PRICEWATERHOUSECOOPERS

Radio Jamaica Limited

Financial Statements
31 March 2010

Radio Jamaica Limited
Index
31 March 2010

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Independent Auditors' Report

To the Members of
Radio Jamaica Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Radio Jamaica Limited and its subsidiaries, set out on pages 1 to 48. The financial statements comprise the consolidated and company balance sheets as of 31 March 2010 and the consolidated and company statements of comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as of 31 March 2010, and of the financial performance and cash flows of the group and the company for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants

23 June 2010
Kingston, Jamaica

Radio Jamaica Limited

Consolidated Statement of Comprehensive Income

Year ended 31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
Revenue		1,995,765	1,606,553
Direct expenses		(606,068)	(687,470)
Gross Profit		1,389,697	919,083
Other operating income	5	48,897	47,158
Selling expenses		(377,460)	(285,112)
Administration expenses		(334,933)	(368,365)
Impairment charge	14	-	(50,913)
Other operating expenses		(312,825)	(341,158)
Operating Profit/(Loss)		413,376	(79,307)
Finance costs	8	(22,410)	(19,520)
Profit/(Loss) before Taxation		390,966	(98,827)
Taxation	9	(169,345)	(41,148)
Net Profit/(Loss)		221,621	(139,975)
Other Comprehensive Income		-	-
Total Comprehensive Income		221,621	(139,975)
Attributable to:			
Stockholders of the company		221,621	(129,438)
Minority interest		-	(10,537)
		221,621	(139,975)
Earnings per Ordinary Stock Unit Attributable to Stockholders of the Company	12	$0.64	($0.38)

Radio Jamaica Limited

Consolidated Balance Sheet

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
Non-Current Assets			
Fixed assets	13	742,121	770,794
Intangible assets	14	43,718	46,588
Retirement benefit assets	15	167,211	123,020
Deferred tax asset	16	67	3,175
Investment securities	19	11,822	11,886
Current Assets			
Inventories	20	69,642	56,836
Receivables	22	379,918	291,730
Taxation recoverable		5,842	4,846
Cash and short term investments	23	240,640	13,970
		696,042	367,382
Current Liabilities			
Payables	24	190,612	191,078
Taxation payable		122,922	10,767
Bank overdraft	23	5,754	-
		319,288	201,845
Net Current Assets		376,754	165,537
		1,341,693	1,121,000
Stockholders' Equity			
Share capital	25	467,656	440,156
Unissued shares	26	-	27,500
Retained earnings		656,882	452,860
		1,124,538	920,516
Non-Current Liabilities			
Finance lease obligations	27	6,997	14,622
Long term loans	28	68,936	84,729
Deferred tax liabilities	16	123,343	84,387
Retirement benefit obligations	15	17,879	16,746
		1,341,693	1,121,000

Approved for issue by the Board of Directors on 23 June 2010 and signed on its behalf by:

J. A. Lester Spaulding, Director

Carl D. Domville, Director

Radio Jamaica Limited

Consolidated Statement of Changes in Equity

Year ended 31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Attributable to Stockholders of the Company			Minority Interest	Total
		Share Capital	Unissued Shares	Retained Earnings		
		$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2008		440,176	55,000	582,298	10,537	1,088,011
Total comprehensive income –						
Net loss		-	-	(129,438)	(10,537)	(139,975)
Reversal of unissued shares	26	-	(27,500)	-	-	(27,500)
Redemption of preference shares		(20)	-	-	-	(20)
Balance at 31 March 2009		440,156	27,500	452,860	-	920,516
Total comprehensive income –						
Net profit		-	-	221,621	-	221,621
Issue of unissued shares	26	27,500	(27,500)	-	-	-
Ordinary dividends	11	-	-	(17,599)	-	(17,599)
Balance at 31 March 2010		467,656	-	656,882	-	1,124,538

Radio Jamaica Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010 $'000	2009 $'000
Cash Flows from Operating Activities		
Net profit/(loss)	221,621	(139,975)
Items not affecting cash:		
Amortisation and impairment of intangible assets	2,870	53,783
Depreciation	106,674	96,167
Gain on disposal of fixed assets	(9,410)	(1,457)
Loss on disposal of investment securities	-	1,004
Interest income	(12,695)	(1,221)
Dividend income	(413)	(1,184)
Interest expense	22,410	19,520
Income tax charge	169,345	41,148
Exchange loss/(gain) on foreign currency balances	656	(3,476)
Revaluation of investment securities	64	(3,746)
	501,122	60,563
Changes in operating assets and liabilities:		
Pension and other retirement benefits	(43,058)	(5,715)
Inventories	(12,806)	6,897
Receivables	(87,258)	30,913
Payables	6,177	27,628
	364,177	120,286
Income tax paid	(16,122)	(29,255)
Net cash provided by operating activities	348,055	91,031
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	16,055	1,792
Purchase of fixed assets	(84,646)	(118,286)
Proceeds from disposal of investment securities	-	31,891
Interest received	11,765	1,227
Dividends received	413	1,184
Net cash used in investing activities	(56,413)	(82,192)
Cash Flows from Financing Activities		
Loan received	30,000	61,216
Loans repaid	(51,539)	(35,244)
Principal lease repayments	(8,522)	(9,414)
Interest paid	(22,410)	(19,520)
Preference shares redeemed	-	(20)
Dividends paid	(17,599)	-
Net cash used in financing activities	(70,070)	(2,982)
Increase in cash and cash equivalents	221,572	5,857
Exchange (losses)/gains on cash and cash equivalents	(656)	53
Cash and cash equivalents at beginning of year	13,970	8,060
CASH AND CASH EQUIVALENTS AT END OF YEAR	234,886	13,970

Radio Jamaica Limited

Company Statement of Comprehensive Income
Year ended 31 March 2010
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
Revenue		722,613	589,612
Direct expenses		(191,096)	(188,953)
Gross Profit		531,517	400,659
Other operating income	5	56,016	131,239
Selling expenses		(155,615)	(134,435)
Administration expenses		(116,074)	(171,050)
Other operating expenses		(136,623)	(164,939)
Operating Profit		179,221	61,474
Finance costs	8	(10,688)	(8,698)
Profit before Taxation		168,533	52,776
Taxation	9	(70,011)	7,730
Net Profit		98,522	60,506
Other Comprehensive Income		-	-
Total Comprehensive Income		98,522	60,506

Radio Jamaica Limited
Company Balance Sheet
31 March 2010
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
Non-Current Assets			
Fixed assets	13	303,404	313,949
Retirement benefit asset	15	157,195	110,390
Investment in subsidiaries	17	121,513	121,513
Long term receivables	18	2,950	2,950
Investment securities	19	11,822	11,886
Current Assets			
Inventories	20	19,285	20,554
Due from subsidiaries	21	224,401	194,078
Receivables	22	125,339	97,055
Taxation recoverable		3,325	4,656
Cash and short term investments	23	88,682	4,908
		461,032	321,251
Current Liabilities			
Payables	24	82,405	58,246
Taxation payable		36,943	-
Bank overdraft	23	5,754	-
		125,102	58,246
Net Current Assets		335,930	263,005
		932,814	823,693
Equity			
Share capital	25	467,656	440,156
Unissued shares	26	-	27,500
Retained earnings		371,435	290,512
		839,091	758,168
Non-Current Liabilities			
Finance lease obligations	27	80	1,915
Long term loans	28	20,409	23,959
Deferred tax liabilities	16	60,034	27,085
Retirement benefit obligations	15	13,200	12,566
		932,814	823,693

Approved for issue by the Board of Directors on 23 June 2010 and signed on its behalf by:

J. A. Lester Spaulding — Director

Carl D. Domville — Director

Radio Jamaica Limited

Company Statement of Changes in Equity

Year ended 31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Unissued Shares $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2008		440,176	55,000	230,006	725,182
Total comprehensive income –					
Net profit		-	-	60,506	60,506
Reversal of unissued shares	26	-	(27,500)	-	(27,500)
Redemption of preference shares		(20)	-	-	(20)
Balance at 31 March 2009		440,156	27,500	290,512	758,168
Total comprehensive income –					
Net profit		-	-	98,522	98,522
Issue of unissued shares	26	27,500	(27,500)	-	-
Ordinary dividends	11	-	-	(17,599)	(17,599)
Balance at 31 March 2010		467,656	-	371,435	839,091

Radio Jamaica Limited

Company Statement of Cash Flows

Year ended 31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010 $'000	2009 $'000
Cash Flows from Operating Activities		
Net profit	98,522	60,506
Items not affecting cash:		
Depreciation	31,847	33,584
Gain on disposal of fixed assets	(12,865)	(1,322)
Loss on disposal of investment securities	-	1,004
Interest income	(5,251)	(486)
Dividend income	(413)	(79,284)
Interest expense	10,688	8,698
Income tax	70,011	(7,730)
Exchange loss/(gain) on foreign currency balances	524	(3,476)
Revaluation of investment securities	64	(3,746)
	193,127	7,748
Changes in operating assets and liabilities:		
Pension and other retirement benefits	(46,171)	(2,967)
Inventories	1,269	2,716
Due from subsidiaries	(29,233)	(16,515)
Receivables	(27,954)	11,903
Payables	20,698	(9,709)
	111,736	(6,824)
Income tax paid	1,212	(118)
Net cash provided by/(used in) operating activities	112,948	(6,942)
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	12,959	1,403
Purchase of fixed assets	(22,486)	(8,796)
Proceeds from disposal of investment securities	-	31,891
Interest received	4,921	492
Dividends received	413	1,184
Net cash (used in)/provided by investing activities	(4,193)	26,174
Cash Flows from Financing Activities		
Loan received	30,000	-
Loans repaid	(28,550)	(3,549)
Principal lease repayments	(3,374)	(5,644)
Interest paid	(10,688)	(8,698)
Preference shares redeemed	-	(20)
Dividends paid	(17,599)	-
Net cash used in financing activities	(30,211)	(17,911)
Increase in cash and cash equivalents	78,544	1,321
Exchange (losses)/gains on cash and cash equivalents	(524)	53
Cash and cash equivalents at beginning of year	4,908	3,534
CASH AND CASH EQUIVALENTS AT END OF YEAR	82,928	4,908

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

Radio Jamaica Limited ("the company") is incorporated and domiciled in Jamaica. The company is listed on the Jamaica Stock Exchange, and has its registered office at 32 Lyndhurst Road, Kingston 5.

These financial statements present the results of operations and financial position of the company and its subsidiaries, which are collectively referred to as "the group".

The group's primary activities are the operation of a 'free-to-air' television station, cable television stations and radio stations.

The company's subsidiaries and their percentage ownership are as follows:

Name of subsidiary	Percentage ownership	
	2010	**2009**
Television Jamaica Limited	100	100
Multi-Media Jamaica Limited	100	100
Media Plus Limited, and its subsidiaries –	100	100
Reggae Entertainment Television Limited	100	65
Jamaica News Network Limited	100	80

The subsidiaries are incorporated and domiciled in Jamaica, with the exception of Media Plus Limited, which is incorporated and domiciled in St. Lucia.

During the year, Media Plus Limited acquired the minority interest shareholdings of Reggae Entertainment Television Limited and Jamaica News Network Limited for nil consideration. In exchange for their shareholdings, the minority shareholders are no longer liable for any debts, obligations, or required capital injections in the subsidiaries. As the minority interest was carried at nil, there was no gain or loss on the transaction recorded in the financial statements.

2. Summary of Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on managements' 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.

Radio Jamaica Limited
Notes to the Financial Statements
31 March 2010
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in 2010
Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The group has assessed the relevance of all such new standards, interpretations and amendments and has effected the following, which are immediately relevant to its operations:

- **IFRS 8, Operating Segments** (effective for annual periods beginning on or after 1 January 2009) IFRS 8 sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. It requires identification of operating segments on the basis of internal reports that are regularly reviewed by, and the amount reported for each operating segment item to be the measure reported to, the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. IFRS 8 has replaced IAS 14 – Segment Reporting. The group has applied IFRS 8 from 1 April 2009 and has presented the required disclosures in Note 29.
- **IAS 1, Presentation of Financial Statements (Revised)** (effective for annual periods beginning on or after 1 January 2009). The main objective in revising IAS 1 was to aggregate information in the financial statements on the basis of shared characteristics. IAS 1 affects the presentation of owner changes in equity and of comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. IAS 1 requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). In applying IAS 1 (Revised), the group has presented all non-owner changes in equity in one statement of comprehensive income.
- **IAS 23 (Amendment) - Borrowing costs** (effective for annual periods beginning on or after 1 January 2009). This amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. This amendment has not impacted the group's accounting policies as the group previously capitalised borrowing costs of qualifying assets.
- **IAS 27 (Revised), Consolidated and Separate Financial Statements/IFRS 3 (Revised), Business Combinations** (effective for annual periods beginning on or after 1 July 2009). The revised standards bring amendments to the acquisition accounting model and compulsory adoption of the economic entity approach. IFRS 3 will apply to a broader scope of transactions, and includes changes to the determination of consideration, goodwill and non-controlling interests. There has been no impact from adoption in these financial statements.
- **IFRS 7 (Amendment) - Financial instruments: Disclosure** (effective for annual periods beginning on or after 1 January 2009). This amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The expanded disclosure requirements have been included in Note 3(e).

All standards, interpretations and amendments adopted by the group require retrospective application. The 2009 comparative figures have been amended as required, in accordance with the relevant requirements. There was no impact on opening retained earnings at 1 April 2009 from the adoption of any of the above-mentioned standards, interpretations and amendments. There are no other standards, interpretations or amendments that became effective during the year that are immediately relevant to the group.

2. Summary of Accounting Policies (Continued)

(b) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective for the group at balance sheet date, and which the group has not early adopted. The group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

- **IFRS 9, Financial Instruments** (effective for annual periods beginning on or after 1 January 2013). This standard specifies how an entity should classify and measure financial assets, including some hybrid contracts. They require all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the two impairment methods in IAS 39 that arise from the different classification categories. The group is still assessing the potential impact of IFRS 9 and whether it should adopt the standard prior to the effective date to take advantage of the transitional arrangements which vary depending on the date of initial adoption.
- **IFRS 2 (Amendment) - Group cash-settled and share-based payment transactions** (effective for annual periods beginning on or after 1 January 2010). In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The group will apply the amendment from 1 April 2010, but it is not expected to have a material impact on the financial statements.
- **IFRIC 17, Distribution of non-cash assets to owners** (effective for annual periods beginning on or after 1 July 2009). This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The group will apply IFRIC 17 from 1 April 2010, but it is not expected to have a material impact on the financial statements.

The group has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no material impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect.

Radio Jamaica Limited
Notes to the Financial Statements
31 March 2010
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(c) Basis of consolidation

Subsidiaries, which are those entities in which the group 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.

(d) Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of primary economic environment in which the entity operates, referred to as the functional currency. The functional currency of each entity is the same as its presentation currency. The consolidated financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency. Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation of foreign currency monetary assets and liabilities at the year end exchange rates are recognised in arriving at net profit or loss.

(e) 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.

(f) Financial instruments

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

Financial assets

The group classifies its financial assets in the following categories: loans and receivables, available-for-sale, and at fair value through profit or loss. 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. At the balance sheet date, trade receivables were classified as loans and receivables; cash and bank balances and quoted investment securities were classified as financial assets at fair value through profit or loss; and unquoted investment securities were classified as available-for-sale.

Financial liabilities

The group'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 balance sheet date, the following items were classified as financial liabilities: bank overdraft, finance lease obligations, long term loans and trade payables.

(expressed in Jamaican dollars unless otherwise indicated)

Radio Jamaica Limited

2. Summary of Accounting Policies (Continued)

(g) Income taxes

Taxation expense in the statement of comprehensive income 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 arriving at net profit or loss, except where it relates to items charged or credited to equity, in which case, deferred tax is also dealt with in equity.

(h) Fixed assets

Freehold land and buildings are stated at deemed cost less subsequent depreciation for buildings. All other fixed assets are carried at historical cost less accumulated depreciation.

Depreciation 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%
Improvements to leasehold property	2.5%
Furniture, office machinery and rental equipment	10 - 15%
Station equipment - Radio	10 - 15%
Station equipment - Television	6.67 - 25%
Computer equipment	10 - 33⅓%
Motor vehicles	10 - 25%

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

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 in arriving at net profit or loss 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.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Accounting Policies (Continued)

(i) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition, and is included in intangible assets on the balance sheet. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Brands

Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives of 10 to 20 years.

(j) Investment securities

Investment securities are classified as financial assets at fair value through profit or loss, and available-for-sale. Management determines the classification of investments at initial recognition and re-evaluates such designation at each reporting date.

Investment securities classified as financial assets at fair value through profit or loss and available-for-sale are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of investments classified as financial assets at fair value through profit or loss are included in the determination of profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss.

The fair values of quoted investments are based on current bid prices. If the market for an investment is not active, the group establishes fair value by using valuation techniques. Where fair values cannot be reliably measured, the group carries the investment at cost.

(k) Retirement benefits

Pension plans

The group operates defined benefit plans, the assets of which are generally held in separate trustee-administered funds. A defined benefit plan is one that defines an amount of 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 defined benefit plans is the difference between present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognised actuarial gains and losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged in arriving at profit or loss so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year. The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

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2. Summary of Accounting Policies (Continued)

(k) Retirement benefits (continued)

Pension plans (continued)

A portion of actuarial gains and losses is recognised in arriving at profit or loss if the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceeded 10% of the greater of the present value of the gross defined benefit obligation and the fair value of plan assets at that date. Any excess actuarial gains or losses are recognised in arriving at profit or loss over the average remaining service lives of the participating employees.

Other retirement benefits

The group provides retirement health care and life insurance to its retirees. The entitlement for these benefits is usually based on the employee remaining in services up to retirement age and the completion of a minimum period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. Valuations for these benefits are carried out annually by independent qualified actuaries.

(l) 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.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined as follows:

Spares	-	weighted average cost, which approximates actual
Film, other	-	actual cost

Net realisable value is the estimated proceeds of disposal in the ordinary course of business, less applicable expenses.

(n) 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.

(o) 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.

(p) Trade payables

Trade payables are stated at historical cost.

2. Summary of Accounting Policies (Continued)

(q) 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.

(r) 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 in arriving at profit or loss 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 asset acquired under a finance lease is depreciated over the shorter of the useful life of the asset or the lease term.

(s) 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 arriving at profit or loss over the period of the borrowings.

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group entity purchases the company's equity (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable transaction costs and income taxes) is included in equity attributable to the company's equity holders.

(u) Dividends

Dividends are recorded as a liability in the financial statements in the period in which they have been approved by shareholders.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the company's Board of Directors.

3. Financial Risk Management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

The group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. There has been no change to the group's exposure to financial risks or the manner in which it manages and measures the risks.

The Board of Directors is ultimately responsible for the establishment and oversight of the group's risk management framework. The Board has established committees/departments for managing and monitoring risks, as follows:

Department of Finance and Administration

The Department of Finance and Administration is responsible for managing the group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the group. The department identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The credit department is primarily responsible for managing the group's credit risk. It evaluates, monitors and manages credit risks through the close assessments of potential and present clients.

Finance Committee

The Finance Committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

3. Financial Risk Management (Continued)

(a) Credit risk

The group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the group by failing to discharge their contractual obligations. Credit risk is the most important risk for the group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the group's receivables from customers and investment activities. The group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to industry segments.

Credit review process

The Department of Finance and Administration has overall responsibility for the ongoing analysis of the ability of customers and other counterparties to meet repayment obligations.

(i) Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Finance committee reviews monthly all material direct client accounts with balances over 90 days. The Department of Finance and Administration has established a credit policy under which each customer is analysed individually for creditworthiness prior to the group offering them a credit facility. Credit limits are assigned to each customer and approval is required from the Credit Manager for all direct customer transactions. The group has procedures in place to restrict customer orders if the order will exceed their credit limits. Customers that fail to meet the group's benchmark creditworthiness may transact with the group on a prepayment basis.

Customer credit risk are monitored according to their credit characteristics, such as whether it is an individual or company, geographic location, industry, aging profile, and previous financial difficulties. Trade and other receivables relate mainly to the group's direct customers and advertising agencies.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The group addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

The group's average credit period for airing advertisements is 30 days for direct customers and 60 days for advertising agencies. The group has provided for most receivables over 90 days based on historical experience which dictates that amounts past due beyond 90 days are generally not recoverable. Trade receivables between 60 and 90 days are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Investments and deposits

The group limits its exposure to credit risk by maintaining monetary investments and deposits with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations. The Finance committee also performs monthly reviews of the investments and securities held as part of their assessment of the group's credit risk.

(iii) Cash

Cash is held with substantial financial institutions.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk
The worst case scenario of credit risk exposure at year end was as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	305,101	243,564	104,208	85,309
Short term deposits	234,070	-	86,393	-
Cash	6,570	13,970	2,289	4,908
	545,741	257,534	192,890	90,217

Trade receivables are receivable from customers in Jamaica. The credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector, is as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Advertising agencies	200,165	134,750	70,295	48,557
Direct customers	127,081	132,513	36,446	42,587
	327,246	267,263	106,741	91,144
Less: Provision for impairment	(22,145)	(23,699)	(2,533)	(5,835)
	305,101	243,564	104,208	85,309

Ageing analysis of trade receivables that are past due but not impaired
Trade receivables that are less than three months past due are not considered impaired. As of 31 March 2010, trade receivables relating to the group and the company amounting to $173,118,000 (2009 – $127,098,000) and $64,272,000 (2009 – $42,715,000) respectively were past due but not impaired. Trade receivables that are past due relate to a number of independent customers and advertising agencies for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
30 – 60 days	96,497	93,040	27,180	33,856
60 – 90 days	29,637	25,781	15,746	7,142
Greater than 90 days	46,984	8,277	21,346	1,717
	173,118	127,098	64,272	42,715

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Ageing analysis of trade receivables that are impaired

As of 31 March 2010, trade receivables of $22,145,000 (2009 – $23,699,000) for the group and $2,533,000 (2009 – $5,835,000) for the company were considered impaired. These receivables were fully provided for. The individually impaired receivables mainly relate to direct customers and agencies that are in unexpected difficult economic situations. The creation and release of provision for impaired receivables have been included in administration expenses in the profit and loss account. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The ageing of these receivables is as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Greater than 90 days	22,145	23,699	2,533	5,835

The movement on the provision for impairment was as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
At 1 April	23,699	21,819	5,835	7,458
Provision for receivables impairment	18,879	28,027	2,244	7,719
Receivables written off during the year as uncollectible	(7,180)	(18,774)	(1,184)	(5,837)
Unused amounts reversed	(13,253)	(7,373)	(4,362)	(3,505)
At 31 March	22,145	23,699	2,533	5,835

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3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The group's liquidity management process, as carried out within the group and monitored by the Department of Finance and Administration, includes:

(i) Monitoring future cash flows and liquidity on an ongoing basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit;

(iv) Optimising cash returns on investment;

Cash flows of financial liabilities

Trade payables are due within one month and bank overdrafts are due at call.

The maturity profile of long term liabilities at year end based on contractual undiscounted payments was as follows:

	The Group			
	Within 1 year $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
	2010			
Finance lease obligations	9,561	8,317	-	17,878
Long term loans	31,097	87,239	-	118,336
	40,658	95,556	-	136,214
	2009			
Finance lease obligations	12,168	18,495	-	30,663
Long term loans	39,326	106,080	7,153	152,559
	51,494	124,575	7,153	183,222

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

	The Company			
	Within 1 year $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
		2010		
Finance lease obligations	1,899	103	-	2,002
Long term loans	12,338	30,240	-	42,578
	14,237	30,343	-	44,580
		2009		
Finance lease obligations	4,030	2,205	-	6,235
Long term loans	7,821	30,323	7,153	45,297
	11,851	32,528	7,153	51,532

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term deposits.

(c) Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Department of Finance and Administration which seeks to minimise potential adverse effects on the performance of the group by applying procedures to identify, evaluate and manage this risks, based on guidelines set by the Board of Directors.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group takes on exposure to price risk arising from its holdings of quoted equity securities, all of which are exposed to general and specific market movements. The movements in market prices are not expected to have a significant impact on the net results or stockholders' equity as the group does not hold significant equity securities. The group monitors the price movement of financial assets on an ongoing basis.

Radio Jamaica Limited

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk

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

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the pound sterling. Foreign exchange risk arises from commercial transactions such as the purchase of investment securities and station equipment and the recognised assets and liabilities arising there from.

The group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The group further manages this risk by maximising foreign currency earnings and holding foreign currency balances. As the group has no significant foreign currency exposure, currency fluctuations have no material effect on the net results or stockholders' equity.

The group's exposure to currency risk at year end was as follows:

	2010		2009	
	US$'000	**£'000**	**US$'000**	**£'000**
Assets				
Receivables	490	2	268	2
Short term investments	632	23	-	-
Cash	20	1	18	-
	1,142	26	286	2
Liabilities				
Payables	221	-	340	-
Net Assets/(Liabilities)	921	26	(54)	2

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the group to cash flow interest risk, whereas fixed interest rate instruments expose the group to fair value interest risk.

The group earns interest on its short term deposits disclosed in Note 23. As these deposits have a short term to maturity and are constantly reinvested at current market rates, they are not significantly exposed to interest rate risk.

The group incurs interest on its borrowings disclosed in Notes 27 and 28. These borrowings are at fixed rates, and expose the group to fair value interest rate risk. Interest rate fluctuations are not expected to have a material effect on the net results or stockholders' equity.

The group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

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3. Financial Risk Management (Continued)

(d) Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the group defines as net operating income divided by total stockholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

No company within the group is subject to externally imposed capital requirements.

(e) Fair value estimation

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.

Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. At 31 March 2010, these instruments are quoted investment securities (Note 19), which are grouped in Level 1.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. At 31 March 2010, there were no such instruments.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. At 31 March 2010, there were no such instruments.

The following methods and assumptions have been used in determining fair values:

(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, short term investments, and trade receivables and payables.

(ii) The carrying values of long term loans, except the loan from the Jamaica Broadcasting Corporation, 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) For disclosure purposes, the fair value of the loan from the Jamaica Broadcasting Corporation (Note 28) is estimated by discounting the future contractual cash flows at the current market rate available to the group for similar borrowings. This resulted in a valuation of $20,442,000 (2009 – $20,037,000).

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 group's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The group 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 of assets and liabilities within the next financial year are discussed below.

Retirement benefit obligations

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate, and, in the case of health benefits, the expected rate of increase in health costs. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns.

The group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the group considered interest rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. The expected rate of increase of health costs has been determined by comparing the historical relationship of the actual health cost increases with the rate of inflation. Other key assumptions for the retirement benefits are based on current market conditions.

The principal actuarial assumptions used in valuing retirement benefits are disclosed in Note 15.

Intangible assets arising from the acquisition of subsidiaries

The fair market value of the intangible assets arising from the group's acquisition of subsidiaries (Note 14) was determined by professional valuers. On the instructions of management, the valuers have used the excess of earnings method to determine fair market value. The approach used was deemed by management to be most appropriate to value the respective intangible assets. The excess of earnings method utilises discounted cash flow techniques. The cash flows discounted are derived by applying certain growth rates that management has determined are reasonable and deem to be best estimates, considering all known information about the markets and industries in which the acquired entities operate at the time of acquisition.

The intangibles acquired have been deemed to be finite life intangibles. Their estimated useful lives have been determined by management, based on their best estimate of the time period over which the group will benefit from the assets acquired. Management has estimated that the useful life of the intangibles will be between 10 and 20 years.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(b) Key sources of estimation uncertainty (continued)

Recognition of deferred tax assets

Deferred tax assets have not been recognised on tax losses carried forward in respect of certain subsidiaries based on management's expectation that the subsidiaries will not generate enough profits to utilise these tax losses carried forward (Note 16). At 31 March 2010, unrecognised deferred tax assets in respect of tax losses carried forward amounted to $40,131,000 (2009 – $62,223,000).

5. Other Operating Income

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Interest income	12,695	1,221	5,251	486
Net foreign exchange gains	877	8,762	499	4,872
Unrealised (losses)/gains on revaluation of investment securities classified as financial assets at fair value through profit or loss	(64)	3,746	(64)	3,746
Realised losses on disposal of investment securities classified as financial assets at fair value through profit or loss	-	(1,004)	-	(1,004)
Gain on disposal of fixed assets	9,410	1,457	12,865	1,322
Rental income	25,566	31,792	37,052	42,533
Dividend from subsidiary	-	-	-	78,100
Other dividend income	413	1,184	413	1,184
	48,897	47,158	56,016	131,239

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6. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Auditors' remuneration	5,364	4,876	2,646	2,405
Commissions	223,379	138,860	79,901	52,677
Depreciation	106,674	96,167	31,847	33,584
Distribution costs	31,642	26,988	-	-
Impairment charge (Note 14)	-	50,913	-	-
Insurance	57,001	56,680	30,999	32,955
Programming expenses	150,517	125,490	21,766	25,595
Publicity	29,222	37,883	17,409	27,634
Repairs and maintenance	65,271	75,608	31,281	37,779
Special events	102,109	193,648	-	-
Staff costs (Note 7)	531,771	589,389	238,044	300,447
Utilities	123,032	127,390	68,147	79,150
Other	205,304	209,126	77,368	67,151
	1,631,286	1,733,018	599,408	659,377

7. Staff Costs

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Wages and salaries	482,765	480,086	232,447	237,208
Statutory contributions	47,512	49,938	25,590	28,773
Pension benefits (Note 15)	(30,748)	(4,478)	(37,869)	(4,274)
Other retirement benefits (Note 15)	1,132	2,113	633	1,427
Redundancy costs	300	18,360	68	9,454
Other	30,810	43,370	17,175	27,859
	531,771	589,389	238,044	300,447

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8. Finance Costs

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense –				
Bank borrowings	12,384	10,076	7,752	5,273
Finance leases	3,969	4,320	859	1,698
Promissory note	2,200	2,200	-	-
Other	3,857	2,924	2,077	1,727
	22,410	19,520	10,688	8,698

9. Taxation Expense

Taxation is computed on the profit or loss for the year adjusted for tax purposes. The charge for taxation comprises income tax at 33⅓%:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Current tax	127,316	13,024	37,062	-
Adjustment to prior year provision	(35)	(93)	-	-
	127,281	12,931	37,062	-
Deferred tax (Note 16)	42,064	28,217	32,949	7,730
	169,345	41,148	70,011	7,730

The tax on the group and the company's profit was derived as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Profit/(loss) before taxation	390,966	(98,827)	168,533	52,776
Adjusted for:				
Capital allowances	(120,646)	(112,179)	(29,164)	(30,539)
Depreciation and amortisation	109,544	99,037	31,847	33,584
Dividends received from subsidiary	-	78,100	-	-
Fair value adjustments on investments	64	(3,746)	64	(3,746)
Finance leases	(8,520)	(8,342)	(3,374)	(5,644)
Gain on disposal of fixed assets	(9,410)	(1,457)	(12,865)	(1,322)
Impairment	-	50,913	-	-
Losses in subsidiaries not recognised	60,949	87,051	-	-
Movement in retirement benefits	(43,058)	(5,715)	(46,171)	(2,967)
Other	2,059	(3,455)	2,316	(465)
Statutory income	381,948	81,380	111,186	41,677
Utilisation of tax losses carried forward	-	(16,641)	-	(16,010)
Income at 0%	-	(25,667)	-	(25,667)
	381,948	39,072	111,186	-
Current tax at 33⅓%	127,316	13,024	37,062	-

10. Net Profit/(Loss) and Retained Earnings Attributable to Stockholders of the Company

(a) The net profit/(loss) attributable to stockholders of the company is dealt with in the financial statements as follows:

	2010 $'000	2009 $'000
The company	98,522	60,506
Less: Dividends received from subsidiary	-	(78,100)
	98,522	(17,594)
The subsidiaries	123,099	(111,844)
	221,621	(129,438)

(b) Retained earnings are dealt with in the financial statements as follows:

	2010 $'000	2009 $'000
The company	371,435	290,512
The subsidiaries	285,447	162,348
	656,882	452,860

11. Ordinary Dividends

On 28 October 2009, an interim dividend of $0.05 on each ordinary stock unit held as at 11 November 2009 was declared and paid on 19 November 2009.

12. Earnings per Ordinary Stock Unit

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

	2010	2009
Net profit/(loss) attributable to stockholders $'000	221,621	(129,438)
Weighted average number of ordinary stock units in issue ('000)	345,288	343,913
Basic earnings per ordinary stock unit	$0.64	($0.38)

There was no significant dilution of earnings per stock unit resulting from the unissued shares (Note 26).

Radio Jamaica Limited

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13. Fixed Assets

The Group

	Freehold Land	Freehold Buildings	Improvements to Leasehold Property	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2010			
Cost -							
1 April 2009	5,622	316,099	16,109	900,564	72,022	71,057	1,381,473
Additions	-	5,825	792	46,427	-	31,602	84,646
Disposals	(28)	(249)	-	(529)	(14,985)	-	(15,791)
Transfers	-	-	-	68,455	22,813	(91,268)	-
31 March 2010	5,594	321,675	16,901	1,014,917	79,850	11,391	1,450,328
Depreciation -							
1 April 2009	-	52,334	1,084	518,727	38,534	-	610,679
Charge for the year	-	7,705	1,928	82,643	14,398	-	106,674
Relieved on disposals	-	(249)	-	(462)	(8,435)	-	(9,146)
31 March 2010	-	59,790	3,012	600,908	44,497	-	708,207
Net Book Value -							
31 March 2010	5,594	261,885	13,889	414,009	35,353	11,391	742,121
				2009			
Cost -							
1 April 2008	5,622	313,109	7,995	855,317	57,960	11,060	1,251,063
Additions	-	1,323	8,114	19,120	17,771	89,567	135,895
Disposals	-	-	-	(1,776)	(3,709)	-	(5,485)
Transfers	-	1,667	-	27,903	-	(29,570)	-
31 March 2009	5,622	316,099	16,109	900,564	72,022	71,057	1,381,473
Depreciation -							
1 April 2008	-	44,739	567	445,511	28,845	-	519,662
Charge for the year	-	7,595	517	74,657	13,398	-	96,167
Relieved on disposals	-	-	-	(1,441)	(3,709)	-	(5,150)
31 March 2009	-	52,334	1,084	518,727	38,534	-	610,679
Net Book Value -							
31 March 2009	5,622	263,765	15,025	381,837	33,488	71,057	770,794

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13. Fixed Assets (Continued)

	The Company					
	Freehold Land	Freehold Buildings	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
			2010			
Cost -						
1 April 2009	5,621	263,979	277,195	31,361	109	578,265
Additions	-	5,824	12,421	-	4,241	22,486
Disposals	(27)	(249)	(529)	(1,700)	-	(2,505)
Transfer to subsidiary	-	-	(1,090)	-	-	(1,090)
Other transfers	-	-	40	-	(40)	-
31 March 2010	5,594	269,554	288,037	29,661	4,310	597,156
Depreciation -						
1 April 2009	-	46,184	194,358	23,774	-	264,316
Charge for the year	-	6,401	20,397	5,049	-	31,847
Relieved on disposals	-	(249)	(462)	(1,700)	-	(2,411)
31 March 2010	-	52,336	214,293	27,123	-	293,752
Net Book Value -						
31 March 2010	5,594	217,218	73,744	2,538	4,310	303,404
			2009			
Cost -						
1 April 2008	5,621	260,990	267,690	34,412	5,208	573,921
Additions	-	1,322	5,040	-	2,434	8,796
Disposals	-	-	(1,401)	(3,051)	-	(4,452)
Transfers	-	1,667	5,866	-	(7,533)	-
31 March 2009	5,621	263,979	277,195	31,361	109	578,265
Depreciation -						
1 April 2008	-	39,864	175,324	19,915	-	235,103
Charge for the year	-	6,320	20,354	6,910	-	33,584
Relieved on disposals	-	-	(1,320)	(3,051)	-	(4,371)
31 March 2009	-	46,184	194,358	23,774	-	264,316
Net Book Value -						
31 March 2009	5,621	217,795	82,837	7,587	109	313,949

Radio Jamaica Limited

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13. Fixed Assets (Continued)

Included in motor vehicles are assets costing approximately $50,526,000 for the group and $27,980,000 for the company (2009 – $54,717,000 and $29,671,000, respectively) which are being acquired under finance lease arrangements (Note 27), on which depreciation of $36,669,000 for the group and $25,716,000 for the company (2009 – $30,643,000 and $22,788,000, respectively) has been charged.

Included in additions to furniture, fixtures & equipment for the group are capitalised borrowing costs of $1,682,000 (2009 – $4,218,000).

14. Intangible Assets

Intangible assets in the balance sheet were determined as follows:

	Goodwill $'000	Brands $'000	Total $'000
		2010	
Cost	53,726	50,472	104,198
Accumulated amortisation and impairment	(50,913)	(9,567)	(60,480)
Net book value at 31 March 2010	2,813	40,905	43,718
		2009	
Cost	53,726	50,472	104,198
Accumulated amortisation and impairment	(50,913)	(6,697)	(57,910)
Net book value at 31 March 2009	2,813	43,775	46,588

The movement in intangible assets was due to the following:

	Goodwill $'000	Brands $'000	Total $'000
Net book value at 31 March 2008	81,226	46,645	127,871
Amortisation charge	-	(2,870)	(2,870)
Adjustment to acquisition cost – Reversal of unissued shares (Note 26)	(27,500)	-	(27,500)
Impairment charge	(50,913)	-	(50,913)
Net book value at 31 March 2009	2,813	43,775	46,588
Amortisation charge	-	(2,870)	(2,870)
Net book value at 31 March 2010	2,813	40,905	43,718

The goodwill balance of $2,813,000 at 31 March 2009 and 2010 is allocated to the Reggae Entertainment Television Limited.

Amortisation charges are included in administration expenses in arriving at net profit or loss.

14. Intangible Assets (Continued)

Impairment charge – prior year
At 31 March 2009, goodwill was deemed to be impaired based on current and projected losses being experienced by the related subsidiaries. The amount of the goodwill impairment is based on the recoverable amount of the related subsidiary or cash generating unit (CGU).

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations were as follows:

- Discount rate – 12.49% (2009 – 23.64%);
- Projected revenue growth rates – 20% in year 2, 30% to 40% in year 3, and 10% to 20% thereafter;
- Projected expense growth rate – 10%;
- Foreign exchange rate – J$100:US$1 for year 1, with an annual depreciation of 5%

The discount rate used is pre-tax and reflects specific risks relating to the respective subsidiaries. The rate was derived by adding a risk factor to the year-end Treasury Bill rate. Management projected the revenue and expense growth rates based on past performance and its expectations of market development. The foreign exchange rates used are based on macroeconomic expectations.

The allocation of the goodwill impairment charged in arriving at net profit or loss during the prior year was as follows:

	$'000
Reggae Entertainment Television Limited	30,967
Jamaica News Network Limited	19,946
	50,913

Consequent on the recognition of impairment, the group reassessed the amortisation/depreciation policies of the affected subsidiaries' other intangible assets and property, plant and equipment, and determined that their useful lives would not be affected. No other class of asset was deemed to be impaired.

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15. Retirement Benefits

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Amounts recognised in the balance sheet –				
Pension schemes	167,211	123,020	157,195	110,390
Other retirement benefits	(17,879)	(16,746)	(13,200)	(12,566)
Amounts recognised in arriving at profit or loss –				
Pension schemes	30,748	4,478	37,869	4,274
Other retirement benefits	(1,132)	(2,113)	(633)	(1,427)

Pension schemes

The company operates a defined benefit pension scheme covering all permanent employees of Radio Jamaica Limited, Multi-Media Jamaica Limited and, effective 1 January 2008, Television Jamaica Limited. Television Jamaica Limited previously operated a defined benefit scheme that was open to all its employees. During the year, this scheme was merged with the company's scheme.

The scheme is managed by an outside agency under a management contract, and by Trustees. The scheme is funded at 13.18% of pensionable salaries, being 5% by members and 8.18% by the group.

The scheme is valued annually by independent actuaries. The latest actuarial valuation was done as at 31 December 2009.

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

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Fair value of plan assets	485,232	430,119	438,855	396,421
Present value of funded obligation	(344,865)	(240,660)	(305,659)	(212,132)
	140,367	189,459	133,196	184,289
Unrecognised past service cost	(488)	(887)	(762)	(887)
Limitation due to uncertainty of future benefits	(1,245)	(56,050)	(1,245)	(56,050)
Unrecognised actuarial losses/(gains)	28,577	(9,502)	26,006	(16,962)
Asset in the balance sheet	167,211	123,020	157,195	110,390

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15. Retirement Benefits (Continued)

Pension schemes (continued)
The amounts recognised in arriving at profit or loss were determined as follows:

	The Group		The Company	
	2010 **$'000**	**2009** **$'000**	**2010** **$'000**	**2009** **$'000**
Current service cost	(20,482)	(13,059)	(13,828)	(9,425)
Interest cost	(39,700)	(26,214)	(33,907)	(23,638)
Employee contributions	11,575	12,060	7,355	8,512
Expected return on plan assets	44,987	44,053	41,012	41,225
Past service cost	(20,244)	301	(17,568)	263
Actuarial gains recognised	(193)	2,039	-	2,039
Change in limitation due to uncertainty of future benefits	54,805	(14,702)	54,805	(14,702)
Total included in staff costs (Note 7)	30,748	4,478	37,869	4,274

The movement in the fair value of plan assets was as follows:

	The Group		The Company	
	2010 **$'000**	**2009** **$'000**	**2010** **$'000**	**2009** **$'000**
Balance at start of year	430,119	439,663	396,421	412,527
Employee contributions	11,575	12,060	7,355	8,512
Employer contributions	13,443	3,350	8,936	121
Expected return on plan assets	44,987	44,053	41,012	41,225
Benefits paid	(67,309)	(10,703)	(63,463)	9,191
Actuarial gains/(losses)	52,417	(58,304)	48,594	(56,773)
Balance at end of year	485,232	430,119	438,855	396,421

The actual return on plan assets was $97,404,000 (2009 – $16,845,000) for the group and $89,606,000 (2009 - $15,548,000) for the company.

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected employer contributions to the plan for the year ended 31 March 2011 amount to $12,607,000 for the group and $8,394,000 for the company.

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15. Retirement Benefits (Continued)

Pension schemes (continued)
The distribution of plan assets was as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	%	%	%	%
Equities	13	13	14	14
Government of Jamaica securities	54	44	53	43
Repurchase agreements	20	20	20	19
Other	13	23	13	24
	100	100	100	100

Plan assets include the company's ordinary shares with a fair value of $1,756,000 (2009 - $2,447,000).

The movement in the present value of the funded obligation was as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Balance at start of year	(240,660)	(193,937)	(212,132)	(176,999)
Current service cost	(20,482)	(13,059)	(13,828)	(9,425)
Interest cost	(39,700)	(26,214)	(33,907)	(23,638)
Past service cost	(20,643)	-	(17,693)	-
Benefits paid	67,309	10,703	63,463	9,191
Actuarial gains	(90,689)	(18,153)	(91,562)	(11,261)
	(344,865)	(240,660)	(305,659)	(212,132)

15. Retirement Benefits (Continued)

Pension schemes (continued)
The five-year trend for the fair value of plan assets, the defined benefit obligation, the surplus in the plan, and experience adjustments for plan assets and liabilities is as follows:

	The Group				
	2010	**2009**	**2008**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Fair value of plan assets	485,232	430,119	439,663	395,273	346,342
Defined benefit obligation	(344,865)	(240,660)	(193,937)	(190,277)	(162,326)
Surplus	140,367	189,459	245,726	204,996	184,016
Experience adjustments –					
Fair value of plan assets	52,417	(58,304)	(3,533)	7,354	7,010
Defined benefit obligation	88,502	(52,058)	(3,695)	(2,255)	(22,292)

	The Company				
	2010	**2009**	**2008**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Fair value of plan assets	438,855	396,421	412,527	375,239	330,386
Defined benefit obligation	(305,659)	(212,132)	(176,999)	(175,280)	(151,090)
Surplus	133,196	184,289	235,528	199,959	179,296
Experience adjustments –					
Fair value of plan assets	48,594	(56,773)	(2,061)	7,423	6,646
Defined benefit obligation	89,106	(51,721)	(4,553)	(2,897)	(21,686)

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15. Retirement Benefits (Continued)

Other 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.

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

	The Group		The Company	
	2010 **$'000**	**2009** **$'000**	**2010** **$'000**	**2009** **$'000**
Present value of unfunded obligations	16,981	9,710	12,763	7,488
Unrecognised past service cost	209	278	209	291
Unrecognised actuarial losses	689	6,758	228	4,787
Liabilities in the balance sheet	17,879	16,746	13,200	12,566

The amounts recognised in arriving at net profit or loss were as follows:

	The Group		The Company	
	2010 **$'000**	**2009** **$'000**	**2010** **$'000**	**2009** **$'000**
Current service cost	(131)	488	(298)	202
Interest cost	1,590	1,772	1,203	1,316
Past service cost	(69)	(12)	(82)	(83)
Actuarial gains recognised	(258)	(135)	(190)	(8)
Total included in staff costs (Note 7)	1,132	2,113	633	1,427

The movement in the present value of unfunded obligations was as follows:

	The Group		The Company	
	2010 **$'000**	**2009** **$'000**	**2010** **$'000**	**2009** **$'000**
Balance at start of year	9,710	12,892	7,488	9,702
Current service cost	590	986	358	635
Interest cost	1,590	1,772	1,203	1,316
Benefits paid	(721)	(498)	(656)	(433)
Actuarial gains on obligation	5,812	(5,442)	4,370	(3,732)
Balance at end of year	16,981	9,710	12,763	7,488

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15. Retirement Benefits (Continued)

Other retirement benefits (continued)
The effects of a 1% movement in the assumed medical cost trend rate were as follows:

	The Group		The Company	
	Increase $'000	Decrease $'000	Increase $'000	Decrease $'000
Effect on the aggregate of the current service cost and interest cost	401	(311)	279	(217)
Effect on the defined benefit obligation	-	(3,803)	-	(2,700)

The five-year trend for the defined benefit obligation and experience adjustments is as follows:

	The Group				
	2010	2009	2008	2007	2006
	$'000	$'000	$'000	$'000	$'000
Defined benefit obligation	16,981	9,710	12,892	14,775	10,298
Experience adjustments	3,612	(223)	(2,383)	2,110	(2,327)

	The Company				
	2010	2009	2008	2007	2006
	$'000	$'000	$'000	$'000	$'000
Defined benefit obligation	12,763	7,488	9,702	11,628	8,290
Experience adjustments	2,825	108	(2,000)	1,969	(1,836)

Principal actuarial assumptions used in valuing retirement benefits
The principal actuarial assumptions used were as follows:

	The Group & The Company	
	2010	2009
Discount rate	16.0%	16.0%
Expected return on plan assets	11.0%	11.0%
Inflation rate	10.0%	10.0%
Future salary increases	12.0%	12.0%
Future pension increases	10.0%	10.0%
Long term increase in health costs	11.5%	10.5%
Expected remaining working lives (years)	22.1	22.5

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16. Deferred Taxation

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate of 33⅓%.

	The Group		The Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Deferred income tax assets	67	3,175	-	-
Deferred income tax liabilities	(123,343)	(84,387)	(60,034)	(27,085)
	(123,276)	(81,212)	(60,034)	(27,085)

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

	The Group		The Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Balance as at 1 April	(81,212)	(52,995)	(27,085)	(34,815)
(Charged)/credited in arriving at profit or loss	(42,064)	(28,217)	(32,949)	7,730
Balance as at 31 March	(123,276)	(81,212)	(60,034)	(27,085)

Deferred tax is due to the following temporary differences (prior to appropriate offsetting of balances):

	The Group		The Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Deferred income tax assets -				
Accrued vacation	8,430	7,470	5,493	4,692
Finance lease obligation	4,695	7,387	570	1,695
Retirement benefit obligations	5,960	5,582	4,400	4,189
Tax losses carried forward	515	21,158	-	17,484
	19,600	41,597	10,463	28,060
Deferred income tax liabilities -				
Accelerated tax depreciation	86,624	81,772	17,850	18,267
Interest receivable	310	-	110	-
Retirement benefit asset	55,737	41,007	52,398	36,797
Unrealised foreign exchange gains	205	30	139	81
	142,876	122,809	70,497	55,145

16. Deferred Taxation (Continued)

Deferred income tax assets and liabilities (prior to appropriate offsetting of balances) include the following amounts which are expected to be recovered/settled within one year:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deferred income tax assets		10,132		5,749
Deferred income tax liabilities	515	30	249	81

The deferred tax (charged)/credited in arriving at profit or loss comprises the following temporary differences:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Accelerated tax depreciation	(4,852)	(8,423)	417	(1,522)
Pension and other retirement benefits	(14,352)	(2,037)	(15,390)	(1,121)
Tax losses carried forward	(20,643)	(20,887)	(17,484)	11,661
Accrued vacation	960	(184)	801	(47)
Finance lease obligation	(2,692)	2,583	(1,125)	(1,882)
Other	(485)	731	(168)	641
	(42,064)	(28,217)	(32,949)	7,730

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. Subject to agreement with the Taxpayer Audit and Assessment Department, tax losses available for offset against future taxable profits amounted to $121,938,000 (2009 – $250,174,000) for the group and $Nil (2009 – $52,451,000) for the company, and these losses may be carried forward indefinitely.

Deferred income tax assets have not been recognised for tax losses carried forward in respect of certain subsidiaries. These tax losses amounted to $120,394,000 (2009 – $186,699,000).

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 $463,792,000 (2009 – $272,877,000).

Radio Jamaica Limited

17. Investment in Subsidiaries

	2010 $'000	2009 $'000
Multimedia Jamaica Limited	50	50
Television Jamaica Limited	20,002	20,002
Media Plus Limited –		
Reggae Entertainment Television Limited	68,994	68,994
Jamaica News Network Limited	32,467	32,467
	121,513	121,513

18. Long Term Receivables

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
GV Media Group Limited	25,038	25,038	25,038	25,038
Less: Provision for impairment	(25,038)	(25,038)	(25,038)	(25,038)
	-	-	-	-
Subsidiary	-	-	2,950	2,950
	-	-	2,950	2,950

GV Media Group Limited

On 25 April 2005, the company acquired 20% of the share capital of Gleaner UK Limited, subsequently named GV Media Group Limited, at a cost of £222,762 plus pre-acquisition costs and professional fees of £56,000. The terms of the investment also included the participation by the company in loans to GV Media Group Limited, on a pro-rata basis with The Gleaner Jamaica Limited, the other shareholder, for the acquisition and financing of the reorganisation of The Voice Group Limited, a subsidiary acquired by GV Media Group Limited during 2004. The company had, on that basis, contributed £769,000 up to 31 March 2007.

Management assessed the investment as at 31 March 2007, and determined that the investment was fully impaired as at that date. This determination was made against the background of the associate making losses and being projected to continue making losses.

In a revised shareholders' deed dated 1 December 2007, the company disposed of its shareholding in GV Media Group Limited. The major effects of the revised deed were as follows:

(a) The Gleaner Jamaica Limited purchased Radio Jamaica Limited's 20% shareholding for £1.00;

(b) Of the additional contribution of £769,000, £590,000 was forgiven and the remaining £179,000 will remain as an unsecured loan ('Layer One Debt') from GV Media Group Limited; and

(c) The Managing Director of Radio Jamaica Limited will continue as a member of the Board of GV Media Group Limited.

The resulting long term receivable of £179,000 is deemed fully impaired and carried at a nil value in the financial statements. No foreign exchange gains have been recognised in respect of this receivable since the date of impairment.

Subsidiary

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

Radio Jamaica Limited

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19. Investment Securities

	The Group & The Company	
	2010	2009
	$'000	$'000
At fair value through profit or loss –		
One Caribbean Media Limited, quoted	11,815	11,879
Available-for-sale –		
Caribbean News Agency, unquoted	7	7
	11,822	11,886

20. Inventories

	The Group		The Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Spares	29,273	27,849	17,880	19,680
Film	34,252	23,643	-	-
Goods in transit	2,364	3,409	516	524
Other	3,753	1,935	889	350
	69,642	56,836	19,285	20,554

21. Due from Subsidiaries

	2010	2009
	$'000	$'000
Multi-Media Jamaica Limited	10,841	16,378
Television Jamaica Limited	(22,611)	26,384
Reggae Entertainment Television Limited	90,540	59,074
Jamaica News Network Limited	145,631	92,242
	224,401	194,078

22. Receivables

	The Group		The Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Trade receivables	327,246	267,263	106,741	91,144
Less: Provision for impairment	(22,145)	(23,699)	(2,533)	(5,835)
	305,101	243,564	104,208	85,309
Prepayments	46,092	18,582	2,077	958
Other	28,725	29,584	19,054	10,788
	379,918	291,730	125,339	97,055

Radio Jamaica Limited

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23. Cash and Cash Equivalents

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Cash	6,570	13,970	2,289	4,908
Short term investments	234,070	-	86,393	-
	240,640	13,970	88,682	4,908
Bank overdraft	(5,754)	-	(5,754)	-
	234,886	13,970	82,928	4,908

(a) Cash comprises amounts held in current accounts, which currently attract interest at a rate of 1%.

(b) Short term investments comprise securities purchased under resale agreements and are classified as financial assets at fair value through profit or loss. The average maturity of these investments was under 90 days. The weighted average effective interest rate on these instruments was as follows:

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	%	**%**	**%**	**%**
United States dollar	4.11	-	4.28	-
Pound sterling	3.36	-	3.36	-
Jamaican dollar	13.06	-	13.36	-

(c) The group has unsecured bank overdraft facilities. The effective interest rate on account overrun is 47.75%.

24. Payables

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Trade	41,575	61,056	12,297	6,048
Accrued vacation leave	25,290	23,663	16,479	14,078
Other accruals	36,760	22,792	13,883	10,328
Current portion of finance lease obligations	7,088	7,985	1,632	3,171
Current portion of long term loans	20,793	26,539	8,549	3,549
Statutory deductions	17,162	17,969	8,750	11,491
Other	41,944	31,074	20,815	9,581
	190,612	191,078	82,405	58,246

Radio Jamaica Limited
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25. Share Capital

Authorised –

50,000 5% Cumulative participating preference shares

378,000,000 Ordinary shares

	2010 $'000	2009 $'000
Issued and fully paid –		
357,476,991 (2009 – 351,976,991) Ordinary shares of no par value	472,695	445,195
Treasury shares – 8,064,100 Ordinary shares of no par value	(5,039)	(5,039)
	467,656	440,156

During the year, the company issued shares to the previous minority shareholders of Reggae Entertainment Television Limited and Jamaica News Network Limited as described in Note 26.

The treasury shares are held by the RJR Employee Share Scheme. The scheme is inactive, there having been no transactions for several years. There are no outstanding share options arising from the provisions of this scheme.

26. Unissued Shares

Under the agreement for acquisition of Reggae Entertainment Television Limited and Jamaica News Network Limited in 2007, 11,000,000 shares would have been issued to the vendors if certain profit and other targets of the acquired subsidiaries were met. Management recognised these unissued shares in the determination of the purchase consideration for the acquisition, as it believed that it was probable that these targets would have been met, and had valued these shares at the published share price at acquisition date of $5.00 per share.

During the prior year, 2,750,000 shares were written back as the subsidiaries did not achieve certain profit targets, and a further 2,750,000 were written back as the subsidiaries are not expected to meet future profit targets.

The remaining 5,500,000 shares were issued to the vendors during the year in accordance with the stipulations of the agreement, based on the passage of time (three years).

The unissued shares were reversed against goodwill in the prior year as follows:

	$'000
Reggae Entertainment Television Limited	18,700
Jamaica News Network Limited	8,800
	27,500

Radio Jamaica Limited

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27. Finance Lease Obligations

The group entered into finance lease arrangements with the Staff Pension Scheme of Radio Jamaica Limited for the acquisition of motor vehicles (Note 13). The group's obligations under these leases have been recorded at amounts equal to the value of future lease payments using interest rates implicit in the leases. The effective interest rate on the leases was 25% (2009 – 25%). The amounts recognised in the balance sheet were determined as follows:

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Outstanding obligations under finance leases	17,878	30,663	2,002	6,235
Less: Future finance charges	(3,793)	(8,056)	(290)	(1,149)
Present value of minimum lease payments	14,085	22,607	1,712	5,086
Less: Current portion	(7,088)	(7,985)	(1,632)	(3,171)
	6,997	14,622	80	1,915

28. Long Term Loans

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
(a) The Jamaica Broadcasting Corporation	22,000	22,000	-	-
(b) RBTT Bank Jamaica Limited	-	10,746	-	-
(c) RBTT Bank Jamaica Limited	23,958	27,508	23,958	27,508
(d) RBTT Bank Jamaica Limited	38,771	51,014	-	-
(e) RBTT Bank Jamaica Limited	5,000	-	5,000	-
	89,729	111,268	28,958	27,508
Less: Current portion	(20,793)	(26,539)	(8,549)	(3,549)
	68,936	84,729	20,409	23,959

(a) This represents a promissory note issued to The Jamaica Broadcasting Corporation on 21 November 2003, which will mature on 30 April 2013. 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) This loan was repayable on a monthly basis, matured in September 2009 and attracted interest at 13%. It was secured by a first mortgage over commercial properties owned by the company.

(c) This loan is repayable on a monthly basis, maturing in December 2016 and attracts interest at 16.5%. It is secured by a second mortgage over commercial properties owned by the company.

(d) This loan is repayable on a monthly basis, maturing in April 2013 and attracts interest at 13%. It is secured by a first mortgage over commercial properties owned by the company.

(e) This loan is repayable on a monthly basis, maturing in May 2010 and attracts interest at 21.25%. It is secured by a second mortgage over commercial properties owned by the company.

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29. Segment Reporting

Management has determined the group's operating segments based on the reports reviewed by the company's Board of Directors that are used to make strategic decisions. The group is organised and managed in two main business segments based on its business activities. Operating results for each segment are used to measure performance, as management deems that information to be the most relevant in evaluating segments relative to other entities that operate within these industries.

The designated segments are:
(a) Audio visual, comprising the operations of the group's free-to-air television station and its cable stations; and
(b) Radio and other, comprising the operations of the group's radio stations.

The group's operations are primarily located in Jamaica. Transactions between segments are done under terms similar to that with third parties.

	Audio Visual	Radio and Other	Sub-total	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
			2010		
Revenues	1,248,463	749,501	1,997,964	(2,199)	1,995,765
Operating profit	226,455	186,921	413,376	-	413,376
Assets	829,906	1,044,635	1,874,541	(213,560)	1,660,981
Liabilities	543,977	206,026	750,003	(213,560)	536,443
Capital expenditure	59,679	24,967	84,646	-	84,646
Depreciation & amortisation	75,396	34,148	109,544	-	109,544
Finance costs	11,708	10,702	22,410	-	22,410
			2009		
Revenues	987,875	621,055	1,608,930	(2,377)	1,606,553
Operating loss	(90,909)	(15,585)	(106,494)	-	(106,494)
Assets	701,849	797,181	1,499,030	(176,185)	1,322,845
Liabilities	444,441	134,073	578,514	(176,185)	402,329
Capital expenditure	125,735	10,160	135,895	-	135,895
Depreciation & amortisation	63,103	35,934	99,037	-	99,037
Impairment charge	50,913	-	50,913	-	50,913
Finance costs	10,810	8,710	19,520	-	19,520

The reconciliation of operating loss for 2009 to the statement of comprehensive income is as follows:

	$'000
As presented in the segment disclosure	(106,494)
Dividends received by the radio and other segment from the audio visual segment	78,100
Impairment charge in relation to the audio visual segment	(50,913)
Operating loss for 2009 per the statement of comprehensive income	(79,307)

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30. Statement of Cash Flows

The principal non-cash transactions were the acquisition of fixed assets amounting to $17,609,000 for the group under finance lease arrangements entered into during the prior year, as well as the acquisition of minority shareholdings in subsidiaries at nil consideration.

31. Related Party Transactions and Balances

(a) During the year, the group purchased fixed assets valuing $4,000 (2009 – $205,000) and stationery and computer spares valuing $1,125,000 (2009 – $1,335,000) from an entity owned by one of the company's directors. There were no amounts owing at year end in respect of these transactions. These items were purchased on similar terms and conditions as those purchased by unconnected parties.

(b) Included in payables for the group is $Nil (2009 – $2,638,000) owing by a subsidiary to a shareholder of the company. This shareholder was also an employee of the subsidiary. The amount was interest-free and there were no fixed repayment terms.

(c) Key management compensation for the group was as follows:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Wages and salaries	44,029	49,760	36,587	38,298
Statutory contributions	2,686	2,891	2,228	2,163
Other	955	1,176	955	2,783
	47,670	53,827	39,770	43,244

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Directors' emoluments –				
Fees	1,194	1,204	728	728
Management remuneration (included in staff costs)	16,573	24,594	16,573	22,524

32. Contingencies

The company and its subsidiaries are subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the group, and the amount can be reasonably estimated. In respect of claims asserted against the group which have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the group which is immaterial to both financial position and results of operations.