PULSE INVESTMENTS LIMITED

FINANCIAL STATEMENTS

30 JUNE 2015

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

INDEPENDENT AUDITORS' REPORT

To the Members of
Pulse Investments Limited

Report on the Financial Statements

We have audited the financial statements of Pulse Investments Limited set out on pages 3 to 39, which comprise the statement of financial position as at 30 June 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Pulse Investments Limited

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position as at 30 June 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Jamaican Companies Act.

Report on additional requirements of the Jamaican Companies Act

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

In our opinion, proper accounting records have been kept and the financial statements are in agreement therewith, and give the information required by the Jamaican Companies Act, in the manner so required.

BDO

Chartered Accountants

28 October 2015

PULSE INVESTMENTS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	(Restated) 2014 $'000
REVENUE	6	325,868	258,663
Administrative and other expenses		(209,484)	(172,753)
		116,384	85,910
Other income/gains	7	96,464	87,706
OPERATING PROFIT		212,848	173,616
Finance costs	8	(4,250)	(8,628)
PROFIT FOR THE YEAR		208,598	164,988
OTHER COMPREHENSIVE INCOME:			
Item that will not be reclassified to profit or loss - Gain on leasehold revaluation		10,852	9,626
TOTAL COMPREHENSIVE INCOME		219,450	174,614
EARNINGS PER SHARE	11	74c	59c

PULSE INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

30 JUNE 2015

	Note	2015 $'000	(Restated) 2014 $'000	(Restated) 2013 $'000
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment	12	106,494	97,413	89,477
Intangible assets	13	92,720	92,720	92,720
Investment properties	14	1,174,950	1,063,383	959,942
		1,374,164	1,253,516	1,142,139
CURRENT ASSETS:				
Receivables	15	15,918	9,163	12,651
Advertising entitlements	16	323,751	227,855	132,089
Unexpired sponsorship in kind	16	47,421	22,829	46,198
Cash and bank balances	17	13,125	15,266	16,594
		400,215	275,113	207,532
		1,774,379	1,528,629	1,349,671
EQUITY AND LIABILITIES				
SHAREHOLDERS EQUITY				
Share capital	18	152,367	152,367	152,367
Share premium	19	366,376	366,376	366,376
Capital reserve	20	2,637	2,637	2,637
Capital redemption reserve	21	20,500	20,500	20,500
Revaluation reserve	22	68,291	57,439	47,813
Shares to be issued	23	2,609	2,609	2,609
Retained earnings		1,032,804	824,206	659,218
		1,645,584	1,426,134	1,251,520
NON-CURRENT LIABILITIES:				
Long term loan	24	16,760	19,622	-
Related party	25	49,595	44,995	-
		66,355	64,617	-
CURRENT LIABILITIES:				
Payables	26	7,540	8,367	8,193
Deferred unexpired sponsorship in kind	16	47,421	22,829	46,198
Related party	25	-	-	16,285
Bank overdraft	17	3,422	2,979	6,431
Current portion of long term loan	24	4,057	3,703	21,044
		62,440	37,878	98,151
		1,774,379	1,528,629	1,349,671

Approved for issue by the Board of Directors on 28 October 2015 and signed on its behalf by:

K. Cooper Director

J. Cobham Director

PULSE INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2015

	Share Capital $'000	Share Premium $'000	Capital Reserve $'000	Capital Redemption Reserve $'000	Revaluation Reserve $'000	Shares to be Issued $'000	Retained Earnings $'000	Total $'000
At 1 July 2013	152,367	366,376	2,637	20,500	41,222	2,609	609,546	1,195,257
Adjustment (note 27(i))	-	-	-	-	-	-	49,672	49,672
Adjustment (note 27(ii))	-	-	-	-	6,591	-	-	6,591
At 1 July 2013 restated	152,367	366,376	2,637	20,500	47,813	2,609	659,218	1,251,520
TOTAL COMPREHENSIVE INCOME RESTATED								
Net profit	-	-	-	-	-	-	164,988	164,988
Other comprehensive income	-	-	-	-	9,626	-	-	9,626
Balance at 30 June 2014 restated	152,367	366,376	2,637	20,500	57,439	2,609	824,206	1,426,134
TOTAL COMPREHENSIVE INCOME								
Net profit	-	-	-	-	-	-	208,598	208,598
Other comprehensive income	-	-	-	-	10,852	-	-	10,852
Balance at 30 June 2015	152,367	366,376	2,637	20,500	68,291	2,609	1,032,804	1,645,584

PULSE INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit		208,598	164,988
Items not affecting cash resources:			
Fair value appreciation on investment property	14	(95,704)	(86,395)
Advertising entitlement		(95,896)	(95,766)
Depreciation	12	1,827	1,848
Interest expense	8	4,250	8,628
		23,075	(6,697)
Changes in operating assets and liabilities:			
Trade and other receivables		(6,755)	3,488
Payables		(827)	174
Related party		4,600	28,710
Cash provided by operating activities		20,093	25,675
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(56)	(158)
Addition to investment properties	14	(15,863)	(17,046)
Cash used in investing activities		(15,919)	(17,204)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	8	(4,250)	(3,814)
Loan repayment		(2,508)	(2,533)
Cash used in financing activities		(6,758)	(6,347)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,584)	2,124
Cash and cash equivalents at beginning of year		12,287	10,163
CASH AND CASH EQUIVALENTS AT END OF YEAR	17	9,703	12,287

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

1. **IDENTIFICATION AND PRINCIPAL ACTIVITY:**

Pulse Investments Limited (the company) was incorporated in Jamaica under the Companies Act on 6 August 1993 and commenced trading on 1 November 1993. The company is domiciled in Jamaica and is controlled by the Executive Chairman, Mr. Kingsley Cooper. The company's shares are listed on the Jamaica Stock Exchange.

The principal activities of the company are model agency representation, multi-media production, marketing, show production and promotion and sub-letting of leasehold properties. The registered office of the company is situated at 38A Trafalgar Road, Kingston 10, Jamaica W.I.

2. **REPORTING CURRENCY:**

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

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting polices applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation. Amounts are rounded to the nearest thousand, unless otherwise stated.

(a) **Basis of preparation -**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and have been prepared under the historical cost convention as modified by the revaluation of certain properties and financial assets that are measured at fair value or revalued amounts. They are also prepared in accordance with provisions of the Jamaican Companies Act.

The preparation of financial statements to conform to IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

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

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

Amendments to published standards effective in the current year that is relevant to the company's operations

IFRIC 21 Levies is effective for annual reporting periods beginning on or after 1 January 2014. It provides guidance on accounting for levies in accordance with the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It requires an entity to recognize a liability for a levy when and only when the triggering event specified in the legislation occurs.

Amendments to IAS 32 Financial Instruments: Presentation is effective for annual reporting periods beginning on or after 1 January 2014. The standard clarifies that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparties. In addition, it clarifies that gross settlement is equivalent to net settlement if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risks and process receivables and payables in a single settlement process or cycle.

Amendments to IAS 36 Impairment of Assets is effective for annual reporting periods beginning on or after 1 January 2014. These amendments were issued to reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed.

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company

Amendment to IAS 1, 'Disclosure initiative'. These amendments clarify the existing requirements of IAS 1 and provide additional assistance to apply judgement when meeting the presentation and disclosure requirements in IFRS. The amendment does not affect recognition and measurement and is effective for accounting periods beginning on or after 1 January 2016. The amendment is not expected to have a significant impact on the financial statements.

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

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

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (cont'd).

Improvements to IFRS 2010-2012 and 2011-2014 cycles contain amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after 1 July 2015. The main amendments applicable to the company are as follows:

- IFRS 13 Fair Value Measurement – The IASB clarified that in issuing IFRS 13 and making consequential amendments to IAS 39 and IFRS 9, it did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect is not material.

- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The standards have been amended to clarify that, at the date of revaluation:

  (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or

  (ii) The accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.

- IAS 24, Related Party Disclosures, has been amended to extend the definition of a 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to individuals providing the key management personnel services.

Amendments to IAS 16 and IAS 38 are effective for annual reporting periods beginning on or after 1 January 2016. The amendments to IAS 16 Property, Plant and Equipment explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

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

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

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (cont'd).

The new amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue.

IFRS 9 'Financial Instruments' (effective for annual reporting periods beginning on or after January 1, 2018). The standard replaces the existing guidance in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized

IFRS 15 'Revenue from Contracts with Customers' (effective for annual reporting periods beginning on or after 1 January 2017). The new revenue standard replaces several standards including IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, et al and introduces a new revenue recognition model for contracts with customers. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue; at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. Revenue may be recognized over time, in a manner that best reflects the company's performance or at a point in time, when control of the good or service is transferred to the customer.

New estimate and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The standard includes new criteria to determine when revenue should be recognized over time, addressing fact patterns such as construction contracts and contracts for services.

The standard includes extensive new disclosure requirements. The standard may be adopted retrospectively or as of the application date by adjusting retained earnings at that date and disclosing the effect of adoption on each line of profit or loss.

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods, is unlikely to have any material impact on the financial statements.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

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

(b) **Foreign currency translation -**

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

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measures at historical cost denominated in a foreign currency are translated using the exchange rates as at the date of initial recognition.

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

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

Items of property, plant and equipment, excluding leasehold property, are recorded at historical or deemed cost, less accumulated depreciation and impairments losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an 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 costs of day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Leasehold properties are carried at fair value, based on yearly valuations by the directors. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognized in profit or loss.

Depreciation is computed and charged to the statement of profit or loss on the straight-line basis at annual rates estimated to write down the property, plant and equipment to their estimated residual values over their expected useful lives.

Depreciation rates are as follows:

Furniture and fixtures	10%
Equipment	20%
Computer	33 1/3%
Motor vehicle	20%
Leasehold properties	over the life of the lease

Residual value, useful lives and depreciation rates are reassessed at each reporting date.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

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

At the date of revaluation, the accumulated depreciation on the revalued leasehold properties and improvements is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

(d) **Investment property –**

For properties that have dual usage, in order to determine the portion that can qualify as investment property, the directors, based on their judgement, estimate that if five percent or less of the total square footage (including common area) is being used for own use, the balance will qualify as investment property.

The valuation of investment properties is based on the judgement and assumptions used by the directors.

Investment properties are carried at fair value estimated on an annual basis by the directors. Changes in the fair value of investment properties are recognized in the profit or loss. Rental income from investment property is accounted for as described in accounting policy 3(o).

(e) **Intangible assets -**

Intangible assets represent expenditure incurred for the acquisition of trademarks and patents. These are recognized initially at cost. Trademarks and patents are stated at cost less impairment losses. Trademarks and patents are determined to have an indefinite useful life as there are no foreseeable limit to the period over which they are expected to generate net cash inflows for the company. Trademarks and patents are tested annually for impairment. Expenses relating to internally developed trademarks, including registration and subsequent renewal expenses, are charged to the profit or loss as and when they are incurred.

(f) **Impairment –**

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

(i) Calculation of recoverable amount:

The recoverable amount of the company's receivables carried at amortised cost is calculated as the present value of expected future cash flows, amortised at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(f) **Impairment (cont'd) -**

(i) Calculation of recoverable amount (cont'd):

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

(ii) Reversals of impairment:

An impairment loss in respect of receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. For all other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) **Financial instruments -**

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

Financial assets

(i) **Classification**

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables and cash and cash equivalents.

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

(g) **Financial instruments (cont'd) -**

Financial assets (cont'd)

(ii) **Recognition and Measurement**

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss. Impairment testing of trade receivables is described in note 3(h).

Financial liabilities

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

(h) **Receivables -**

Receivables are stated at amortised cost less impairment losses.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(i) **Cash and cash equivalents -**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and bank overdraft.

(j) **Borrowings -**

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

(k) **Accounts payable -**

Trade and other payables are stated at amortised cost.

(l) **Related parties -**

A party is related to the company, if:

(ii) Directly, or indirectly through one or more intermediaries, the party:

(a) is controlled by, or is under common control with, the company;

(b) has an interest in the company that gives it significant influence over the entity; or

(c) has joint control over the company.

(ii) The party is an associate of the company;

(iii) The party is a joint venture in which the company is a venturer;

(iv) The party is a member of the key management personnel of the entity or its parent;

(v) The party is a close member of the family of any individual referred to in (i) or (iv);

(vi) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

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

(l) **Related parties (cont'd) -**

(vii) The party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the entity.

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

The company has a related party relationship with its directors and key management personnel representing certain senior officers of the company.

(m) **Provisions -**

A provision is recognized when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

(n) **Taxation -**

Current tax charges are based on taxable profits for the year which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible.

Relief from income tax for income gained from motion picture production is available to the company under the Motion Picture Industry (Encouragement) Act.

(o) **Revenue recognition -**

Operating revenue represents income from sale of TV programming, market sponsorship, model agency representation, show production and promotion and rental income from sub-letting leasehold properties.

Advertising entitlements/Sale of TV programming

Advertising entitlements are received in part or full consideration for the company's production and branded TV programmes sold to broadcasting stations. The company utilizes these entitlements or makes them available to sponsors. Revenue from advertising entitlements is recognized to the extent of expenses that are recoverable.

Sponsorships in kind

Sponsorships in kind represent services provided by sponsors. These are recognized in income in the period that the associated expenses are recognized.

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

(o) **Revenue recognition (cont'd) -**

Model agency representation

Revenue from model agencies is recognized as commissions or management fees earned. Commissions are earned when models represented by the company have completed modelling assignments. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

Show production and promotion

Revenue from the production and promotion of shows is recognized in accordance with the terms of the various contractual agreements.

Operating leases

Income and expenses under operating leases are recognized in the statement of profit or loss on a straight line basis over the term of the lease.

(p) **Earnings per share -**

The company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit for the year and the weighted average number of ordinary shares outstanding, adjusted for own shares held for the effects of all dilutive potential ordinary shares.

(q) **Segment reporting -**

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

Based on the information presented on review by the CODM, the entire operations of the company are viewed as one operating segment.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

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

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

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

(i) **Fair value estimation**

Certain assets and liabilities included in the company's financial statements require measurement at, and/or disclosure of, 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.

The fair value measurement of the company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized.

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)**

(b) **Key sources of estimation uncertainty (cont'd) -**

(i) **Fair value estimation**

(i)	Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
(ii)	Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
(iii)	Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

Transfers of items between levels are recognised in the period they occur.

The company measures certain items at fair value based on director's assertions (note 4(a)(ii)) –

Leasehold property	note 12
Investment property	Note 14

The fair values of financial instruments that are not traded in an active market are deemed to be determined as follows:

(i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, receivables and payables.

(ii) The carrying values of loans approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

(iii) The fair value of the due to related party balance could not be reasonably determined as there is no set repayment date.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)**

(b) **Key sources of estimation uncertainty (cont'd) -**

(ii) **Fair value of property interest**

Management has made an estimate of the fair value of property interests recognized as investment property and leasehold property. Estimates are determined by the director, on the basis of appreciation in construction work-in-progress as valued by an independent quantity surveyor and have been restricted to a 9 – 9.5% adjustment. However, these estimates involve significant judgement and involve assumptions about the economic value of the company's property interests.

The values recognized for property interests, including construction work in progress, are based on amounts indicated by the related party responsible for carrying out the construction works.

For properties that have dual usage, in order to determine the portion that can qualify as investment property, the directors, based on their judgement, estimate that if five percent or less of the total square footage (including common area) is being used for own use, the balance will qualify as investment property.

(iii) **Depreciable assets**

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

(iv) **Advertising entitlements**

Management has made an estimation of the value of advertising entitlements received as consideration for the company's produced and branded TV programmes sold to broadcasting station by making reference to the approximate number of advertising spots and the average cost of acquiring these spots.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)**

(b) **Key sources of estimation uncertainty (cont'd) -**

(v) **Sponsorship in kind**

Management has made an estimation of the value of sponsorship in kind received in relation to its productions. These are based on the estimated value of the sponsorship received and recognised at no gain and no loss in the statement of profit or loss when utilised. Unexpired sponsorship in kind is deferred in the statement of financial position until such time as the sponsorship is utilised.

5. **FINANCIAL RISK MANAGEMENT:**

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

- Market risk: currency risk and interest rate risk
- Credit risk and
- Liquidity risk

In common with all other businesses, the company's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the company and the methods used to measure them.

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

The company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk and operational risk. The company's overall risk management policies are established to identify and analyze the risks faced by the company and to set appropriate risk limits and controls and to monitor risk and adherence to limits. The risk management framework is based on activities undertaken by the Executive Chairman and seeks to minimize potential adverse effects on the company's financial performance. The audit committee has monitoring oversight of the risk management policies.

(i) **Principal financial instruments**

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

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Due to related party
- Loans

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(ii) **Financial instruments by category**

Financial assets

	Loans and Receivable 2015 $'000	2014 $'000
Cash and bank balance	13,125	15,266
Receivables	12,658	8,509
Total financial assets	25,783	23,775

Financial liabilities

	At amortised cost 2015 $'000	(Restated) 2014 $'000
Payables	7,540	7,713
Due to related party	49,595	44,994
Overdraft	3,422	2,979
Loans	20,817	23,325
Total financial liabilities	81,374	79,011

(iii) **Financial instruments not measured at fair value**

Financial instruments not measured at fair value include cash and cash equivalents, receivables, payables, loans and due to related party balances.

Due to their short-term nature, the carrying value of cash and cash equivalents, Receivables and payables approximates their fair value.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

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

(iv) **Financial risk factors -**

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

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

(i) **Market risk**

Currency risk

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

The company incurs foreign currency risk on transactions that are denominated in currencies other than the Jamaican dollar. The main currency giving rise to this risk is the United States Dollar (US$). The company ensures that the net exposure is kept to an acceptable level by monitoring its daily positions against approved limits. The table below shows the company's exposure at the reporting date.

	Net foreign currency Monetary assets			
	2015	**2014**	**2015**	**2014**
	US$'000	**US$'000**	**EURO'000**	**EURO'000**
Accounts receivable	26	24	-	20
Cash and cash equivalents	-	3	-	-
Loans	(10)	(19)	-	-
	7	8	-	20

	Exchange rates	
	2015	**2014**
	$	**$**
1 United States dollar	116.98	112.20
1 Euro	129.67	152.15

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

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

(iv) **Financial risk factors (cont'd) -**

(i) **Market Risk (cont'd)**

Currency risk (cont'd)

Sensitivity analysis:

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank and accounts receivable balances, and adjusts their translation at the year-end for 10% (2014 – 10%) depreciation and a 1% (2014 – 1%) appreciation of the Jamaican dollar against the US dollar/EURO. The changes below would have no impact on other components of equity.

	2015		2014	
	1% strengthening $'000	10% weakening $'000	1% strengthening $'000	10% weakening $'000
Effect of change in United States dollar (US$) exchange rate	(8)	82	(9)	90
Effect of change in Euro exchange rate	-	-	(30)	304
	(8)	82	(39)	394

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The company materially contracts financial liabilities at fixed exchange rates. These primarily relate to bank overdrafts and loans which are subject to interest rates which are fixed in advance and which may be varied by appropriate notice by the lenders. At 30 June 2015, financial liabilities subject to interest aggregated approximately $24,238,280 (2014: $18,513,979).

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

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

(iv) **Financial risk factors (cont'd) -**

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, advertising entitlements and cash and bank balances.

Trade receivables

The company has policies in place to ensure that rental of premises and provision of other services are made to customers with an appropriate credit history. The company manages its credit risk by screening its customers and prospective tenants for credit worthiness prior to entering into agreements, establishing credit limits and the rigorous follow-up of receivables including procedures for eviction of tenants and recovery of amounts owing. Where there is uncertainty in the recoverability of balances, management has made allowances to reflect the likelihood of impairment.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions.

Trade receivables that are past due but not impaired

As at 30 June 2015, trade receivables of $11,169,000 (2014 - $7,363,000) were past due but not impaired. These relate to outstanding sponsorship from various sources as well as current rental income due.

Trade receivables that are past due and impaired

As at 30 June 2015, trade receivables of $7,182,000 (2014 - $7,475,000) that were impaired. The amount of provision was $7,182,000 (2014 - $7,475,000). These receivables were aged over 30 days.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

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

(iv) **Financial risk factors (cont'd) -**

(iii) **Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company manages this risk by keeping committed credit lines available, as well as by maintaining prudent financial assets in appropriate terms and currencies.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments (both interest and principal).

2015

	Carrying Amount	Contractual Cashflows	Within 6 months	Six to 12 months	Over 12 months	No specific Maturity
	$'000	$'000	$'000	$'000	$'000	$'000
Bank overdraft	3,422	3,422	-	-	-	3,422
Accounts payable and accrued charges	4,257	4,257	4,257	-	-	-
Due to related party	49,595	49,595	-	-	-	49,595
Loans payable	20,816	32,017	3,180	3,180	25,657	-
Total liabilities	78,090	89,291	7,437	3,180	25,657	53,017

2014

	Carrying Amount	Contractual Cashflows	Within 6 months	Six to 12 months	Over 12 months	No specific Maturity
	$'000	$'000	$'000	$'000	$'000	$'000
Bank overdraft	2,979	2,979	-	-	-	2,979
Accounts payable and accrued charges	3,965	3,965	3,965	-	-	-
Due to related party	44,994	44,994	-	-	-	44,994
Loans payable	23,325	38,377	3,180	3,180	32,017	-
Total liabilities	75,263	90,315	7,145	3,180	32,017	47,973

Management believes that the company will be able to meet its financial liabilities, as they fall due.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

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

(iv) **Financial risk factors (cont'd) -**

(v) **Capital risk**

Capital risk is the risk that the company fails to comply with mandated regulatory requirements resulting in breach of those requirements. The company's objectives when managing capital are to comply with capital requirements, safeguard the company's ability to continue as a going concern and to maintain strong capital base to support the development of its business. The company is not exposed to any externally imposed capital requirements.

(vi) **Operational risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the company's processes, personnel, technology and external factors, other than financial risks, such as generally accepted standards of corporate behaviour. The company manages operational risk so as to avoid financial loss and damage to its reputation.

6. **REVENUE:**

	2015 $'000	2014 $'000
Market sponsorship and advertising entitlements:		
In kind sponsorship	76,978	52,296
Advertising entitlements	95,896	95,766
Cash and other sponsorship	77,472	47,523
Model agency income	10,884	8,736
Rental of leasehold properties	48,613	39,138
Ticket sales	16,025	15,204
	325,868	258,663

7. **OTHER INCOME/GAINS:**

	2015 $'000	2014 $'000
CFW Booth income	255	-
Miscellaneous income	505	1,311
Fair value appreciation on investment property	95,704	86,395
	96,464	87,706

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

8. FINANCE COSTS:

	2015 $'000	2014 $'000
Loan interest	4,034	7,577
Overdraft expense	216	1,051
	4,250	8,628

9. EXPENSES BY NATURE:

	2015 $'000	2014 $'000
Accommodation and meals	16,540	10,888
Advertising and PR	48,990	47,614
Auditor's remuneration	2,200	2,200
Bank charges	2,072	3,383
Bar costs	2,131	2,534
Cleaning and sanitation	752	622
Contracted services	17,766	12,520
Depreciation	1,827	1,848
Donation and subscriptions	866	137
Entertainment	596	591
Equipment rental	3,675	340
Insurance	674	1,043
Legal and professional fees	3,569	2,513
Management fees	39,513	39,513
Office expenses	824	876
Other expenses	1,968	970
Parking services	845	1,414
Printing	1,958	1,278
Provision for receivables	6,121	11,815
Rates and fees	-	100
Repairs, maintenance and upkeep	2,351	3,028
Security services	1,129	1,362
Shows and production	27,115	12,688
Show supplies	1,163	-
Franchise fees	1,805	-
Minimum Business Tax	60	-
GCT irrecoverable	3,260	-
Travel	4,475	1,230
Utilities	12,993	10,895
Venue rental	2,246	1,351
	209,484	172,753

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

10. **TAXATION:**

(a) Taxation is computed on the profit for the year, adjusted for tax purposes

	2015 $'000	2014 $'000
Reconciliation of effective tax rate:		
Profit before tax	208,598	164,988
Income tax @ 25%	52,150	41,247
Adjusted for the effects of:		
Disallowed expenses and other adjustments	344	21
Fair value appreciation on investment property	(21,599)	(21,599)
Other tax exempt income	(30,895)	(19,669)
Tax expense	-	-

The company was declared "a recognized motion picture producer" under the Motion Picture Industry (Encouragement) Act. Under the Act, income earned from motion picture development activities is exempt from income tax. The act was repealed in 2014, but allows the company to continue under the act until the expiry of the registration.

(b) The Government of Jamaica enacted new tax measures to change the tax incentive regimes applicable to various industries, effective 1 January 2014. Given the current tax position of the company, as disclosed in note (10(a)) above, these new tax measures have resulted in changes in the income tax and capital allowances computations (but will not materially affect the company's tax position until the end of the tax remission period). Some of these changes are as follows:

- Unregulated tax compliant entities became eligible for an Employment Tax Credit against income tax liabilities that arise on trading activities. The value of this credit is equivalent to the monthly employer's and employees' portions of payroll deductions (with the exception of PAYE) for the financial year, that are filed and paid in full by their due dates. The credit is restricted to 30% of the income tax liability that arises on trading activities. Unused Employment Tax Credit cannot be carried forward or refunded.

- The maximum capital allowances on private motor vehicles, which were previously limited to J$3,200, increased to a maximum of US$35,000; and

- Initial allowance has been abolished on capital expenditure except for industrial buildings, plant and machinery used in manufacturing and computers.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

10. **TAXATION (CONT'D):**

(c) Under the Provisional Collection of Tax Act, the Minimum Business Tax Order, 2014 enacted a new minimum tax of $60,000 per annum commencing in the year of assessment 2014. The Minimum Business Tax can be credited towards the income tax payable for the year of assessment, provided that the income tax liability is greater than the minimum tax.

11. **EARNINGS PER SHARE:**

The calculation of earnings per share is based on the net profit for the year and 280,703,000 ordinary shares at the year end (2014 – 280,703,000 shares).

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

12. **PROPERTY, PLANT AND EQUIPMENT:**

	Leasehold Properties $'000	Leasehold Improvement $'000	Furniture, Office Equipment and Computer $'000	Motor Vehicle $'000	Total $'000
At cost or valuation –					
1 July 2013 – restated	84,628	4,195	6,780	5,700	101,303
Additions	-	-	158	-	158
Revaluation	7,682	332	-	-	8,014
30 June 2014 - restated	92,310	4,527	6,938	5,700	109,475
Additions	-	-	56	-	56
Revaluation	8,842	398	-	-	9,240
30 June 2015	101,152	4,925	6,994	5,700	118,771
Accumulated Depreciation -					
1 July 2013 - restated	-	-	6,127	5,699	11,826
Charge for the year	1,531	81	236	-	1,848
Revaluation adjustment	(1,531)	(81)	-	-	(1,612)
30 June 2014 – restated	-	-	6,363	5,699	12,062
Charge for the year	1,612	-	215	-	1,827
Revaluation adjustment	(1,612)	-	-	-	(1,612)
30 June 2015	-	-	6,578	5,699	12,277
Net Book Value -					
30 June 2015	101,152	4,925	416	1	106,494
30 June 2014	92,310	4,527	575	1	97,413
30 June 2013	84,628	4,195	653	1	89,477

Leasehold properties represent properties situated at 38a Trafalgar Road, Kingston 10, St. Andrew and Stony Hill, St. Andrew which are leased from a director and shareholder for a period of forty-nine (49) years. These properties were previously leased by Pulse Entertainment Group Limited, a related company, and the leases are part of the assets acquired on the restructuring of Pulse Entertainment Group Limited. The surplus arising on revaluation, inclusive of depreciation no longer required, is included in revaluation reserve (note 22).

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

The company's leasehold properties and improvements were revalued on 30 June 2015 (2014: 30 June 2014) as determined by the directors of the company.

The fair value of leasehold properties and improvements is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value is as follows:

	Leasehold Properties $'000	Leasehold Improvements $'000	Total $'000
Opening balance	92,310	4,527	96,837
Revaluation adjustment included in other comprehensive income	10,454	398	10,852
Depreciation	(1,612)	-	(1,612)
Closing balance (level 3 recurring fair values)	101,152	4,925	106,077

The fair value of the leasehold properties and improvements were determined by the director. Management utilized a 9.5% increase on the basis of appreciation in construction work-in-progress as valued by independent quantity surveyor, Neville A. Mills Associates Limited, of Kingston, Jamaica, the principal of which has an appropriate recognised professional qualification.

There has been no change to the valuation techniques during the year.

13. INTANGIBLE ASSETS:

	2015 $'000	2014 $'000
Patents	90,000	90,000
Trademarks	2,720	2,720
	92,720	92,720

Intangible assets represent patents and trademarks acquired from Pulse Entertainment Group Limited.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

14. INVESTMENT PROPERTIES:

	Leasehold property and buildings $'000	Construction work-in-progress $'000	Total $'000
At fair value			
1 July 2013	615,604	344,338	959,942
Additions	246	16,800	17,046
Fair value adjustment	55,404	30,991	86,395
30 June 2014	671,254	392,129	1,063,383
Additions	53	15,810	15,863
Fair value adjustment	60,413	35,291	95,704
30 June 2015	731,720	443,230	1,174,950

The carrying amount of leasehold property and leasehold improvements is the fair value as determined by the directors of the company. Management utilized a 9.5% increase on the basis of appreciation in construction work-in-progress as valued by independent quantity surveyor, Neville A. Mills Associates Limited, of Kingston, Jamaica, the principal of which has an appropriate recognised professional qualification. Cost to complete construction will be undertaken by a related party [see note 25(b)]. Pulse Investments Limited has no further commitment to the related party until the project is completed and handed over.

The land on which the leasehold properties are situated is in the name of a director and shareholder (see note 25(e)).

During the year, the following income was earned from investment properties.

	2015 $'000	2014 $'000
Income earned from properties	48,613	39,138

Expenses incurred on investment properties are borne by the tenants.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

15. **RECEIVABLES:**

	2015 $'000	2014 $'000
Trade receivables	18,351	14,838
Provision for doubtful debt	(7,182)	(7,475)
	11,169	7,363
Other receivables	1,489	1,146
GCT recoverable	3,260	654
	15,918	9,163

The company establishes an allowance for impairment that represents its best estimate of incurred losses in respect of trade and other receivables for which collectability appears doubtful. Management believes that an impairment allowance for these receivables is adequate on the basis of expected collection of amounts owed to the company. An aged analysis of the carrying amounts of these trade receivables is presented below:

	2015			
	0 to 60 days $'000	60-90 days $'000	More than 90 days $'000	Total $'000
Receivable arising from:				
Model agents	6,138	-	-	6,138
Cash sponsors	7,326	-	4,145	11,471
Lease agreements	-	-	54	54
Other trade receivables	688	-	-	688
	14,152	-	4,199	18,351
Less: Allowance for impairment	(3,882)	-	(3,300)	(7,182)
	10,270	-	899	11,169

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

15. **RECEIVABLES (CONT'D):**

	2014			
	0 to 60 days $'000	60-90 days $'000	More than 90 days $'000	Total $'000
Receivable arising from:				
Model agents	5,096	-	-	5,096
Cash sponsors	4,078	-	5,435	9,513
Lease agreements	-	-	79	79
Other trade receivables	150	-	-	150
	9,324	-	5,514	14,838
Less: Allowance for impairment	(4,145)	-	(3,330)	(7,475)
	5,179	-	2,184	7,363

The movement in allowance for impairment in respect of trade receivables during the year was as follows:

	2015 $'000	2014 $'000
At 1 July	7,475	7,769
Provisions for receivables impairment	3,851	4,145
Receivables written-off during the year as uncollectible	(4,144)	(4,439)
Balance at end of year	7,182	7,475

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

Impairment estimates have been adjusted based on actual collection patterns.

16. **ADVERTISING ENTITLEMENTS AND UNEXPIRED SPONSORSHIP IN KIND:**

a) Advertising entitlements -

This represents recoverable costs for shows produced and delivered.

b) Advertising entitlements/Sale of TV programming -

The directors estimate that the company has generated advertising entitlements of $753,156,098 (2014: $721,613,000) which remain unused at the reporting date. In accordance with the company's accounting policy [see note 3(o)], these entitlements have not been recognized in preparing the financial statements.

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

16. ADVERTISING ENTITLEMENTS AND UNEXPIRED SPONSORSHIP IN KIND (CONT'D):

	2015 $'000	2014 $'000
c) Unexpired sponsorship in kind -		
Unexpired at beginning of year	22,829	46,198
Obtained during the year	101,570	75,125
Written off during the year	-	(46,198)
Sponsorship recognised in income	(76,978)	(52,296)
Unexpired at end of year	47,421	22,829

Deferred unexpired sponsorship in kind is not recognised as income until the corresponding unexpired sponsorship in kind is recognised as an expense (note 3(o)).

17. CASH AND CASH EQUIVALENTS:

	2015 $'000	2014 $'000
Cash in hand (J$)	3,609	5,513
Deposit (US$)	3	876
Chequeing account (J$)	9,513	8,877
	13,125	15,266
Bank overdraft	(3,422)	(2,979)
	9,703	12,287

(a) The savings account is interest bearing.

(b) Interest rate exposure

The weighted average effective interest rate at the year end was as follows:

	2015 %	2014 %
US$ Savings account	-	0.20

PULSE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

18. SHARE CAPITAL:

Authorised:
336,825,000 (2014: 336,825,000) ordinary shares of no par value

	2015		2014	
	No. of Shares '000	Ordinary Share Capital $'000	No. of Shares '000	Ordinary Share Capital $'000
Stated, issued and fully paid at 30 June	280,703	152,367	280,703	152,367

The holders of ordinary shares are entitled to receive dividends if declared and are entitled to one vote per share at meetings of the company. All issued shares are fully paid and rank equally with regard to the company's residual assets.

19. SHARE PREMIUM:

Share premium is made up as follows:

	2015 $'000	2014 $'000
31,549,768 (2014: 31,549,768) ordinary shares – premium of $0.51 each	16,042	16,042
91,341,692 (2014: 91,341,692) ordinary shares – premium of $3.91 per share	357,146	357,146
	373,188	373,188
Costs of rights issue	(6,812)	(6,812)
	366,376	366,376

Share premium is retained in accordance with the provisions of Section 39 (7) of the Companies Act.

20. CAPITAL RESERVE:

The amount represents surplus arising on the purchase of assets and liabilities of Pulse Entertainment Group Limited.

21. CAPITAL REDEMPTION RESERVE:

The amount represents the total redemption value of redeemed preference shares that was transferred from retained earnings in accordance with the requirements of the Jamaican Companies Act.

22. REVALUATION RESERVE:

The revaluation reserve represents the surplus arising on the revaluation of certain leasehold properties by the directors.

PULSE INVESTMENTS LIMITED

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23. SHARES TO BE ISSUED:

This represents the value of professional services provided by Capital Options Limited which has confirmed its intention to convert 434,783 ordinary shares in the company. During 2013, Capital Options Limited transferred its rights to the shares to a director. If these shares were issued, the earnings per share (EPS) would not be diluted because the quantity of shares is insignificant.

24. LOANS

	2015 $'000	2014 $'000
i. Caricom Trade Support Programme	1,104	1,104
ii. CIBC First Caribbean International Bank	19,713	22,221
	20,817	23,325
Less: current portion	(4,057)	(3,703)
	16,760	19,622

(i) Caricom Trade Support Programme

The loan is interest free and secured by a letter of credit in the amount of US$19,070 issued by First Caribbean International Bank (Jamaica) Limited. The loan is repayable in 18 monthly payments of US$4,391 commencing June 2007. The loan payments are overdue; however, there are no significant penalties associated with loan payments and no demands for settlement have been made.

(ii) CIBC FirstCaribbean International Bank

This loan attracts interest of 17.85% per annum and is repayable over 90 months with maturity in June 2018. The loan is secured as follows:

1. Mortgages over the Villa Ronai property located at Old Stony Hill Road, Constant Spring, St. Andrew, owned by a director and leased by Pulse Investments Limited.
2. Unlimited guarantee from a director.
3. Assignment of peril insurance over the Villa Ronai property located at Old Stony Hill Road, Constant Spring, St. Andrew.

25. RELATED PARTY BALANCES AND TRANSACTIONS:

The following transactions were carried out with related parties

(a) Provision of services and sponsorship

	2015 $'000	2014 $'000
Studio 38/Puls8 - Rental income	10,952	9,956
Samurai Investment Limited - Cash sponsorship	39,000	20,000
	49,952	29,956

During the year, trading occurred between the company and a related party in respect of the rental of shop space. These provisions were negotiated on an arm's length basis.

PULSE INVESTMENTS LIMITED

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

(b) Purchase of services

	2015 $'000	2014 $'000
Samurai Investments Limited		
Management fees	39,513	39,513
Lease expense	1	1
Additions to investment property	15,810	16,800

During the year, trading occurred between the company and related party, Samurai Investments Limited, in respect of lease arrangement for 49 years at $1 per year (see note 12) and acquisition services which were negotiated on an arm's length basis.

(c) The land on which the leasehold properties are situated is in the name of a director and shareholder (see note 14).

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

	2015 $'000	2014 $'000
Due to Samurai Investments Limited	49,595	44,995

The balance due to Samurai Investments Limited will not be demanded within sixty months.

26. ACCOUNTS PAYABLE AND ACCRUED CHARGES:

	2015 $'000	(Restated) 2014 $'000
Deposits	3,283	4,402
Accrued charges	4,257	3,965
	7,540	8,367

27. PRIOR YEAR ADJUSTMENT:

(i) This represents over-accrual of liabilities in prior years now adjusted for.

(ii) This represents adjustment to the leasehold component of property, plant and equipment to account for elimination of accumulated depreciation on revaluation in prior years.