

SCRABBLE ENTERTAINMENT (MAURITIUS) LTD

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2019**

SCRABBLE ENTERTAINMENT (MAURITIUS) LTD

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FOR THE YEAR ENDED 31 MARCH 2019**

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SCRABBLE ENTERTAINMENT (MAURITIUS) LTD**COMPANY INFORMATION**

		Date of appointment	Date of resignation
DIRECTORS	:		
	Kapil Agarwal	04 January 2012	-
	Devananda Naraidoo	06 April 2015	-
	Kjell Ekstrom	08 November 2016	-
	Vaneeta Bickoo Brelu-Brelu (Alternate to Kjell Ekstrom)	29 November 2016	-
	Girish Rao Laddoo (Alternate to Devananda Naraidoo)	29 November 2016	20 November 2018
ADMINISTRATOR AND SECRETARY	:		
	Ocorian Corporate Services (Mauritius) Limited (Formerly known as 'Abax Corporate Services Ltd') 6 th Floor, Tower A 1, CyberCity Ebène Republic of Mauritius		
REGISTERED OFFICE	:		
	Ocorian Corporate Services (Mauritius) Limited (Formerly known as 'Abax Corporate Services Ltd') 6 th Floor, Tower A 1, CyberCity Ebène Republic of Mauritius		
AUDITORS	:		
	UHY & Co Duke of York Street Champ De Mars Port Louis Republic of Mauritius		
BANKER	:		
	SBI (Mauritius) Ltd SBI Tower Mindspace 45, CyberCity Ebène Republic of Mauritius		

SCRABBLE ENTERTAINMENT (MAURITIUS) LTD**COMMENTARY OF THE DIRECTORS**

The directors are pleased to present their commentary together with the audited financial statements of Scrabble Entertainment (Mauritius) Ltd (the "Company") for year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the deployment of digital cinema equipment for distribution across all cinema theatres through its branch, Scrabble Entertainment (Mauritius) Ltd, in Israel.

RESULTS AND DIVIDENDS

The Company's profit for the year ended 31 March 2019 is **USD 86,555** (2018: USD 3,472,343).

No dividend was declared during the year (2018: USD 4,430,000).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

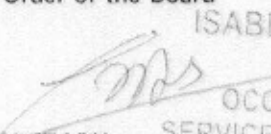
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

AUDITORS

The auditors, UHY & Co, have indicated their willingness to continue in office. They will be automatically re-appointed at the next Annual Meeting.

By Order of the Board


 ISABELLE ADRIEN ACIS
 FOR
 OCORIAN CORPORATE
 SERVICES (MAURITIUS) LIMITED
 SECRETARY

Date: 13 May 2019

SECRETARY'S CERTIFICATE

TO THE MEMBERS OF SCRABBLE ENTERTAINMENT (MAURITIUS) LTD.

UNDER SECTION 166 (d) OF THE MAURITIAN COMPANIES ACT 2001

We certify, as Secretary of the Company, that based on records and information made available to us by the Directors and Shareholders of the Company, the Company has filed with the Registrar of Companies for the year ended 31 March 2019, all such returns as are required of the Company under the Mauritian Companies Act 2001.

Dated 13 May 2019

ISABELLE ADRIEN, AGIS
FOR
OCORIAN CORPORATE
SERVICES (MAURITIUS) LIMITED



SECRETARY

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

SCRABBLE ENTERTAINMENT (MAURITIUS) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Scrabble Entertainment (Mauritius) Ltd (the "Company") on pages 8 to 27 which comprise the statement of financial position at 31 March 2019 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company at 31 March 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritian Companies Act 2001 for companies holding a category 1 Global Business Licence and comply with the Mauritian Companies Act 2001.

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 the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the 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.

Other Information

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and the Secretary's certificate, but does not include the financial statements and our auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF**SCRABBLE ENTERTAINMENT (MAURITIUS) LTD****Report on the Audit of the Financial Statements (continued)***Other Information (continued)*

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

Auditor's 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF**SCRABBLE ENTERTAINMENT (MAURITIUS) LTD****Report on the Audit of the Financial Statements (continued)***Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 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 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 achieves fair presentation.

We communicate with the 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
SCRABBLE ENTERTAINMENT (MAURITIUS) LTD**

Report on Other Legal and Regulatory Requirements

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

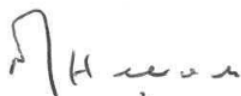
- (a) we have no relationship with or interests in the Company other than in our capacity as auditor;
- (b) we have obtained all the information and explanations we have required; and
- (c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's member, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

UHY & Co

UHY & Co



**Nirmal Heeralall, licensed by FRC
Signing partner**

Date: 13 May 2019

SCRABBLE ENTERTAINMENT (MAURITIUS) LTD**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**


	NOTE	2019 USD	2018 USD
INCOME			
Revenue from operations	5	1,557,005	1,288,925
Dividend income		-	3,678,474
Bank interest		54	3,770
Exchange gain		-	37,533
		<u>1,557,059</u>	<u>5,008,702</u>
EXPENSES			
Costs associated with operations	6	678,406	617,291
Administrative expenses		66,137	62,145
Depreciation of property, plant and equipment	8	450,636	586,274
Rental expense		11,874	12,228
Legal and professional fees		13,743	66,450
Exchange loss		27,209	-
Provision for impairment of trade receivables		112,695	-
		<u>1,360,700</u>	<u>1,344,388</u>
OPERATING PROFIT		196,359	3,664,314
Finance expense	7	(30,899)	(33,874)
PROFIT BEFORE INCOME TAX		165,460	3,630,440
Income tax	13	(78,905)	(158,097)
PROFIT FOR THE YEAR		86,555	3,472,343
OTHER COMPREHENSIVE INCOME THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS			
Exchange difference on translation of foreign operations		(58,826)	31,245
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		27,729	3,503,588
		=====	=====

The notes on pages 12 to 27 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	NOTE	2019 USD	2018 USD
ASSETS			
Non-current assets			
Property, plant and equipment	8	-	469,614
Investments in subsidiaries	9	735,495	735,495
Total non-current assets		735,495	1,205,109
Current assets			
Accounts receivable	10	458,933	699,032
Cash and cash equivalents		2,115,991	1,342,360
Total current assets		2,574,924	2,041,392
TOTAL ASSETS		3,310,419	3,246,501
		=====	=====
EQUITY AND LIABILITIES			
Equity			
Stated capital	11	750,001	750,001
Retained earnings		399,555	332,532
Translation reserve		(33,036)	6,258
Total equity		1,116,520	1,088,791
Current liabilities			
Loan payable	14(i)	1,477,895	1,449,104
Accounts payable	12	665,358	551,082
Income tax payable	13	50,646	157,524
Total current liabilities		2,193,899	2,157,710
TOTAL EQUITY AND LIABILITIES		3,310,419	3,246,501
		=====	=====

Approved by the Board on 13 May 2019 and signed on its behalf by:



Director



Director

The notes on pages 12 to 27 form an integral part of these financial statements.

SCRABBLE ENTERTAINMENT (MAURITIUS) LTD**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Stated capital USD	Retained earnings USD	Translation reserve USD	Total USD
At 01 April 2017	750,001	1,245,319	19,883	2,015,203
Loss for the year	-	3,472,343	-	3,472,343
Exchange differences on translation of foreign operations	-	-	31,245	31,245
Total comprehensive income for the year	-	3,472,343	31,245	3,503,588
Dividend paid during the year	-	(4,430,000)	-	(4,430,000)
Transfer to retained earnings	-	44,870	(44,870)	-
At 31 March 2018	750,001	332,532	6,258	1,088,791
Profit for the year	-	86,555	-	86,555
Exchange differences on translation of foreign operations	-	-	(58,826)	(58,826)
Total comprehensive income for the year	-	86,555	(58,826)	27,729
Transfer to retained earnings	-	(19,532)	19,532	-
At 31 March 2019	750,001	399,555	(33,036)	1,116,520
	=====	=====	=====	=====

The notes on pages 12 to 27 form an integral part of these financial statements.

SCRABBLE ENTERTAINMENT (MAURITIUS) LTD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	NOTE	2019 USD	2018 USD
<i>Cash flows from operating activities</i>			
Profit before income tax		165,460	3,630,440
<i>Adjustments for:</i>			
Interest income		(54)	(3,770)
Interest expense		29,980	29,700
Depreciation of property, plant and equipment	8	450,636	586,274
Dividend income		-	(3,678,474)
Provision for impairment of trade receivables		112,694	-
Exchange difference		(43,986)	10,940
		-----	-----
Operating profit before working capital changes		714,730	575,110
<i>Changes in working capital:</i>			
Movement in accounts receivable		127,704	(278,390)
Movement in accounts payable		114,274	(41,524)
		-----	-----
Cash generated from operations		956,708	255,196
Income tax paid		(183,131)	(13,678)
		-----	-----
Net cash generated from operating activities		773,577	241,518
		-----	-----
<i>Cash flows from investing activities</i>			
Dividend received		-	3,678,474
Interest received		54	3,770
		-----	-----
Net cash generated from investing activities		54	3,682,244
		-----	-----
<i>Cash flows from financing activities</i>			
Dividend paid		-	(4,430,000)
		-----	-----
Net cash used in financing activities		-	(4,430,000)
		-----	-----
Net increase / (decrease) in cash and cash equivalents		773,631	(506,238)
Cash and cash equivalents at beginning of the year		1,342,360	1,848,598
		-----	-----
Cash and cash equivalents at end of the year		2,115,991	1,342,360
		=====	=====

The notes on pages 12 to 27 form an integral part of these financial statements.

1 GENERAL INFORMATION

Scrabble Entertainment (Mauritius) Ltd (the "Company") is a limited company which was incorporated on 26 September 2011. It holds a Category 1 Global Business Licence under the Financial Services Act 2007 and is regulated by Financial Services Commission. The Company's registered office is C/o Ocorian Corporate Services (Mauritius) Limited, 6th Floor, Tower A, 1, CyberCity, Ebène, Republic of Mauritius.

On 12 March 2013, the Company set up a branch in Israel named Scrabble Entertainment (Mauritius) Ltd. The principal activities of the Company are investment holding and the deployment of digital cinema equipment for distribution across all cinema theatres in Israel through its branch in Israel.

2 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 years presented, unless otherwise stated.

(i) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Companies Act 2001 for companies holding a Category 1 Global Business Licence ("IFRS as modified by Companies Act 2001"). The financial statements have been prepared under the historical cost basis.

The preparation of financial statements in conformity with IFRS as modified by Companies Act 2001 requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement 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 described in Note 3.

(ii) Changes in accounting policy and disclosures***New Standards and amended Standards***

The Company applied for the first time certain Standards and amendments, which are effective for annual periods beginning on or after 01 April 2018.

The nature and the impact of each new Standard or amendment relevant to the Company are described below:

IFRS 9 – Financial Instruments (effective for accounting periods beginning on or after 01 January 2018)

IFRS 9, 'Financial instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014 and replaces the guidance in IAS 39 that introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 is effective for annual periods beginning on or after 01 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

Overall, the Company expects no significant impact on its statement of financial position (SOFP) except for the effect of applying the impairment requirements of IFRS 9. The Company expects an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the Company will implement changes in classification of certain financial instruments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(ii) Changes in accounting policy and disclosures (continued)*****New Standards and amended Standards (continued)***

IFRS 9 – Financial Instruments (effective for accounting periods beginning on or after 01 January 2018) (continued)

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at Fair Value Through Other Comprehensive Income (FVOCI); most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 'Leases'. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime ECL is always recognised.

IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 01 January 2018)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under previous Standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licences, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
- As with any new Standard, there are also increased disclosures.

The adoption of IFRS 15 did not have an impact on the Company's financial statements.

New Standards, amendments and interpretations issued but not yet effective

Several Standards and interpretations have been issued, but not yet effective, up to the date of issuance of the Company's financial statements. The Company has not early adopted any Standards, interpretations or amendments that have been issued but are not yet effective. None of the following new Standards, amendments and interpretations to Standards are expected to have a significant impact on the Company's financial statements:

- IFRS 16 - Leases (effective for accounting periods beginning on or after 01 January 2019);
- IFRS 17 - Insurance Contracts (effective for accounting periods beginning on or after 01 January 2019);
- IFRS 23 - Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019) and;
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective for accounting periods beginning on or after 01 January 2019).

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(iii) Summary of significant accounting policies*****Foreign currency translation******(a) Functional and presentation 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"). The financial statements are presented in United States Dollar ("USD"), which is the Company's functional and presentation currency. The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of their fair value gain or loss. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transactions.

For the purpose of presenting the figures of the branch together with that of the Company, the assets and liabilities of the branch have been translated in USD using exchange rates prevailing at the reporting date. The results of the statement of comprehensive income of the branch have been translated at an average exchange rate prevailing during the year. The exchange differences arising from the translation of the results of the branch are taken to translation reserve.

Taxation

The tax expense for the year comprises of current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets on accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and losses can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Property, plant and equipment (PPE)

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(iii) Summary of significant accounting policies (continued)*****Property, plant and equipment (PPE) (continued)***

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 component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The estimated useful life of the PPE, which includes cinema equipment only, as determined by the management is 5 years.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Investment in subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Investment in subsidiaries is shown at cost. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the statement of comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

Consolidated financial statements

The Company has taken advantage of the exemption provided by the Companies Act 2001 allowing a wholly owned or virtually owned subsidiary of any company holding a Category 1 Global Business Licence not to present consolidated financial statements. The financial statements are for the Company only and do not consolidate the results of its subsidiaries. The Company is a wholly owned subsidiary of Scrabble Entertainment Limited which in turn is a wholly owned subsidiary company of UFO Moviez India Limited, a company incorporated in India which prepares consolidated financial statements in accordance with Indian GAAP. These consolidated financial statements are obtainable at Valuable Techno Park, Plot #53/1, Road #7, MIDC, Marol, Andheri (E), Mumbai.

Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(iii) Summary of significant accounting policies (continued)*****Financial instruments (continued)******Financial assets******(a) Classification and initial measurement***

From 01 January 2018, IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Therefore, an entity classifies its financial assets in the following measurement categories, as set out in IFRS 9:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and;
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of comprehensive income.

(b) Subsequent measurement

The Company has only one type of financial asset which it classifies as financial assets at amortised cost.

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

The Company's financial assets at amortised cost includes accounts receivable and cash and cash equivalents which are subsequently measured as follows:

Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(iii) Summary of significant accounting policies (continued)****Financial instruments (continued)****(b) Subsequent measurement (continued)****Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. The Company's cash and cash equivalents comprise of cash at bank.

(c) Impairment

From 01 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has only one financial asset which is classified as financial asset at amortised costs that is subject to the expected credit loss model.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs") which uses a lifetime expected loss allowance for trade receivables.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

(d) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(iii) Summary of significant accounting policies (continued)*****Financial instruments (continued)******Financial liabilities*****(a) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include amount due to third party and accruals.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Amount due to third party and accruals

Amount due to third party and accruals are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of non-financial assets

The carrying amount of assets is assessed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's value in use and its fair value less costs to sell, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to the statement of comprehensive income.

Stated capital

Stated capital is determined using the nominal values of shares that have been issued and is classified as equity.

Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below:

Revenue from operations are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*(iii) Summary of significant accounting policies (continued)****Provisions***

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Expenses recognition

Expenses are accounted for in the statement of comprehensive income on the accrual basis.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements 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.

Determination of functional currency

The Board of Directors considers the United States Dollar ("USD") as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Company measures its performance and reports its results, as well as the currency in which it receives subscriptions from its shareholder.

Useful life of property, plant and equipment

In the process of assessing the Company's accounting policies, management estimates the useful life of property, plant and equipment and charges depreciation based on the estimated useful life. The existing assessment of assets, which reflects the management's intention in relation to financial statements presentation, is subject to different accounting treatments based on such estimation.

Income taxes

The Company is subject to income taxes in Mauritius and on its branch in Israel. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises 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 on the current and deferred income tax assets and liabilities in the year in which such determination is made.

Going concern

The directors of the Company have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4 FINANCIAL RISK MANAGEMENT***A. Financial risk factors***

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risk, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

A. Financial risk factors (continued)

The Board of Directors has the 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 the risks faced by the Company, to set appropriate measures and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company's exposure to the various types of risks associated to its activities and financial instruments is detailed below.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company has financial assets and liabilities denominated in Israeli New Shekel ("ILS"). Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to ILS may change in a manner which has a material effect on the reported value of the Company's assets and liabilities denominated in ILS.

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	2019 ILS	2019 USD	2018 ILS	2018 USD
Financial assets				
Cash and cash equivalents	4,212,816	1,158,861	4,178,888	1,197,001
Accounts receivable	1,664,677	457,919	2,419,510	693,044
	<u>5,877,493</u>	<u>1,616,780</u>	<u>6,598,398</u>	<u>1,890,045</u>
	=====	=====	=====	=====
Financial liabilities				
Loan payables	3,267,479	898,818	3,142,468	900,129
Accounts payable	2,303,891	633,754	1,865,120	534,245
	<u>5,571,370</u>	<u>1,532,572</u>	<u>5,007,588</u>	<u>1,434,374</u>
	=====	=====	=====	=====

The remaining financial assets and liabilities (excluding prepayments, VAT refundable and VAT payable) are denominated in USD and are thus not exposed to any foreign exchange risk.

Sensitivity analysis

The following table indicates the approximate change in the Company's post-tax profit and equity in response to reasonable possible changes in the foreign exchange rates to which the Company has significant exposure at the reporting date, with all other variables held constant.

	Increase/(decrease) in foreign exchange rates	2019 USD	2018 USD
Depreciation of ILS	5%	4,210	22,784
Appreciation of ILS	-5%	(4,210)	(22,784)

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

A. Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The only significant interest bearing financial instrument held by the Company is the loan payable to subsidiary. The Company is not exposed to interest rate risk as the loan payable to subsidiary bears fixed interest at the rate of 9% per annum.

(iii) Price risk

Equity price risk is the risk of unfavorable changes in fair values of equities as a result of changes in the value of individual shares. The Company has no exposure to price risk at year end.

(b) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. With respect to credit risk arising from financial assets which comprise of accounts receivable (excluding prepayments and VAT refundable) and cash and cash equivalents, the Company's exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. There was no concentration of credit risk as at the reporting date.

Credit risk from balances with banks is managed by the Company by carrying out transactions with banks of good standing and reputation. The Company also limits its credit exposure by transacting with related parties.

At 31 March 2019, trade receivables of **USD 456,859** (2018: USD 693,044) were neither past due nor impaired. The ageing analysis of trade receivables are as follows:

	2019 USD	2018 USD
Up to six months	456,859	693,044
	=====	=====

(c) Liquidity risk

Liquidity 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 liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains adequate cash reserves to meet its obligations as they fall due and through financing from related parties.

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2019 and 2018 based on contractual undiscounted payments:

	Due on demand USD	Within 1 year USD	Total USD
2019			
Accounts payable	1	658,717	658,718
Loan payable	1,477,895	-	1,477,895
	-----	-----	-----
	1,477,896	658,717	2,136,613
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

A. Financial risk factors (continued)

(c) Liquidity risk (continued)

	Due on demand USD	Within 1 year USD	Total USD
2018			
Accounts payable	1	550,081	550,082
Loan payable	1,449,104	-	1,449,104
	<u>1,449,105</u>	<u>550,081</u>	<u>1,999,186</u>
	=====	=====	=====

B. Financial instruments

(a) Categories of financial instruments

	Financial assets at amortised costs 2019 USD	Loans and receivable 2018 USD
Financial assets		
Accounts receivable	456,859	639,044
Cash and cash equivalents	2,115,991	1,342,460
	<u>2,572,850</u>	<u>1,981,504</u>
	=====	=====

	Loans and borrowings USD	Other financial liabilities at amortised cost USD	Total USD
Financial liabilities 2019			
Accounts payables	-	658,718	658,718
Loan payable	1,477,895	-	1,477,895
	<u>1,477,895</u>	<u>658,718</u>	<u>2,136,613</u>
	=====	=====	=====

	Loans and borrowings USD	Other financial liabilities at amortised cost USD	Total USD
2018			
Accounts payables	-	550,082	550,082
Loan payable	1,449,104	-	1,449,104
	<u>1,449,104</u>	<u>550,082</u>	<u>1,999,186</u>
	=====	=====	=====

(b) Fair values of financial instruments

The carrying amounts of accounts receivable (excluding prepayments and VAT refundable), cash and cash equivalents, loan payable and accounts payable (excluding VAT payable) approximate their fair values.

SCRABBLE ENTERTAINMENT (MAURITIUS) LTD**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019****4 FINANCIAL RISK MANAGEMENT (CONTINUED)****C. Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to the shareholder, return capital to the shareholder or issue new shares.

5 REVENUE FROM OPERATIONS

	2019 USD	2018 USD
Virtual Print Fee	1,220,016	1,026,408
Equipment rental income	244,753	171,041
Maintainance fee	92,236	91,476
	-----	-----
Total	1,557,005	1,288,925
	=====	=====

6 COSTS ASSOCIATED WITH OPERATIONS

	2019 USD	2018 USD
Virtual Print Fee sharing expense	510,604	447,270
Management fee	72,564	74,728
Maintainance fee	95,238	95,293
	-----	-----
Total	678,406	617,291
	=====	=====

7 FINANCE EXPENSE

	2019 USD	2018 USD
Interest payable on loan from subsidiary	29,980	29,700
Bank charges	919	4,174
	-----	-----
Total	30,899	33,874
	=====	=====

8 PROPERTY, PLANT AND EQUIPMENT

	Cinema equipment 2019 USD	Total 2019 USD	Total 2018 USD
Cost:			
At start and end of the year	2,964,861	2,964,861	2,964,861
	-----	-----	-----
Depreciation			
At start of the year	(2,348,881)	(2,348,881)	(1,762,607)
Charge for the year	(450,636)	(450,636)	(586,274)
	-----	-----	-----
At end of the year	(2,799,517)	(2,799,517)	(2,348,881)
	-----	-----	-----
Exchange difference	(165,344)	(165,344)	(146,366)
	-----	-----	-----
Net book value			
At 31 March	-	-	469,614
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

9 INVESTMENT IN SUBSIDIARIES

	2019 USD	2018 USD
<i>At cost:</i>		
At start and end of the year	735,495	735,495
	=====	=====

Details of the investments in subsidiaries are given below:

Name of investees	Country of incorporation	Type of shares held	% Holdings	Cost of investment	
				2019 USD	2018 USD
Scrabble Entertainment DMCC	Dubai	Ordinary	90%	735,494	735,494
Scrabble Entertainment Israel Ltd	Israel	Ordinary	100%	1	1
				-----	-----
				735,495	735,495
				=====	=====

At 31 March 2019, the directors have reviewed the financial performance and the future projects to be undertaken by the investees and are of the opinion that no provision for impairment is required.

10 ACCOUNTS RECEIVABLE

	2019 USD	2018 USD
Trade receivables	569,554	693,044
Provision for impairment	(112,695)	-
	-----	-----
	456,859	693,044
Prepayments	2,074	5,988
	-----	-----
	458,933	699,032
	=====	=====

11 STATED CAPITAL

	Number of shares		2019 USD	2018 USD
	2019	2018		
<i>Issued and paid up</i>				
At start and end of the year	750,001	750,001	750,001	750,001
	=====	=====	=====	=====

The par value of each ordinary share is USD 1.

The holder of an ordinary share in the Company shall confer on the holder:

- (a) the right to one vote on a poll at a meeting of the Company on any resolution;
- (b) the right to an equal share in dividends authorised by the Board; and
- (c) the right to an equal share in the distribution of the surplus assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

11 STATED CAPITAL (CONTINUED)

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

12 ACCOUNTS PAYABLE

	2019 USD	2018 USD
Amount due to third party	1	1
Accruals	658,717	550,081
VAT payable	6,640	1,000
	-----	-----
At end of year	665,358	551,082
	=====	=====

The amount due to third party refers to consideration payable on acquisition of shares in Scrabble Entertainment Israel Ltd.

13 INCOME TAX

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15%. The Company has received its Category 1 Global Business Licence ("GBL1") on or before 16th October 2017 and is grandfathered under the provisions of the Finance (Miscellaneous Provisions) Act 2018 ("FA 2018"). As from 1st July 2021, the Company's GBL1 licence will be automatically converted to a Global Business Licence ("GBL"). The Company will therefore operate under the current tax regime up to 30th June 2021.

Until 30th June 2021, the Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the actual foreign tax charged by the foreign jurisdiction or a deemed foreign tax. The deemed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total actual foreign tax credit, the Company is allowed to pool all of its foreign sourced income.

The Company's GBL1 licence will be converted to a GBL licence on 1st July 2021 and will operate under the new tax regime. Under the new regime, the Company will be able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

The Company operates through its branch in Israel. The tax rate in Israel is 23% (2018: 26.5%).

The tax expense for the year comprise of:

	2019 USD	2018 USD
Current tax expense	78,143	183,369
Overprovision in previous years	-	(25,272)
	-----	-----
Actual tax	78,143	158,097
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

13 INCOME TAX (CONTINUED)

A reconciliation between the accounting profit and the actual income tax expense is presented below:

	2019 USD	2018 USD
Profit before income tax	165,461	3,630,440
	= = = =	= = = =
Applicable income tax at tax rate of 15%	24,819	544,566
Impact of:		
Temporary differences	49,535	60,156
Foreign tax credit	(59,483)	(483,777)
Overprovision in previous years	-	(25,272)
Effect of branch being taxed at different rate	64,034	62,424
	-----	-----
Actual income tax expense	78,905	158,097
	= = = =	= = = =

Income tax (receivable) / payable

	2019 USD	2018 USD
At start of the year	157,524	(1,502)
Charge for the year	78,905	183,369
Paid during the year	(183,131)	(13,678)
Overprovision in previous years	-	(25,272)
Exchange difference during the year	(2,652)	14,607
	-----	-----
At end of the year	50,646	157,524
	= = = =	= = = =

14 RELATED PARTY TRANSACTIONS

During the year under review, the Company had the following transactions with related entities. The nature, volume of transactions and the balances with the entities are as follows:

	2019 USD	2018 USD
(i) <i>Loan from subsidiary – Scrabble Entertainment DMCC</i>		
At start of the year	1,449,104	1,419,789
Interest payable during the year	29,700	29,700
Exchange difference	(909)	(385)
	-----	-----
At end of the year	1,477,895	1,449,104
	= = = =	= = = =

Details of the above loans are given below:

- (a) Loan amounting to **USD 330,000** (2018: USD 330,000) carries interest at the rate of 9% per annum and is repayable on demand.
- (b) Loan amounting to **USD 899,275** (2018: USD 899,275) is interest free and is repayable on demand.

SCRABBLE ENTERTAINMENT (MAURITIUS) LTD**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019****14 RELATED PARTY TRANSACTIONS (CONTINUED)**

	2019	2018
	USD	USD
<i>(iii) Fees to management entity of the Company – Ocorian Corporate Services (Mauritius) Limited</i>		
Fees charged for the year	45,525	36,250
	= = = = =	= = = = =
Fees accrued at end of the year	13,000	6,750
	= = = = =	= = = = =

The above services from Ocorian Corporate Services (Mauritius) Limited have been provided on commercial terms and conditions.

15 PARENT AND ULTIMATE PARENT

The directors consider Scrabble Entertainment Limited, a company incorporated in India, as the Company's parent and UFO Moviez India Limited, a company incorporated in India, as the Company's ultimate parent.

16 EVENTS AFTER THE REPORTING DATE

There are no events after the reporting date which require amendments to or additional disclosures in the financial statements for the year ended 31 March 2019.