

# ANNUAL REPORT

# 2020





# Table of **Content**

	Page
<b>01</b> Letter from the Chairman .....	<b>5</b>
<b>02</b> Letter from the CEO of TDC .....	<b>7</b>
<b>03</b> Key Figures .....	<b>10</b>
<b>04</b> Education & Preservation .....	<b>12</b>
<b>05</b> Our family .....	<b>18</b>
<b>06</b> Management Discussion & Analysis .....	<b>22</b>
<b>7.0</b> Corporate Governance .....	<b>32</b>
<b>7.1</b> Board of Directors .....	<b>35</b>
<b>7.2</b> Directors' Report .....	<b>42</b>
<b>7.3</b> Notice of Annual General Meeting .....	<b>45</b>
<b>7.4</b> Management Team .....	<b>48</b>
<b>7.5</b> Company Data .....	<b>53</b>
<b>7.6</b> Disclosure of Shareholdings .....	<b>55</b>
<b>8.0</b> Auditors' Report & Financial Statements .....	<b>57</b>
<b>9.0</b> Form of Proxy .....	<b>123</b>





01.

Letter from  
**the Chairman**



## Letter from the **Chairman**



The year 2020 saw the full onslaught of the pandemic. The entire world was affected and the hospitality industry came to a virtual standstill. In Jamaica, the hotels closed and the cruise ship industry ceased operating. We, however, were fortunate to have good support from the local market which provided a small but steady source of revenue.

We implemented several cost saving measures to reduce the impact of little or no tourist arrivals and we arranged a line of credit in case cash was needed to finance an extended period of mothballing. The beach at Puerto Seco was closed and we therefore relocated our dolphins to Ocho Rios for better care and to reduce operating cost. Operating efficiency procedures were devised and implemented, many of which will be permanent. The suffering and loss of human life across the world was something we could not have imagined. Fortunately, the Government's policies of quarantine and curfews enabled Jamaica to do a lot better than several other countries.

We managed to maintain the welfare of our employees and our dolphins. The vaccine arrived in the world in late 2020 and was in ample supply in the US, our major supply of visitors. Jamaica also got a limited supply and priority was given to the tourist industry employees among others. This has been a game changer.

The trickle of arrivals which we saw in late 2020, became a steady flow by May 2021. We are anxiously awaiting the resumption of the arrival of the cruise ships. The parks were maintained in good condition during the lockdown periods of 2020 so we were ready to resume operation at full capacity as soon as the arrivals increased.

We anticipate a rapid return to our post COVID numbers as the pent up demand will see a surge of vacationers arriving on our shores. The many new hotels under construction and planned to be built holds good for the long term expectation of Dolphin Cove.

A handwritten signature in black ink, which appears to read 'S. Burrowes'.

**Stafford Burrowes, OD**  
Chairman



02.

Letter from the **CEO of  
The Dolphin Company.**



# Letter from the **CEO of The Dolphin Company**



## The Dolphin DNA.

To all our shareholders, and every member of the Dolphin Cove's family. This annual report is dedicated to you, who were on board this year and helped us surf the storms and stay afloat during the most complicated times of our operating years.

Challenges are nearly part of an everyday agenda; however, we are always ready to respond to emergency cases, but the year 2020 definitely has tested our resilience.

The Pandemic forced us to temporarily close all of our 5 venues in Jamaica, at the same time and with very short notice, with few days in advance. We could not avoid the hit our boat had, but we were able to react and organize our boat on time, to remain afloat until assistance was received.

Full support from our family encouraged the crew to organize the right actions and strategies and with the hard work of our people, the real heroes, our boat, our Company, did not sink.

Some of the actions we had to take were implemented with the required courage and the heart of all us with one common goal, keep the Company on its way to safeport. Among many actions were

- Suspend operation in mid-march to safeguard the wellbeing of all our people and gradually reopen again, beginning mid-july, after implementing the necessary measures to offer safety to all our members and visitors ..
- We reduced administrative expenses more than 51% vs 2019, and operating expenses reduction 44% vs 2019, without compromising maintenance and, indeed, the wellbeing of our animals.
- Yet, we exceeded expectations and reached an income of \$4.3 million FY 2020 with more than 52,000 visitors and limiting the loss before taxation to \$1.4 million usd.
- We approached the isolation of our associates by getting virtually close to them through our "we are with you" channel.
- We implemented COVID-19 Protocols. A strong health and safety education was and is provided through our Dolphin Cares program.
- Proudly, all of our managers have been vaccinated with at least one shot and, in a matter of weeks, will be fully vaccinated.
- The home office became part of our culture as we showed responsibility working on targets more than on a time basis.

## CEO's Statement

Ironically, the year we had to stop our growth, was the year that internally, we grew the most. Dolphin Cove strengthens its core, the team, the family, the internal procedures, the purpose with Sustainability, Resilience and Adaptation, hence we realized that sustainability is found not only in the care of the environment, but also in the care of our management, of our processes and what made the difference is that, at all times, we remained together and with strong leadership and guidance.

I am very proud and grateful, as head of the Dolphin Cove of all the confidence I received from our investors, our staff, our suppliers, our landlords and many more, as we needed their support to go through this endless storm. Now, we see light at the horizon and we are on our way to better times and better environments. Still, there is some rough waters that will need to sail to reach the next port but we feel the worst is left behind and look for a promising future. For all and everybody who placed their trust in Dolphin Cove, be confident I will not let you down until my last breath.

Finally, in reciprocity of all confidence received, I have to confess I placed all my confidence in our Lord as I never had a shadow of doubt he would always give us the best, as much as we pass the test of patience and faith we were exposed to. This may not be the last time we face challenges but there are a few things will never change: Dolphin Cove was born to be great and make great things and will continue with its mission and, something else will never change is our faith in the Lord.

We are now ready for 2021, a year of transition to what is coming, the best years of our life. Lord bless our Company and all of you, who are part of this great corporation.

Thank you very much for joining us in the amazing adventure called, Dolphin Cove.



**Eduardo Albor**  
CEO  
Dolphin Discovery



Dolphin Cove Ocho Rios, Jamaica





03.

Key  
**Figures**

# Key Figures

## REVENUE

**Total:**  
**\$4,278**  
29% of 2019

## SAVINGS IN PAYROLL

**Total:**  
**\$2,416**  
Reduction of 55% YOY

## SAVINGS IN ADMIN EXPENSES

**Total:**  
**\$1,063**  
Reduction of 56% of YOY

## SAVINGS IN OPERATING EXPENSES

**Total:**  
**\$2,075**  
Reduction of 44% YOY

## VISITORS

**Total:**  
**52,570**  
30% of 2019

## SAVINGS IN SELLING EXPENSES

**Total:**  
**\$2,213**  
Reduction of 57% YOY

## MARINE MAMMALS

**Dolphins:**  
**26** **13** **6**  
Ocho Rios Habitat Negril Habitat Moon Palace Habitat

## ASSOCIATES

**Total:**  
**79**  
-74 YOY



Dolphin Cove Montego Bay, Jamaica





04.

Education &  
**Preservation.**

# Education & Preservation

"Despite the fact that 2020 was a complicated year and its effects are still being felt, Dolphin Cove has always been attentive and has sought the preservation of our animals through research, education and care."



**45** Dolphins



**2** Nurse Sharks



**14** Stingrays



**89** Birds



**4** Macaws



**5** Rabbits



**3** Iguanas



**2** Parrots



**1** Ostrich



# Measures taken in response to health contingency

- 1** After the closure of the parks on March 21, marine mammal specialists and supporting staff were the only staff that were able to be on the habitats. The staff was reorganized under a new scheme in which the welfare of the animals in our care continued to be our highest priority.
- 2** As a part of the reopening protocols, the kissing behavior with all our species was changed and an alternative behavior was carried out without contact to our guests.
- 3** We implemented and complied with the prevention and hygiene measures in our facilities. We created sanitizing points close to the Dolphin areas, we distributed our dolphins in both lagoons of the property to have more manageable groups for the daily number of marine mammals' specialists.



# Marine Mammal Specialist Meetings

## April 2020

A general meeting was held virtually, where the entire group of Supervisors was present. Outside the general monitoring points, this forum is also opened to enrich ourselves as a team with the activities carried out in the other facilities. We can set new goals and complement work plans

## August 2020

Dolphin Cove's staff members participated in the Second Meeting of Specialists in Marine Mammals organized by the Association of Specialists in Marine Mammals (ADEMM), the meeting was held electronically.



# Rescue of a Stranded Dolphin

**NEPA** (National Environmental Protection Agency) reported to the veterinary department in Dolphin cove that there was a stranded dolphin on a beach in Port Maria.

The dolphin was identified as a juvenile *Stenella* genus, when Dolphin Cove's team arrived, all medical procedures were performed to know the health status of the dolphin, after this procedure, medication and hydration were administered and after few hours of observation, the dolphin was released safely into the open ocean.





# Dolphin Transfers

## 1) Ocho Ríos and Moon Palace

On January 4th, we made a switch of dolphins between Dolphin Cove Ocho Ríos and Dolphin Cove Moon Palace, the relocation of the 2 dolphins took place to maintain and enhance the social structure of the dolphin population in both parks.



Dolphin Cove Moon Palace, Jamaica



Dolphin Cove Puerto Seco, Jamaica

## 2) Puerto Seco to Ocho Ríos

On March 21st, as part of the protocols of park closure, the team of marine mammals' specialists performed the relocation of the four specimens from Dolphin Cove Puerto Seco to Dolphin Cove Ocho Ríos.



05.

Our  
**Family**



# Our Family 2020

## Certifications:

### Covid-19 Protocol Certification

Emphasizing on the health and well-being of its associates and guests, Dolphin Cove implemented

the Dolphin Cares program with comprehensive hygiene and safety protocols. Due to this

protocols and measures, all in compliance with the requirements of the health and tourism

authorities of Jamaica, all our parks were granted with the Covid-19 Protocol Compliant Certificate

issued by the Tourism Product Development Company (TPDCo).



The certification was promoted by the Ministry of Tourism and the Ministry of Health through TPDCo and aims to maintain the necessary sanitary measures for the prevention and containment of COVID-19, in order to provide confidence and certainty to workers, guests and the community in general.



## Environmental Education

- 1** The environmental educator of the locations gave classes to the staff on:
  - What's the environmental education
  - And the importance of water in our lives.
- 2** Two beach cleanups were organized with habitat staff and a total of 75 kg of garbage was collected from the coasts and a total of 15 volunteers participated.
- 3** Educational cards were created, with information on environmental celebrations, some species or ecosystems. Throughout this year, 12 cards were made.
- 4** To encourage participation, game quizzes were created. Where the specialists state what they've learned in the educational sessions, all the quizzes had different formats to encourage curiosity, always thinking about easy access. We created 9 different games.





# Dolphin Academy

Dolphin Academy is the name assigned by The Dolphin Company (the wider group that Dolphin Cove is part of), to the training system on the E-learning Platform. After a few months of works done on this project, on January 10<sup>th</sup>, all parks of Dolphin Cove started working on it.



## How does the dynamics work?

The Coordinator of the Education Department of The Dolphin Company who is also the administrator of the E-Learning platform assigns each student to the corresponding module.

The student has five days to enter to the course and finish it, the following 3 days are for assessments, these evaluations are also done through the platform under the supervision of the educator or supervisor of each park.

The platform's database stores the results to keep track of the progress of each student.





06.

## Management **Discussion & Analysis**



# Management Discussion & Analysis of The Group Results



“ As of today, we are still operating 80% of our parks across the island, only the venue at Puerto Seco Beach Club remains closed due to its dependency on the cruise ship industry. We continue to operate with a very slim structure and a strict budget discipline in all of our locations to maximize the efficiency in our performance.

As projected, the tourism in the Caribbean for 2021, has shown a steady recovery month by month and we are still confident that recovery will continue to increase. Cruise ships still on hold but with more solid restart plans! We remain confident that in 2021 we will deliver greater results than prior year.”

**Federico Lozano**  
CEO of Dolphin Cove



### General Business Conditions

In 2020, stopover visitors to Jamaica decreased by 67% compared to 2019 according to the Jamaica Tourist Board. The nationality mix remained basically the same as the prior year: USA Citizens representing 72% of the visitors to Jamaica, Canadian Citizens 15%, European citizens 9% and Other nationalities 4%. The arrivals of Cruise Ships to Jamaica showed a unprecedented decrease of 71% or 1,103,959 passengers. The combined decrease in the traffic of visitors to Jamaica was 69% or 2.9 million visitors less than 2019. The average occupancy levels in Montego Bay, Ocho Rios and Negril during the year were 25%, 17% and 20%.

In March 2020, all our attractions paused operations to protect the health and well-being of our teams due to the COVID-19 contingency; with the parks closed, the team worked on the implementation of the protocols established by the Dolphin Cares program created by The Dolphin Company of which Dolphin Cove is part. This program includes all safety and hygiene guidelines and procedures to contain and minimize the spread of the Covid-19 virus.

Group Financial Highlights – Audited Financial Statements: Year ended December 31, 2020.

### Statement of Profit & Loss & Other Comprehensive Income

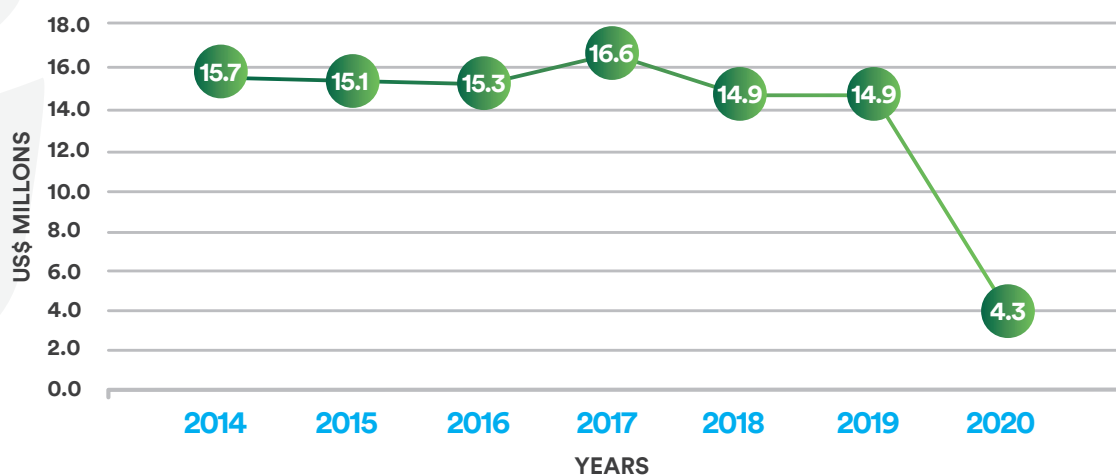
#### REVENUE:

Income from Dolphin Attractions remains the primary revenue-generating activity and involves interactive dolphin programs and shark interaction programs. The Group's sales also include income from "Ancillary Services" such as the sale of souvenirs, photographs, food and beverages, and the use of its facilities and the Yaaman park featuring attractions including dune buggies, ATVs, and the Secret River.

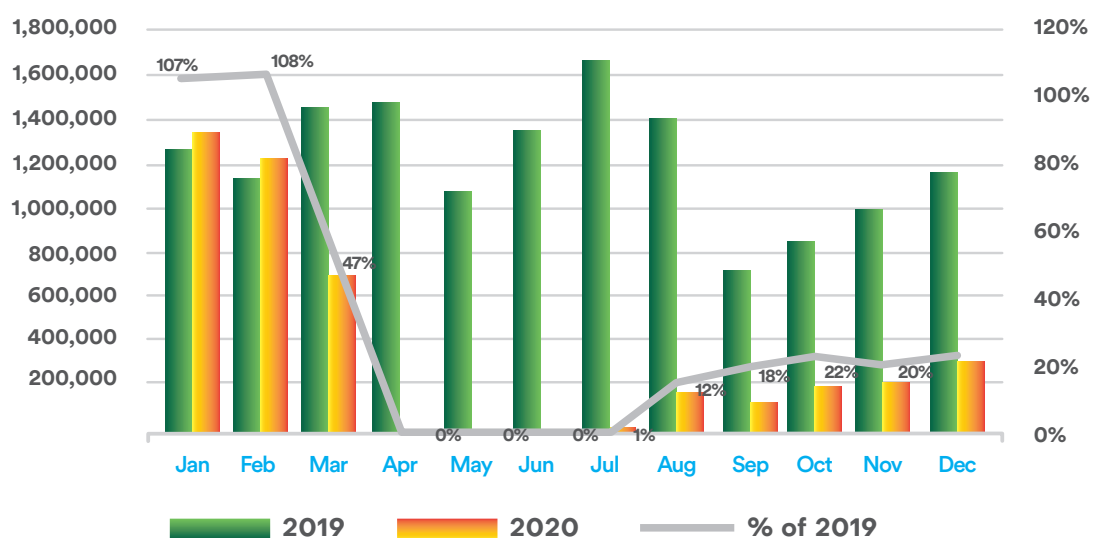
**As of February 2020**, the Company reported \$2,589 in revenue, 7% above same period of 2019, a very positive trend during the beginning of the year. However, on March 20th we closed all our venues.

After one hundred and twenty days, on July 21st, Dolphin Cove was able to restart operations in four of its five parks with limited capacity and reduced operating schedules; the only park that remains closed is located at Puerto Seco Beach Club as it focusses on the Cruise Ship Market. Despite the adverse environment and as a result of the tremendous commercial strategies implemented, the group hosted almost 53,000 visitors in its parks and was able to generate US\$4.3 million in revenue from operating activities, nearly 30% of 2019.

### 2014 - 2020 operating revenue



### Operating Revenue by Month



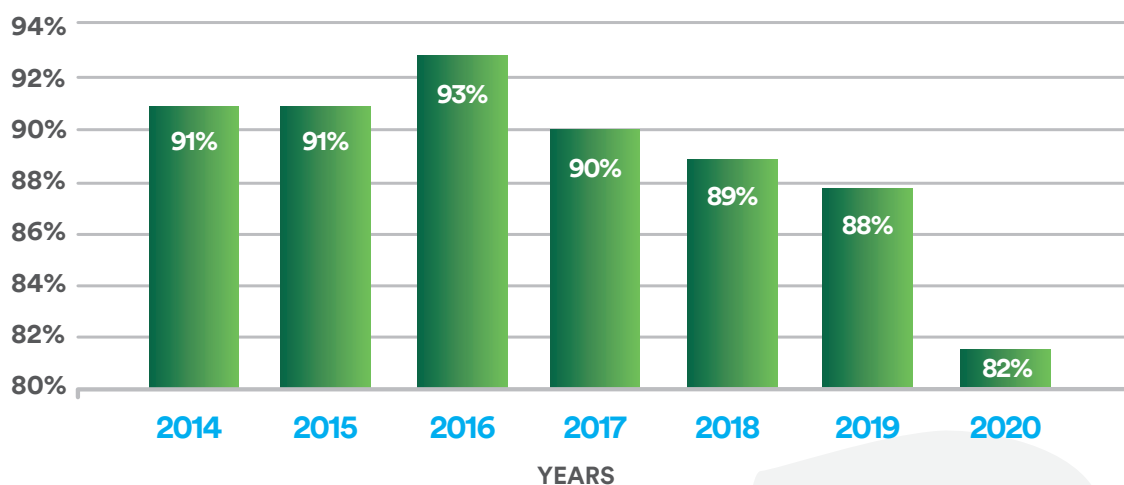


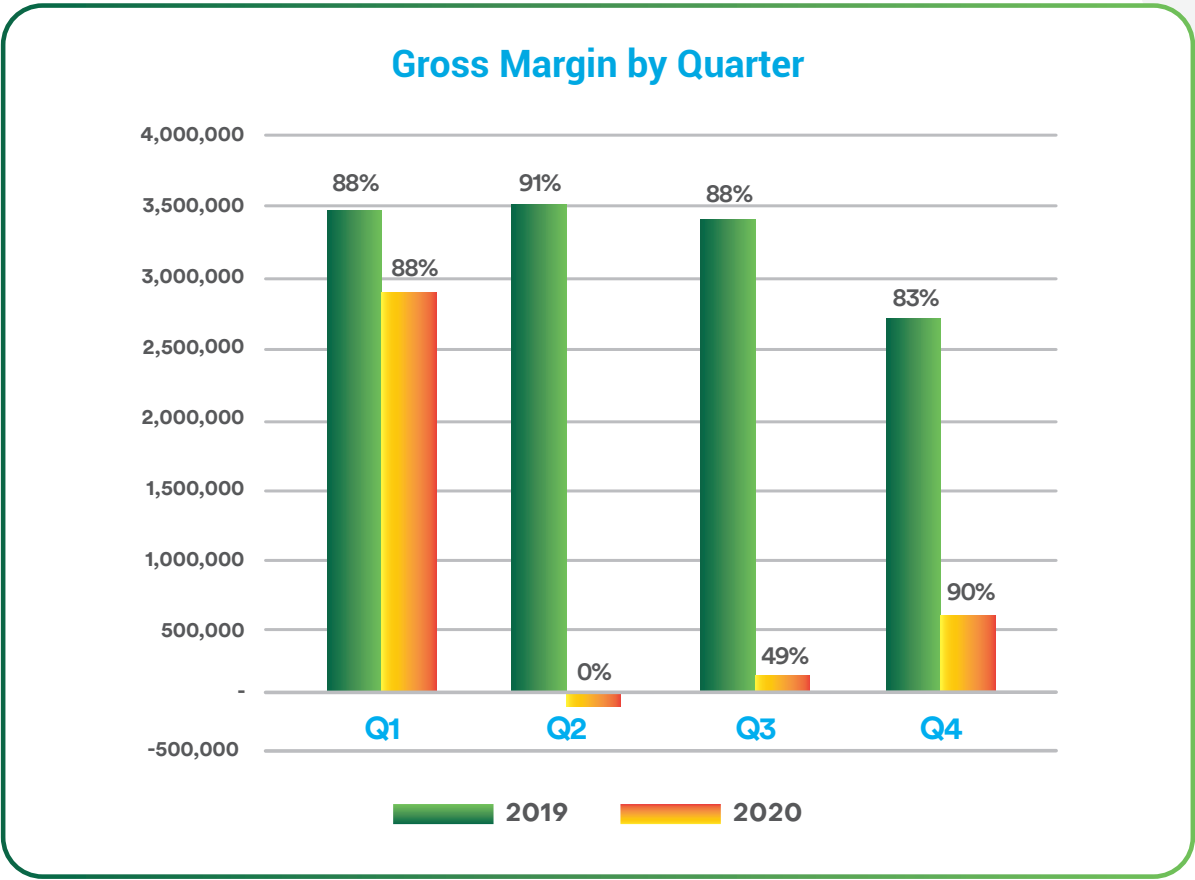
### GROSS PROFIT:

To ensure the animal welfare has been our priority, and all the food and attention remained at the same level during the year, therefore, no savings were achieved on these matters, but all the others costs are directly related to the volumes of guests and revenues.

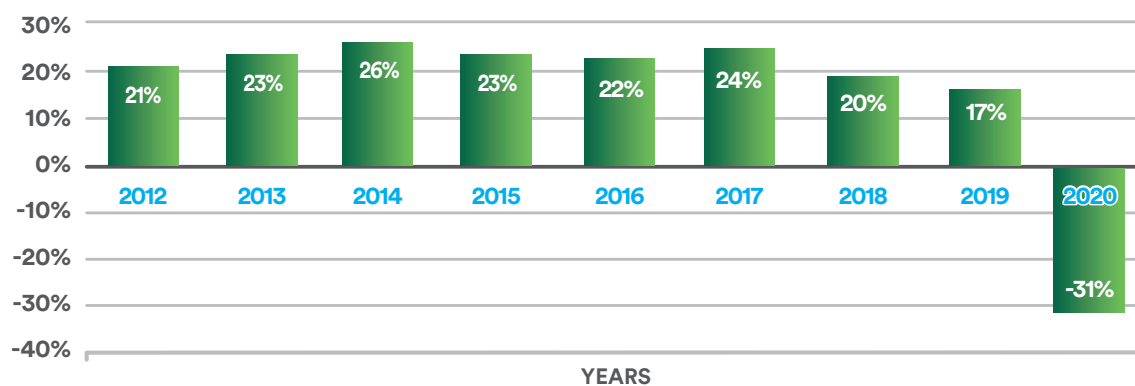
The direct cost decreased by 43%, driven mainly by the decline in the volume of business; however, as a result of the contingency plan implemented at the beginning of the outbreak, we could reduce our fixed cost by 11%. The gross profit for the year was US\$3.5 million, 73% less than the gross profit reported in the prior year.

#### 2014 - 2020 Gross Profit Margin

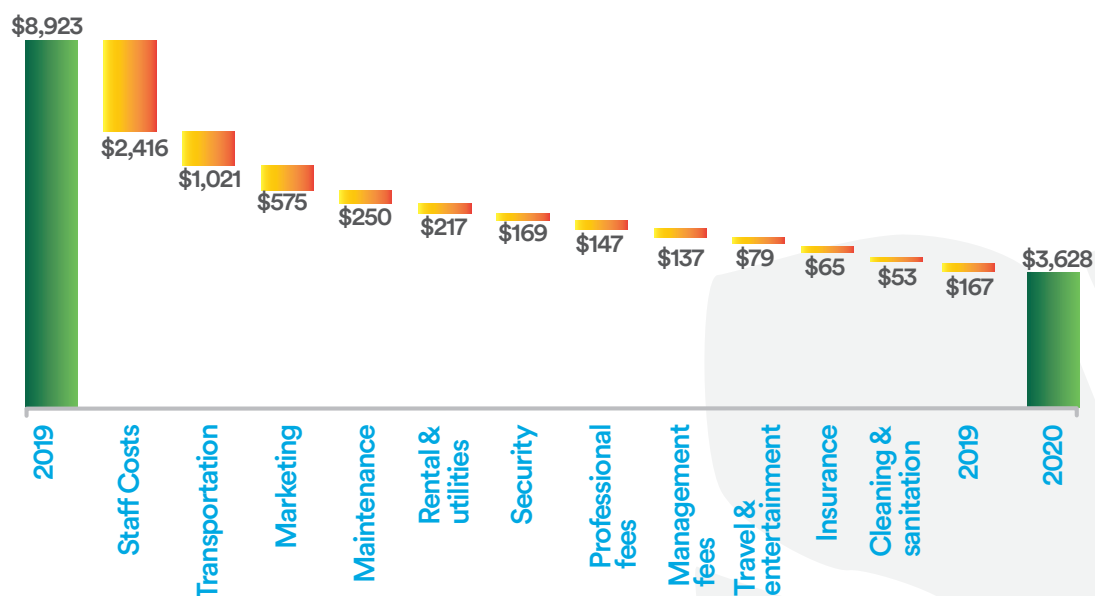




### 2014 - 2020 Operating Profit Margin



### Operative Expenses 2020





### OPERATING EXPENSES:

As a result of the proactive measures put in place, the company was able to reduce operating expenses by US\$5.3 million or 51% less than 2019.

As a result of the measures implemented to decrease the payroll costs, such as team downsizing, salary reduction of executive officers, and limited operating hours in our parks, the company was able to reduce this expense by US\$2.4 million, being this the most significant reduction in operating expenses.

In addition to the reduction in payroll, there was a significant decrease in other expenses as follows:

- In administrative expenses, we achieved a reduction of US\$285,000 primarily due to adjustments and renegotiations in legal and professional fees, insurance, and telecommunications.
- Selling expenses were reduced by US\$1 million, a result of reduced transportation and other tour charges due to the decline in guests, as well as US\$574,000 due to limited and strategic advertising, marketing, and promotion.
- The use of the minimum necessary resources and improved management of expenses such as maintenance, traveling, and security resulted in a reduction of US\$497,000.
- The reduction in costs and expenses partially offset the significant decline in revenue and resulted in a loss before taxation of US\$1.3 million.
- In summary, the quick reaction of Management at the first signals of the Covid-19 outbreak, allowed to maintain cash reserves to address all the labor, legal, tax and commercial commitments, as well, as maintain the enough resources to resume, in a more efficient way, the operations of the parks, but keeping the levels of quality in our experiences.



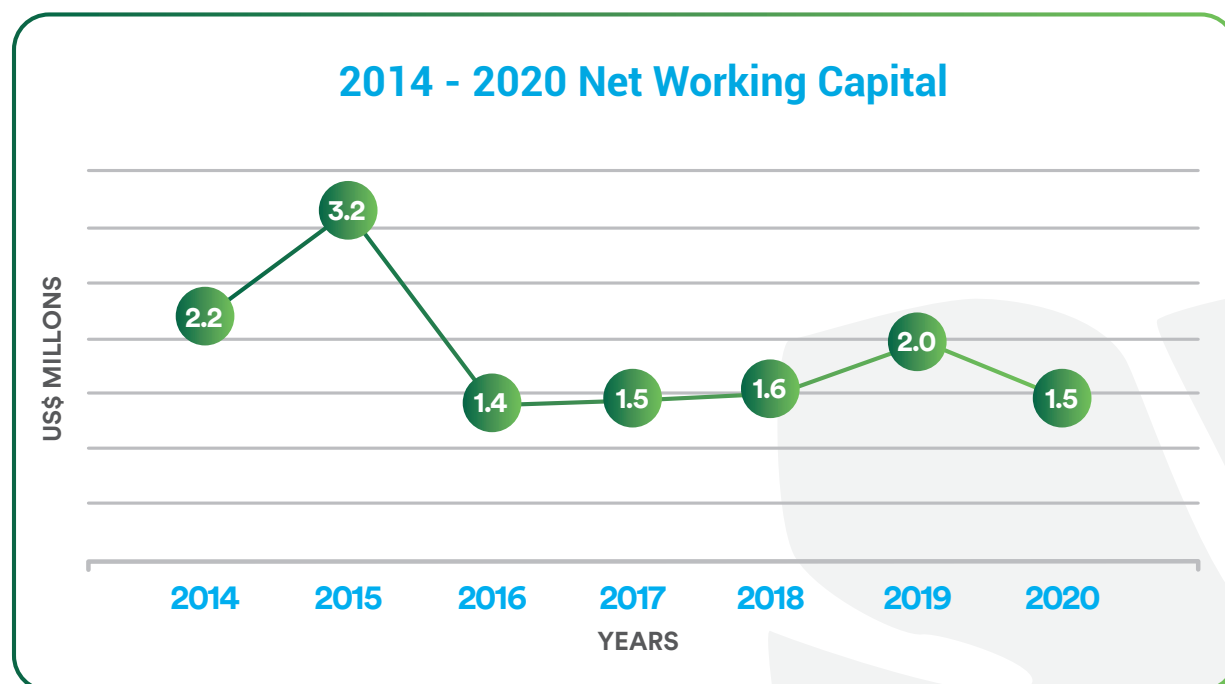
### Statement of Financial Position & Cash flow

#### Significant Highlights:

Our sound financial position in the first quarter of the year allowed us to declare and pay dividends of 30 cents, the most significant payment made by Dolphin Cove ever. Despite the loss reported this year, the group's balance sheet remains strong, with many assets and very little debt. Net working capital decreased by 60%, or US\$1.4 million.

Given the debt-free status of the Company, and due to the uncertainty of the length of the Pandemic, we wanted to ensure enough resources to ride out the contingency situation and to cover any potential rebound of the outbreak. Therefore, the Company got access to financing with Sagicor Bank for a total amount of JMD\$140 million.

As of December 31, 2020, the Company had drawn JMD\$37 million of this facility. Furthermore, preventing any rebound the Company has agreed with the bank for an extension of additional JMD\$140 million for the rest of 2021 if needed.





"2020 challenged us and made us deliver the most responsive, professional, adaptable, and resilient phases not only as individuals but as a Company. The Company successfully implemented contingency plans, designed cost-cutting initiatives, set health and operational protocols, and closed critical negotiations with vendors, landlords and other players. Our focus was on creating a solid base for resuming operations in almost all the parks, ensuring the welfare of all the species in our care, maintaining a solid team, and designing new commercial strategies, among other efforts.

The pandemic will continue; we must continue our efforts in strict controls, efficiencies, and synergies and continue looking to taking advantage of technology, new opportunities, and innovation to drive value in our business."

**Emmanuel Islas**

Financial Controller of  
Dolphin Cove







7.0

Corporate  
**Governance**

# Corporate Governance and Accountability



Dolphin Cove Ocho Rios, Jamaica

**The Board of Directors** is the highest governing authority with respect to the management of the Group. In overseeing the operations of the Group, the Board establishes broad policies and objectives and ensures that sufficient resources are available to meet those objectives. The Board is chaired by the Group's founder, Mr. Stafford Burrowes, and meets regularly to discuss and review the performance of the Group and to ensure that the objectives are satisfactorily pursued having regard to the social and regulatory environment and the risks that may exist within the relevant markets.

The directors are experienced in their respective fields and collectively bring a wide range of professional and commercial expertise to the management of the Group.

The Board has established an Audit Committee and a Compensation Committee and the members of these committees must include at least two independent non-executive Directors.

The Audit Committee functions as an advisor to the Board and provides assurance in the areas of financial reporting, risk management, compliance with legal and regulatory requirements, internal and external audit, and matters relating to corporate governance. The Audit Committee comprises the Committee Chairman, Mr. Richard Downer, and two independent and non-executive members of the Board. The Audit Committee has appointed PricewaterhouseCoopers as Internal Auditors.

During the year the committee reviewed all financial statements prior to acceptance by the Board and oversaw the system of internal control and received reports from the internal and external auditors.

The Compensation Committee recommends appropriate compensation for executive members, within the context of current market rates and best practices, and ensures that the compensation structure is sufficient to attract, retain and motivate highly ranked executive members. The Compensation Committee comprises the Committee Chairman, Mr. Noel Levy and two independent and non-executive members of the Board.

The following table outlines the Director's attendance at Board Meetings for the 12 months ended December 31, 2020:

Total number of Board & Audit Committee meetings scheduled – 5 and 4 respectively

Total number of Board & Audit Committee meetings held – 4 and 4 respectively

"The compensation Committee did not meet. However, the Board dealt directly with the reduction in compensation to directors and executives during the year."

Name	Number of Board meetings attended	Number of Audit Committee meetings attended	Number of Corporate Governance Committee meetings attended
Eduardo Albor Villanueva - Board & Audit (appointed 6.11.2019)	2	2	N/A
Valeria Albor Dominguez (appointed 6 November 2019)	1	N/A	N/A
John Bailey - Board & Audit (appointed 6.11.2019)	4	2	N/A
Stafford Burrowes - Board & Audit	4	N/A	3
Lorenzo Camara	4	N/A	N/A
Richard Downer (appointed 23 April 2018) - Board & Audit	4	4	3
Sergio Jacome - Board (apptd 6.11.2019) & Audit	4	3	N/A
Noel Levy - Board & Audit	4	4	3







7.1.

Board Of  
**Directors**

# Board Of **Directors**



**Stafford Burrowes, OD**  
(appointed September 1998)  
**Chairman and Independent Director**

**Mr. Burrowes** was the Chief Executive Officer of Dolphin Cove Ltd. from 1998 to 2018. Mr. Burrowes is the entrepreneur who conceived and developed the business idea that became the first and only marine park in Jamaica.

He has been the Chairman of Dolphin Cove Ltd. since September 1, 1998.

Mr. Burrowes served as the Chairman of Friends of the Sea from 2002 to 2006.

He has also been nominated for, and has won, a number of business and tourism awards. In 2010 he was awarded the Order of Distinction in the rank of Officer in recognition of his contribution to the development of tourism in Jamaica.



## Board Of Directors



**Eduardo Albor Villanueva,**  
(appointed November 2015)  
**Non-Executive Director**

**Mr. Eduardo Albor Villanueva** is a law graduate from the Universidad de Mayab and has a Masters Degree – Corporate Law from the Universidad Anahuac.

From inception, his work has been at the corporate level beginning as the Legal Director of the Royal Resorts. In January 1999, Mr. Albor became the CEO of Dolphin Discovery Group, and during his administration the enterprise shifted from a regional player to a worldwide company, leader in the leisure industry. Now, The Dolphin Company has operations in 8 countries and 2 continents, having 9 parks and 21 dolphin habitats that receive more than 2 million visitors annually.

Mr. Albor serves as Chairman of The Dolphin Company Board and of its foundation. In addition, Mr. Albor is the president of the editorial group Latitude 21 and coordinates the three publications within the group.

One of Mr. Albor visions has been “always more”, hence he expects to continue the tendency he has established in the company, to globalize and expand the company’s portfolio in a short and long term.







**Richard Downer**  
**CD, FCA**

(appointed February 2012 – November 2015,  
reappointed April 2018)

**Independent Director and Mentor**

**Mr. Downer**, a former Senior Partner of PricewaterhouseCoopers in Jamaica, currently serves as a director on the board of Sagicor Life Jamaica Limited. He is also and the Mentor of Tech Limited. As an independent director of Dolphin Cove Limited, he is the Chairman of the Audit Committee as well as being the Mentor.

He has served in several roles in the public sector including as Executive Director of the Bureau of Management Support in the Office of the Prime Minister of Jamaica and as Temporary Manager for several troubled financial institutions and directorships of government entities. At PricewaterhouseCoopers, he specialized in corporate finance and corporate recovery. He has also served on the boards of a number of companies in the private sector from time to time and as a member of the Rating Committee of a credit rating agency.

He was awarded the Order of Distinction with the rank of Commander (CD) by Jamaica in 1986 for services to Accountancy and being a Pioneer in Privatization and the Distinguished Member Award of the Institute of Chartered Accountants in 2012.

Since December 2010, Mr. Downer has been the Mentor appointed by Dolphin Cove Limited under the rules of the Junior Stock Exchange in which capacity he advises on matters of corporate governance and compliance with the rules of the stock exchange. He has been a member of the Group's Audit Committee since 2010 and the Remuneration Committee since 2012.



## Board Of Directors



**John R. Bailey**  
(appointed April, 2018)  
**Independent Director**

**Mr. Bailey** has a Bachelor's degree in Business Administration from the University of South Florida, majoring in Finance. He also completed executive studies at the University of New Orleans (Leadership, Motivation and Organizational change) and Emory University (Marketing strategies for competitive advantage).

He began his career in the fish industry becoming the dominant producer of red and silver Tilapia in Jamaica. Afterwards he worked in the export industry culminating in distribution to the most exclusive supermarket chain in the U.K. – Sainsburys.

Mr. Bailey led Jabexco Ltd. in being awarded Champion Exporter & Champion Agri-Exporter 1994 by the Jamaica Exporters Association.

He presently serves on the board of directors of several companies in diverse industries including education, food & beverage, water treatment, and pharmaceuticals.



**Noel D. Levy**  
(appointed September 2006)  
**Independent Director**

**Mr. Levy**, member of the Jamaica Bar Association and the Law Society of England and Wales in the United Kingdom, is a consultant attorney -at- law at the firm of Myers Fletcher & Gordon and former senior partner of that firm, specializing in commercial law.

He has served on the boards of several private commercial companies including banking, life and general insurance companies. Mr. Levy is currently a member of the board of The Insurance Company of the West Indies Limited and I.G.L. Limited. He served for several years as a Commissioner of the Jamaica Racing Commission and the Betting Gaming and Lotteries Commission.

He is currently serving as a member of the Council of the University of the West Indies, Mona where he is Chairman of the Audit Committee.

## Board Of Directors



**Lorenzo Camara**  
(appointed April 2016)  
**Non-Executive Director**

**Lorenzo Camara's** studies are in the Industrial Engineering area, nevertheless his career focus has been the operative area of the parks, and as of today he is Executive Regional Director of the Caribbean.

He became part of The Dolphin Company in 1996, hired by Mr. Lewis Brewed (the original founder). He started doing several activities such as operations, sales, reception, reservations, and projects, among others, and was part of the early constructions of the company, that includes habitats such as Puerto Aventuras and Cozumel.

His career in Dolphin Discovery is up to 24 years, and as of today he manages the Caribbean region along with the aquatours sector in Cancun, Mexico. Lorenzo also participates in the budget elaboration and the weekly cash flow follow up.



**Sergio Jacome Palma**  
(appointed November 2019)  
**Non-Executive Director**

**Mr. Jacome** joins The Dolphin Company family as the Chief Financial Officer in 2017, however, Sergio's previous experience involved working with KPMG and EY as a Senior Manager of their Transaction Advisory Services. Also, Sergio worked for Deloitte and advised the Institute for the Protection to the Bank Saving (IPAB) during the liquidation and bankruptcy of seven banks in Mexico.

Sergio earned a Master in Business Administration and Finance in the EAE Business School in Barcelona, Spain, and a Bachelor of Accounting from the Escuela Bancaria y Comercial, in Mexico City. Finally, is a part-time Professor at the University Anahuac Cancun.

As of today, Sergio is responsible for all of the Company's financial functions including accounting, audit, treasury, corporate finance and investor relations to pursue the company's growth strategy and meet its and investors' expectations.



## Board Of Directors



**Valeria Albor Dominguez**  
(appointed November 2019)  
**Non-Executive Director**

**Miss Albor**, joined Grupo Dolphin Discovery in 2016 holding the position of Treasury Sub manager. Her duties included the monitoring and executing of daily operations such as wire transfers, account openings, currency exchange, and daily closing reports of all locations. During her time in the treasury department she has developed new procedures and reports to help in the decision-making process.

In October 2017 she was promoted as the Financial Planning Manager, in charge of the analysis of the financial statements of the group and preparation of feasibility reports, business plans and any financial projections. On May 2020, she was appointed as Corporate Deputy Director, she created the Dolphin Cares Committee, and along with them our COVID-19 Protocols, communication campaign and follow up. In addition to the corporate coordination and financial analysis, she is involved with the Human Resources department, Marketing and Sales team.

Valeria is shareholder and member of the board at The Dolphin Company.



**Ocho Rios**



7.2.

Directors'  
**Report**

# Directors' Report

The directors have pleasure in presenting their report for the year ended 31 December 2020, together with the audited financial statements as at that date.

Financial results for the year	US\$
(Loss)/Profit before finance income and costs	(1,255,749)
Finance income	305,225
Finance costs	(277,140)
(Loss)/Profit before taxation	(1,227,664)
Taxation credit	311,746
(Loss)/Profit after taxation	(915,918)
Earnings per stock unit (expressed in US cents per share)	(0.29 ¢)

## Directors

### The Board of Directors now consists of:

Mr. Eduardo Albor Villanueva	Mr Lorenzo Camara
Miss Valeria Albor Dominguez	Mr Richard Downer
Mr John Bailey	Mr Sergio Jacome Palma
Mr Stafford Burrowes	Mr Noel Levy



## Directors' Report

In accordance with clause 97 of the Articles of Incorporation, Messrs Eduardo Albor Villanueva and Richard Downer retire by rotation, and being eligible, offer themselves for re-election.

### Auditors

The auditors, Messrs KPMG, Chartered Accountants, have indicated their willingness to continue in office pursuant to section 154 of the Companies Act.

### Employees

The directors wish to thank the management and staff of the company for their performance during the year under review.

### Customers

The directors wish to thank our valued customers for their support and contribution to the company's performance during the year under review and look forward to their continued support of the Group.

Dated this 3<sup>rd</sup> day of June 2021

By Order of the Board



Rhonda Goodison  
Secretary





7.3.

Notice of Annual  
**General Meeting.**

# Notice of Annual General Meeting.

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Dolphin Cove Limited will be held at Dolphin Cove, Belmont Road, Ocho Rios, St Ann on Wednesday 29 December 2021 at 2:30 p.m. for the following purposes:

1. To receive the report of the Directors and Financial Statements for the year ended 31 December 2020 and the report of the Auditors thereon.

2. To re-elect the retiring Directors and to fix the remuneration of the Directors. The Directors retiring by rotation pursuant to article 97 of the Company's Articles of Incorporation are Messrs Eduardo Albor Villanueva and Richard Downer, who, being eligible, offer themselves for re-election.

To consider and, if thought fit, pass the following resolutions:

- (a) That the retiring director Mr Eduardo Albor Villanueva be and is hereby re-elected a director.
- (b) That the retiring director Mr Richard Downer be and is hereby re-elected a director.



## Notice of Annual General Meeting

**3.** To authorise the Directors to fix the remuneration of the Auditors for the ensuing year. The Auditors, Messrs KPMG, Chartered Accountants, have signified their willingness to continue in office pursuant to Section 154 of the Companies Act.

Dated this 3<sup>rd</sup> day of June 2021  
BY ORDER OF THE BOARD



Rhonda Goodison  
Secretary

REGISTERED OFFICE  
Belmont, Ocho Rios, St Ann



## NOTES:

**1.** A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A suitable form of proxy is enclosed. It must be lodged at the Company's registered office at least forty-eight hours before the time appointed for holding the meeting. The proxy form shall bear stamp duty of \$100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the persons executing the proxy.

**2.** Pursuant the articles of incorporation, a corporate shareholder (member) may by resolution of its Directors appoint a person (not a proxy) to attend and vote at the meeting.





7.4.

Management  
**Team**

# Management Team



**Federico Lozano**

Chief Executive Officer of  
Dolphin Cove Limited

Mr. Lozano is a graduate of the University La Salle Cancun with a bachelor's degree in Hospitality Management also has certifications in Health and Safety Awareness in Tourism Accommodation and Hazard Analysis and Critical control Point (CIEH HACCP). He has more than 21 years of experience in the fields of operations, sales, marketing and administration in the Tourism Sector including Hotel Industry, Travel Agencies and Water Parks.

Federico joined Dolphin Cove in May 2018, after four years in the Dolphin Company holding the charge of General Manager in three different countries; Mexico, Dominican Republic and Grand Cayman.



**Gregory Forbes**

General Manager – Ocho Rios Park

Gregory holds a degree in Business Administration from the Utech Academy in Ocho Rios, he has more than 8 years of experience in the cruise ship industry on managerial positions. Mr. Forbes joined Dolphin Cove in August 2018, as an Operations Manager at the Ocho Rios park, he was responsible for the coordination of the operative areas of the park to ensure a high-quality service to our guests, under his responsibility was also to ensure the in-house sales targets were met. After one year and due to the great performance shown, Mr. Forbes was promoted as General manager of the park.



Dolphin Cove Ocho Rios, Jamaica

## Management Team



**Raul Gonzalez**

General Manager – Montego Bay Park

Mr. Gonzalez is a graduate from the Universidad del Caribe in Cancun, Mexico; with a bachelor's degree in Hotel management specialized in sustainable tourism. Raul joined the Company in May of 2017 as the General Manager of Dolphin Cove Montego Bay.

Before Dolphin Cove, he started his career in The Dolphin Company in 2012 as a Call Center executive, and due to his performance was promoted to Operations Supervisor and eventually to General Manager. For the last 6 years he has been the General Manager of different parks in the Caribbean including, Dolphin Discovery Akumal (Mexican Caribbean), Dolphin Discovery St. Kitts, Dolphin Discovery Tortola, BVI and now Dolphin Cove.



**Travoe Brown**

General Manager – Yaaman Adventure Park

Travoe has a bachelor of science degree in guidance & counselling from The MICO University College, and earned a Diploma in Business Management Supervision from the National Council on Technical and Vocational Education.

Mr. Brown joined the company in 2017 as Sales Manager, having direct responsibility to supervise the sales production in Ocho Rios area, due to his great performance and skills, in 2018 he was promoted to General Manager of Dolphin Cove's park in Puerto Seco Beach Club where he was responsible for the coordination of the operations and sales of the park.

A year later, he was transferred to Yaaman Adventure Park as the General Manager with the main responsibility of managing the park's operations while ensuring that key performance (financial and otherwise) targets are achieved.



## Management Team



**Beresford Watson**  
General Manager – Moon  
Palace Park

Mr. Watson holds a degree in Computer Science and specialized in computer networking and telecommunications graduated from the Everest University in Orlando Florida.

Beresford started his carrier at Dolphin Cove in 2013 as Senior Photo and Video Editor, due to his sales-oriented performance, in 2016 he was appointed the as Sales Representative assigned to the Moon Palace location and in 2017 he was appointed as General Manager of the same location.



**Emmanuel Islas**  
Financial Controller – Dolphin Cove  
Limited

Mr. Islas is a graduate from the Universidad Anahuac Cancun, he holds a degree in Accounting and Finance, he also has a bachelor's degree in Business Administration and a Diploma in Effective Communication. He has more than 12 years of experience in the field of accounting and finance in the Tourism Sector including Hotel Industry, Travel Agencies, Vacation Clubs, Destination Management Companies and 8 years in the Dolphin industry.

Emmanuel joined the team in March 2017 as the Financial Controller of Dolphin Cove Limited and its subsidiaries.





## Management Team



**Nicola Campbell, FCCA**  
Chief Accountant – Dolphin  
Cove Limited

Ms. Campbell is a graduate of the University of Technology with a bachelor degree in Accounting, she is also a Chartered Accountant and a member of the Institute of Chartered Accountants of Jamaica. She has more than 15 years of experience in the accounting field, working in important entities such as Guardsman Group.

Nicola joined Dolphin Cove in 2010, she has been the Chief Accountant for the Group for the past decade and a key member for the organization.



**David Alexander Russell, B.S.BA**  
National Sales Manager -  
Dolphin Cove Limited

Mr. Russell earned a cum laude graduate from Boston University with a Bachelor's of Science in Business Administration and a minor in Marketing.

Alexei joined the Company in 2012, he started his carrier in Dolphin Cove as Sales Manager in charge of Ocho Rios and Yaaman Park, due to his performance, in 2018 he was promoted as National Sales Manager, responsible for maximizing the land-based sales for the Dolphin Cove marine parks and the Yaaman Adventure Park in Jamaica. His main duties include promoting the brand by fostering and facilitating positive relationships with our sales partners Island-wide.





7.5

Company  
**Data**

# Company Data

## Board of Directors

Stafford Burrowes, OD, (Chairman)  
Eduardo Albor Villanueva  
Richard Downer, CD, FCA  
Noel D. Levy  
John Bailey  
Lorenzo Camara  
Sergio Jacome Palma  
Valeria Albor Dominguez

## Mentor

Richard Downer, CD, FCA

## Audit Committee

Richard Downer, CD, FCA  
(Committee Chairman)  
(Independent Director)Chairman  
Noel D. Levy  
(Member) (Independent Director)  
Sergio Jacome Palma  
(Member) (Non-Executive Director)

## Compensation Committee

Noel D. Levy  
(Member) (Independent Director)  
Stafford Burrowes, OD  
(Member) (Non-Executive Director)  
Richard Downer, CD, FCA  
(Member) (Mentor) (Independent Director)

## Company Secretary

Rhonda A. Goodison

## Registered Office

Belmont Road, Ocho Rios, St. Ann

## Telecommunications

Telephone: (876) 974-5335  
Fax: (876) 974-9208  
Website: [www.dolphincoveja.com](http://www.dolphincoveja.com)  
Email: [info@dolphincoveja.com](mailto:info@dolphincoveja.com)

## Registrar & Transfer Agent

Jamaica Central Securities  
Depository Limited  
40 Harbour Street  
Kingston

## External Auditors

KPMG, Chartered Accountants  
Unit #14 Fairview Office Park  
Alice Eldemire Drive  
Montego Bay, St. James

## Attorney's at-Law

Myers Fletcher and Gordon  
21 East Street  
Kingston

## Bankers

Sagicor Bank Limited  
Bank of Nova Scotia Jamaica  
Limited





# 7.6

## Disclosure of **Shareholdings**



# Disclosure of Shareholdings

MAJOR STOCKHOLDERS	SHARES HELD
World of Dolphins Inc.	313,901,858
Garden House Holdings Limited	37,491,168
JCSD Trustee Services Ltd - Sigma Global Venture	8,831,481
Lloyd Badal	2,429,559
John Mahfood	2,000,000
NCB Insurance Co. Ltd. A/C WT 040	1,947,198
GK General Insurance Company Limited	1,811,500
QWI Investments Limited	1,752,576
NCB Insurance Co. Ltd. A/C WT160	1,652,357
Lorna Allison Myers	1,245,972
<b>Total ordinary stocks in issue:</b>	<b>392,426,376</b>
<b>Total number of stockholders:</b>	<b>751</b>

## STOCKHOLDINGS OF DIRECTORS AND CONNECTED PERSONS

DIRECTOR	STOCKHOLDING	CONNECTED PERSONS	STOCKHOLDING
STAFFORD C. BURROWES	13,900	GARDEN HOUSE HOLDINGS LIMITED	37,491,168
NOEL DOUGLAS LEVY	200,000	NIL	NIL
RICHARD L. DOWNER	14,000	NIL	NIL

## STOCKHOLDINGS OF SENIOR MANAGEMENT AND CONNECTED PERSONS

SENIOR MANAGEMENT	STOCKHOLDING	CONNECTED PERSONS	STOCKHOLDING
DAVID RUSSELL	20,055	NIL	NIL



8.0

Auditors' Report  
& **Financial Statements**



KPMG  
Chartered Accountants  
P.O. Box 436  
6 Duke Street  
Kingston  
Jamaica, W.I.  
+1 (876) 922 6640  
firmmail@kpmg.com.jm

### INDEPENDENT AUDITORS' REPORT

To the Members of  
DOLPHIN COVE LIMITED

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Dolphin Cove Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 9 to 66 which comprise the group's and company's statements of financial position as at December 31, 2020, the group's and company's 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 group and the company as at December 31, 2020, and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *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.

KPMG, a Jamaican partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

R. Tarun Handa  
Cynthia L. Lawrence  
Rajan Trehan  
Norman O. Rainford  
Nigel R. Chambers  
Nyasa A. Johnson  
W. Gihan C. de Mel  
Wilbert A. Spence  
Rochelle N. Stephenson  
Sandra A. Edwards



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
DOLPHIN COVE LIMITED

**Report on the Audit of the Financial Statements (Continued)**

*Material Uncertainty Related to Going Concern*

We draw your attention to notes 2(c) and 27 to the financial statements, which indicate that the operations, financial position, financial performance and cashflows of the group, have been affected by the outbreak of the Coronavirus (COVID-19) pandemic. As described in notes 2(c) and 27, these events or conditions, along with other matters set forth in those notes, indicate that a material uncertainty exists that may cast significant doubt on the group's and the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*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 (CONTINUED)

To the Members of  
DOLPHIN COVE LIMITED

**Report on the Audit of the Financial Statements (Continued)**

*Key Audit Matters (continued)*

**Key audit matters**

**1. Valuation of live assets - dolphins**

Live assets - dolphins are measured at fair market value less amortization. The determination of fair value requires management to make certain assumptions relating to the estimated useful life and the market price of dolphins, which have a material bearing on the measurement [see notes 3(h) and 11].

**How the matters were addressed in our audit**

We challenged the estimated fair value of dolphins determined by management by:

- Testing the reasonableness of the group's estimated fair value of dolphins by evaluating the key assumptions used in the valuation, such as the historical average purchase price of dolphins, the actual purchase price for similar dolphins in recent transactions, and considering the age of dolphins and remaining useful life;
- Enquiring about the purchase contract of dolphins acquired within the wider group during the year to verify actual transaction prices used in the valuation;
- Evaluating the assumptions and underlying data used in determining the fair value, including identification of similar transactions and listings, and corroborating discussions with management within our understanding of the market environment;
- Holding specific discussion with a qualified in-house veterinarian regarding the health of each dolphin in production and their remaining useful lives; and
- Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
DOLPHIN COVE LIMITED

**Report on the Audit of the Financial Statements (Continued)**

*Key Audit Matters (continued)*

**Key audit matters**

**2. Valuation of trade and other receivables**

The group has significant overdue balances with hotels and tour operators. There is significant judgement 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 [see note 26(a)(ii)].

The key area requiring greater management judgement includes the incorporation of forward-looking information, adjusted for COVID-19 related factors. IFRS 9 requires judgements to be made about future economic scenarios and their impact on expected credit losses.

**How the matters were addressed in our audit**

Our procedures in this area included:

- Testing the manual and automated controls over recording and ageing receivables. Our testing of automated controls involved using our own Information Technology Audit Specialists to test the design, implementation and operating effectiveness of automated controls;
- We reviewed the expected credit loss (ECL) model calculations and agreed the data inputs;
- Comparing the group's definition of default for the ECL measurement, as outlined in the accounting policy against the definition that management uses for credit risk management;
- Evaluating the appropriateness of economic parameters including the use of forward looking information;
- Testing the accuracy of the ECL calculation;
- Testing subsequent receipts for selected customers identified as overdue;
- Evaluating the adequacy of the group's provisions against trade receivables by assessing management's assumptions used in reperforming the calculation; and
- Reviewing the adequacy of the group's disclosures about the degree of estimation involved in arriving at the provision.



### INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
DOLPHIN COVE LIMITED

#### **Report on the Audit of the Financial Statements (Continued)**

##### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our 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 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.





INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
DOLPHIN COVE LIMITED

**Report on the Audit of the Financial Statements (Continued)**

*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.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7-8, forms part of our auditors' report.

**Report on additional matters as required by the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the 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 Rajan Trehan.

*KPMG*

Chartered Accountants  
Kingston, Jamaica

April 9, 2021





INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
DOLPHIN COVE LIMITED

**Appendix to the Independent Auditors' Report**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 group'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 achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



### INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
DOLPHIN COVE LIMITED

#### **Appendix to the Independent Auditors' Report (Continued)**

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.

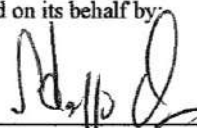
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

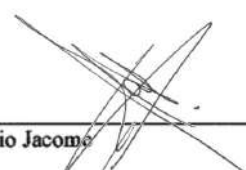
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation 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.

**DOLPHIN COVE LIMITED****Group Statement of Financial Position  
December 31, 2020***(Expressed in United States dollars)*

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		381,395	1,527,556
Investments	4	2,130	2,129
Trade and other receivables	5	802,432	1,708,552
Taxation recoverable		323,435	228,847
Due from related companies	6(b)(ii)(a)	767,291	801,062
Due from parent company	6(b)(iii)	486,200	288,200
Inventories	7	<u>258,040</u>	<u>265,991</u>
		<u>3,020,923</u>	<u>4,822,337</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	21,665,070	22,212,663
Right-of-use asset	10(a)	566,822	661,293
Live assets	11	4,001,645	4,301,263
Due from related company	6(b)(ii)(b)	<u>1,110,012</u>	<u>1,110,012</u>
		<u>27,343,549</u>	<u>28,285,231</u>
<b>TOTAL ASSETS</b>		<u><b>30,364,472</b></u>	<u><b>33,107,568</b></u>
<b>CURRENT LIABILITIES</b>			
Bank overdraft	12	366,591	134,003
Current portion of lease liabilities	10(b)	89,021	77,640
Accounts payable	13	1,590,450	2,098,771
Due to other related parties	6(b)(iv)	22,302	83,438
Current portion of long-term liabilities	15	<u>5,374</u>	<u>21,965</u>
		<u>2,073,738</u>	<u>2,415,817</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	14	1,004,469	1,317,380
Lease liabilities	10(b)	612,513	701,534
Long-term liabilities	15	<u>11,841</u>	<u>17,100</u>
		<u>1,628,823</u>	<u>2,036,014</u>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	16	3,654,390	3,654,390
Capital reserves	17	12,291,412	12,291,412
Retained earnings		<u>10,716,109</u>	<u>12,709,935</u>
		<u>26,661,911</u>	<u>28,655,737</u>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>		<u><b>30,364,472</b></u>	<u><b>33,107,568</b></u>

The financial statements on pages 9 to 66 were approved by the Board of Directors on April 9, 2021 and signed on its behalf by:

  
 \_\_\_\_\_ Director  
 Stafford Burrows

  
 \_\_\_\_\_ Director  
 Sergio Jacome

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

DOLPHIN COVE LIMITED

Group Statement of Profit or Loss  
Year ended December 31, 2020  
(Expressed in United States dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUE</b>			
Programmes revenue	18(a)	2,241,991	8,077,386
Ancillary service revenue	18(b)	<u>2,036,176</u>	<u>6,791,831</u>
Overall revenue		4,278,167	14,869,217
Less: Direct costs of sales	19(a)	<u>( 782,081)</u>	<u>( 1,814,997)</u>
Gross profit		3,496,086	13,054,220
Gain on disposal of property, plant and equipment		-	990
Loss on disposal of live assets		<u>( 81,190)</u>	<u>( 290,748)</u>
Other income	19(d)	<u>367,295</u>	<u>230,662</u>
		<u>3,782,191</u>	<u>12,995,124</u>
<b>OPERATING EXPENSES</b>			
Administrative		<u>( 820,717)</u>	<u>( 1,883,867)</u>
Other operations		<u>(2,612,809)</u>	<u>( 4,687,924)</u>
Selling		<u>(1,664,574)</u>	<u>( 3,877,415)</u>
	19(b)	<u>(5,098,100)</u>	<u>(10,449,206)</u>
(Loss)/profit before finance income and costs		(1,315,909)	2,545,918
Finance income	20(a)	51,782	93,644
Finance costs	20(b)	<u>( 169,866)</u>	<u>( 353,093)</u>
(Loss)/profit before taxation		(1,433,993)	2,286,469
Income tax credit/(expense)	21	<u>305,219</u>	<u>( 673,307)</u>
(Loss)/profit, being total comprehensive (loss)/income for the year		<u>(1,128,774)</u>	<u>1,613,162</u>
(Loss)/earnings per stock unit	22	<u>( 0.29)¢</u>	<u>0.41¢</u>

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



DOLPHIN COVE LIMITED

Group Statement of Changes in Stockholders' Equity  
Year ended December 31, 2020

(Expressed in United States dollars)

	Share capital (note 16)	Capital reserves (note 17)	Retained earnings	Total
Balances as at December 31, 2018, as previously reported	3,654,390	12,456,412	12,705,746	28,816,548
Adjustment on initial application of IFRS 16, net of taxes	-	-	( 67,786)	( 67,786)
Restated balances as at January 1, 2019	<u>3,654,390</u>	<u>12,456,412</u>	<u>12,637,960</u>	<u>28,748,762</u>
Profit, being total comprehensive income for the year	-	-	<u>1,613,162</u>	<u>1,613,162</u>
Transfer to retained earnings as a result of disposal of dolphins	-	( 220,000)	220,000	-
Deferred tax on disposal of dolphins	-	<u>55,000</u>	-	<u>55,000</u>
	-	( 165,000)	<u>220,000</u>	<u>55,000</u>
<b>Transactions with owners of the company:</b>				
Dividends (note 23)	-	-	( 1,761,187)	( 1,761,187)
Balances as at December 31, 2019	3,654,390	12,291,412	12,709,935	28,655,737
Loss, being total comprehensive loss for the year	-	-	( 1,128,774)	( 1,128,774)
<b>Transactions with owners of the company:</b>				
Dividends (note 23)	-	-	( 865,052)	( 865,052)
Balances as at December 31, 2020	<u>3,654,390</u>	<u>12,291,412</u>	<u>10,716,109</u>	<u>26,661,911</u>

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

DOLPHIN COVE LIMITED

Group Statement of Cash Flows  
Year ended December 31, 2020  
*(Expressed in United States dollars)*

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit for the year		(1,128,774)	1,613,162
Adjustments for:			
Depreciation and amortisation	9,10,11	1,123,843	1,227,882
Gain on disposal of property, plant and equipment		-	( 990)
Loss on disposal of live asset		81,190	290,748
Interest income	20(a)	( 861)	( 5,667)
Interest expense	20(b)	68,572	62,658
Impairment loss on trade receivables	5(a)	346,485	298,534
Taxation	21	( 305,219)	<u>673,307</u>
		185,236	4,159,634
Changes in:			
Accounts receivable		559,635	( 113,463)
Inventories		7,951	89,107
Accounts payable		( 508,321)	57,973
Due to other related parties		( 61,136)	( 14,267)
Cash generated from operations		183,365	4,178,984
Interest paid		( 68,572)	( 62,658)
Income tax paid		( 102,280)	( 354,400)
Net cash provided by operating activities		<u>12,513</u>	<u>3,761,926</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		861	5,667
Additions to property, plant and equipment	9	( 207,263)	( 395,093)
Proceeds from disposal of property, plant and equipment		-	3,564
Additions to live assets	11	( 56,088)	( 328,150)
Due from related parties		33,771	( 390,275)
Due from parent company		( 198,000)	( 24,200)
Investments, net		( 1)	( 2)
Net cash used by investing activities		( 426,720)	(1,128,489)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term loans		( 21,850)	( 214,427)
Payment of lease liabilities	10(d)	( 4,140)	( 66,971)
Other income – rent concession	10(c)(d),19(d)	( 73,500)	-
Dividends paid		( 865,052)	(1,761,187)
Net cash used by financing activities		( 964,542)	(2,042,585)
Net (decrease)/increase in cash and cash equivalents		(1,378,749)	590,852
Cash and cash equivalents at beginning of the year		<u>1,393,553</u>	<u>802,701</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>		<u><u>14,804</u></u>	<u><u>1,393,553</u></u>
Comprising:			
Cash and cash equivalents		381,395	1,527,556
Bank overdraft		( 366,591)	( 134,003)
		<u>14,804</u>	<u>1,393,553</u>

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

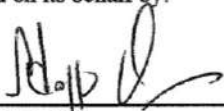
## DOLPHIN COVE LIMITED

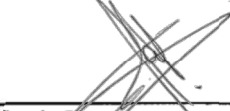
### Company Statement of Financial Position December 31, 2020

(Expressed in United States dollars)

	Notes	2020	2019
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		381,395	1,527,556
Investments	4	2,130	2,129
Trade and other receivables	5	801,972	1,708,107
Due from related companies	6(b)(ii)(a)	767,291	801,062
Due from parent company	6(b)(iii)	486,200	288,200
Taxation recoverable		283,994	217,407
Inventories	7	258,040	265,991
		<u>2,981,022</u>	<u>4,810,452</u>
<b>NON-CURRENT ASSETS</b>			
Investment in subsidiaries	8	314,539	314,539
Property, plant and equipment	9	9,023,404	9,503,340
Right-of-use asset	10(a)	1,892,394	2,082,689
Live assets	11	3,999,188	4,298,460
Due from subsidiaries	6(b)(i)	4,756,362	4,616,238
Due from related company	6(b)(ii)(b)	1,110,012	1,110,012
		<u>21,095,899</u>	<u>21,925,278</u>
<b>TOTAL ASSETS</b>		<u>24,076,921</u>	<u>26,735,730</u>
<b>CURRENT LIABILITIES</b>			
Bank overdraft	12	366,591	134,003
Current portion of lease liabilities	10(b)	163,404	147,354
Accounts payable	13	1,523,056	2,083,705
Due to other related parties	6(b)(iv)	22,302	83,438
Due to subsidiaries	6(b)(v)	300	300
Current portion of long-term liabilities	15	5,374	21,965
		<u>2,081,027</u>	<u>2,470,765</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	14	932,804	1,252,242
Lease liabilities	10(b)	2,150,363	2,313,767
Long-term liabilities	15	11,841	17,100
		<u>3,095,008</u>	<u>3,583,109</u>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	16	3,654,390	3,654,390
Capital reserves	17	4,718,776	4,718,776
Retained earnings		<u>10,527,720</u>	<u>12,308,690</u>
		<u>18,900,886</u>	<u>20,681,856</u>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>		<u>24,076,921</u>	<u>26,735,730</u>

The financial statements on pages 9 to 66 were approved by the Board of Directors on April 9, 2021 and signed on its behalf by:

  
\_\_\_\_\_  
Stafford Burrowes Director

  
\_\_\_\_\_  
Sergio Jacome Director

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

## DOLPHIN COVE LIMITED

Company Statement of Profit or Loss  
Year ended December 31, 2020  
*(Expressed in United States dollars)*

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUE</b>			
Programmes revenue	18(a)	2,241,991	8,077,386
Ancillary services revenue	18(b)	<u>2,036,176</u>	<u>6,791,831</u>
Overall revenue		4,278,167	14,869,217
Less: Direct costs of sales	19(a)	<u>( 782,081)</u>	<u>( 1,814,997)</u>
Gross profit		3,496,086	13,054,220
Gain on disposal of property, plant and equipment		-	990
Loss on disposal of live assets		<u>( 81,190)</u>	<u>( 290,748)</u>
Other income	19(d)	<u>367,295</u>	<u>230,662</u>
		<u>3,782,191</u>	<u>12,995,124</u>
<b>OPERATING EXPENSES</b>			
Administrative		<u>( 802,566)</u>	<u>( 2,055,897)</u>
Other operations		<u>(2,570,800)</u>	<u>( 4,521,282)</u>
Selling		<u>(1,664,574)</u>	<u>( 3,877,415)</u>
	19(b)	<u>(5,037,940)</u>	<u>(10,454,594)</u>
(Loss)/profit before finance income and costs		(1,255,749)	2,540,530
Finance income	20(a)	305,225	336,321
Finance costs	20(b)	<u>( 277,140)</u>	<u>( 464,744)</u>
(Loss)/profit before taxation		(1,227,664)	2,412,107
Taxation credit/(expense)	21	<u>311,746</u>	<u>( 637,682)</u>
(Loss)/profit, being total comprehensive (loss)/income for the year		<u>( 915,918)</u>	<u>1,774,425</u>

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



## DOLPHIN COVE LIMITED

### Company Statement of Changes in Stockholders' Equity Year ended December 31, 2020

*(Expressed in United States dollars)*

	Share capital (note 16)	Capital reserves (note 17)	Retained earnings	Total
Balances as at December 31, 2018, as previously reported	3,654,390	4,883,776	12,315,786	20,853,952
Adjustment on initial application of IFRS 16, net of taxes	-	-	( 240,334)	( 240,334)
Restated balances as at January 1, 2019	<u>3,654,390</u>	<u>4,883,776</u>	<u>12,075,452</u>	<u>20,613,618</u>
Profit, being total comprehensive income for the year	-	-	<u>1,774,425</u>	<u>1,774,425</u>
Transfer to retained earnings as a result of disposal of dolphins	-	( 220,000)	220,000	-
Deferred tax on disposal of dolphins	-	<u>55,000</u>	-	<u>55,000</u>
	-	( 165,000)	<u>1,994,425</u>	<u>1,829,425</u>
<b>Transactions with owners of the company:</b>				
Dividends (note 23)	-	-	( 1,761,187)	( 1,761,187)
Balances as at December 31, 2019	3,654,390	4,718,776	12,308,690	20,681,856
Loss, being total comprehensive loss for the year	-	-	( 915,918)	( 915,918)
<b>Transactions with owners of the company:</b>				
Dividends (note 23)	-	-	( 865,052)	( 865,052)
Balances as at December 31, 2020	<u>3,654,390</u>	<u>4,718,776</u>	<u>10,527,720</u>	<u>18,900,886</u>

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

DOLPHIN COVE LIMITED

Company Statement of Cash Flow  
Year ended December 31, 2020  
(Expressed in United States dollars)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit for the year		( 915,918)	1,774,425
Adjustments for:			
Depreciation and amortisation	9,10,11	1,151,443	1,259,405
Gain on disposal of property, plant and equipment		-	( 990)
Loss on disposal of live assets		81,190	290,748
Interest income	20(a)	( 254,304)	( 248,344)
Interest expense	20(b)	175,846	174,309
Impairment of trade receivables	5(a)	346,485	298,534
Taxation	21	( 311,746)	<u>637,682</u>
		272,996	4,185,769
Change in:			
Accounts receivable		814,815	132,222
Inventories		7,951	89,107
Accounts payable		( 560,649)	57,985
Due to other related companies		( 61,136)	( 14,267)
Cash generated from operations		473,977	4,450,816
Interest paid		( 175,846)	( 174,309)
Income tax paid		( 74,279)	( 326,398)
Net cash provided by operating activities		<u>223,852</u>	<u>3,950,109</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		( 861)	2,644
Additions to property, plant and equipment	9	( 207,042)	( 381,295)
Proceeds from disposal of property, plant and equipment		-	3,564
Additions to live assets	11	( 56,088)	( 328,150)
Investments, net		( 1)	( 2)
Due from subsidiaries		( 140,124)	( 133,621)
Due from related companies		33,771	( 390,275)
Due from parent company		( 198,000)	( 24,200)
Net cash used by investing activities		( 568,345)	(1,251,335)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term loans		( 21,850)	( 214,427)
Payment of lease liabilities	10(d)	( 73,854)	( 132,308)
Other income – rent concession	10(c)(d),19(d)	( 73,500)	-
Dividends paid		( 865,052)	(1,761,187)
Net cash used by financing activities		(1,034,256)	(2,107,922)
Net (decrease)/increase in cash resources		(1,378,749)	590,852
Cash resources at beginning of the year		<u>1,393,553</u>	<u>802,701</u>
<b>CASH RESOURCES AT END OF YEAR</b>		<u>14,804</u>	<u>1,393,553</u>
Comprising:			
Cash and cash equivalents		381,395	1,527,556
Bank overdraft		( 366,591)	( 134,003)
		<u>14,804</u>	<u>1,393,553</u>

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

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 1. Corporate structure and principal activities

- (a) Dolphin Cove Limited (the company) is incorporated and domiciled in Jamaica and its registered office and principal place of business is located at Belmont Road, Ocho Rios, St. Ann, Jamaica, W.I.

The principal activities of the company are the operation of a tourist attraction comprising dolphin programmes and ancillary operations such as restaurants, gift and video shops at several locations.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 21, 2010.

- (b) The company and its wholly-owned subsidiaries, as listed below, are collectively referred to as "the group".
- (i) Dolphin Cove (Negril) Limited was incorporated in Jamaica, on May 11, 2010, and commenced operations in September 2010. Its principal place of business is located at Point, Lucea, Hanover, Jamaica W.I. where it offered dolphin programmes and ancillary operations similar to that of the company. However, effective January 1, 2014, the company assumed its operations. Dolphin Cove (Negril) Limited continues to own the real estate in Hanover which is now leased to the company.
- (ii) Too Cool Limited is incorporated in the Cayman Islands and owns land and buildings from which the company operates.
- (iii) Cheshire Hall Limited was incorporated on June 22, 2012 as a St. Lucian International Business Company (IBC), controlled by the company through a deed. Its wholly-owned subsidiary, DCTCI Limited was incorporated in the Turks and Caicos Islands and owns land on which the group intends to develop an attraction.
- (iv) Balmoral Dolphins Limited is a St. Lucia IBC, incorporated on April 5, 2012. Its wholly-owned subsidiary, Dolphin Cove TCI Limited, was incorporated in the Turks & Caicos Islands for the intended purpose of operating the attraction to be developed by DCTCI Limited.
- (v) SB Holdings Limited was incorporated on November 4, 2013, as a St. Lucia IBC. Its wholly-owned subsidiary, Marine Adventure Park Limited, was also incorporated in St. Lucia and purchased land in St. Lucia on which the group intends to develop an attraction.
- (c) World of Dolphins Inc. ("parent company"), incorporated in Barbados, acquired 229,610,218 shares in the company or 58.51% of its issued share capital, on December 18, 2015, and made a follow-up offer to purchase all the remaining shares of the company, effective January 8, 2016. The parent company holds 79.99% of shares issued by the company.

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 1. Corporate structure and principal activities (continued)

- (d) World of Dolphins, Inc. is a subsidiary of Controladora Dolphin SA de C.V. (intermediate holding company), which is in turn a subsidiary of Dolphin Capital Company, S. de RL de C.V. (ultimate holding company), referred to as "The Dolphin Company" – the 'wider group'. Both companies are incorporated in Mexico.
- (e) In April 2019, World of Dolphins Inc. pledged to charge 100% (313,901,858) of stock units which it holds in the company as co-security for a Note Purchase Agreement on behalf of Controladora Dolphin SA de C.V.

#### 2. Statement of compliance and basis of preparation

##### (a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act

##### **New and amended standards that became effective during the year:**

Certain new and amended standards came into effect during the current financial year. The adoption of those standards and amendments did not have a significant impact on the financial statements:

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognize an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.



### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

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

##### (a) Statement of compliance (continued):

##### **New and amended standards that became effective during the year (continued):**

- Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

*"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."*

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*, effective for annual accounting periods beginning on or after January 1, 2020, address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The amendments apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The entity is required to:
  - Assume that the interest rate benchmark on which hedged cash flows are based is not altered as a result of IBOR reform when assessing whether the future cash flows are highly probable.
  - Assess whether the economic relationship between the hedged item and the hedging instrument exists based on the assumptions that the interest rate benchmark is not altered as a result of IBOR reform.
  - Not discontinue a hedging relationship during the period of uncertainty arising from IBOR reform solely because the actual results of the hedge are outside the range of 80-125 per cent.
  - Apply the separately identifiable requirement only at the inception of the hedging relationship.
  - Prospectively cease applying the exceptions at the earlier of:
    - (a) when the uncertainty regarding the timing and the amount of interest rate benchmark based cash flows is no longer present; and
    - (b) the discontinuation of the hedging relationship (or reclassification of all amounts from the cash flow hedge reserve).

Additional disclosures will be required for hedging relationships directly affected by IBOR reform.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

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

(a) Statement of compliance (continued):

**New and amended standards that became effective during the year (continued):**

- Amendments to IFRS 16 *Leases* is effective for annual reporting periods beginning on or after June 1, 2020, with early application permitted. It provides guidance for COVID-19 related rent concessions.

The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before June 30, 2022; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The group opted to early apply this amendment.

**New and amended standards that are not yet effective:**

At the date of authorisation of these financial statements, certain new and amended standards have been issued which were not effective for the current year and which the group has not early-adopted. The group has assessed them with respect to its operations and has determined that the following are relevant:

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

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

(a) Statement of compliance (continued):

**New and amended standards that are not yet effective (continued):**

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance contracts* and IFRS 16 *Leases*, is effective for annual accounting periods beginning on or after January 1, 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 *Leases* for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revised discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

The group is assessing the impact that the amendment will have on its financial statements.

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* is effective for annual reporting periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

The group is assessing the impact that the amendment will have on its financial statements.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual reporting periods beginning on or after January 1, 2022.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

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

(a) Statement of compliance (continued):

**New and amended standards that are not yet effective (continued):**

- Annual Improvements to IFRS Standards 2018-2020 cycle (continued)
  - (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.
  - (iii) The amendments to IAS 41 *Agriculture* removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 *Fair Value Measurement*.

The group is assessing the impact that the amendment will have on its financial statements.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company’s own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

The group is assessing the impact that the amendment will have on its financial statements.



### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

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

##### (b) Basis of measurement and functional currency:

The financial statements are prepared on the historic cost basis, except for land and buildings which are carried at market value and dolphins that are carried at fair value less amortisation. The financial statements are presented in United States dollars (\$), which is the functional currency of the group.

##### (c) Going concern:

The preparation of the financial statements in conformity with IFRS assumes that the company and the group will continue in operational existence for the foreseeable future. This means, in part, that the statements of financial position and profit or loss and other comprehensive income assume no intention or necessity to liquidate or terminate operations. This is commonly referred to as the going concern basis.

The World Health Organisation declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020, and the Government of Jamaica declared the island a disaster area on March 13, 2020 and closed its borders to incoming travellers on March 21, 2020. As detailed in note 27, the company and the group are affected by the outbreak of COVID-19 which resulted in the group (including the company) suspending operations on March 21, 2020 for approximately 4 months.

On July 24, 2020, following the Government of Jamaica's national plan put in place to facilitate tourist arrivals to the country, the group recommenced its operations. The ultimate impact of the pandemic on the group remains unknown as it is uncertain how long it will take to fully control the virus and return to normalcy. The operations, financial performance, financial position and cashflows of the group have been significantly impacted.

Continuation as a going concern therefore may be in doubt, as material uncertainties exists. However, based on the matters stated in Note 27, management has concluded that the going concern basis of accounting remains appropriate in the preparation of the financial statements.

If, for any reason the group is unable to continue as a going concern, then this could have an impact on the group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

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

##### (d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

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

##### (i) Allowance for impairment losses on receivables:

The impairment allowances for trade and other receivables are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable.

Under this ECL model, the group segments its accounts receivable in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 91 days or more past due. The use of assumptions make uncertainty inherent in such estimates.

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from receivables, due to default or adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows.

##### (ii) Fair value of land and buildings:

Land and buildings are revalued annually to fair market value at each reporting date. These valuations are conducted periodically by independent professional valuers, using recent selling prices of comparable properties.

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

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

##### (d) Use of estimates and judgements (continued):

##### (ii) Fair value of land and buildings (continued):

However, as no two properties are exactly alike, adjustments are made to reflect differences between properties. Consequently, the determination of fair market value of the property requires that the valuers analyse the differences in relation to age and physical condition, time of sale, land to building ratio, the advantages and disadvantages of the location and other functional gains to be derived from the property, and make necessary adjustments.

##### (iii) Fair value of dolphins:

All dolphins are carried at fair value less amortisation. The fair values are determined based on the market price of dolphins of similar age and recent transactions relating to the purchase and sale of dolphins within the wider group.

For further information in respect of the determination of fair values and the assumptions made see also notes 3(h) and 11.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from those assumptions, could require a material adjustment to the carrying amount reflected in the financial statements.

##### (e) Basis of consolidation:

The consolidated financial statements include the separate financial statements of the company and its subsidiaries (note 1), made up to December 31, 2020. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

##### (i) Subsidiaries:

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

##### (ii) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 3. Significant accounting policies

##### (a) Foreign currencies:

##### (i) Foreign currency transactions and balances:

Monetary assets and liabilities denominated in foreign currencies are translated to the United States dollar (\$) at the rates of exchange at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined.

Transactions in foreign currencies are converted to the functional currency at the rates of exchange ruling at the dates of those transactions. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Gains and losses arising from fluctuations in exchange rates are generally included in profit or loss. However, foreign currency differences arising from the translation of equity investments designated at fair value through other comprehensive income are recognised in other comprehensive income, except on impairment, in which case the foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

##### (ii) Foreign operations:

The assets and liabilities of foreign operations are translated into the group's functional currency at exchange rates at the reporting date. The income and expenses for foreign operations are translated into the group's presentation currency at exchange rates at the date of those transactions. These foreign currency differences, if any, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Foreign exchange gains or losses, if any, arising on a monetary item receivable from or payable to a foreign operation are recognised in the consolidated financial statements in other comprehensive income and presented within equity in the foreign currency translation reserve. In the separate financial statements of the company, these foreign exchange gains or losses are recognised in profit or loss.

##### (b) Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand and at bank including short-term deposits, where the original maturities of such deposits do not exceed three months.

Bank overdrafts that are repayable on demand and form an integral part of the group's cash management activities, are included as a component of net cash resources for the purpose of the statements of cash flows.



### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 3. Significant accounting policies (continued)

##### (c) Investments:

Fixed deposits that were previously classified as held-to-maturity are now classified at amortised cost. The group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

##### (d) Accounts receivable:

Accounts receivable comprising trade and other receivables are measured at amortised cost, less impairment losses.

##### (e) Related parties:

A related party is a person or entity that is related to the company that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”).

##### (a) A person or a close member of that person’s family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

##### (b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

3. Significant accounting policies (continued)

(e) Related parties (continued):

(b) An entity is related to a reporting entity if any of the following conditions applies (continued):

(vii) A person identified in (a)(i) has significant influence over the reporting entity or is a member of the management personnel of the reporting entity (or of a parent of the company).

(viii) The entity, or any member of a group of which it is a part, provides key management services to the reporting entity or the parent of the reporting entity.

(c) A related party transaction involves transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(f) Inventories:

Inventories are measured at the lower of cost, determined on the weighted average basis, and net realisable value.

(g) Property, plant and equipment:

(i) Recognition and measurement:

Land and buildings are measured at valuation, less subsequent depreciation. All other categories of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Any revaluation increase arising on the revaluation of land and buildings is credited to capital reserves through other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in capital reserve relating to a previous revaluation of such assets.

On a sale or retirement of the revalued asset, the attributable revaluation surplus remaining in unrealised capital reserve is transferred directly to realised reserve.

Cost includes expenditures that are attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefit embodied within the part will flow to the group and its cost can be measured reliably.

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 3. Significant accounting policies (continued)

##### (g) Property, plant and equipment (continued):

##### (i) Recognition and measurement (continued):

The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service. Borrowing costs, including but not limited to, interest on borrowings and exchange differences arising on such borrowings, that are directly attributable to the acquisition and/or construction of a qualifying asset are capitalised as part of the cost of that asset.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. Thereafter, borrowing costs are recognised in profit or loss when they are incurred.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### (ii) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the group.

##### (iii) Depreciation:

Depreciation is recognised in profit or loss on the straight-line basis computed at annual rates estimated to write down the assets to their estimated residual values over their estimated useful lives.

The estimated useful lives are as follows:

Buildings	40 years
Leasehold improvements	10 years
Furniture, fixtures and equipment	10 years
Computers	5 years
Motor vehicles	5 years
Dune buggies	3 years

No depreciation is charged on land and capital work-in-progress.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020*(Expressed in United States dollars, unless otherwise stated)*3. Significant accounting policies (continued)

## (h) Live assets:

This comprises the carrying value of dolphins and other marine life, as well as birds and animals capitalised. Dolphins are stated at valuation and are amortised over an estimated life span of thirty years. The remaining useful life of dolphins approaching an estimated useful life span of thirty years during production is reassessed and estimated by qualified professionals based on health and other relevant factors. Other marine life, as well as birds and animals, are stated at cost less amortisation over periods not exceeding fifteen years.

## (i) Leases:

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group uses the definition of a lease in IFRS 16.

## As a lessee

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use asset reflects that the group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.



## DOLPHIN COVE LIMITED

### Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 3. Significant accounting policies (continued)

##### (i) Leases (continued):

###### As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

###### *Short-term leases and leases of low-value assets*

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**DOLPHIN COVE LIMITED**

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

**3. Significant accounting policies (continued)**

**(j) Accounts payable:**

Accounts payable comprising trade and other payables are measured at amortised cost.

**(k) Provisions:**

A provision is recognised when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably. If the effect is material, 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, where appropriate, the risks specific to the obligation.

**(l) Interest bearing borrowings:**

Interest bearing borrowings are recognised initially at cost. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest basis.

**(m) Share capital and dividends:**

Ordinary shares are classified as equity and carried at cost. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

**(n) Impairment:**

**(i) Non-financial assets:**

The carrying amounts of the group's assets are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

**– Calculation of recoverable amount:**

The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 3. Significant accounting policies (continued)

##### (n) Impairment (continued):

##### (i) Non-financial assets (continued):

##### – Reversal of impairment:

An impairment loss is reversed, if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

##### (ii) Financial assets:

The group recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset for which credit risk has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month ECL.

Measurement of ECLs at each reporting period reflects reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. For trade receivables, the company applies the simplified approach to provide for expected credit losses, which allows the use of a lifetime expected loss provision. 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.

##### (o) Revenue recognition:

Revenue from services is measured at fair value of the consideration received or receivable, net of volume rebates and sales taxes.

Performance obligations and revenue recognition policies:

## DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

### 3. Significant accounting policies (continued)

#### (o) Revenue recognition (continued):

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

<i>Type of products and services</i>	<i>Nature and timing of satisfaction of performance obligations, including significant payment terms.</i>	<i>Revenue recognition under IFRS 15</i>
Rendering of services	Customers obtain control of service when programme attraction service and ancillary service have been provided.  Invoices for services are generated at that point in time. Invoices are usually payable within 30 days.	The group recognises revenue at a point in time as services are provided.
Sale of goods	Customers obtain control of goods when the good is transferred to the customer.  Invoices for goods are generated at that point in time.	Revenue is recognised at a point in time in the amount of the price, before tax on sales, expected to be received by the group for goods and services supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by any trade discounts granted to customers.

#### (p) Finance income:

Finance income comprises interest earned on funds invested and foreign exchange gains recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.



### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 3. Significant accounting policies (continued)

##### (q) Employee benefits:

Employee benefits include current or short-term benefits such as salaries, statutory contributions paid, annual vacation leave and non-monetary benefits such as medical care and housing. Short-term employee benefits are recognised as a liability, net of payments made, and charged as expenses. The expected cost of vacation leave that accumulates is recognised over the period that the employees become entitled to the leave.

##### (r) Expenses:

###### (i) Expenses:

Expenses are recognised on the accrual basis.

###### (ii) Finance costs:

Finance costs comprise interest incurred on borrowings, calculated using the effective interest method, foreign exchange losses and bank related charges.

##### (s) Income taxes:

###### (i) Current tax:

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

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

###### (ii) Deferred tax:

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

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

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 3. Significant accounting policies (continued)

##### (s) Income taxes (continued):

##### (ii) Deferred tax (continued):

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

##### (t) Segment reporting:

An operating segment is a component of the group 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 group's other components. Each operating segment's operating results are reviewed regularly by the group's Chief Operating Decision Maker ("CODM"), to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The group has identified the Managing Director as its CODM.

During the year, a review of the operating segment was conducted. Based on the economic and operational similarities and the way the CODM monitors the operations, the group has concluded that its operating segments should be aggregated and that it has one operating segment.

##### (u) Financial instruments:

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

For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, investments, accounts receivable and related party receivables. Similarly, financial liabilities include bank overdrafts, accounts payable, lease liabilities and related party payables.

Classification and subsequent measurement

##### *Financial assets*

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

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 3. Significant accounting policies (continued)

##### (u) Financial instruments (continued):

Classification and subsequent measurement (continued)

##### *Financial assets (continued)*

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

- Cash and cash equivalents
- Investments
- Trade and other receivables
- Due from related companies
- Due from parent company
- Due from subsidiaries

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

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

##### *Derecognition*

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the group 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 group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### *Financial liabilities*

##### *Initial recognition and measurement*

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The group's financial liabilities, which include payables and accruals, bank borrowings and lease obligations, due to other related companies which are recognised initially at fair value.

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 3. Significant accounting policies (continued)

##### (u) Financial instruments (continued):

Classification and subsequent measurement (continued)

*Financial liabilities (continued)*

*Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### (v) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the fair value of an instrument is measured by using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, valuation techniques are used that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.



## DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

### 3. Significant accounting policies (continued)

#### (v) Fair value measurement (continued):

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Quoted market price (unadjusted) in an active market for identical assets or liabilities.
- Level 2 – Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

### 4. Investments

	<u>Group and Company</u>	
	<u>2020</u>	<u>2019</u>
Current:		
Amortised cost:		
Fixed deposits	<u>2,130</u>	<u>2,129</u>

### 5. Trade and other receivables

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Trade receivables	1,491,919	2,255,475	1,429,547	2,193,103
Other receivables	<u>364,105</u>	<u>160,184</u>	<u>363,693</u>	<u>159,787</u>
	1,856,024	2,415,659	1,793,240	2,352,890
Less: Allowance for impairment (a)	<u>(1,053,592)</u>	<u>( 707,107)</u>	<u>( 991,268)</u>	<u>( 644,783)</u>
	<u>802,432</u>	<u>1,708,552</u>	<u>801,972</u>	<u>1,708,107</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

5. Trade and other receivables (continued)

(a) Impairment allowance:

The average ECL rate used as at December 31, 2020 to apply against the accounts receivable balance less than 90 days was 21.86% for the group and the company (2019: 7.61%) [Note 26 (a)(i)].

Changes in impairment allowance

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Balance as at January 1	707,107	447,618	644,783	385,294
Write-off	-	( 39,045)	-	( 39,045)
Increase in allowance [Note 19(b)]	<u>346,485</u>	<u>298,534</u>	<u>346,485</u>	<u>298,534</u>
Balance as at December 31	<u>1,053,592</u>	<u>707,107</u>	<u>991,268</u>	<u>644,783</u>

6. Related party balances and transactions

(a) Identity of related parties:

The company has related party relationships with its parent company, its holding companies, subsidiaries, fellow subsidiaries, its directors and key management personnel.

(b) The statement of financial position includes balances arising in the ordinary course of business with related parties as follows:

(i) Due from subsidiaries – non-current:

		<u>The Company</u>	
		<u>2020</u>	<u>2019</u>
Dolphin Cove (Negril) Limited:			
10% US\$ loan	(a)	1,545,430	1,531,830
DCTCI Limited:			
3.5% US\$ loan	(b)	2,095,626	2,019,249
Marine Adventure Park Limited			
3.5% US\$ loan	(c)	1,090,806	1,049,559
Dolphin Cove TCI Limited	(d)	4,550	3,850
SB Holdings Limited	(e)	5,350	3,550
Cheshire Hall Limited	(f)	4,600	2,800
Balmoral Dolphins Limited	(g)	4,800	2,800
Too Cool Limited	(h)	<u>5,200</u>	<u>2,600</u>
		<u>4,756,362</u>	<u>4,616,238</u>

(a) This loan bears interest at 10% per annum, is unsecured and has no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.

## DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

### 6. Related party balances and transactions (continued)

#### (b) (Continued)

#### (i) Due from subsidiaries - non-current (continued):

- (b) These balances materially comprise advances for the purchase of property and expenses incurred so far in respect of the proposed developments in the Turks & Caicos Islands [note 9(c)]. These loans, along with additional advances during the year, are unsecured, bear interest at 3.5% per annum and have no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.
- (c) This balance materially comprise advances for the purchase of property and professional fees, interest expenses and other expenses in respect of the expansion of the experience at Marine Adventure Park Limited [note 9(c)]. These loans, along with additional advances during the year, are unsecured, bear interest at 3.5% per annum and have no fixed repayment terms. However, the company's intent is not to require repayment within 12 months of the reporting date.
- (d) This balance comprises an advance for professional fees due from Dolphin Cove TCI Limited that is unsecured, interest free and repayable on demand.
- (e) This balance comprises an advance for professional fees due from SB Holdings Ltd. that is unsecured, interest free and repayable on demand.
- (f) This balance comprises an advance for professional fees due from Cheshire Hall Limited that is unsecured, interest free and repayable on demand.
- (g) This balance comprises an advance for professional fees due from Balmoral Dolphins Limited that is unsecured, interest free and repayable on demand.
- (h) This balance comprises an advance for professional fees due from Too Cool Limited that is unsecured, interest free and repayable on demand.

For advances for professional fees included in (d) to (h) above, the company's intent is not to require repayment within 12 months of the reporting date.

#### (ii) Due from related companies:

	<u>The Group and the Company</u>	
	<u>2020</u>	<u>2019</u>
(a) Current:		
Dolphin Discovery Tortola BVI	34,347	34,347
Dtraveller Limited	594,369	543,755
Controladora Dolphin S.A. de C.V.	128,586	185,553
Viajero Cibernetico S.A.	<u>9,989</u>	<u>37,407</u>
	<u>767,291</u>	<u>801,062</u>

Amounts due from related companies are interest free, unsecured and repayable on demand.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

6. Related party balances and transactions (continued)

(b) (Continued)

(ii) Due from related companies (continued):

<u>The Group and the Company</u>	
<u>2020</u>	<u>2019</u>

(b) Non-current:

Dolphin Discovery Inc.

<u>1,110,012</u>	<u>1,110,012</u>
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This amount is the initial deposit in respect of the construction of a new dolphin encounter park, to be located in St. Lucia. This deposit represents forty percent (40%) of the estimated amount of the aggregate park cost [see note 25 (a)].

(iii) Due from parent company.

<u>The Group and the Company</u>	
<u>2020</u>	<u>2019</u>

World of Dolphins Inc.

<u>486,200</u>	<u>288,200</u>
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This represents shelter fees due from World of Dolphins Inc. in respect of dolphins brought from the British Virgin Islands, and is unsecured, interest free and repayable on demand.

(iv) Amounts due to other related parties are interest free, unsecured and repayable on demand.

<u>The Group and the Company</u>	
<u>2020</u>	<u>2019</u>

Dolphin Discovery Anguilla Limited

14,946	14,946
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Dolphin Cove Cayman Limited

7,356	13,210
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Marilyn Burrowes

-	55,282
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<u>22,302</u>	<u>83,438</u>
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(v) Amounts due to subsidiaries are interest free, unsecured and repayable on demand.

<u>The Company</u>	
<u>2020</u>	<u>2019</u>

Balmoral Dolphins

100	100
-----	-----

Cheshire Hall Limited

100	100
-----	-----

SB Holdings Limited

<u>100</u>	<u>100</u>
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<u>300</u>	<u>300</u>
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DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

6. Related party balances and transactions (continued)

- (c) Profit or loss includes the following (income)/expense transactions with related parties in the ordinary course of business (not disclosed elsewhere).

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Management fees to intermediate holding company	36,426	173,538	36,426	173,538
Interest on lease paid to a subsidiary	-	-	107,274	111,651
Interest earned from subsidiaries [note 6(b)(i)]	-	-	(253,443)	(245,697)
Gross operating revenue from related companies:				
Dtraveller Limited	(196,582)	(555,221)	(196,582)	(555,221)
Controladora Dolphins S.A. de CV	( 8,989)	(117,262)	( 8,989)	(117,262)
Viajero Cibernético S.A.	(15,968)	( 66,004)	(15,968)	( 66,004)

- (d) Key management personnel compensation:

	<u>The Group and the Company</u>	
	<u>2020</u>	<u>2019</u>
Directors' emoluments:		
Fees	23,164	70,461
Management	-	-
Key management personnel compensation*	<u>59,448</u>	<u>196,318</u>

\*Key management personnel compensation is included in staff costs [note 19(c)].

Directors of the company and entities under their control hold approximately 82% (2019: 82%) of the voting stock units of the company [see note 1(c)].

7. Inventories

	<u>The Group and the Company</u>	
	<u>2020</u>	<u>2019</u>
Items for resale	193,373	244,554
Dolphin food	<u>64,667</u>	<u>21,437</u>
	258,040	265,991
Less: Allowance for impairment	<u>-</u>	<u>-</u>
	<u>258,040</u>	<u>265,991</u>
Inventories charged to direct expenses during the year	<u>339,957</u>	<u>342,985</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020*(Expressed in United States dollars, unless otherwise stated)*8. Investment in subsidiaries

This represents the cost of the company's 100% interest in the shares of its subsidiaries [note 1(b)].

	<u>The Company</u>	
	<u>2020</u>	<u>2019</u>
Dolphin Cove (Negril) Limited	1,114	1,114
Too Cool Limited	313,125	313,125
Cheshire Hall Limited	100	100
Balmoral Dolphins Limited	100	100
SB Holdings Limited	<u>100</u>	<u>100</u>
	<u>314,539</u>	<u>314,539</u>

9. Property, plant and equipment

	<u>The Group</u>					
	<u>Land and buildings</u>	<u>Leasehold improvements</u>	<u>Furniture, fixtures, computers &amp; equipment</u>	<u>Motor vehicles &amp; dune buggies</u>	<u>Capital work-in-progress</u>	<u>Total</u>
Cost or valuation:						
December 31, 2018	17,005,999	323,717	4,911,103	1,192,383	2,984,435	26,417,637
Additions	9,478	156,982	122,680	74,382	31,571	395,093
Transfers	-	453,209	5,021	-	( 458,230)	-
Disposal	-	-	-	( 16,416)	-	( 16,416)
December 31, 2019	17,015,477	933,908	5,038,804	1,250,349	2,557,776	26,796,314
Additions	-	21,322	87,472	98,469	-	207,263
Transfers	-	-	17,557	-	( 17,557)	-
December 31, 2020	<u>17,015,477</u>	<u>955,230</u>	<u>5,143,833</u>	<u>1,348,818</u>	<u>2,540,219</u>	<u>27,003,577</u>
Depreciation:						
December 31, 2018	190,453	80,922	2,704,683	762,057	-	3,738,115
Charge for the year	119,328	57,741	471,971	210,338	-	859,378
Eliminated on disposal	-	-	-	( 13,842)	-	( 13,842)
December 31, 2019	309,781	138,663	3,176,654	958,553	-	4,583,651
Charge for the year	<u>120,773</u>	<u>37,229</u>	<u>444,718</u>	<u>152,136</u>	-	<u>754,856</u>
December 31, 2020	<u>430,554</u>	<u>175,892</u>	<u>3,621,372</u>	<u>1,110,689</u>	-	<u>5,338,507</u>
Net book values:						
December 31, 2020	<u>16,584,923</u>	<u>779,338</u>	<u>1,522,461</u>	<u>238,129</u>	<u>2,540,219</u>	<u>21,665,070</u>
December 31, 2019	<u>16,705,696</u>	<u>795,245</u>	<u>1,862,150</u>	<u>291,796</u>	<u>2,557,776</u>	<u>22,212,663</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

9. Property, plant and equipment (continued)

	The Company					
	Land and buildings	Leasehold improvements	Furniture, fixtures, computers & equipment	Motor vehicles & dune buggies	Capital work-in- progress	Total
Cost or valuation:						
December 31, 2018	6,430,000	529,790	4,610,498	1,152,280	483,381	13,205,949
Additions	9,478	156,982	122,680	74,382	17,773	381,295
Transfer	-	453,209	5,021	-	(458,230)	-
Disposal	-	-	-	(16,416)	-	(16,416)
December 31, 2019	6,439,478	1,139,981	4,738,199	1,210,246	42,924	13,570,828
Additions	-	21,322	87,251	98,469	-	207,042
December 31, 2020	6,439,478	1,161,303	4,825,450	1,308,715	42,924	13,777,870
Depreciation:						
December 31, 2018	-	80,922	2,488,529	716,576	-	3,286,027
Charge for the year	81,237	57,741	451,200	205,125	-	795,303
Eliminated on disposal	-	-	-	(13,842)	-	(13,842)
December 31, 2019	81,237	138,663	2,939,729	907,859	-	4,067,488
Charge for the year	81,246	37,229	416,367	152,136	-	686,978
December 31, 2020	162,483	175,892	3,356,096	1,059,995	-	4,754,466
Net book values:						
December 31, 2020	6,276,995	985,411	1,469,354	248,720	42,924	9,023,404
December 31, 2019	6,358,241	1,001,318	1,798,470	302,387	42,924	9,503,340

- (a) The group's and company's land and buildings were revalued as at December 31, 2018 on an open market basis by Property Consultants Limited (an independent firm of registered real estate agents, appraisers, auctioneers and consultants) of Kingston, Jamaica. The directors have determined that the estimated market value of these land and buildings as at the reporting date are not materially different from their carrying values.

This fair value was determined using level 3 fair value measurements as the valuation model used both observable and unobservable inputs and the unobservable inputs are considered significant to the fair value measurement [see also note 2(d)(ii)].

**DOLPHIN COVE LIMITED**

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

9. **Property, plant and equipment (continued)**

(a) (continued)

The surplus arising on revaluation is recognised in other comprehensive income and included in capital reserves for the group and company (note 17).

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p><i>Market based approach:</i> The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable property, assuming no cost delay in making the substitution.</p> <p>The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past.</p> <p>However as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.</p>	<ul style="list-style-type: none"> <li>• Details of the sales of comparable properties.</li> <li>• Conditions influencing the sale of the comparable properties.</li> <li>• Comparability adjustment.</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• Sale value of comparable properties were higher/(lower).</li> <li>• Comparability adjustment were higher/(lower).</li> </ul>

- (b) Land and buildings include land at a valuation of \$12,656,000 (2019: \$12,656,000) for the group and \$3,180,000 (2019: \$3,180,000) for the company.
- (c) Capital work-in-progress includes professional fee paid to attorney for review of proposal with Reserve Eco Tankah SA of CV [see note 6(i)(b) and (c)].
- (d) As at December 31, 2020, properties with a carrying value of Nil (2019: J\$100 million) for the group and company were subject to registered mortgages and debentures that form security for certain bank loans [see note 15(a)].
- (e) Effective March 3, 2020 a subsidiary, Dolphin Cove (Negril) Limited, granted to Reserve Investments Limited an option, for one year renewable for a further period of one year, to purchase on terms the property on which the Marine Park at Lucea is located for the purpose of constructing a hotel thereon. The option money is US\$100,000 and a further sum of US\$100,000 will be payable if the option period is extended for a further year. Dolphin Cove Limited has retained the right to continue to operate its Marine Park in the hotel and would be adequately compensated should the park at Lucea need to be closed for any reason during construction, in the event the option is exercised. Management and Directors believe that the option is not likely to be exercised within twelve months of the reporting date.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

10. Leases

The company leases land from Dolphin Cove (Negril) Limited and Santa Maria Limited for tourist attraction activities which were previously classified as operating leases under IAS 17.

The Dolphin Cove (Negril) Limited lease commenced in January 2014 and after an initial period to October 2014 has four subsequent five year options to renew. For the lease computations it has been assumed that the option to renew will be exercised.

The Santa Maria Limited lease commenced in January 2017 and expires in December 2026.

Information about leases for which the group and company are lessees is presented below:

(a) Right-of-use assets

	<u>Property</u>	
	<u>The Group</u>	<u>The Company</u>
Balance at January 1, 2019	755,763	2,272,984
Depreciation charge for the year	( 94,470)	( 190,295)
Balance at December 31, 2019	661,293	2,082,689
Depreciation charge for the year	( 94,471)	( 190,295)
Balance at December 31, 2020	<u>566,822</u>	<u>1,892,394</u>

(b) Lease liabilities

Lease liabilities are payable as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Less than one year	132,000	126,000	308,988	302,988
One to five years	568,806	552,239	1,276,758	1,260,191
More than five years	<u>153,024</u>	<u>301,591</u>	<u>1,716,418</u>	<u>2,041,973</u>
Total undiscounted lease liabilities				
at December 31	853,830	979,830	3,302,164	3,605,152
Less: Interest on lease liabilities	<u>(152,296)</u>	<u>(200,656)</u>	<u>( 988,397)</u>	<u>(1,144,031)</u>
	<u>701,534</u>	<u>779,174</u>	<u>2,313,767</u>	<u>2,461,121</u>

Lease liabilities included in the statement of financial position at December 31, as follows:

Current	89,021	77,640	163,404	147,354
Non-current	<u>612,513</u>	<u>701,534</u>	<u>2,150,363</u>	<u>2,313,767</u>
	<u>701,534</u>	<u>779,174</u>	<u>2,313,767</u>	<u>2,461,121</u>



DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

10. Leases (continued)

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
(c) Amounts recognised in profit or loss				
Interest on lease liabilities	48,360	53,029	155,634	164,680
Other income - rent concession	(73,500)	-	(73,500)	-
(d) Amounts recognised in the statement of cash flows				
Interest on lease liabilities	48,360	53,029	155,634	164,680
Other income - rent concession	73,500	-	73,500	-
Lease payment	<u>4,140</u>	<u>66,971</u>	<u>73,854</u>	<u>132,308</u>

11. Live assets

	<u>The Group</u>		
	<u>Dolphins</u>	<u>Other animals</u>	<u>Total</u>
At cost/valuation:			
December 31, 2018	7,687,566	230,131	7,917,697
Additions	325,820	2,330	328,150
Disposal	(440,000)	-	(440,000)
December 31, 2019	7,573,386	232,461	7,805,847
Additions	55,146	942	56,088
Disposal	(220,000)	-	(220,000)
December 31, 2020	<u>7,408,532</u>	<u>233,403</u>	<u>7,641,935</u>
Amortisation:			
December 31, 2018	3,212,999	166,803	3,379,802
Charge for the year	258,794	15,240	274,034
Eliminated on disposal	(149,252)	-	(149,252)
December 31, 2019	3,322,541	182,043	3,504,584
Charge for the year	259,512	15,004	274,516
Eliminated on disposal	(138,810)	-	(138,810)
December 31, 2020	<u>3,443,243</u>	<u>197,047</u>	<u>3,640,290</u>
Net book values:			
December 31, 2020	<u>3,965,289</u>	<u>36,356</u>	<u>4,001,645</u>
December 31, 2019	<u>4,250,845</u>	<u>50,418</u>	<u>4,301,263</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

11. Live assets (cont'd)

	<u>The Company</u>		
	<u>Dolphins</u>	<u>Other animals</u>	<u>Total</u>
At cost/valuation:			
December 31, 2018	7,687,566	224,954	7,912,520
Additions	325,820	2,330	328,150
Disposal	( 440,000)	-	( 440,000)
December 31, 2019	7,573,386	227,284	7,800,670
Additions	55,146	942	56,088
Disposal	( 220,000)	-	( 220,000)
December 31, 2020	<u>7,408,532</u>	<u>228,226</u>	<u>7,636,758</u>
Amortisation:			
December 31, 2018	3,212,911	164,744	3,377,655
Charge for the year	258,794	15,013	273,807
Eliminated on disposal	( 149,252)	-	( 149,252)
December 31, 2019	3,322,453	179,757	3,502,210
Charge for the year	259,512	14,658	274,170
Eliminated on disposal	( 138,810)	-	( 138,810)
December 31, 2020	<u>3,443,155</u>	<u>194,415</u>	<u>3,637,570</u>
Net book values:			
December 31, 2020	<u>3,965,377</u>	<u>33,811</u>	<u>3,999,188</u>
December 31, 2019	<u>4,250,933</u>	<u>47,527</u>	<u>4,298,460</u>

The group's dolphins were revalued as at December 31, 2020, by management using the market comparison technique. The directors have determined that the market values of these dolphins as at the reporting date are not materially different from their carrying value. The surplus arising on revaluation is recognised in other comprehensive income and included in capital reserves (note 17).

This fair value measurements for dolphins have been categorized as Level 2 in the fair value hierarchy based on observable market data. The fair values are based on the market price of dolphins of similar age and recent transactions relating to the purchase and sale of dolphins within the wider group.

During the year, management reviewed the estimated useful life of its dolphins and determined an estimated useful life span of dolphins during production, to be thirty years.

12. Bank overdraft

- (a) The group has a J\$6.5 million overdraft facility with The Bank of Nova Scotia Jamaica Limited at an interest rate of 17.75%, which is secured by a hypothecation of cash deposits. Bank overdraft represents credit balances in the amount of \$94,742 (2019: \$134,003) on the group's and company's bank accounts arising from items in transit at the reporting date.

The bank has also issued guarantees aggregating J\$1.4 million (2019: J\$1.4 million) on behalf of the company in favor of the Commissioner of Customs.

**DOLPHIN COVE LIMITED**

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

**12. Bank overdraft (continued)**

(b) The group obtained an overdraft facility during the year from Sagicor Bank Jamaica Limited for an authorised amount of J\$140 million, to be drawn down over 12 months. The overdraft facility bears interest at a rate of 8.75% per annum, calculated daily on the outstanding balance and is payable monthly in arrears. As at the reporting date J\$37.5 (\$271,849) million was drawn. The facility is secured as follows:

- First demand debenture over the fixed and floating assets of the company, stamped to cover J\$140 million.
- Unlimited corporate guarantee of Too Cool Limited supported by a first legal mortgage over the Ocho Rios properties stamped to cover J\$140 million.
- First legal mortgage over the Ocho Rios properties owned by the company stamped to cover J\$140 million.

**13. Accounts payable**

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Trade payables	721,868	975,158	695,505	1,019,926
Statutory deductions payable	25,466	89,190	25,466	89,190
Accruals	420,726	555,501	420,726	528,864
Other payables	<u>422,390</u>	<u>478,922</u>	<u>381,359</u>	<u>445,725</u>
	<u>1,590,450</u>	<u>2,098,771</u>	<u>1,523,056</u>	<u>2,083,705</u>

**14. Deferred tax liability**

Deferred tax is attributable to the following:

	<u>The Group</u>					
	Balance at Dec 31, <u>2018</u>	Recognised in income (note 21)	Balance at Recognised in equity	Balance at Dec 31, <u>2019</u>	Recognised in income (note 21)	Balance at Dec 31, <u>2020</u>
Accounts receivable	25,795	52,334	-	78,129	127,721	205,850
Property, plant and equipment	205,644	250,657	-	456,301	( 57,189)	399,112
Live assets	821,257	64,055	(55,000)	830,312	( 41,717)	788,595
Accounts payable	( 11,095)	( 6,797)	-	( 17,892)	2,502	( 15,390)
Leases, net	-	( 6,874)	(22,596)	( 29,470)	( 4,208)	( 33,678)
Tax losses carried forward	-	-	-	-	(340,020)	( 340,020)
	<u>1,041,601</u>	<u>353,375</u>	<u>(77,596)</u>	<u>1,317,380</u>	<u>(312,911)</u>	<u>1,004,469</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

14. Deferred tax liability (cont'd)

Deferred tax is attributable to the following (cont'd):

	<u>The Company</u>					
	Balance at Dec 31, 2018	Recognised in income (note 21)	Balance at Recognised in equity	Balance at Dec 31, 2019	Recognised in income (note 21)	Balance at Dec 31, 2020
Accounts receivable	25,795	52,334	-	78,129	127,721	205,850
Property, plant and equipment	205,644	250,657	-	456,301	( 57,189)	399,112
Live assets	821,257	64,055	( 55,000)	830,312	( 41,717)	788,595
Accounts payable	( 11,095)	( 6,797)	-	( 17,892)	2,502	( 15,390)
Leases, net	-	( 14,496)	( 80,112)	( 94,608)	( 10,735)	(105,343)
Tax losses carried forward	-	-	-	-	(340,020)	(340,020)
	<u>1,041,601</u>	<u>345,753</u>	<u>(135,112)</u>	<u>1,252,242</u>	<u>(319,438)</u>	<u>932,804</u>

15. Long-term liabilities

	<u>The Group and the Company</u>	
	<u>2020</u>	<u>2019</u>
Long-term loans:		
Sagicor Bank Jamaica Limited loans:		
Loan A J\$292,205 (2019: J\$1,031,850)	(a) -	2,251
Loan B J\$1,860,760 (2019: J\$27,910,396)	(b) -	14,337
Loan C J\$2,917,041 (2019: J\$3,433,752)	(c) <u>17,215</u>	<u>22,477</u>
	17,215	39,065
Less: Current portion	( <u>5,374</u> )	( <u>21,965</u> )
	<u>11,841</u>	<u>17,100</u>

- (a) This represented the balance on a Jamaica dollar J\$50,000,000 loan financed by Development Bank of Jamaica Limited in 2013, which bore interest at a fixed rate of 9.5% per annum. The loan was for seventy-two (72) months with a moratorium of six (6) months on principal payments. Thereafter, the principal was repayable in sixty-six (66) equal monthly installments.

The loan was secured as follows:

- Corporate guarantee of Too Cool Limited supported by a first legal mortgage over the Ocho Rios property stamped to cover J\$100 million; and
- Debenture over the fixed and floating assets of the company, stamped to cover J\$100 million.

The loan was fully repaid during the year.

## DOLPHIN COVE LIMITED

### Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

#### 15. Long-term liabilities (cont'd)

- (b) This represented a J\$ loan equivalent to J\$2,250,000 financed by Development Bank of Jamaica Limited, also in 2013. This loan was for seventy-two (72) months and bore interest at a fixed rate of 9.5% per annum. There was a moratorium on principal payments of six (6) months. Thereafter, principal was repayable in sixty-six (66) equal monthly installments.

The loan was secured as disclosed in note (a) above, except that the debenture over the fixed and floating assets of the company was to be upstamped by a further J\$125 million.

The loan was fully repaid during the year.

- (c) This represents a loan of J\$3,495,000 financed by Sagicor Bank in December 2018. The loan is for a period of 60 months and bears interest at a rate of 7.5% per annum. The loan is repayable in equal monthly instalments of J\$70,033 which comprises principal and interest. The loan is secured by a mortgage bill of sale over a certain motor vehicle purchased by the company.

#### 16. Share capital

	<u>The Group and the Company</u>	
	<u>2020</u>	<u>2019</u>
Authorised:		
432,426,376 ordinary shares of no par value		
Stated capital, issued and fully paid:		
392,426,376 ordinary stock units of no par value	3,901,554	3,901,554
Less: Transaction costs of share issue	( 247,164)	( 247,164)
	<u>3,654,390</u>	<u>3,654,390</u>

Holders of ordinary stock units are entitled to dividends as declared from time to time and are entitled to one vote per stock unit at general meetings of the company.

#### 17. Capital reserves

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revaluation surplus arising on (note 10)				
Land	9,647,532	9,647,532	2,793,543	2,793,543
Buildings	<u>2,625,624</u>	<u>2,625,624</u>	<u>1,906,977</u>	<u>1,906,977</u>
	12,273,156	12,273,156	4,700,520	4,700,520
Deferred tax arising on revalued buildings	( 476,744)	( 476,744)	( 476,744)	( 476,744)
Surplus on revaluation of dolphins (note 11)	660,000	660,000	660,000	660,000
Deferred tax on revaluation of dolphins	( 165,000)	( 165,000)	( 165,000)	( 165,000)
	<u>12,291,412</u>	<u>12,291,412</u>	<u>4,718,776</u>	<u>4,718,776</u>



### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 3. Significant accounting policies (continued)

##### (n) Impairment (continued):

##### (i) Non-financial assets (continued):

##### – Reversal of impairment:

An impairment loss is reversed, if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

##### (ii) Financial assets:

The group recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset for which credit risk has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month ECL.

Measurement of ECLs at each reporting period reflects reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions. For trade receivables, the company applies the simplified approach to provide for expected credit losses, which allows the use of a lifetime expected loss provision. 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.

##### (o) Revenue recognition:

Revenue from services is measured at fair value of the consideration received or receivable, net of volume rebates and sales taxes.

Performance obligations and revenue recognition policies:

**DOLPHIN COVE LIMITED**

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

**19. Disclosure of expenses and other income (cont'd)**

## (c) Staff costs:

	<u>The Group and the Company</u>	
	<u>2020</u>	<u>2019</u>
Salaries and wages	1,140,363	3,129,237
Payroll taxes	151,119	371,042
Commission	93,778	426,282
Other benefits	81,523	438,421
Redundancy	<u>482,000</u>	<u>-</u>
	<u>1,948,783</u>	<u>4,364,982</u>

## (d) Other income:

	<u>The Group and the Company</u>	
	<u>2020</u>	<u>2019</u>
Option on real estate	100,000	-
Dolphin maintenance fee	180,000	222,000
Lease concession income	73,500	-
Other	<u>13,795</u>	<u>8,662</u>
	<u>367,295</u>	<u>230,662</u>

**20. Finance income/(costs)**

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
(a) Finance income:				
Net foreign exchange gains	50,921	87,977	50,921	87,977
Interest income	<u>861</u>	<u>5,667</u>	<u>254,304</u>	<u>248,344</u>
	<u>51,782</u>	<u>93,644</u>	<u>305,225</u>	<u>336,321</u>
(b) Finance costs:				
Interest expense	( 20,212)	( 9,629)	( 20,212)	( 9,629)
Bank charges	( 41,309)	( 97,164)	( 41,309)	( 97,164)
Credit card charges	( 25,182)	(101,561)	( 25,182)	(101,561)
Net foreign exchange losses	( 34,803)	( 91,710)	( 34,803)	( 91,710)
Interest on leases	<u>( 48,360)</u>	<u>( 53,029)</u>	<u>(155,634)</u>	<u>(164,680)</u>
	<u>(169,866)</u>	<u>(353,093)</u>	<u>(277,140)</u>	<u>(464,744)</u>

**21. Taxation**

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
(a) Income tax charge:				
(i) Current tax at 25%	-	319,932	-	291,929
Adjustment in respect of prior year	7,692	-	7,692	-
(ii) Deferred taxation:				
Origination of temporary differences (note 14)	<u>(312,911)</u>	<u>353,375</u>	<u>(319,438)</u>	<u>345,753</u>
	<u>(305,219)</u>	<u>673,307</u>	<u>(311,746)</u>	<u>637,682</u>

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

21. Taxation (continued)

(b) Reconciliation of actual tax:

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
(Loss)/profit before taxation	(1,433,993)	2,286,469	(1,227,664)	2,412,107
Computed "expected" tax charge at the company's statutory rate of 25%	( 358,498)	571,617	( 306,916)	603,027
Tax effect of differences between treatment for financial statement and taxation purposes:				
Disallowed items and other adjustments, net	45,587	393,619	( 12,522)	326,584
Tax remission [note (c)]	-	( 291,929)	-	( 291,929)
Adjustment in respect of prior year	<u>7,692</u>	<u>-</u>	<u>7,692</u>	<u>-</u>
Actual tax (credit)/expense recognised in profit for the year	( <u>305,219</u> )	<u>673,307</u>	( <u>311,746</u> )	<u>637,682</u>

(c) The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 21, 2010. Consequently, the company is entitled to a remission of taxes for 10 years in the proportions set out below, provided the shares remain listed for at least 15 years:

<u>Years</u>	<u>Tax rate</u>
2011 to 2015	100% of standard rates
2016 to 2020	50% of standard rates

(d) Approval granted under Section 86 of the Income Tax Act for Dolphin Cove (Negril) Limited for relief of income tax arising from operations expired in August 2015.

(e) Chesire Hall Limited, SB Holdings Limited, Marine Adventure Park Limited and Balmoral Dolphins Limited have elected to pay income tax at 1% of profits earned in St. Lucia. However, the companies had not commenced operations as at the reporting date [note 1(b)].

(f) Dolphin Cove TCI Limited and DCTCI Limited are not required to pay income tax in the Turks & Caicos Islands.

(g) At December 31, 2020, unutilised tax losses available for set-off against future taxable profits, subject to agreement by the Commissioner General, Tax Administration Jamaica, amounted to approximately J\$197 million (2019: Nil) for the company and J\$276.6 million (2019: J\$78 million) for the group. Tax losses may be carried forward indefinitely; however, the maximum amount that can be utilised in any one year is restricted to 50% of chargeable income for that year.

## DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

### 21. Taxation (continued)

- (h) At December 31, 2020, a deferred tax asset of approximately J\$21 million (2019: J\$15 million) relating to available tax losses and timing differences has not been recognised by Dolphin Cove (Negril) Limited as management considers that the financial and operational strategies initiated to utilise the benefits of the deferred tax asset are still to be initiated.

### 22. Earnings per stock unit

Earnings per stock unit is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares in issue for the year.

	<u>2020</u>	<u>2019</u>
(Loss)/profit for the year attributable to stockholders of the company	( <u>1,128,774</u> )	<u>1,613,162</u>
Weighted average number of ordinary stock units held during the year	<u>392,426,376</u>	<u>392,426,376</u>
(Loss)/earnings per stock unit (expressed in ¢ per share)	( <u>0.29</u> )	<u>0.41</u>

### 23. Dividends

	<u>The Group and the Company</u>			
	<u>2020</u>		<u>2019</u>	
	<u>Dividend per ordinary stock unit</u>	<u>Dividends paid</u>	<u>Dividend per ordinary stock unit</u>	<u>Dividends paid</u>
	J\$	\$	J\$	\$
First interim dividend: March 30, 2020 (2019: April 5, 2019)	30¢	865,052	20¢	618,710
Second interim dividend: 2020: \$Nil (2019: August 27, 2019)	-	-	20¢	573,743
Third interim dividend: 2020: \$Nil (2019: December 10, 2019)	-	-	20¢	568,734
	<u>30¢</u>	<u>865,052</u>	<u>60¢</u>	<u>1,761,187</u>

### 24. Segment information

The group maintains discrete financial information for each of its parks, which is used by the Chief Operating Decision Maker ("CODM"), identified as the group's Managing Director, as a basis for allocating resources. Each park has been identified as an operating segment and meets the criteria for aggregation under IFRS 8 due to similar economic characteristics and all of the parks provide similar products and services, share similar processes for delivering services and target the same type and class of customer.

Accordingly, based on these economic and operational similarities and the way the CODM monitors the operations, the group has concluded that its operating segments should be aggregated and that it has one operating segment.

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 26. Financial instruments (continued)

##### (a) Financial risk management (continued):

##### (i) Credit risk (continued):

##### *Cash and cash equivalents and investments*

The group limits its exposure to credit risk by:

- placing cash resources with substantial counterparties who are believed to have minimal risk of default;
- only investing in liquid securities with credit worthy institutions that are appropriately licensed and regulated ; and
- obtaining sufficient collateral as a means of mitigating the risk of financial loss from defaults.

##### *Accounts receivable*

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place under which each customer is analysed for credit worthiness prior to being offered credit. The group does not require collateral in respect of trade and other receivables. At the reporting date there were significant concentrations of credit risk in respect of 5 (2019: 7) major customers for the group and the company who materially comprise trade receivables.

As at December 31, 2020, amounts receivable from these customers aggregated \$978,840 (2019: \$1,202,635) for the group and the company. These represent 66% (2019: 53%) of trade receivables for the group and 68% (2019: 55%) for the company.

##### *Expected credit loss assessment for trade receivables*

The group uses an allowance matrix to measure expected credit loss (ECLs) of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward looking information.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.



DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020*(Expressed in United States dollars, unless otherwise stated)*26. Financial instruments (continued)

## (a) Financial risk management (continued):

## (i) Credit risk (continued):

*Expected credit loss assessment for trade receivables (continued):*

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

2020						
Age buckets	Weighted average loss rate %	The Group		The Company		Credit impaired
		Gross carrying amount	Impairment loss allowance	Gross carrying amount	Impairment loss allowance	
		\$	\$	\$	\$	
Current (not past due)	8.78	445,320	39,107	445,320	39,107	No
31-60 days	61.44	77,652	47,705	77,652	47,705	No
61-90 days	94.30	37,991	35,824	37,943	35,824	No
Over 90 days	100.00	930,956	930,956	868,632	868,632	Yes
		<u>1,491,919</u>	<u>1,053,592</u>	<u>1,429,547</u>	<u>991,268</u>	
2019						
Age buckets	Weighted average loss rate %	The Group		The Company		Credit impaired
		Gross carrying amount	Impairment loss allowance	Gross carrying amount	Impairment loss allowance	
		\$	\$	\$	\$	
Current (not past due)	1.89	1,393,865	26,412	1,393,817	26,412	No
31-60 days	28.16	199,360	56,133	199,360	56,133	No
61-90 days	54.42	82,687	44,999	82,687	44,999	No
Over 90 days	100.00	<u>579,563</u>	<u>579,563</u>	<u>517,239</u>	<u>517,239</u>	Yes
		<u>2,255,475</u>	<u>707,107</u>	<u>2,193,103</u>	<u>644,783</u>	

*Due from related parties*

These amounts are currently interest-free with no fixed repayment terms and are repayable on demand. The group assesses each related entity's ability to pay if payment is demanded as at the reporting date. The expected credit losses are calculated on this basis. No impairment allowance was recognized as at December 31, 2020 and 2019.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020*(Expressed in United States dollars, unless otherwise stated)*26. Financial instruments (continued)

## (a) Financial risk management (continued):

## (ii) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rates and foreign exchange rates and will affect the group's income or the value of its holdings of financial instruments.

- Interest rate risk:

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Subject to normal conditions, the group materially contracts financial liabilities at fixed interest rates for the duration of the term.

Interest-bearing financial assets are primarily represented by amounts due from subsidiaries, cash and cash equivalents and investments. Interest-bearing financial liabilities are mainly represented by loans, lease liabilities and bank overdrafts.

Financial instruments are subject to interest as follows:

	Carrying amount			
	The Group		The Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Fixed rate instruments:				
Financial assets	2,130	2,129	4,728,342	4,605,917
Financial liabilities	(990,598)	(818,240)	(2,602,830)	(2,500,186)
	<u>(988,468)</u>	<u>(816,111)</u>	<u>2,125,512</u>	<u>2,105,731</u>
Variable rate instruments:				
Financial assets	354,348	1,362,755	354,348	1,362,755
Financial liabilities	(94,742)	(134,003)	(94,742)	(134,003)
	<u>259,606</u>	<u>1,228,752</u>	<u>259,606</u>	<u>1,228,752</u>

## DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

### 26. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Market risk (continued):

- Interest rate risk (continued):

#### *Cash flow sensitivity analysis for variable rate instruments*

An increase or decrease in basis points in interest rates on variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the year by amounts shown below.

	The Group and the Company			
	2020		2019	
	<u>Increase</u> 100bp	<u>Decrease</u> 100bp	<u>Increase</u> 100bp	<u>Decrease</u> 100bp
Effect on profit or loss	<u>2,596</u>	<u>(2,596)</u>	<u>12,288</u>	<u>(12,288)</u>

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

#### *Fair value sensitivity analysis for fixed rate instruments*

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

- Foreign currency risk:

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

The group incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the United States dollar (\$). The principal foreign currency exposures of the group are denominated in Jamaica dollars (J\$).

## DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

### 26. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Market risk (continued):

- Foreign currency risk (cont'd):

Exposure to foreign currency risk arising mainly in respect of J\$ denominated balances was as follows:

	<u>The Group and Company</u>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	1,005,542	3,766,967
Accounts receivable	26,008,605	16,057,477
Bank overdrafts	( 49,955,055)	( 18,492,382)
Accounts payable	( 90,921,220)	(183,203,726)
Short term loans	-	( 3,031,261)
Long term loans	( 2,251,403)	( 2,359,772)
	J\$(116,113,531)	(187,262,697)
US\$ equivalent	J\$( 824,846)	( 1,412,557)

Exchange rates of the United States dollar to the Jamaican dollar were as follows:

At December 31, 2020: US\$1 to J\$140.77

At December 31, 2019: US\$1 to J\$132.57

### *Sensitivity analysis*

Changes in the exchange rates of the United States dollar (\$) to the Jamaica dollar (J\$) would have the effects described below:

	<u>Increase/(decrease)</u> <u>in profit or loss for the year</u>	
	<u>The Group and Company</u>	
	<u>2020</u>	<u>2019</u>
6% (2019: 6%) strengthening of the US\$ against the J\$	<u>49,491</u>	<u>84,753</u>
2% (2019: 4%) weakening of the US\$ against the J\$	<u>(16,497)</u>	<u>(56,502)</u>

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

26. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. The management of the group aims at maintaining flexibility in funding by keeping lines of credit available (see note 12).

The following are the contractual maturities of financial liabilities measured at amortised cost, including interest payments. The tables show the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the group can be required to pay:

	<u>The Group</u>					
	<u>2020</u>					
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year or less</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 -years</u>
Bank overdrafts	366,591	376,800	376,800	-	-	-
Accounts payable	1,590,450	1,590,450	1,590,450	-	-	-
Due to other related companies	22,302	22,302	22,302	-	-	-
Long-term liabilities	17,215	17,910	5,970	5,970	5,970	-
Lease liabilities	<u>701,534</u>	<u>853,830</u>	<u>132,000</u>	<u>135,960</u>	<u>432,846</u>	<u>153,024</u>
Total financial liabilities	<u>2,698,092</u>	<u>2,861,292</u>	<u>2,127,522</u>	<u>141,930</u>	<u>438,816</u>	<u>153,024</u>
	<u>The Group</u>					
	<u>2019</u>					
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year or less</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 -years</u>
Bank overdrafts	134,003	134,003	134,003	-	-	-
Accounts payable	2,098,771	2,098,771	2,098,771	-	-	-
Due to other related parties	83,438	83,438	83,438	-	-	-
Long-term liabilities	39,065	42,486	23,064	6,475	12,947	-
Lease liabilities	<u>779,174</u>	<u>979,830</u>	<u>126,000</u>	<u>132,000</u>	<u>420,239</u>	<u>301,591</u>
Total financial liabilities	<u>3,134,451</u>	<u>3,338,528</u>	<u>2,465,276</u>	<u>138,475</u>	<u>433,186</u>	<u>301,591</u>



DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

(Expressed in United States dollars, unless otherwise stated)

26. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Liquidity risk (continued):

	The Company					
	2020					
	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 -years
Bank overdrafts	366,591	376,800	376,800	-	-	-
Accounts payable	1,523,056	1,523,056	1,523,056	-	-	-
Due to subsidiaries	300	300	300	-	-	-
Due to other related companies	22,302	22,302	22,302	-	-	-
Long-term liabilities	17,215	17,910	5,970	5,970	5,970	-
Lease liabilities	<u>2,313,767</u>	<u>3,302,164</u>	<u>308,988</u>	<u>312,948</u>	<u>963,810</u>	<u>1,716,418</u>
Total financial liabilities	<u>4,243,231</u>	<u>5,242,532</u>	<u>2,237,416</u>	<u>318,918</u>	<u>969,780</u>	<u>1,716,418</u>

	The Company					
	2019					
	Carrying amount	Contractual cash flows	1 year or less	1-2 years	2-5 years	More than 5 -years
Bank overdrafts	134,003	134,003	134,003	-	-	-
Accounts payable	2,083,705	2,083,705	2,083,705	-	-	-
Due to subsidiaries	300	300	300	-	-	-
Due to other related companies	83,438	83,438	83,438	-	-	-
Long-term liabilities	39,065	42,486	23,064	6,475	12,947	-
Lease liabilities	<u>2,461,121</u>	<u>3,605,152</u>	<u>302,988</u>	<u>308,988</u>	<u>951,203</u>	<u>2,041,973</u>
Total financial liabilities	<u>4,801,632</u>	<u>5,949,084</u>	<u>2,627,498</u>	<u>315,463</u>	<u>964,150</u>	<u>2,041,973</u>

(iv) Capital management:

The group manages the adequacy of capital by managing the returns on equity and borrowed funds to protect against losses on its business activities so as to be able to generate an adequate level of return for its stockholders.

As a condition of its long term loans, the company is required to have positive stockholders' equity.

There are no other externally imposed capital requirements and there have been no changes in the group's approach to managing capital during the year.

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 26. Financial instruments (continued)

##### (b) Fair values:

The following methods and assumptions have been used:

- (i) The fair value of cash and cash equivalents, investments, accounts receivable and accounts payable are assumed to approximate their carrying values due to their relatively short-term nature.
- (ii) Amounts due from related parties are assumed to approximate their fair value due to their short-term nature and/or an ability to effect future set-offs in the amounts disclosed.
- (iii) The carrying value of lease liabilities and long-term loans approximates the fair value as these obligations are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of market rates for similar instruments.

#### 27. Impact of COVID-19

The group performed various assessments and stress testing of its business plans under multiple scenarios, as part of its business continuity and contingency planning. Assessments revealed that there was a significant business interruption primarily due to travel restrictions and closure of tourist attraction sites. This resulted in delays in the collection of trade receivables, significant decline in sales, reduced earnings and operating cash flows, managing liquidity to continue the operations at reduced level. To address these challenges and risks identified, the group management immediately implemented the following measures:

- Acted diligently on collection of its accounts receivable and continued monitoring leading to significant further reduction in receivables;
- Negotiated extended credit terms with its suppliers;
- Closed its parks from March to July 2020;
- Separation of non-critical staff and agreed salary reduction for all staff;
- Deferral of planned non-essential capital expenditure;
- Reduced non-critical overheads and directors' fees;
- Obtained a credit line facility of J\$140 million to support its cash needs;
- Negotiated suspension of rental charge for properties at certain locations.

All the above measures led to a sustainable cashflow position and a reduction in account receivables and payables to a manageable level. The group has been able to meet its obligation to its suppliers and employees and to ensure the well-being of the animals under its care to date and has implemented strategic plans to continue the operations at reduced level for the next financial year.

### DOLPHIN COVE LIMITED

Notes to the Financial Statements (Continued)

Year ended December 31, 2020

*(Expressed in United States dollars, unless otherwise stated)*

#### 27. Impact of COVID-19 (continued)

With the easing of travel restrictions and bans beginning June 2020, the Group has seen some increased demand for products and services in the first few months of the new financial year 2021. Moreover, the group is seeing low occupancies but increased offtake from the hotels as well as an uptrend in arrivals of tourists to the country which is encouraging.

The group is optimistic that a solution to the virus will be available soon and restore confidence in travel during the usual busy tourist season and beyond. The governments in the countries of operations and worldwide tourism institutions are committed to restoring the capacity of the tourism industry in the shortest possible time, while ensuring the safety protocols. The group is prepared for what it believes, will be a full recovery of the tourism industry in the near future.

The financial support required is dependent on the evolution of the pandemic and its implications on the group's operations, however, the good credit reputation and the low-debt status of the group will allow it access to additional financing, and furthermore the parent company is also committed to support the group when necessary. Based on sales projections, reflecting the estimated impact of the stressed conditions currently experienced and other initiatives undertaken, management expects to continue in operations, meeting its obligations as and when they fall due, for at least twelve months from the reporting date. Consequently, management is of the opinion that the going concern basis of accounting applied in preparation of these financial statements remains appropriate.

As at the date of approval of these financial statements, the ultimate impact of the pandemic on the group remains unknown as it is uncertain how long it will take to fully control the virus and return to normalcy.



9.0

Form of  
**Proxy**

## FORM OF PROXY

I/We .....  
of .....  
being the registered holder of ..... ordinary shares in  
Dolphin Cove Limited, hereby appoint ..... of .....  
..... or failing him..... of .....  
..... as my proxy to attend and, on a poll, vote  
on my/our behalf at the annual general meeting of the  
company to be held on 2021, and at any adjournment thereof.

Dated this ..... day of ..... 2021

.....  
Signature of Member

Please indicate in the spaces below how you wish your votes to be cast:

### For Against

Resolution 1 – To receive the Directors' Report and financial statements  
Resolution 2(a) – To re-elect retiring director, Mr Eduardo Albor Villanueva  
Resolution 2(b) – To re-elect retiring director, Mr Richard Downer  
Resolution 3 – To authorise the directors to fix the auditors' remuneration  
Resolution 4 – To amend the Articles of Incorporation

STAMP DUTY - \$100.00



# "Our Parks"







**DolphinCoveja.com**

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