RADIO JAMAICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2004

1 Identification and Principal Activities

The company is incorporated and domiciled in Jamaica with registered office at 32 Lyndhurst Road, Kingston 5.

The Group financial statements present the results of operations and financial position of the company and its wholly owned subsidiaries, Multi-Media Jamaica Limited and Television Jamaica Limited. The subsidiaries are incorporated in Jamaica.

The Group's primary activities are the operation of a commercial television station and radio stations.

The company is listed on the Jamaica Stock Exchange.

These financial statements are presented in Jamaican dollars.

2. Summary of Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards, and have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets.

Jamaica adopted International Financial Reporting Standards (IFRS) as its national accounting standards, effective for accounting periods beginning on or after 1 July 2002. The financial statements for the year ended 31 March 2004 have therefore been prepared in accordance with IFRS and comparative information has been restated to conform with the provisions of IFRS. The company has opted for early adoption of

IFRS 1, First-time Adoption of International Financial Reporting Standards and has applied the provisions of that standard in the preparation of these financial statements. The effects of adopting IFRS on the equity and net profit as previously reported are detailed in Note 27.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates.

(b) Basis of consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated on a line-by-line basis.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Investments in subsidiaries are stated in the company's financial statements at cost.

(c) Revenue recognition

Revenue comprises the sale of airtime, programme material and the rental of studios and equipment net of General Consumption Tax. Revenue in respect of airtime and programming is recognised on performance of the underlying service. Rental income is recognised as it accrues.

Interest income is recognised as it accrues unless collectibility is in doubt.

(d) Foreign currency translations

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Jamaican dollars at the exchange rates prevailing at the balance sheet date; that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains or losses arising from fluctuations in exchange rates are reflected in the profit and loss account.

(e) Income taxes

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

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

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

(f) Fixed assets

Freehold land and buildings are stated at deemed cost less accumulated depreciation. Under IFRS 1, a first time adopter may elect to use a previous generally accepted accounting principles (GAAP) revaluation of an item of fixed asset at or before the date of transition to IFRS as deemed cost at the date of revaluation. The Group has elected to apply this provision. All other fixed assets are carried at historical cost less accumulated depreciation.

Land is not depreciated as it is deemed to have an indefinite life.

Depreciation on all other fixed assets is calculated on the straight-line basis at rates estimated to write off the cost of the assets over their expected useful lives. Annual rates used are as follows:

Freehold buildings	2.5%
Furniture, office machinery and rental equipment	10-15%
Station equipment - Radio	10-15%
Station equipment - Television	15-25%
Computer equipment	33 1/3%
Motor vehicles	20-25%

Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining operating profit.

Repairs and maintenance expenses are charged to the profit and loss account when the expenditure is incurred. The cost of major renovations is included in the carrying amount of the fixed asset when it is probable that future economic benefits is in excess of the originally assessed standard of performance of the existing asset that will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

(g) Investment securities

Investments are classified as available-for-sale securities. Management determines the appropriate classification of investments at the time of purchase.

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or market prices. They are initially recognised at cost, which includes transaction costs, and subsequently re-measured at fair value based on quoted bid prices. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in the profit and loss account.

Unquoted securities are stated at cost as the fair value cannot be reliably measured.

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the assets' carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

All purchases and sales of investment securities are recognised at settlement date.

Interest earned while holding securities is reported as interest income.

(h) Retirement benefits

The Group operates defined benefit plans, the assets of which are generally held in separate trustee-administered funds. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability in respect of the defined benefit plan is the difference between present value of the defined benefit obligation at the balance sheet date and the fair value of the plan assets, together with adjustments for actuarial gains and losses and past service cost. The defined benefit obligation is determined annually by independent actuaries, using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of Government securities which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the remaining service lives of the employees.

(i) Impairment of non-current assets

Fixed assets and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(j) Inventories

Inventories are stated as follows:

Spare- average cost

Film - at cost

(k) Trade receivables

Trade receivables are carried at original invoice amount less provision for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

(l) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise balances which mature within 90 days of the date of acquisition, including cash and bank balances and investment securities, net of bank overdrafts.

(m) Provisions

Provisions are recognised where the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if a reliable estimate of the amount of the obligation can be made.

(n) Leases

Leases of fixed assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The fixed assets acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

(o) Borrowings

Borrowings are recognised 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 recognised in the profit and loss account over the period of the borrowings.

(p) Financial instruments

Financial instruments carried on the balance sheet include investment securities, long term receivables, Group balances, receivables, cash and bank balances, payables, finance leases, loans and bank overdrafts.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The determination of the fair values of the Group's financial instruments are discussed in Note 26.

(q) Dividends

Dividends are recorded in the financial statements in the period in which they have been approved.

(r) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in the presentation in the current year. In particular, the comparatives have been adjusted or extended to reflect the requirements of IFRS (Note 27).

3 Segment Financial Information

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environment. The Directors are of the opinion that there are no significant segments for the Group that require disclosure in these financial statements.

4 Operating Profit

The following items have been charged/(credited) in arriving at operating profit:

	2004	2003
	$'000	$'000
Auditors' remuneration	3,100	2,652
Depreciation	34,981	28,961
Directors' emoluments -		
Directors'fees	168	163
Management remuneration (included in staff costs)	12,540	13,132
Loss/(gain) on disposal of fixed assets	1,030	(758)
Repairs and maintenance expense	29,226	20,721
Staff costs (Note 5)	312,918	254,584
	=======	=======

5. Staff Costs

	2004	2003
	$'000	$'000
Wages and salaries	265,249	208,051
Statutory contributions	31,093	25,011
Pension (Note 14)	6,010	(3,711)
Other post-retirement benefits (Note 14)	4,624	3,816
Other	17,962	21,417
	312,918	254,584
	=======	=======

	2004	2003
	No.	No.
Number of persons employed by the Group at the end of the year:		
Full - time	233	231
Part - time	126	88
	359	319
	=======	=======

6 Finance Income

	2004	2003
	$'000	$'000
Interest income	25,457	17,748
Net foreign exchange gains	11,548	20,014
Unrealised gain on revaluation of investment securities	5,829	1,889
Interest expense -		
Bank borrowings	(34,573)	(827)
Finance leases	(697)	(1,957)
Promissory	(734)	-
Other	(1,080)	(604)
	5,750	36,263
	=======	=======

7 Taxation Expense

(a) Income tax is computed on the profit for the year as adjusted for tax purposes. The charge for taxation comprises income tax at 33 1/3%.

	2004	2003

	2004 $'000	2003 $'000
Current tax	13,002	47,894
Adjustments to prior year provision	7,656	3,442
Tax credit on issue of bonus shares	-	(5,542)
Deferred tax (Note 15)	25,677	4,761
	46,335	50,555

(b) Taxation on profit differs from the theoretical amount that would arise using the basic statutory rate of 33 1/3%. Reconciliation of applicable tax charge to effective tax charge:

	2004 $'000	2003 $'000
Profit before taxation	129,683	177,248
Tax calculated at 33 1/3%	43,228	59,083
Adjusted for the effects of:		
Income not subject to tax	(5,829)	-
Expenses not deductible for tax purposes	469	273
Tax losses utilised	-	(5,369)
Tax credit on bonus issue of shares	-	(5,542)
Adjustments to prior year provision	7,657	3,442
Other	810	(1,332)
Income tax expense	46,335	50,555

(c) Subject to agreement with the Taxpayer Audit and Assessment Department, the Group incurred tax losses of $8,776,000 (2003 - $1,898,000) which are carried forward indefinitely and available for offset against future taxable profits.

8 Net Profit and Retained Earnings

(a) The net profit is dealt with in the financial statements as follows:

	2004 $'000	2003 $'000
The company	33,621	61,439
The subsidiaries	49,727	65,254
	83,348	126,693

(b) The retained earnings is dealt with in the financial statements as follows:

	2004 $'000	2003 $'000
The company	272,395	264,446
The subsidiaries	135,537	85,810
	407,932	350,256

9 Dividends

At the Annual General Meeting held on 22 December 2003, a final dividend in respect of 2003 of $0.06 per share amounting to a total dividend of $16,041,000, was approved to stockholders on record as at 13 January 2004.

10 Earnings Per Ordinary Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year.

	2004	2003
Net profit attributable to stockholders $'000 (net of preference dividends of $3,000	83,345	126,690
Weighted average number of ordinary stock units in issue ('000)	287,480	258,733
Basic earnings per ordinary stock unit	0.29	0.49

11 Fixed Assets

The Group

	Freehold Land $'000	Freehold Buildings $'000	Furniture, Fixtures & Equipment $'000	Motor Vehicles $'000	Work in Progress $'000	Total $'000
Cost						
1 April 2003	2,810	35,300	295,486	27,951	162,305	523,852
Additions	-	118	32,070	5,826	358,290	396,304
Disposals	-	(3,226)	(1,368)	(4,019)	-	(8,613)
Transfers		249,291	264,902	-	(514,193)	-

31 March 2004	2,810	281,483	591,090	29,758	6,402	911,543
Depreciation -						
1 April 2003	-	17,350	217,307	19,601	-	254,258
Charge for the year	-	671	29,956	4,354	-	34,981
Relieved on disposals	-	(1,785)	(802)	(4,019)	-	(6,606)
31 March 2004	-	16,236	246,461	19,936	-	282,633
Net Book Value -						
31 March 2004	2,810	265,247	344,629	9,822	6,402	628,910
31 March 2003	2,810	17,950	78,178	8,351	162,305	269,594

The Company

	Freehold Land	Freehold Buildings	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
1 April 2003	2,810	35,300	146,119	24,602	156,376	365,207
Additions	-	-	11,364	2,178	56,775	70,317
Disposals		(3,226)	-	(4,019)	-	(7,245)
Transfers	-	206,247	2,410	-	(211,837)	(3,180)
31 March 2004	2,810	238,321	159,893	22,761	1,314	425,099
Depreciation -						
1 April 2003	-	17,350	116,843	17,060	-	151,253
Charge for the year	-	581	10,860	3,595	-	15,036
Relieved on disposals	-	1,785	-	(4,019)	-	(5,804)
31 March 2004	-	16,146	127,703	16,636	-	160,485
Net Book Value -						
31 March 2004	2,810	222,175	32,190	6,125	1,314	264,614
31 March 2003	2,810	17,950	29,276	7,542	156,376	213,954

During the year, work in progress of $3,180,000 was transferred from the company to its subsidiary, Television of Jamaica Limited.

Included in motor vehicles are assets costing approximately $6,576,000 (2003 - $4,400,000) which were acquired under finance lease arrangements (Note 22), on which depreciation of $1,644,000 (2003 - $1,100,000) has been charged.

Included in the tables above are amounts totalling $35,300,000 for the group and the company, representing the previous Jamaican GAAP revalued amounts of land and buildings which have been used as the deemed cost of these assets under the provisions of IFRS 1 (Note 2(f)).

12 Investment in Subsidiaries

	2004	2003
	$'000	$'000
Multimedia Jamaica Limited	50	50
Television Jamaica Limited	20,002	20,002
	20,052	20,052
	=======	======

13 Investment Securities

		The Group & The Company
	2004	2003
	$'000	$'000
Available-for-sale -		
Quoted investment -		
Caribbean Communications Network	13,856	7,181
Unquoted investment -		
Caribbean News Agency	7	7
	13,863	7,188
	=======	======

14 Retirement Benefits

The Group operates a defined benefit scheme covering all permanent employees of Radio Jamaica Limited and Multi-Media Jamaica Limited. The scheme is managed by an outside agency under a deposit administration fund contract and by Trustees. The scheme is funded at 10.03% of pensionable salaries, being 5% by members and 5.03% by the Group.

Television Jamaica Limited operates a defined benefit scheme that is open to all employees. The scheme is managed by an outside agency under a deposit administration fund contract. The scheme was instituted on 1 July 2000 and is being funded at 9% of pensionable salaries, being 5% by members and 4% by the company.

The schemes are valued by independent actuaries. The latest actuarial valuation was done as at 31 December 2003

(a) Pension scheme

The amounts recognised in the balance sheet are determined as follows:

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Present value of funded obligation	101,381	100,176	97,384	95,425
Fair value of plan assets	(252,738)	(196,178)	(244,624)	(190,428)
	(151,357)	(96,002)	(147,240)	(95,003)
Limitations asset due to uncertainty of future benefits	21,443	21,203	21,442	21,202
Unrecognised actuarial gains	58,966	15,702	56,776	16,051
Asset in the balance sheet	(70,948)	(59,097)	(69,022)	(57,750)
	=======	======	=======	======

The amounts recognised in the profit and loss account are as follows:

	The Group	
	2004	2003
	$'000	$'000
Current service cost	(80)	265
Interest cost	12,956	11,527
Expected return on plan assets	(18,886)	(15,503)
Total included in staff costs (Note 5)	(6,010)	(3,711)
	=======	======

The actual return on plan assets was $51,325,000 (2003 - $29,642,000).

Movement in the asset recognised in the balance sheet:

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
At 1 April	(59,097)	(51,138)	(57,750)	(50,377)
Amounts recognised in profit and loss account	(6,010)	(3,711)	(6,372)	(3,956)
Contributions paid	(6,082)	(4,248)	(5,141)	(3,417)
Change in limitation on asset	241	-	241	-
At 31 March	(70,948)	(59,097)	(69,022)	(57,750)
	=======	======	=======	======

The principal actuarial assumptions used were as follows:

	The Group & The Company	
	2004	2003
	%	%
Discount rate	15.0	12.5
Expected return on plan assets	9.5	9.5
Inflation rate	7.75	7.0
Future salary increases	9.0	9.0
Future pension increases	4.0	2.0
	=======	======

(b) Other post-retirement benefits

In addition to pension benefits, the Group offers retiree medical and life insurance benefits that contribute to the health care and life insurance coverage of employees after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long-term increase in health costs of 12.5% per year (2003 - 10.5%).

The amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Present value of unfunded obligations	17,611	19,772	15,145	16,742
Unrecognised actuarial gains/(losses)	5,891	(245)	4,525	79
Liabilities in the balance sheet	23,503	19,527	19,671	16,821
	=======	======	=======	======

The amounts recognised in the profit and loss account are as follows:

	The Group	
	2004	2003
	$'000	$'000
Current service cost	1,975	1,616
Interest cost	2,649	2,200
Total included in staff costs (Note 5)	4,624	3,816
	=======	======

Movements in the amounts recognised in the balance sheet:

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Liabilities at beginning of year	19,527	16,254	19,527	16,254
Amounts recognised in the profit and loss account	4,624	3,816	4624	3,816
Contributions paid	(649)	(543)	(649)	(543)
Liabilities at end of year	23,502	19,527	23,502	19,527
	=======	======	=======	======

15 Deferred Income Tax

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate of 33 1/3%.

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Deferred income tax assets	753	529	-	-
Deferred income tax liabilities	(43,883)	(17,982)	(17,623)	(13,664)
Net liability	(43,130)	(17,453)	(17,623)	(13,664)
	=======	=======	=======	======

The movement on the deferred income tax account is as follows:

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Balance as at 1 April	(17,453)	(12,692)	(13,664)	(13,858)
Charged to profit and loss account	(25,677)	(4,761)	(3,959)	(194)
Balance as at 31 March	(43,130)	(17,453)	(17,623)	(13,664)
	=======	======	========	=======

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Deferred income tax assets -				
Accrued vacation	7,693	7,191	6,525	6,088
Post-retirement obligation	7,834	6,509	6,557	5,607
Tax losses carried forward	2,924	633	-	-
Finance lease obligation	1,079	1,924	1,079	1,924
Other	748	-	2,354	-
	18,782	16,257	16,515	13,619
	=======	======	========	=======
Deferred income tax liabilities -				
Accelerated tax depreciation	38,263	12,620	8,324	7,073
Pension asset	23,649	19,699	23,007	19,250
Other	-	1,391	-	960
	61,912	33,710	31,331	27,283
	=======	======	========	=======

Deferred income tax assets are recognised for tax losses carry forward to the extent that realisation of the related tax benefit through the future taxable profits is probable.

Deferred income taxes liabilities have not been provided for withholding and other taxes that would be payable on the undistributed earnings of subsidiaries to the extent that such earnings are permanently reinvested. Such undistributed earnings totalled $135,558,000 (2003 - $85,812,000).

The deferred tax charged in the profit and loss account comprises the following temporary differences:

	The Group	
	2004	2003
	$'000	$'000
Accelerated tax depreciation	(25,643)	(979)
Pension and other post-retirement benefits	(2,625)	(1,562)
Tax losses utilised	2,291	(2,023)
Accrued vacation	502	996
Finance lease obligation	(845)	(785)
Other	(643)	(408)
	(25,677)	(4,761)

16 Long Term Receivable

This represents the amount receivable in respect of the background music equipment transferred to Multi Media Jamaica Limited.

17 Inventories

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Spares	15,642	12,482	11,953	11,294
Film	26,206	23,718	-	-
Goods in transit	685	3,257	496	3,219
Other	2,210	2,339	423	292
	44,743	41,796	12,872	14,805

18 Receivables

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Trade receivables	151,204	167,502	64,531	72,726
Less: Provision for impairment	(17,578)	(25,318)	(4,416)	(7,959)
	133,626	142,184	60,115	64,767
Prepayments	41,429	23,579	3,286	4,561
Other	9,804	13,392	8,843	10,952
	184,859	179,155	72,244	80,280

19 Cash and Cash Equivalents

	The Group		The Company	
	2003	2004	2003	2004
	$'000	$'000	$'000	$'000
Cash	4,155	9,184	1,292	8,133
Investment securities-available-for sale	69,257	110,936	36,964	99,376
	73,412	120,120	38,256	107,509
Bank overdraft	(7,475)	-	(2,878)	-
	65,937	120,120	35,378	107,509

(a) Cash is comprised of amounts held in current accounts.

(b) Investment securities comprise Government of Jamaica securities. The weighted average effective interest rate on these instruments was as follows:

	The Group		The Company	
	2004	2003	2004	2003
	%	%	%	%
US dollar	9	9.5	9	9.5
Jamaican dollar	22	20	25	20

The average maturities of these investments was under 90 days.

(c) The effective interest rate on the overdraft facilities is 25%.

20 Payables

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Trade	30,297	29,820	10,651	15,698
Accruals	21,487	13,496	12,470	7,325
Accrued vacation leave	23,078	22,020	19,575	18,712
Current portion of finance lease obligations	1,596	4,534	1,596	4,534
Current portion of long term loans	44,764	-	-	-
Statutory deductions	9,743	8,132	5,997	5,374
Other	15,267	10,052	6,421	7,055
	146,232	88,054	56,710	58,698

21 Share Capital

	2004	2003
	$'000	$'000
Authorised -		
5% Cumulative participating preference shares, 50,000 (2003 - 50,000) of $2 each	100	100
Ordinary shares 287,480,827 (2003 - 287,480,827) of 50 cents each	143,740	143,740
Issued and fully paid -		
5% Cumulative participating preference shares 10,000 (2003 - 10,000) at $2 each	20	20
Ordinary shares 287,480,826 (2003 -258,732,746) of 50 cents each	143,740	129,366
	143,760	129,386
	The Company	

	# of shares	2004 $'000
Shares issued to the Government of Jamaica during the year comprise:		
Issue of unissued shares	8,624	4,312
Additional shares	20,124	10,062
	28,748	14,374

On 12 June 1997, the company acquired the fixed assets of The Jamaica Broadcasting Corporation (JBC) Radio 2 from the Government of Jamaica (GOJ) for a sum of $28,000,000. The purchase price was to be satisfied by the issue of 8,624,424 ordinary shares of 50 cents each to JBC, issued at a premium of $2.75 per share, representing 10% of the shareholding of the company at the acquisition date. These shares were issued during the year. A share premium of $23,688,000 was created on the issue of these shares.

At an Extraordinary General Meeting held on 21 January 2004, an additional 20,123,656 shares were issued to the GOJ in order to bring their total shareholding to 10% as provided by the sale agreement.

22 Finance Lease Obligations

The Group entered into finance lease arrangements for the acquisition of motor vehicles (Note 11). The Group's obligations under these leases have been recorded at amounts equal to the value of future lease payments using interest rate implicit in the leases. At 31 March 2003, the company had outstanding obligations under finance leases as follows:

		The Group & The Company	
		2004 $'000	2003 $'000
Year ending 31 March	2004	-	5,470
	2005	2,160	1,150
	2006	1,406	395
	2007	505	-
		4,071	7,015
Less: Future finance charges		(834)	(1,151)
Present value of minimum lease payments		3,237	5,864
Less: Current portion (included in payables, Note 20)		(1,596)	(4,534)

	1,641	1,330

The effective rate on finance leases during the year was 25% (2003 - 26%).

23 Long Term Loans

	The Group	
	2004	2003
	$'000	$'000
The Jamaica Broadcasting Corporation (JBC)	22,000	22,000
RBTT Bank Jamaica Limited (RBTT)	240,539	-
	262,539	22,000
Less: Current portion (included in payables, Note 20)	(44,764)	-
	217,775	22,000

(a) The JBC loan represents a promissory note issued to The Jamaica Broadcasting Corporation, on 21 November 2003 and will mature on 31 May 2007. The note attracts interest at a rate of 10% per annum computed from the date of the note to the date of maturity, such interest to be paid semi-annually.

(b) The RBTT loan was obtained to finance the purchase of studio equipment for Television Jamaica Limited. The loans were disbursed in tranches:

(i) The first tranche of $120m represents a Development Bank of Jamaica Limited (DBJ) Sub-Loan and/or the US$ equivalent by way of Letters of Credit to the overseas suppliers of the equipment.

(ii) The second tranche of $128m represents a loan from RBTT Bank Jamaica Limited by way of Letter of Credit to overseas suppliers of the equipment.

The loan is repayable on a monthly basis, maturing in 2008 and currently attracts interest of 13% and 20.75% on the first and second tranches respectively.

The loan is secured by a first mortgage over commercial properties owned by Radio Jamaica Limited.

24 Due from Subsidiaries

	2004	2003
	$'000	$'000
Multi-Media Jamaica Limited	4,939	5,083
Television Jamaica Limited	45,492	3,787

	50,431	8,870

25 Financial Risk Management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt market prices, foreign currency exchange rates and interest rates. Management seeks to minimise potential adverse effects on the financial performance of the company by applying procedures to identify, evaluate and manage these risks, based on guidelines set by the Board of Directors.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is primarily exposed to such risks arising from its US dollar transactions for purchases, and its US dollar denominated investments.

2004

	The Group		The Company	
	US$'000	Pound '000	US$'000	Pound '000
Assets				
Cash	54	2	14	2
Investment securities	457	33	172	33
Receivables	351	-	-	-
	862	35	186	35
Liabilities				
Payables	(217)	-	-	-
Net Assets	645	35	186	35

2003

	The Group		The Company	
	US$'000	Pound '000	US$'000	Pound '000
Assets				
Cash	89	19	80	19

Receivables	70	-	-	-
Investment securities	966	-	758	-
	1,125	19	838	19
Liabilities				
Payables	(62)	-	-	-
	(62)		-	-
Net Assets	1,063	19	838	19

(b) 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. At 31 March 2004, the Group's operating cash flows are substantially independent of changes in market prices, however, the Group has interest-bearing assets as disclosed in Note 19 and interest-bearing liabilities as disclosed in Note 23.

(c) 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. The Group has no significant concentrations of credit risk as the company has a large and diverse customer base, with no significant balances arising from any single economic or business sector, or any single entity or group of entities. The Group and the company have policies in place to ensure that sales of services are made to customers with an appropriate credit history.

(d) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, management aims at maintaining flexibility in funding by keeping committed credit lines available.

(e) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The Group manages this risk by ensuring, as far as possible, that financial assets and liabilities are matched to mitigate any significant adverse cash flows.

26 Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. For financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates.

The following methods and assumptions have been used in determining the fair value of financial instruments:

(a) Financial investments classified as available-for-sale are measured at fair value by reference to quoted market prices;

(b) The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;

(c) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

(d) Fixed rate loan (JBC)
For disclosure purposes, the fair values are estimated by discounting the future contractual cash flows at the current market rate available to the Group for similar financial instruments.

	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000	Fair Value $'000
Financial Assets				
Investments	13,856	13,856	7,181	7,181
Financial Liabilities				
Fixed rate loan (JBC)	22,000	16,529	22,000	15,026

27 Financial Effects of Adopting International Financial Reporting Standards

The Group adopted International Financial Reporting Standards (IFRS) effective 1 April 2003. Prior to that date, the financial statements of the Group and the company were prepared in accordance with Jamaican generally accepted accounting principles (JGAAP). The financial statements for the year ended 31 March 2003 have been restated to reflect the financial position and results under IFRS. The financial effects of conversion from JGAAP to IFRS are set out as follows:

(a) Reconciliation of stockholders' equity at 1 April 2002

	The Group		
	Previous JGAAP $'000	Effect of Transition to IFRS $'000	IFRS $'000
Fixed assets	134,743	-	134,743
Investment securities (i)	841	3,689	4,530
Retirement benefit asset (ii)	-	51,138	51,138
Deferred tax assets (iii)		1,476	1,476
Net current assets (iv)	256,363	(5,252)	251,111
	391,947	51,051	442,998
Share capital	103,513	-	103,513
Unissued shares	28,000	-	28,000
Capital reserve (v)	3,494	(3,494)	-
Retained earnings (i), (ii), (iii), (iv)	225,316	24,123	249,439
	360,323	20,629	380,952
Finance lease obligations	4,281	-	4,281
Retirement benefit obligation (ii)	-	16,254	16,254
Deferred tax liabilities (iii)	-	14,168	14,168
Long term liabilities	27,343	-	27,343
	391,947	51,051	442,998

The Company

Effect of
Previous Transition

	JGAAP	to IFRS	IFRS
	$'000	$'000	$'000
Fixed assets	76,787	-	76,787
Investments in subsidiaries	20,052	-	20,052
Investment securities (i)	841	3,689	4,530
Retirement benefit assets (ii)	-	50,377	50,377
Long term receivables	2,950	-	2,950
Net current assets (iv)	241,967	(3,788)	238,179
	342,597	50,278	392,875
Share capital	103,513	-	103,513
Unissued shares	28,000		28,000
Capital reserve (v)	3,494	(3,494)	-
Retained earnings (i), (ii), (iv), (v)	203,309	25,574	228,883
	338,316	22,080	360,396
Finance)ease obligations	4,281	-	4,281
Retirement benefit obligation (ii)	-	14,340	14,340
Deferred tax liabilities (iii)	-	13,858	13,858
	342,597	50,278	392,875

(b) Reconciliation of stockholders' equity at 31 March 2003

	Previous JGAAP	The Group Effect of Transition to IFRS	IFRS
	$'000	$'000	$'000
Fixed assets	269,594	-	269,594
Investment securities (i)	811	6,377	7,188
Retirement benefit assets (ii)	-	59,097	59,097
Deferred tax assets (iii)	-	529	529
Net current assets (iv)	232,073	-	232,073
	502,478	66,003	568,481
Share capital	129,386	-	129,386
Unissued shares	28,000		28,000
Capital reserve (v)	3,494	(3,494)	-
Retained earnings (i), (ii), (iii), (iv)	318,268	31,988	350,256

	479,148	28,494	507,642
Finance lease obligations	1,330	-	1,330
Retirement benefit obligation (ii)	-	19,527	19,527
Deferred tax liabilities (iii)	-	17,982	17,982
Long term liabilities	22,000	-	22,000
	502,478	66,003	568,481

	The Company		
	Previous JGAAP $'000	Effect of Transition to IFRS $'000	IFRS $'000
Fixed assets	213,954	-	213,954
Investment in subsidiaries	20,052	-	20,052
Investment securities (i)	811	6,377	7,188
Retirement benefit asset (ii)	-	57,750	57,750
Long term receivables	2,950	-	2,950
Net current assets	151,753	-	151,753
	389,520	64,127	453,647
Share capital	129,386	-	129,386
Unissued shares	28,000		28,000
Capital reserve (v)	3,494	(3,494)	-
Retained earnings (i), (ii), (iii), (v)	227,310	37,136	264,446
	388,190	33,642	421,832
Finance lease obligations	1,330	-	1,330
Retirement benefit obligation (ii)	-	16,821	16,821
Deferred tax liabilities (iii)	-	13,664	13,664
	389,520	64,127	453,647

(c) Reconciliation of net profit for year ended at 31 March 2003

	The Group		
	Previous JGAAP $'000	Effect of Transition to IFRS $'000	IFRS $'000
Revenue	893,913	-	893,913

Direct costs	(307,357)	-	(307,357)
Gross Profit	586,556	-	586,556
Other operating income	10,482	-	10,482
Distribution costs	(168,329)	-	(168,329)
Administration expenses	(215,063)	9,937	(205,126)
Other operating expenses	(82,598)	-	(82,598)
Operating Profit	131,048	9,937	140,985
Finance income, net	33,575	2,688	36,263
Profit before Taxation	164,623	12,625	177,248
Taxation	(45,795)	(4,760)	(50,555)
NET PROFIT	118,828	7,865	126,693

Brief descriptions of each item of difference:

(i) Financial assets classified as available-for-sale under IFRS are carried at fair value. The unrealised gains as a result of the re-measurement of the available-for-sale investments to fair value are recognised in the profit and loss account.

(ii) Provision for pension obligations, which was not required under previous Jamaican GAAP, is now made in full. The provision for pension obligations is determined by independent actuaries using the Projected Unit Credit Method.

(iii) Provision for deferred tax is made in full using the liability method. Deferred tax was recognised as a result of pension and post-retirement benefits, accelerated tax depreciation, tax losses carried forward, provisions and other temporary differences. No provision for deferred tax was made under previous Jamaican GAAP.

(iv) Under IFRS, companies are required to recognise outstanding vacation due to employees. As a result, $5,249,000 was recognised for the group and $3,788,000 was recognised for the company. Outstanding vacation was accrued in the financial statements by the group and the company in 2003.

(v) In accordance with IFRS 1 First-time Adoption of IFRS, capital reserves relating to the deemed cost of fixed assets have been transferred to retained earnings.