fully paid - 300,005,000 ordinary shares of no par value	<u>103,652</u>	<u>103,652</u>

**20. LONG TERM LOAN:**

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
Sagicor Bank Jamaica Limited - amortised JMD loan	67,351	90,332
Less - Current portion of loan	<u>(22,980)</u>	<u>(21,768)</u>
Long term portion of loan	<u>44,371</u>	<u>68,564</u>

**MAIN EVENT ENTERTAINMENT GROUP LIMITED**

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**20. LONG TERM LOAN (CONT'D):**

The loan bears a current interest rate of 8.75% per annum and is repayable over 72 months. The loan is secured by corporate guarantee from Main Event Entertainment Group Limited supported by:

- (i) Master hire agreement 2018 Toyota Coaster Bus along with assignment of comprehensive insurance over the said in the amount of J\$8.09M with SBJL's interest noted thereon.
- (ii) Hypothecation of US\$9,368.42 on accounts held in the name of Main Event Entertainment Group Limited.
- (iii) Demand debenture over the fixed and floating assets of Main Event Entertainment Group Limited stamped to secure USD\$1,300,000.
- (iv) Master hire agreement over 2018 HINO 300s Motor Truck and assignment of comprehensive insurance over the said vehicle in the amount of J\$5.49M with SBJL's interest noted thereon.
- (v) Master hire agreement over 2018 Nissan Urvan Bus and assignment of comprehensive insurance over the said vehicle in the amount of J\$3.8M with SBJL's interest noted thereon.
- (vi) Hypothecation of 5% security deposit of J\$286,026 and J\$287,184 on accounts in the name of Main Event Entertainment Group Limited being held at Sagicor Bank Jamaica Limited.

**21. LEASES:**

(a) **Amounts recognized in the statement of financial position**

The statement of financial position shows the following amount relating to leases:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
<b>Right-of-use assets</b>		
1 November	29,842	12,425
Modification	24,527	-
Addition	<u>8,788</u>	<u>29,842</u>
	63,157	42,267
Amortisation	<u>(35,933)</u>	<u>(12,425)</u>
31 October	<u>27,224</u>	<u>29,842</u>

## MAIN EVENT ENTERTAINMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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## 21. LEASES (CONT'D):

## (a) Amounts recognized in the statement of financial position (cont'd)

The statement of financial position shows the following amount relating to leases (cont'd):

**Property, plant and equipment** (included in note 13)  
Motor vehicles acquired under finance lease -

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
1 November	10,574	13,003
Depreciation	( 1,953)	( 2,429)
31 October	<u>8,621</u>	<u>10,574</u>
<b>Lease liabilities - Motor vehicles</b>		
1 November	6,554	10,847
Repayments	( 4,572)	( 4,293)
31 October	<u>1,982</u>	<u>6,554</u>
<b>Lease liabilities - Buildings</b>		
1 November	29,842	14,248
Modification	24,527	-
Addition	8,788	29,842
Interest expense	7,415	727
Repayments	(43,348)	(14,975)
31 October	<u>27,224</u>	<u>29,842</u>
Total lease liabilities at 31 October	<u>29,206</u>	<u>36,396</u>
Current portion	23,318	13,578
Non-current portion	<u>5,888</u>	<u>22,818</u>
	<u>29,206</u>	<u>36,396</u>

During the year the company and its lessor agreed to modifications to the terms of the lease agreement which changed the lease period and the lease payments. The remeasurement of the lease obligation at the modification date resulted in an increase in lease liabilities and right-of-use assets.

## MAIN EVENT ENTERTAINMENT GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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## 21. LEASES (CONT'D):

## (b) Amounts recognized in the statement of profit or loss:

The statement of profit or loss shows the following amount relating to leases:

	<u>2023</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>
(i) Depreciation/amortization charge of right-of-use assets		
Buildings	35,933	12,425
Motor vehicles (included in note 13)	<u>1,953</u>	<u>2,429</u>
	<u>37,886</u>	<u>14,854</u>
(ii) Interest expense	<u>7,415</u>	<u>727</u>

## (c) Contractual undiscounted cash flows maturity analysis

The contractual undiscounted cash flows maturity analysis is disclosed under liquidity risk in the financial risk management note 5(c)(iii).

## (d) Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the lease term on a straight line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the underlying asset's useful life.

## MAIN EVENT ENTERTAINMENT GROUP LIMITED

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22.	<b>PAYABLES:</b>		
		<u>2023</u>	<u>2022</u>
		<u>\$'000</u>	<u>\$'000</u>
	Trade payables	46,668	53,753
	GCT payables	2,169	29,110
	Statutory payables	8,926	6,562
	Accruals and other payables	69,446	74,555
	Deferred income	21,270	63,055
	Credit card payables	<u>46,414</u>	<u>21,794</u>
		<u>194,893</u>	<u>248,829</u>
23.	<b>DIVIDENDS PAID:</b>		
		<u>2023</u>	<u>2022</u>
		<u>\$'000</u>	<u>\$'000</u>
	In respect of 31 October 2023 (\$0.10 per share)	<u>30,000</u>	<u>30,000</u>

By resolution dated 29 June 2023, dividend payment of \$0.10 per share was approved by the Board of Directors, (2022 - By resolution dated 27 September 2022, dividend payment of \$0.10 per share was approved by the Board of Directors).