Gamehost Inc.

Annual Consolidated Financial Statements

for the twelve and three month periods ended December 31, 2019

pivotal
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Gamehost Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Gamehost Inc., which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, the consolidated statements of profit and comprehensive profit, changes in equity and cash flows for the years then ended, and notes, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gamehost Inc. as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the management discussion and analysis, but does not include the consolidated financial statements and our auditors’ report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Canadian generally accepted auditing standards 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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Donald Oszli.

Pivotal LLP

Red Deer County, Alberta
March 10, 2020

Chartered Professional Accountants

Consolidated Statements of Profit and Comprehensive Profit

In Canadian dollars (millions except per share figures)	*Note*	*(audited)* twelve months ended December 31		*(unaudited)* three months ended December 31	
		2019	**2018**	**2019**	**2018**
Operating revenue	5	$ 68.1	$ 70.4	$ 17.3	$ 17.7
Cost of sales					
Other	6, 20	(38.6)	(38.7)	(9.9)	(10.3)
Depreciation	14, 15	(3.2)	(1.8)	(0.8)	(0.6)
		(41.8)	(40.5)	(10.7)	(10.9)
Gross profit		26.3	29.9	6.6	6.8
Other income	7	0.2	0.2	-	-
Administrative expenses					
Other	8, 20	(2.9)	(3.3)	(0.7)	(0.7)
Depreciation	14, 15	(1.2)	(1.2)	(0.3)	(0.3)
		(4.1)	(4.5)	(1.0)	(1.0)
Profit from operating activities		22.4	25.6	5.6	5.8
Net finance costs	9	(2.1)	(1.1)	(0.5)	(0.4)
Profit before income taxes		20.3	24.5	5.1	5.4
Income tax expense	10	(3.7)	(6.3)	(1.1)	(1.4)
Profit and comprehensive profit		16.6	18.2	4.0	4.0
Profit and comprehensive profit attributable to:					
Shareholders		15.5	17.0	3.7	3.7
Non-controlling interest		1.1	1.2	0.3	0.3
		16.6	18.2	4.0	4.0
Earnings per share	11				
Basic and fully diluted		$ 0.64	$ 0.69	$ 0.15	$ 0.15
Weighted average number of common shares outstanding	11				
Basic		24.3	24.5	24.3	24.4
Fully diluted		24.3	24.5	24.3	24.4

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Financial Position

In Canadian dollars (millions)	*Note*	*(audited)* **December 31, 2019**		*(audited)* **December 31, 2018**	
Assets					
Current assets					
Cash		$	15.4	$	15.8
Restricted cash	12		0.8		0.5
Trade and other receivables			2.0		1.8
Inventories	13		0.6		0.7
Prepaid expenses			0.4		0.4
Income tax recoverable	10		0.2		-
			19.4		19.2
Non-current assets					
Property, plant and equipment	14, 15		77.1		75.4
Intangible assets	16		76.9		76.9
Investment property	17		2.8		2.8
			156.8		155.1
		$	176.2	$	174.3
Liabilities					
Current liabilities					
Trade and other payables	12		4.2	$	3.8
Loans and borrowings	18		22.4		25.3
Income tax payable	10		-		0.1
Dividends payable	19		1.4		1.4
			28.0		30.6
Non-current liabilities					
Loans and borrowings	18		23.2		15.7
Deferred tax liabilities	10		7.1		8.4
			30.3		24.1
			58.3		54.7
Equity	19				
Share capital			164.3		164.8
Deficit			(54.4)		(53.1)
Equity attributable to Shareholders			109.9		111.7
Non-controlling interest			8.0		8.0
			117.9		119.7
		$	176.2	$	174.3

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board:

(signed, David J. Will)	*(signed, Darcy J. Will)*
David J. Will, Director	Darcy J. Will, Director

Consolidated Statements of Changes in Equity

In Canadian dollars (millions)	*Note*	***(audited)*** Share capital	Deficit	Total	Non-controlling interest	Total equity
Equity as at January 1, 2018		$ 169.3	$ (53.3)	$ 116.0	$ 8.0	$ 124.0
Profit and comprehensive profit		-	17.0	17.0	1.2	18.2
Dividends to shareholders of the Company	19	-	(16.9)	(16.9)	-	(16.9)
Distributions to non-controlling interest		-	-	-	(1.2)	(1.2)
Shares repurchased for cancellation	19	(4.5)	-	(4.5)	-	(4.5)
Equity as at December 31, 2018		164.8	(53.1)	111.7	8.0	119.7
Profit and comprehensive profit		-	15.5	15.5	1.1	16.6
Dividends to shareholders of the Company	19	-	(16.8)	(16.8)	-	(16.8)
Distributions to non-controlling interest		-	-	-	(1.1)	(1.1)
Shares repurchased for cancellation	19	(0.5)	-	(0.5)	-	(0.5)
Equity as at December 31, 2019		$ 164.3	$ (54.4)	$ 109.9	$ 8.0	$ 117.9

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

In Canadian dollars (millions)	*Note*	***(audited)***		***(unaudited)***	
		twelve months ended December 31		**three months ended December 31**	
		2019	**2018**	**2019**	**2018**
Cash provided by (used in):					
Operating activities					
Profit and comprehensive profit		$ 16.6	$ 18.2	$ 4.0	$ 4.0
Adjustments for:					
Depreciation of property, plant and equipment	14, 15	4.4	3.0	1.1	0.9
Finance costs	9	2.2	1.2	0.5	0.4
Income tax expense	10	3.7	6.3	1.1	1.4
		26.9	28.7	6.7	6.7
Change in:					
Non-cash working capital:					
Trade and other receivables		(0.2)	0.8	0.3	0.3
Inventories		0.1	(0.1)	-	(0.1)
Prepaid expenses		-	-	0.3	-
Trade and other payables		0.1	(0.4)	0.3	0.4
Finance costs paid		(2.2)	(1.2)	(0.6)	(0.3)
Income taxes paid		(5.3)	(6.2)	(1.2)	(1.5)
Net cash provided by operating activities		19.4	21.6	5.8	5.5
Investing activities					
Purchase of property, plant and equipment	14	(0.4)	(0.6)	(0.1)	(0.2)
Business acquisition		-	(12.5)	-	(12.5)
Payments on other receivables		-	0.1	-	-
Net cash used in investing activities		(0.4)	(13.0)	(0.1)	(12.7)
Financing activities					
Proceeds of loans and borrowings		1.3	18.6	-	14.0
Payments on loans and borrowings		(1.4)	(3.4)	0.1	(0.7)
Lease liabilities	15	(0.9)	-	(0.2)	-
Distributions to non-controlling interest		(1.1)	(1.2)	(0.3)	(0.3)
Dividends paid	19	(16.8)	(16.9)	(4.2)	(4.2)
Share repurchases		(0.5)	(4.5)	(0.3)	(0.8)
Net cash used in financing activities		(19.4)	(7.4)	(4.9)	8.0
Net increase (decrease) in cash		(0.4)	1.2	0.8	0.8
Opening cash		15.8	14.6	14.6	15.0
Closing cash		$ 15.4	$ 15.8	$ 15.4	$ 15.8

The accompanying notes are an integral part of the consolidated financial statements.

1 Reporting entity

Gamehost Inc. (the "Company") is incorporated in Canada under the Business Corporations Act (Alberta). The Company's shares are listed on the Toronto Stock Exchange (the "TSX") under the trading symbol GH. The address of the Company's registered office is 1400, 350 – 7th Avenue SW Calgary, Alberta T2P 3N9. These consolidated financial statements of the Company as at and for the twelve months ended December 31, 2019 (the "Year") are comprised of the Company, its wholly owned subsidiary Gamehost Limited Partnership, and its 91% controlling interest in Deerfoot Inn & Casino Inc. The Company currently operates only in the Province of Alberta, Canada. Operations include the Deerfoot Inn & Casino ("Deerfoot") in Calgary, Boomtown Casino ("Boomtown") in Fort McMurray, the Great Northern Casino ("Great Northern") in Grande Prairie, Service Plus Inns & Suites ("Service Plus"), and Encore Suites by Service Plus Inns ("Encore") both limited service hotels, also located in Grande Prairie. As a complement to Service Plus, the Company owns a retail complex (the "Strip Mall") that leases space to a full service restaurant operation and pub. Gaming operations of the Company are controlled by Alberta Gaming, Liquor and Cannabis Commission ("AGLC"), including Company owned table games and government owned slot machines, video lottery terminals ("VLT"), and lottery ticket kiosks. Hotel operations of the Company include full and limited service hotels, and banquet and convention services. Food, beverages and entertainment are offered at each of the Company's casino locations.

2 Basis of presentation

(a) Statement of compliance and authorization of consolidated financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The policies applied in these consolidated financial statements are based on IFRS, issued and effective December 31, 2019. These consolidated financial statements were authorized for issue by the Board of Directors on March 10, 2020.

(b) Basis of measurement

These consolidated financial statements have been prepared on historical cost basis except for investment property in the statement of financial position, which is measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Unless otherwise noted, all figures are expressed in millions of dollars.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and disclosures of contingent assets and liabilities. Actual results may differ materially from these estimates.

Estimates, judgements and assumptions are reviewed on an on-going basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2 Basis of presentation (d) (cont.)

Significant estimates used in the preparation of these consolidated financial statements include estimates and assumptions used in the determination of the useful lives of property, plant and equipment [note 3(e)], estimates of tax installments and taxes payable [note 10], estimating and discounting of future cash flows for impairment testing [note 16] and the fair value of investment property [note 3(g)].

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the note related to the impairment of financial and non-financial assets [note 3(i) i) and ii)].

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

(a) Basis of consolidation

i) Business combinations

The Company applies the acquisition method to account for business combinations. The Company measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs that the Company incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Company.

iii) Transactions eliminated on consolidation

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

3 Significant accounting policies (cont.)

(b) Financial instruments

The Company's financial assets and liabilities are classified by category and method of measurement under IFRS 9.

Financial asset/liability	Measurement method
Cash	FVTPL
Trade and other receivables	Amortized Cost
Trade and other payables	Amortized Cost
Loans and borrowings	Amortized Cost

(in millions of dollars unless stated otherwise)

The Company has not recorded any expected credit losses ("ECL"). The Company's method for assessing, measuring and recording ECL is discussed in Financial risk and capital management [note 23].

i) Non-derivative financial assets

The Company initially recognizes loans, receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire.

The Company classifies its non-derivative financial assets in the loans and receivables category. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables are comprised of cash and trade and other receivables inclusive of ECL.

ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Other financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities are comprised of loans and borrowings and trade and other payables.

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

3 Significant accounting policies (cont.)

iii) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

(c) Cash

Cash includes cash on hand and balances with financial institutions. Cash balances with financial institutions earn interest at a rate of bank prime less 1.65%.

(d) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the first-in, first-out method and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

(e) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized as a net amount in profit or loss.

ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3 Significant accounting policies (e) (cont.)

iii) Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a declining or straight-line basis, over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative years are as follows:

Land Improvements	2% straight line
Buildings	4% to 5% declining balance
Building - carpet	20% straight line
Leaseholds	5 to 10 years straight line
Furniture, fixtures and equipment	20% to 100% declining balance
Right-of-use assets (all classes)	2 to 7 years straight line

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. See [note 3(a) i)] for the policy on measurement of goodwill at initial recognition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, see [note 3(i) ii)].

Licenses

Licenses are issued by the AGLC and allow for the operation of government owned slot machines, VLT's and lottery ticket kiosks as well as private operator owned table games in private operator facilities. They are measured at cost less accumulated impairment losses. Licenses are renewable every six years for a nominal fee. The Company does not foresee a limit to the period over which the licenses are expected to generate cash inflows for the Company. Numerous factors support an indefinite life for licenses. License holders are subject to rigorous diligence investigation at each license renewal. Licenses come with a high cost of maintenance by holders in the form of extensive capital outlay for facilities and staff to support the daily operation of regulated games and equipment. Licenses are not subject to competition and are not dependant on the useful life of other assets of the Company.

(g) Investment property

Investment property is property held either to earn rental income or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. The Company measures investment property at fair value with any change therein recognized in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, the fair value at the date of reclassification becomes its cost for subsequent accounting.

The Company’s Strip Mall has been classified as investment property measured at fair value.

3 Significant accounting policies (cont.)

(h) Leases

i) Policy applicable prior to January 1, 2019

Leases in which the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. There were no finance leases remaining at December 31, 2018 and the Company had not made any significant judgements in determining lease classifications in the prior year.

The Company was a lessee of its Boomtown premises and for numerous small equipment throughout the organization. Operating leases were not recognized in the Company's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease.

The Company was a lessor of space at the Company's Strip Mall and to a food service provider at Great Northern Casino. The Company was a sublessor of space at Boomtown Casino.

ii) Policy applicable from January 1, 2019

The Company has applied IFRS 16 for leases using the modified retrospective approach. The Company elected on transition to measure right-of-use assets equal to their liabilities. Accordingly, comparative financial information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The impact of changes resulting from application of IFRS 16 is disclosed in note 15.

The Company 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 determine whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

The contract involves the use of an identified asset , either explicitly or implicitly. The asset will be physically distinct or represent substantially all of the capacity of a physically distinct asset. If a supplier has substantive substitution rights then an asset is not identified.;

The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use, and.;

The Company has the right to direct the use of the asset by decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company elects not to apply the lease accounting model to identified assets of any class when the contract is short-term (less-than-or-equal-to twelve months) or when the identified asset is of low value. Table games and small pieces of equipment make up such leases.

3 Significant accounting policies (h) (cont.)

iii) As a lessee

The Company 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 payments made at or before the commencement date, plus any direct costs incurred and an estimate of any costs to dismantle, remove or restore any underlying asset, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Estimated useful lives of right-of-use assets are determined on the same basis as property, plant and equipment. Right-of-use assets may be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the unpaid lease payments at commencement date, discounted using the interest rate implicit in the lease if it is readily available, otherwise the Company's incremental borrowing rate is used [note 8].

When a contract contains lease and non-lease components, the Company elects, by class, to apply the practical expedient of combining lease and non-lease components. At inception or on reassessment of a contract that contains a lease component, the Company separates non-lease components from lease components for leases of property. Non-lease components are treated as operating expense in the period payments are made. For other classes of assets, the Company may account for both lease and non-lease components together as a single lease component in which case they are recognized on a straight-line basis over the term of the lease.

Lease payments included in the measurement of the lease liability may comprised of fixed payments, variable lease payments, residual value guarantees, any purchase options the Company is reasonably certain to exercise, lease payments for any renewal periods that are reasonably certain to be exercised or early termination penalties the Company is reasonably certain to incur.

Subsequent to the commencement date, the lease liability is measured at amortized cost using the effective interest rate method. Lease liabilities are remeasured when there is a change in the estimate of future lease payments resulting from a change in rates or underlying assumptions used in determining the previous amounts expected to be payable. Any resulting adjustment from remeasuring the lease liability is recorded to the carrying amount of the right-of-use asset.

Right-of-use assets are presented in property, plant and equipment and lease liabilities in loans and borrowings in the statement of financial position.

The Company is a lessee of its Boomtown premises, corporate offices, and numerous small equipment throughout the organization. In the comparable period, all of these leases were classified as operating leases under IAS 17 and were not recognized in the company's statement of financial position. Payments made under operating leases in the comparable period were recognized in profit or loss on a straight-line basis over the term of the lease.

3 Significant accounting policies (h) (cont.)

iv) As a lessor

When the Company is the lessor, it determines at inception whether the lease is an operating lease or a finance lease. The Company assesses whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. When this is the case, the lease is a finance lease; when not, it is an operating lease. A key consideration in this assessment is whether the lease is for the majority portion of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the term of the lease.

The Company is a lessor of space at the Company's Strip Mall and lessor of kitchen and seating space to a food service provider at Great Northern. The Company is a sublessor of kitchen and seating space to a food service provider at Boomtown. These leases are accounted for as operating leases with income recorded in operating revenue as earned.

(i) Impairment

i) Financial Assets (including loans and receivables)

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management’s judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Loans and receivables are comprised of cash and trade, lease, loan and other receivables inclusive of ECL. Loans include non-material amounts owed by tenants for tenant improvements. Lease payments are due in advance. A significant portion of the Company's trade, lease, loan and other receivables are considered to have negligible credit risk. Other receivable amounts relate to gaming funds or automated teller machine ("ATM") funds that are systematically deposited to the Company's bank accounts by AGLC or our white label ATM transaction processor, respectively, within 30 days of the date they become due. Trade receivable amounts are mostly aged corporate accounts related to hotel stays and or banquets.

The Company used the simplified approach in determining a lifetime ECL based on historical losses over the most recent 8 year period. A provision matrix was established which considers the types or groups of receivables when applying factors for calculating lifetime ECL. Factors are adjusted annually in the determination of lifetime ECL based on management's assessment of changes in economic conditions that may have increased the risk of impairment. The Company mitigates such risk by increasing due diligence for new credit accounts and increasing the frequency of communication with clients. Lifetime ECL amounts for the company are not material.

The Company's write-off policy requires objective evidence that there is no reasonable expectation of recovery in the form of bankruptcy notice or a complete cessation of communication from the customer.

3 Significant accounting policies (i) (cont.)

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there are any indicators of impairment. If any such indicators exist, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time or more frequently if indicators of impairment exist.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Company's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indicators that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates 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, net of depreciation or amortization, if no impairment loss had been recognized.

iii) Investment property

Investment property is measured at fair value. 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.

3 Significant accounting policies (i) (cont.)

iv) Fair value hierarchy

The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs), and the lowest priority to unobservable inputs (Level 3 inputs).

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as derived from prices.

- Level 3 inputs are unobservable inputs for the asset or liability.

(j) Income taxes

Income tax expense is comprised of current income tax and deferred income tax. Current income tax and deferred income tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. Deferred income tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. Deferred tax assets and liabilities may also be offset when the relate to different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3 Significant accounting policies (cont.)

(k) Employee benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the year during which services are rendered by employees. The Canada Pension Plan corresponds to a defined contribution plan.

Contributions to a health spending plan are expensed in the period in which contributions are made.

A liability is recognized for the amount expected to be paid under short term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(l) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as the principal or agent.

For contracts with customers, a five step model is utilized to achieve the core revenue recognition principle: (1) identify the contract(s) with customers; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the obligations in the contract; and (5) recognize revenue when, or as, the Company satisfies a performance obligation.

The following specific recognition criteria must also be met before revenue is recognized:

i) Gaming operations

The Company has various retailer agreements with AGLC, which do not meet the definition of a contract with a customer as prescribed by IFRS 15. Patrons participating in gameplay are considered the Company's customer. Terms and conditions of the AGLC retailer agreements are dictated solely by AGLC, which include what, when and how the Company must meet its obligations to be entitled to share in gaming wins net of prizes paid. The Company's significant obligations include providing facilities, utilities and insurance to house and for the safe operation of AGLC equipment, providing staff to support gameplay, and providing cash floats to facilitate gameplay and the payout of prizes won.

Revenues from gaming operations consist of the Company’s share of gaming wins net of prizes paid, which are set by the AGLC at its sole discretion, and are recognized in profit or loss in the same period in which the game is played. Related operating costs are recorded in profit or loss in the period they are incurred.

ii) Hotel operations

Revenues from hotel operations are recognized in profit or loss when services are rendered to customers, when the selling price is fixed or determinable, and when collection is reasonably assured. Related operating costs are recorded in profit or loss in the period they are incurred.

Contracts with customers are limited to blocks of rooms and/or banquet services, where goods and services are delivered over a brief span of time. These larger individual contracts require a deposit which is recorded as a contract liability until the Company satisfies its obligations under the contract. Individual contracts are not material in amount. Recorded deposits, either independently or in the aggregate, are not material in amount.

3 Significant accounting policies (l) (cont.)

iii) Food and beverage operations

Revenues from food and beverage sales are recognized in profit or loss when services are rendered to customers, when the selling price is fixed and determinable, and when collection is reasonably assured. Related operating costs are recorded in profit or loss in the period they are incurred.

In certain locations, food and beverage sales are commission based. When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commissions earned by the Company. The Company is an agent in food and non-alcoholic beverage sales at both Boomtown and Great Northern.

As agent, the Company charges a commission on gross food and non-alcoholic beverage sales at Great Northern of 5.0%. The Company does not take a commission on gross sales of food and non-alcoholic beverages at Boomtown.

The Company offers live entertainment for which tickets are sold in advance and recorded as a contract liability until the entertainment event has been delivered. Individual contracts are not material in amount. Recorded advance payments, either independently or in the aggregate, are not material in amount.

iv) Investment property

Revenues from investment property are recognized in profit or loss per the terms and conditions stipulated in operating lease agreements with tenants and when lease payments are reasonably assured. Related operating costs are recorded in profit or loss in the period they are incurred.

Future minimum lease payments arise from a single operating lease expiring at the end of March 2021. The lease does not include any inducements and none have been recorded on the company's financial statements.

As at December 31, 2019	1 year or less	2 to 5 years	More than 5 years
Future minimum lease payments	0.2	0.1	-
As at December 31, 2018	1 year or less	2 to 5 years	More than 5
Future minimum lease payments	0.2	0.3	-

(in millions of dollars unless stated otherwise)

(m) Finance income and finance costs

Finance income comprises interest income on funds on deposit. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings including imputed interest on right-of-use assets and net foreign exchange rate gains (losses).

Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in profit or loss using the effective interest method.

3 Significant accounting policies (cont.)

(n) Foreign currency

Foreign currency transactions are recorded at the exchange rate on the date of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the retranslation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit and loss account on a net basis. Exchange gains and losses recorded in the Company's financial statement are immaterial in the ordinary course of business.

(o) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders, and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(p) Standards, amendments, and interpretations, effective and applied

The Company has applied the following standards and amendments, effective January 1, 2019. Changes were made in accordance with applicable transitional provisions.

- IFRS 16 - Leases (replaces IAS 17) - specifies how to recognise, measure, present, and disclose leases. Lessor accounting is largely un-impacted. The new standard requires lessees to recognize assets and liabilities for all leases. A number of approaches and practical expedients are available to reduce the burden of implementation. The Company has made use of the modified retrospective approach and elected to measure right-of-uses assets equal to their liability with no adjustment to retained earnings. Adjustments on implementation have been recorded at January 1, 2019 and as a consequence, comparative data is not restated. The Company has also taken advantage of practical expedients for short term leases and leases of low value. Leases with a remaining term of twelve months or less were excluded as were all leases with terms of 12 months or less. The Company also excluded all low value leases. Additional detail and the impact on Company financial statements is disclosed separately in note 15.

- IFRIC 23 - Uncertainty over Income Tax Treatments - addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over tax treatments under IAS 12. The standard is applicable to annual reporting periods beginning on or after January 1, 2019. Application of the standard had no impact on the Company's financial statements.

3 Significant accounting policies (cont.)

(q) Standards, amendments, and interpretations, not yet effective or applied

Standards and amendments to standards and interpretations that are not yet effective for the year ended December 31, 2019 have not been applied in preparing these consolidated financial statements but are described below. For those standards where earlier application is permitted, the Company expects to apply the changes at the effective date.

- IFRS 3 - Business Combinations - amended to provide clarity to the definition of a business in Appendix A. Specifically the amendment substantiates that to be considered a business, an acquired set of activities must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendment also narrows the current definition by removing the reference to an ability to reduce costs. The amendment is effective for annual periods beginning on or after January 1, 2020.

- IAS 1 and IAS 8 - Definition of Material - amendments to clarify the definition of material and align the definition used in the conceptual framework and the standards. The amendment is effective for annual periods beginning on or after January 1, 2020.

Management continues to assess the impact of the above future accounting changes on the Company's consolidated financial statements.

4 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating results of each segment for which specific financial information is available are reviewed regularly by the Company's Chief Operating Officer ("COO"), to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the COO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the Year to acquire property, plant and equipment, and intangible assets other than goodwill.

The Company's reportable segments are strategic business units that offer different services. They are managed separately because of their unique operational and marketing requirements. Each segment complements the other segments. The Gaming segment includes three casinos offering slot machines, VLT's, lottery ticket kiosks and table games. The Hotel segment includes three hotels catering to mid-range clients. The Food and Beverage segment has operations that are located within the casinos and hotels as a complement to those segments.

4 Operating segments (cont.)

twelve months ended December 31, 2019	Gaming	Hotel	Food & Beverage	Corporate and Other[1]	Total
Operating revenue	40.8	13.0	14.2	-	68.0
Lease revenue	0.1			0.2	0.3
Finance income	-	-	-	0.1	0.1
Finance costs	(0.6)	(1.3)	(0.3)	-	(2.2)
Depreciation	(1.6)	(2.1)	(0.7)	-	(4.4)
Other cost of sales and administrative expenses	(19.2)	(7.1)	(11.0)	(4.2)	(41.5)
Profit (loss) before income taxes	19.5	2.5	2.2	(3.9)	20.3
Segment assets	76.9	70.8	24.9	3.6	176.2
Segment liabilities	19.5	20.9	8.9	9.0	58.3
Capital expenditures	0.4	-	-	-	0.4

(in millions of dollars unless stated otherwise)

The Company recorded transitional adjustments on adoption of IFRS 16 at January 1, 2019 for leased right-of-use assets. Segment assets include the addition of $5.7 million in leased right-of-use assets less straight-line depreciation for the Year. Segment liabilities include right-of-use asset liabilities of $4.9 million at the end of the Year.

twelve months ended December 31, 2018	Gaming	Hotel	Food & Beverage	Corporate and Other[1]	Total
Operating revenue and other income	43.4	11.5	15.5	0.2	70.6
Finance income	-	-	-	0.1	0.1
Finance costs	(0.3)	(0.8)	(0.1)	-	(1.2)
Depreciation	(1.0)	(1.5)	(0.5)	-	(3.0)
Other cost of sales and administrative expenses	(20.0)	(6.0)	(11.6)	(4.4)	(42.0)
Profit (loss) before income taxes	22.1	3.2	3.3	(4.1)	24.5
Segment assets	74.8	71.9	24.1	3.5	174.3
Segment liabilities	15.5	20.5	8.4	10.3	54.7
Capital expenditures	0.3	12.7	0.1	-	13.1

(in millions of dollars unless stated otherwise)

[1] Corporate and Other consists of revenues and expenses which are not allocated to operating segments and do not meet the definition of an operating segment on their own.

5 Operating revenue

	twelve months ended December 31		three months ended December 31	
Revenue	2019	2018	2019	2018
Sale of goods	14.2	15.5	1.7	3.0
Rendering of services	53.9	54.9	15.6	14.7
	68.1	70.4	17.3	17.7

(in millions of dollars unless stated otherwise)

Sale of goods primarily relates to food and beverage and entertainment revenues. Rendering of services includes all other operating revenue [note 4].

6 Cost of sales by nature

Cost of sales - Other	twelve months ended December 31 2019	2018	three months ended December 31 2019	2018
Food and beverage inventory used	3.7	4.1	1.0	1.1
Human resources [note 6 (a)]	20.6	19.9	5.3	5.3
Marketing and promotions	3.3	3.2	0.8	0.8
Operating	8.5	9.3	2.1	2.4
Direct overhead and other	2.5	2.2	0.7	0.7
	38.6	38.7	9.9	10.3

(in millions of dollars unless stated otherwise)

6(a) Human resources

Human resources	twelve months ended December 31 2019	2018	three months ended December 31 2019	2018
Wages and salaries	17.8	17.5	4.6	4.7
Canada pension plan remittances	0.8	0.7	0.2	0.2
Employment insurance remittances	0.5	0.5	0.1	0.1
Other human resource related expenses	1.5	1.2	0.4	0.3
	20.6	19.9	5.3	5.3

(in millions of dollars unless stated otherwise)

The Company does not have a defined benefit plan obligation. Employee benefits are limited to those under the Canada Pension Plan ("CPP"), for which the Company makes regular contributions with each payroll period. In addition to contributions to CPP, the Company also has an employee Health Spending Plan ("HSP"). Benefits under this plan are limited to fixed annual Company contributions, which if not used for allowable medical expenses as defined by the Canada Revenue Agency, are paid out as taxable income to the employee.

7 Lease and other revenue

Lease and other income	twelve months ended December 31 2019	2018	three months ended December 31 2019	2018
Net profits from investment property	-	0.2	-	-
Lease revenues	0.3	-	-	-
Operating costs of investment property	(0.1)	-	-	-
Other income	0.2	0.2	-	-

(in millions of dollars unless stated otherwise)

Lease and other income is comprised of net profits from investment property leasing activities, lease income from food services operators at the Company's Great Northern and Boomtown casinos and other miscellaneous incomes. As lessor, the Company is responsible for all exterior or building shell maintenance of a capital nature at the Company's investment property. The Company manages the operational costs including property tax, building insurance, repairs and maintenance and security of the property which costs are shared pro-rata by property tenants as common area costs.

8 Administrative expenses - by nature

	twelve months ended December 31		three months ended December 31	
Administrative expenses - Other	2019	2018	2019	2018
Corporate salaries	0.5	0.4	0.1	0.1
Management fees	1.8	1.9	0.5	0.5
Legal and other professional fees	0.1	0.2	(0.1)	-
General and other	0.5	0.8	0.2	0.1
	2.9	3.3	0.7	0.7

(in millions of dollars unless stated otherwise)

9 Net finance costs

	twelve months ended December 31		three months ended December 31	
Net finance costs recognized in profit or loss	2019	2018	2019	2018
Interest income on bank deposits	0.1	0.1	-	-
Finance income	0.1	0.1	-	-
Interest on loans	2.2	1.2	0.5	0.4
Finance costs	2.2	1.2	0.5	0.4
Net finance costs recognized in profit	2.1	1.1	0.5	0.4

(in millions of dollars unless stated otherwise)

10 Income tax expense

Current income tax

twelve months ended December 31	2019	2018
Current tax expense	5.2	6.3
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	(0.3)	-
Changes in future enacted tax rates	(1.2)	-
Income tax expense	3.7	6.3

(in millions of dollars unless stated otherwise)

10 Income tax expense (cont.)

Reconciliation of effective tax rate

Actual income tax expense differs from the expected income tax expense that would have been computed by applying the statutory income tax rate to profit before income taxes for the following reasons:

twelve months ended December 31	2019	2018
Profit attributable to Shareholders before income tax	19.2	23.3
Income tax using Company's domestic tax rate	26.50%	27.00%
Expected income tax expense	5.1	6.3
Adjustments in determining income tax expense		
Effect of changes in temporary differences	(0.2)	-
Changes in future enacted tax rates	(1.2)	-
Income tax expense	3.7	6.3

(in millions of dollars unless stated otherwise)

Substantially enacted tax laws, as they relate to the Company's liability for current and deferred taxes, have been factored into the determination of reported taxes.

Deferred income tax

a) Recognized deferred tax assets and liabilities

The income tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities are presented below:

at December 31	2019			2018		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Leased right-of-use assets	1.1	-	1.1	-	-	-
Intangible assets	-	(6.3)	(6.3)	-	(7.2)	(7.2)
Property, plant and equipment	-	(1.9)	(1.9)	-	(1.2)	(1.2)
Deferred tax assets (liabilities)	1.1	(8.2)	(7.1)	-	(8.4)	(8.4)

(in millions of dollars unless stated otherwise)

b) Movement in deferred tax balances

twelve months ended December 31	2019			2018		
	Opening	Recognized in profit	Closing	Opening	Recognized in profit	Closing
Deferred partnership income	-	-	-	-	-	-
Leased right-of-use assets	1.5	(0.4)	1.1	-	-	-
Intangible assets	(7.1)	0.8	(6.3)	(7.1)	(0.1)	(7.2)
Property, plant and equipment	(2.8)	0.9	(1.9)	(1.3)	0.1	(1.2)
Deferred tax assets (liabilities)	(8.4)	1.3	(7.1)	(8.4)	-	(8.4)

(in millions of dollars unless stated otherwise)

10 Income tax expense (cont.)

Transitional adjustments recorded at January 1, 2019 on adoption of IFRS 16 - Leases resulted in a $1.5 million increase in each of deferred tax assets and deferred tax liabilities. The amounts are included in the 2019 opening balance for lease obligation, right-of-use assets and for property, plant and equipment.

c) Movement in deferred tax balances related to change in tax rates

Changes in future enacted tax rates	2019 Recognized in profit
Leased right-of-use assets	(0.3)
Intangible assets	1.0
Property, plant and equipment	0.5
Deferred tax assets (liabilities)	1.2

(in millions of dollars unless stated otherwise)

Bill 3 - The Job Creation Tax Cut, introduced by the Province of Alberta received Royal Assent on June 28, 2019 and became effective July 1, 2019. The bill reduces Alberta's corporate tax rate from 12% to 8% over four years. The first reduction of 1% was effective July 1, 2019. On January 1st of each of the next three years, beginning in 2020, corporate taxes will be further reduced by 1% annually.

11 Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to common shareholders and the weighted average number of common shares outstanding calculated as follows:

	twelve months ended December 31		three months ended December 31	
Profit and comprehensive income attributable to shareholders	2019	2018	2019	2018
Profit and comprehensive income attributable to shareholders	15.5	17.0	3.7	3.7

	twelve months ended December 31		three months ended December 31	
Weighted average number of common shares	2019	2018	2019	2018
Opening balance of common shares	24.3	24.7	24.3	24.5
Weighted average effect of common shares purchased for cancellation	-	(0.2)	-	(0.1)
Weighted average common shares outstanding	24.3	24.5	24.3	24.4
Basic and diluted earnings per share	$ 0.64	$ 0.69	$ 0.15	$ 0.15

(in millions of dollars except per share figures)

12 Restricted cash

Restricted cash consists of progressive jackpot funds that have accumulated over time on specific progressive table games. Progressive jackpot funds are not available for use in general operations. Included in trade and other payables is $0.8 million ($0.5 million - 2018) relating to progressive jackpots.

13 Inventories

	December 31, 2019	December 31, 2018
Consumables	0.1	0.1
Merchandise	-	0.1
Product supplies	0.5	0.5
	0.6	0.7

(in millions of dollars unless stated otherwise)

Consumables consist of supplies that are used in daily operations including uniforms and cards. Product supplies include food, liquor and mix and other condiments used in the supply of food and beverages. During the Year, consumables and product supplies recognized as cost of sales amounted to $3.9 million ($4.3 million - 2018). No inventories were written down, and no reversals of previous write-downs occurred during the Year.

14 Property, plant and equipment

Property, plant and equipment is comprised of owned and leased right-of-use assets that do not meet the definition of investment property.

	Land	Land Improvement	Buildings	Leaseholds	Furniture and equipment	Total
Cost						
At January 1, 2019	11.6	4.0	85.4	2.8	23.0	126.8
Additions resulting from transition to IFRS 16	-	-	5.0	-	0.7	5.7
Additions	-	0.2	-	-	0.2	0.4
At December 31, 2019	11.6	4.2	90.4	2.8	23.9	132.9
Accumulated depreciation						
At January 1, 2019	-	0.9	28.6	2.7	19.2	51.4
Depreciation	-	0.1	2.5	-	1.8	4.4
At December 31, 2019	-	1.0	31.1	2.7	21.0	55.8
Carrying value at December 31, 2019	11.6	3.2	59.3	0.1	2.9	77.1

	Land	Land Improvement	Buildings	Leaseholds	Furniture and equipment	Total
Cost						
At January 1, 2018	11.1	3.3	75.1	2.8	21.4	113.7
Additions	0.5	0.7	10.3	-	1.6	13.1
At December 31, 2018	11.6	4.0	85.4	2.8	23.0	126.8
Accumulated depreciation						
At January 1, 2018	-	0.8	26.4	2.7	18.5	48.4
Depreciation	-	0.1	2.2	-	0.7	3.0
At December 31, 2018	-	0.9	28.6	2.7	19.2	51.4
Carrying value at December 31, 2018	11.6	3.1	56.8	0.1	3.8	75.4

(in millions of dollars unless stated otherwise)

Certain equipment and machines on premises of the Company have not been included in property, plant and equipment. This equipment includes slot, VLT, and lottery equipment provided by and owned by AGLC. Leased equipment on short term contracts and leased equipment of low value are not included. Payments for these leases are expensed straight-line over their contract terms.

15 Leases

The Company made use of recognition exemptions in applying the lessee accounting model. Short-term contracts for all classes of assets with durations of twelve months or less were excluded from right-of-use assets. Such contracts include small equipment and table games. Contracts containing leases of low-value assets using a threshold of $7,500 were also excluded from right-of-use assets. The total value of all low-value leases is insignificant.

The Company's leased assets include a building, and items of equipment, collectively right-of-use assets. Right-of-use assets are included in property, plant and equipment [note 14]. There were no indications of impairment of any right-of-use assets at or since the transition date.

	December 31, 2019
Property, plant and equipment (owned)	72.4
Right-of-use assets	4.7
Property, plant and equipment [note 14]	77.1

(in millions of dollars unless stated otherwise)

Right-of-use assets	Equipment	Building	Total
Cost			
At January 1, 2019	0.7	5.0	5.7
Additions and disposals	-	-	-
At December 31, 2019	0.7	5.0	5.7
Accumulated depreciation and impairments			
At January 1, 2019	-	-	-
Depreciation expense	0.2	0.8	1.0
At December 31, 2019	0.2	0.8	1.0
Carrying amount at December 31, 2019	0.5	4.2	4.7

Lease payments were discounted using the Company's incremental borrowing rate of 5.0%.

The Company separated non-lease components of contractual payments in determining the liability for right-of-use property assets. For equipment contracts the Company applied the practical expedient of combining lease and non-lease components in determining the lease liability. In all cases, lease and non-lease components are recognized on a straight line basis over the term of the lease. Certain equipment leases contain early termination penalties.

The Company's building lease at Boomtown expires in 2020. The building lease contains an option to renew for one additional term of five years. The Company has provided notice to the landlord that it intends to exercised its option, but as yet has not negotiated terms. The renewal option has been included in the determination of the right-of-use asset and the lease liability at present rates. The building lease includes variable lease payments that were not considered in the determination of the right-of-use asset or lease liability as amounts can not be reasonably estimated.

15 Leases (cont.)

Lease liabilities contractual cash flows (undiscounted)	December 31, 2019
One year or less	1.6
One to five years	5.2
More than five years	1.1
	7.9

Lease liabilities included in the statement of financial position	December 31, 2019
Current liabilities	0.9
Non-current liabilities	4.0
	4.9

(in millions of dollars unless stated otherwise)

Lease amounts recognized in profit and comprehensive profit	December 31, 2019
Lessor activities	
Net (income) from lessor activities	(0.1)
Lessee activities	
Interest expense on lease liabilities	0.3
Depreciation expense on right-of-use assets	1.0
Operating expenses related to right-of-use assets	0.5
Expenses related to short-term leases	0.9
Lease expense recognized in profit and comprehensive profit	2.6

(in millions of dollars unless stated otherwise)

Amounts recognized in the statement of cash flows	December 31, 2019
Operating activities	1.6
Financing activities	0.9
Cash outflow for right-of-use asset leases	2.5

(in millions of dollars unless stated otherwise)

The Company separates non-lease components from lease components for property leases. Non-lease components include insurance and property taxes. Non-lease components of the contractual payments are treated as cash flows from operating activities, while lease components of the contractual payments are treated as cash flows from financing activities.

16 Intangible assets

	December 31, 2019	December 31, 2018
Goodwill	57.9	57.9
Licences	19.0	19.0
	76.9	76.9

(in millions of dollars unless stated otherwise)

For the purpose of impairment testing, intangible assets are allocated to the Company's CGUs which represent the lowest level within the Company at which the intangible assets are monitored for internal management purposes, which is not higher than the Company's operating segments.

Goodwill and intangible assets with indefinite lives are tested annually for impairment. The recoverable amount of the Company's CGUs is based on the higher of fair value less costs to sell and value in use estimates. The fair value measurement of the Company's CGUs have been categorized as Level 3 in the fair value hierarchy, [note 3 (i) iv)], based on the inputs to the valuation techniques used.

Recoverable amounts for the tested CGUs are all based on fair value less costs to sell as determined by independent fair market appraisals less 5% costs to sell. In determining fair value, the independent appraiser applied discounted cash flow and direct capitalization method of valuation. Cash flow projections incorporate estimates of annual gaming revenue, food and beverage, hotel and ancillary revenues, operating and administrative expenses, and capital maintenance expenditures. Valuations are sensitive to the following estimates:

CGU	Key assumptions
Great Northern	Discount rate of 15.75%; Projected 5 year average annual EBITDA growth rate of 2.6%; Capitalization rate 13.8%
Boomtown	Discount rate of 19.5%; Projected 5 year average annual EBITDA growth rate of 3.5%; Capitalization rate 16.5%
Deerfoot Casino	Discount rate of 17.3%; Projected 5 year average annual EBITDA growth rate of 5.0%; Capitalization rate 13.5%
Deerfoot Hotel	Discount rate of 17.3%; Projected 5 year average annual EBITDA growth rate of 5.0%; Capitalization rate 13.5%

	December 31, 2019			December 31, 2018		
CGU	Carrying Value	Recoverable Amount	Excess (Impairment)	Carrying Value	Recoverable Amount	Excess (Impairment)
Great Northern	35.8	54.7	18.9	35.8	54.7	18.9
Boomtown	17.4	61.7	44.3	14.1	61.7	47.6
Deerfoot Casino	65.7	87.5	21.8	67.3	87.5	20.2
Deerfoot Hotel	16.7	24.5	7.8	17.2	24.4	7.2
	135.6	228.4	92.8	134.4	228.3	93.9

(in millions of dollars unless stated otherwise)

	December 31, 2019			December 31, 2018		
Included in CGU Carrying Value	Licenses	Goodwill	Intangibles	Licenses	Goodwill	Intangibles
Great Northern	-	29.4	29.4	-	29.4	29.4
Boomtown	-	13.2	13.2	-	13.2	13.2
Deerfoot Casino	19.0	11.3	30.3	19.0	11.3	30.3
Deerfoot Hotel	-	4.0	4.0	-	4.0	4.0
	19.0	57.9	76.9	19.0	57.9	76.9

(in millions of dollars unless stated otherwise)

17 Investment property

	2019	2018
Balance at January 1	2.8	2.8
Balance at December 31	2.8	2.8

(in millions of dollars unless stated otherwise)

The Company classifies the Strip Mall as an investment property. The investment property is intended to be fully leased to third parties for the purpose of generating income. The property is currently 75% leased to a tenant operating a restaurant/pub who lease was extended to March 2021. The Company is also in negotiations with an additional tenant for the remaining space at market rates.

Fair value of the Company's investment property is supported by an appraisal completed in 2018. There have been no changes to the underlying conditions that would indicate impairment of the investment property during the Year.

18 Loans and borrowings

The Company has a term loan secured by land and buildings. The rate on this loan is 3.50%. The Company is making blended monthly principal and interest payments on the loans, amortized over 20 years. A demand revolving credit line with an available limit of $30.0 million is secured by the same assets, and requires interest only payments. The rate floats at the lenders prime rate, 3.95%, at the end of the Year.

Deerfoot has a term loan secured by its land and buildings. The rate on the Deerfoot loan is 3.50%. Deerfoot is making blended monthly principal and interest payments on the loan, amortized over 20 years.

	Maturity	December 31, 2019	December 31, 2018
Credit facilities available at face value			
Revolving credit line	2039	30.0	25.0
Term loans	2039	14.7	10.9
Deerfoot term loan	2039	5.2	5.6
Leases right-of-use assets	Various	4.9	-
		54.8	41.5
Carrying value of borrowed amounts			
Current liabilities			
Revolving credit line		20.8	24.5
Term loans		0.5	0.5
Deerfoot - term loan		0.2	0.3
Lease liabilities		0.9	-
		22.4	25.3
Non-current liabilities			
Term loans		14.2	10.4
Deerfoot - term loan		5.0	5.3
Lease liabilities		4.0	-
		23.2	15.7
		45.6	41.0
Revolving credit Lines [1]		3.95% (P +0.00%)	4.95% (P +1.00%)
Term loan		3.50%	4.95% (P +1.00%)
Deerfoot - term loan		3.50%	4.95% (P +1.00%)
Leases right-of-use assets		5.00% (discount rate)	n/a

(in millions of dollars unless stated otherwise)

[1] Prime rate (P) at the end of the Year was 3.95%.

2019 - Reconciliation of liabilities arising from financing activities	January 1	Cash flows			December 31
		Net debt advances (repayment)	Business acquisition	Share repurchases	
Short-term borrowings	25.3	(3.4)	-	0.5	22.4
Long-term borrowings	15.7	7.5	-	-	23.2
Liabilities arising from financing activities	41.0	4.1	-	0.5	45.6

(in millions of dollars unless stated otherwise)

Net debt repayment under short-term borrowings of $3.4 million include $4.2 million paid down on revolving debt during the Year from surplus cash plus a reduction in scheduled principal payments on term loans of $0.1 million less $0.9 million in lease liabilities added on adoption of IFRS 16.

18 Loans and borrowings (cont.)

Net debt advances under long-term borrowings of $7.5 million include $4.4 million advanced on term loan refinancing during the year less $0.8 million in scheduled principal payments on those same term loans plus $4.8 million in lease liabilities added during the year on adoption of IFRS 16 less $0.9 million in principal payments made on those leases during the Year.

2018 - Reconciliation of liabilities arising from financing activities	January 1	Cash flows			December 31
		Net debt advances (repayment)	Business acquisition	Share repurchases	
Short term borrowings	9.8	(1.5)	12.5	4.5	25.3
Long-term borrowings	16.0	(0.3)	-	-	15.7
Liabilities arising from financing activities	25.8	(1.8)	12.5	4.5	41.0

(in millions of dollars unless stated otherwise)

19 Equity

	twelve months ended December 31, 2019		twelve months ended December 31, 2018	
	Shares	$'s	Shares	$'s
Opening number of common shares	24.3	164.8	24.7	169.3
Common shares purchased for cancellation under normal course issuer bid	-	(0.5)	(0.4)	(4.5)
Ending number of common shares	24.3	164.3	24.3	164.8

(in millions)

Normal course issuer bid(s)

On May 29, 2018 the Company commenced a normal course issuer bid (the "2018 Bid"). Pursuant to the 2018 Bid, Gamehost was authorized to purchase for cancellation up to a maximum of 1.5 million common shares, being equal to 10% of Gamehost's “public float” outstanding on May 22, 2018. Notwithstanding the foregoing, pursuant to the rules of the TSX, Gamehost could not purchase more than 2,179 common shares in any one day, such amount being equal to 25% of the average daily trading volume for the six months ended April 30, 2018. During the Year, 800 common shares were purchased under the 2018 Bid at prices averaging $9.20/common share plus commissions. The 2018 Bid expired on May 28, 2019.

On July 15, 2019 the Company commenced a normal course issuer bid (the "2019 Bid"). Pursuant to the 2019 Bid, Gamehost is authorized to purchase for cancellation up to a maximum of 1.6 million common shares, being equal to 10% of Gamehost's “public float” outstanding on July 10, 2019. Notwithstanding the foregoing, pursuant to the rules of the TSX, Gamehost may not purchase more than 2,214 common shares in any one day, such amount being equal to 25% of the average daily trading volume for the six months ended June 30, 2019. Common shares purchased under the 2019 Bid will be made in the open market through the facilities of the TSX and any other Canadian marketplaces at the prevailing market price of the shares on the TSX and any other Canadian marketplaces at the time of purchase. The 2019 Bid will terminate on July 14, 2020 or such earlier time as the 2019 Bid is completed or terminated at the option of the Company. There were 24,293,808 common shares issued and outstanding as at July 10, 2019. Of this amount, 15,687,757 common shares constitute the “public float,” calculated in accordance with the rules of the TSX. During the Year, 54,600 common shares were purchased under the 2019 Bid at prices averaging $8.21/common share plus commissions.

The Company did not have any options, warrants, or rights that would be potentially dilutive during the Year.

19 Equity (cont.)

Common shares

Common shares of the Company have no par value. The Company is authorized to issue an unlimited number of common shares without nominal or par value to which shares shall be attached the right to vote at any meeting of shareholders of the Company, receive any dividend declared by the Company, and receive the remaining property of the Company upon dissolution.

Dividends

Dividends declared at Record Date	2019		2018	
	per Share	Dividends	per Share	Dividends
January	0.0575	1.4	0.0575	1.5
February	0.0575	1.4	0.0575	1.4
March	0.0575	1.4	0.0575	1.4
April	0.0575	1.4	0.0575	1.4
May	0.0575	1.4	0.0575	1.4
June	0.0575	1.4	0.0575	1.4
July	0.0575	1.4	0.0575	1.4
August	0.0575	1.4	0.0575	1.4
September	0.0575	1.4	0.0575	1.4
October	0.0575	1.4	0.0575	1.4
November	0.0575	1.4	0.0575	1.4
December	0.0575	1.4	0.0575	1.4
	0.6900	16.8	0.6900	16.9

(in millions of dollars unless stated otherwise)

Dividends are considered "eligible" dividends for Canadian residents income tax purposes. Dividends are paid on or about the 15th of the month following the month of declaration.

Other shares

The Company may cause to be issued unlimited numbers of shares or other securities, provided they do not rank ahead of the common shares of the Company as to dividends, voting rights, and other rights protected by the Limited Partnership Agreement.

20 Related party transactions

Related party transactions are measured at the exchange amount, which is the amount agreed to by the Company and the related parties. Related party balances are unsecured and non-interest bearing, with no specific terms of repayment.

The Company had related party transactions with David Will and Darcy Will and/or companies owned or controlled by David Will and/or Darcy Will (collectively the "Wills"). The Wills are key management personnel, directors of the Company, and significant shareholders. Together, the Wills control 30.5% (30.0% - 2018) of the outstanding common shares of the Company.

- The Company incurred $1.3 million ($1.5 million - 2018) in key management personnel compensation with the Wills for the Year which is included in administrative expenses. Compensation is in the form of short term employee benefits, director fees, management agreements, and a general partnership agreement. Management fees stipulated in management services agreements are based on a percentage of revenues and/or earnings before interest, taxes, depreciation and amortization.

  - A management services agreement between the Company and the Wills stipulates that the Wills are entitled to 1.5% of gross operating profit before interest, taxes, depreciation, amortization, and extraordinary items of the Company. These amounts are included in figures for key management personnel compensation.

  - The management services company engaged to perform the services referred to above is also the general partner of Gamehost Limited Partnership. The partnership agreement stipulates that the general partner is entitled to 0.01% of all cash distributions of the partnership. These amounts are included in figures for key management personnel compensation.

  - A management services agreement between Deerfoot and the Wills stipulates that the Wills are entitled to 1.5% of the gross revenues plus 2.0% of operational earnings before interest, taxes, depreciation, amortization, and extraordinary items of Deerfoot. These amounts are included in figures for key management personnel compensation.

- The Company incurred $nil ($0.1 million – 2018) of charter aircraft rental expenses for the Year with Will Air Inc., a company controlled by the Wills, which is included in administrative expenses.

- The Company incurred $0.1 million ($0.1 million – 2018) of office rent expenses for the Year which is included in administrative expenses. Deerfoot rents its head office space from DJ Will Holdings Limited, a company wholly owned by David Will.

The Company incurred $0.1 million ($0.1 million – 2018) of rental expenses for the Year which is included in cost of sales. The Company rents tractor trailer parking from Peace Country Hospitality Inc., a company controlled by the Wills together with the Company's Chief Operating Officer ("COO").

The Company incurred $0.1 million ($0.1 million – 2018) in directors fees for the Year paid to other directors of the Company which is included in administrative expenses.

The Company incurred $0.2 million ($0.2 million – 2018) of charter aircraft rental expenses during the Year with Noren Air Inc., a company controlled by the Company's COO, which is included in administrative expenses.

The Company incurred $0.6 million ($0.5 million – 2018) for the Year in key management personnel compensation paid to other officers or companies controlled by other officers of the Company, which is included in administrative expenses. Included in these figures are fees paid under an operational services agreement between the Company and the Company's COO for overseeing site operations of the Company.

21 Commitments

The Company has an 87.75% contributing interest responsibility to Deerfoot for any capital funding requirements. All current capital requirements of Deerfoot have been satisfied. No capital was contributed during the Year.

The Company has certain other contractual commitments for equipment and services. These include service contracts, short-term leases and leases of low-value. Future undiscounted minimum payments of these commitments are:

Commitments

	Total	One year or less	One to five years	More than five years
	0.3	0.2	0.1	-

(in millions of dollars unless stated otherwise)

22 Determination of fair values

Some of the Company's accounting policies require the determination of fair value. Fair values have been determined for measurement and disclosure purposes as follows:

<u>Non-financial assets</u>

The Company's non-financial assets requiring impairment testing consist of property, plant and equipment [note 3(e)], and intangible assets [note 3(f)]. The Company's intangible assets consist of goodwill and licenses, both of which have indefinite lives. Non-financial assets have been grouped together in CGUs.

No events have occurred or are expected to occur that would change our assessment of the Company's determination of CGUs. Factors used in determination of the Company's CGUs, such as customer base and independent cash flows, remain consistent with the date of determination of the Company's CGUs [note 16].

There are no indicators of impairment in any of the Company's non-financial assets, and no impairment loss has been recorded or reversed during the Year.

<u>Financial assets</u>

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	December 31, 2019		December 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at amortized cost				
Cash	15.4	15.4	15.8	15.8
Restricted cash	0.8	0.8	0.5	0.5
Trade and other receivables	2.0	2.0	1.8	1.8
	18.2	18.2	18.1	18.1
Liabilities carried at amortized cost				
Trade and other payables	4.2	4.2	3.8	3.8
Loans and borrowings	45.6	45.6	41.0	41.0
	49.8	49.8	44.8	44.8

(in millions of dollars unless stated otherwise)

22 Determination of fair values (cont.)

Valuation techniques

The carrying amounts of cash, restricted cash, accounts receivable, other receivables, accounts payable and accrued liabilities approximate their fair values due to their short term nature.

Investment property

The Company's investment property is measured at fair value and categorized as Level 3 in the fair value hierarchy [note 3 (i) iv)]. The property was appraised by an external, independent valuation company in 2018. The appraisal was completed by a representative of the valuation company with recognized professional qualifications and experience in the location and category of property being valued. The appraisal was based on market values, being the estimated amount for which the property could expect to be sold for on the date of the valuation to a willing buyer in an arm's length transaction after proper marketing where both the buyer and the seller had each acted knowledgeably and willingly. Leases to businesses complimentary to our own is considered the highest and best use of the property.

Loans and borrowings

Loans and borrowings consist of term debt, revolving debt and lease liabilities and are accounted for at amortized cost, using the effective interest rate method. The fair value required to be disclosed is measured using current rates offered to the Company for similar debt with similar terms and risk profiles, and is therefore classified within Level 2 of the fair value hierarchy.

23 Financial risk and capital management

Financial risk management

The Company is exposed to certain risks as a result of holding financial instruments including interest rate risk, credit risk, liquidity risk, foreign currency risk and industry risk.

Interest rate risk

The Company's interest rate risk arises primarily from its variable rate debt in the aggregate amount of $20.8 million. The Company is paying interest at 3.95% on revolving debt at the end of the Year. A 1.0% increase in interest rates would have an unfavourable impact on earnings of $0.2 million or $0.01/common share on an annualized basis.

Credit risk

Credit risk arises from cash held with banks and credit exposure to customers and lessees. The Company's day-to-day commercial banking is with 'A' rated Canadian financial institutions. Day-to-day commercial banking is not concentrated with a single financial institution.

The Company, in the normal course of operations, monitors the financial condition of its customers, lessees and other receivables. The Company does not have significant exposure to any individual customer or counterparty. Stated credit terms are typically 30 days, but in practice extend 90 to 120 days for select customers operating in the energy sector which is common industry practise. Individual accounts are monitored at minimum monthly and any unexpected changes escalated to senior management on a case by case basis. Individual accounts are considered fully collectable until a notice of receivership is received or communication from the customer ceases.

23 Financial risk and capital management (cont.)

Carrying amounts of accounts receivable are reduced on an account specific basis when appropriate by direct write-off to profit or loss in the period in which they are assessed as uncollectible. The Company maintains a lifetime ECL of a non-material amount. At the end of the Year, past due accounts are insignificant.

Liquidity risk

Liquidity risk arises from excess financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient, readily available reserves in order to meet on-going liquidity requirements.

Accounts payable, excluding accrued liabilities, are due in 90 days or less.

The Company, and Deerfoot, have term loans scheduled for monthly blended payments that will fully amortize term loan balances by December 2039.

The AGLC requires all casinos to maintain a Minimum Continuing Net Working Capital Position ("MCNWCP"). The MCNWCP is a requirement for casino operations only. Additional working capital from non-casino operations and available debt facilities can be used to satisfy the requirement. The calculation of MCNWCP includes cash floats, restricted cash, one month's operating expenses, and one month's interest costs on debt facilities. The Company is in compliance with this requirement.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at December 31, 2019	Carrying amount	Contractual cash flows	1 year or less	years 2 to 5	More than 5 years
Trade and other payables	4.2	4.2	4.2	-	-
Term loans	19.9	27.8	1.4	5.6	20.8
Revolving credit facility	20.8	20.8	20.8	-	-
	44.9	52.8	26.4	5.6	20.8
As at December 31, 2018					
Trade and other payables	3.8	3.8	3.8	-	-
Term loans	16.5	23.2	1.6	6.4	15.2
Revolving credit facility	24.5	24.5	24.5	-	-
	44.8	51.5	29.9	6.4	15.2

(in millions of dollars unless stated otherwise)

Foreign currency risk

The Company's foreign currency risk arises primarily from the purchases of specialized goods and services in United States dollars. While not significant, fluctuations in the exchange rate between the Canadian and United States dollar result in exchange gains or losses. The Company mitigates foreign currency risk by purchasing United States dollars when deterioration in exchange rates is expected. United States currency is held in United States dollar denominated bank accounts for this purpose.

Industry risk

The Company's operations are all located in Alberta, and to varying extents derive portions of their business income from corporate clients in the energy sector. As a result, the Company is exposed to some industry risk.

23 Financial risk and capital management (cont.)

Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, pay regular dividends to its shareholders, and to fund maintenance and growth expenditures.

The Company's capital is comprised of net debt and shareholder equity:

	December 31, 2019	December 31, 2018
Total debt including revolving loans	45.6	41.0
Less cash	(15.4)	(15.8)
Net debt	30.2	25.2
Total equity	117.9	119.7
	148.1	144.9

(in millions of dollars unless stated otherwise)

Current debt instruments will be maintained or eliminated to the extent they allow for repayment. All of the Company's traditional bank debt instruments allow for additional payments without penalty. Debt maintenance includes regular amortized monthly principal payments and intermittent payments on outstanding revolving debt instruments when surplus cash is available.

Larger scale expansions or acquisitions would be funded by debt or equity at the discretion of the directors of the Company.

The Company intends to repay existing non-revolving debt obligations over a period of time which will allow it to continue to pay regular dividends at the current monthly rate of $0.0575 per common share. Current interest rates allow for scheduled amortization periods of 20 years in meeting dividend objectives.

The Company will use normal course issuer bid(s), to repurchase for cancellation, shares trading on the open market at prices below their inherent value.

Financing restrictions on dividends caused by debt covenants

The Company's revolving loans and term loans require the maintenance of certain financial covenants and conditions. Specifically, the Company must maintain a cash flow coverage ratio of not less than 1.25 to 1, the actual ratio being 2.5 to 1 at the end of the Year (3.7 to 1 - December 31, 2018), and a debt to tangible net worth ratio of not greater than 3.0 to 1, the actual ratio being 1.1 to 1 at the end of the Year (1.0 to 1 - December 31, 2018).

24 Deerfoot Inn & Casino

The Company has a 91% controlling interest in Deerfoot Inn & Casino Inc., a legal joint venture formed for the construction and operation of Deerfoot. Decisions affecting Deerfoot require the consent of investors holding a minimum 60% interest in Deerfoot. A non-controlling interest ("NCI") is held by one additional investor.

The NCI holds a participating interest which entitles it to 9% of the income, assets, liabilities and equity of Deerfoot. Distributions from Deerfoot, in any form, must conform to the participating interest held by each investor. Distributions to the NCI for the Year totaled $1.1 million ($1.2 million - 2018).

The NCI has a contributing interest obligation to fund 12.25% of any capital requirements of Deerfoot that are not funded by operating cash flow or debt financing. Deerfoot has not needed capital funding requirements of this nature since the initial construction was completed.

Each of Deerfoot's investors has a right of first refusal on any bonafide offer made for the other investor's interest in Deerfoot.

25 Subsequent events

Regular monthly dividends

The Company declared a regular monthly dividend of $0.0575 per common share for January 2020 and February 2020, payable on or about the 15th day of the subsequent months.