

GLENER COMPANY LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2013



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## INDEPENDENT AUDITORS' REPORT

To the Members of  
**THE GLEANER COMPANY LIMITED**

### **Report on the Financial Statements**

We have audited the separate financial statements of The Gleaner Company Limited ("company") and the consolidated financial statements of the company and its subsidiaries ("group"), set out on pages 2 to 56, which comprise the group's and company's statements of financial position as at December 31, 2013, the group's and company's income statements, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the 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 as to whether or not 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 our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 financial statements give a true and fair view of the financial position of the group and the company as at December 31, 2013, and of the group's and company's financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

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

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

Chartered Accountants  
Kingston, Jamaica

February 28, 2014

**THE GLEANER COMPANY LIMITED**  
**DECEMBER 31, 2013**

**Statements of Financial Position**

	<b>NOTES</b>	<b>GROUP</b>			<b>COMPANY</b>		
		<b>2013</b>	<b>2012 *</b>	<b>2011 *</b>	<b>2013</b>	<b>2012 *</b>	<b>2011*</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets:</b>							
Property, plant and equipment	5	1,248,067	906,301	907,668	1,105,164	808,472	811,993
Intangible assets	6	1,628	4,521	5,190	1,628	4,521	5,190
Long-term receivables	8	6,317	4,735	18,788	79,826	34,677	44,147
Interests in subsidiaries	9	-	-	-	44,410	44,410	44,410
Interests in associates	10	150	150	150	-	-	-
Investments	11	640,418	507,375	230,881	635,390	502,497	226,114
Pension receivable	12	29,000	143,365	178,480	29,000	143,365	178,480
Deferred tax assets	13	3,200	4,319	5,351	-	-	-
<b>Total non-current assets</b>		<b><u>1,928,780</u></b>	<b><u>1,570,766</u></b>	<b><u>1,346,508</u></b>	<b><u>1,895,418</u></b>	<b><u>1,537,942</u></b>	<b><u>1,310,334</u></b>
Cash and cash equivalents	14	91,623	121,964	107,189	70,035	100,920	13,075
Securities purchased under resale agreements	15	9,780	125,173	35,409	9,780	125,173	-
Trade and other receivables	16	490,638	584,219	569,055	455,443	537,501	539,474
Prepayments		37,973	31,062	34,513	37,327	30,544	33,931
Taxation recoverable		9,746	9,423	98,305	-	-	89,864
Inventories and goods-in-transit	17	99,222	152,313	123,497	75,376	127,804	103,092
Current portion of pension receivable	12	986,574	918,653	1,250,399	986,574	918,653	1,250,399
Current portion long-term receivable	8	-	-	-	805	-	-
<b>Total current assets</b>		<b><u>1,725,556</u></b>	<b><u>1,942,807</u></b>	<b><u>2,218,367</u></b>	<b><u>1,635,340</u></b>	<b><u>1,840,595</u></b>	<b><u>2,029,835</u></b>
<b>Total assets</b>		<b><u>3,654,336</u></b>	<b><u>3,513,573</u></b>	<b><u>3,564,875</u></b>	<b><u>3,530,758</u></b>	<b><u>3,378,537</u></b>	<b><u>3,340,169</u></b>
<b>Equity:</b>							
Share capital	18	605,622	605,622	605,622	605,622	605,622	605,622
Reserves	19	1,988,079	1,765,148	1,680,147	1,973,321	1,776,311	1,617,087
<b>Total equity attributable to equity holders of parent</b>		<b><u>2,593,701</u></b>	<b><u>2,370,770</u></b>	<b><u>2,285,769</u></b>	<b><u>2,578,943</u></b>	<b><u>2,381,933</u></b>	<b><u>2,222,709</u></b>
<b>Liabilities:</b>							
Long-term liabilities	20	93,534	99,001	26,529	93,534	99,001	26,529
Employee benefits obligation	7,40	66,300	118,300	118,300	66,300	118,300	118,300
Deferred tax liabilities	13	338,906	317,275	516,323	338,902	317,265	516,297
<b>Total non-current liabilities</b>		<b><u>498,740</u></b>	<b><u>534,576</u></b>	<b><u>661,152</u></b>	<b><u>498,736</u></b>	<b><u>534,566</u></b>	<b><u>661,126</u></b>
Bank overdraft	21	5,327	10,308	2,524	2,850	-	2,524
Trade and other payables	22	449,161	506,684	550,934	357,265	380,269	403,104
Taxation payable		4,867	20,025	966	3,565	20,025	-
Current portion of long-term liabilities	20	36,365	9,813	7,184	36,365	9,813	7,184
Deferred income	23	66,175	61,397	56,346	53,034	51,931	43,522
<b>Total current liabilities</b>		<b><u>561,895</u></b>	<b><u>608,227</u></b>	<b><u>617,954</u></b>	<b><u>453,079</u></b>	<b><u>462,038</u></b>	<b><u>456,334</u></b>
<b>Total liabilities</b>		<b><u>1,060,635</u></b>	<b><u>1,142,803</u></b>	<b><u>1,279,106</u></b>	<b><u>951,815</u></b>	<b><u>996,604</u></b>	<b><u>1,117,460</u></b>
<b>Total equity and liabilities</b>		<b><u>3,654,336</u></b>	<b><u>3,513,573</u></b>	<b><u>3,564,875</u></b>	<b><u>3,530,758</u></b>	<b><u>3,378,537</u></b>	<b><u>3,340,169</u></b>

The financial statements on pages 2 to 56 were approved for issue by the Board of Directors on February 28, 2014 and signed on its behalf by:

Hon. O. F. Clarke, O.J. Chairman

Christopher Barnes Managing Director

\*Restated (note 40)

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

**THE GLEANER COMPANY LIMITED**  
**DECEMBER 31, 2013**

**Income Statements**

	<b><u>NOTES</u></b>	<b><u>GROUP</u></b>		<b><u>COMPANY</u></b>	
		<b><u>2013</u></b>	<b><u>2012 *</u></b>	<b><u>2013</u></b>	<b><u>2012 *</u></b>
		<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Revenue</b>	24	3,188,709	3,194,665	2,681,656	2,753,543
Cost of sales		(1,867,022)	(1,811,743)	(1,509,890)	(1,496,297)
Gross profit		1,321,687	1,382,922	1,171,766	1,257,246
Other operating income		<u>127,276</u>	<u>155,689</u>	<u>163,161</u>	<u>162,110</u>
		<u>1,448,963</u>	<u>1,538,611</u>	<u>1,334,927</u>	<u>1,419,356</u>
Distribution costs		( 477,171)	( 489,037)	( 457,150)	( 472,075)
Administration expenses		( 684,862)	( 612,030)	( 564,904)	( 501,470)
Other operating expenses		( 329,644)	( 391,006)	( 377,810)	( 389,745)
Pension costs		( 23,588)	( 22,402)	( 22,700)	( 21,514)
		<u>(1,515,265)</u>	<u>(1,514,475)</u>	<u>(1,422,564)</u>	<u>(1,384,804)</u>
Employee benefits obligation	7	<u>31,000</u>	<u>( 9,500)</u>	<u>31,000</u>	<u>( 9,500)</u>
<b>(Loss)/profit from operations</b>		<b><u>( 35,302)</u></b>	<b><u>14,636</u></b>	<b><u>( 56,637)</u></b>	<b><u>25,052</u></b>
Finance income		152,011	93,180	151,694	143,875
Finance cost		( 25,251)	( 20,931)	( 24,649)	( 18,370)
Net finance income	25	<u>126,760</u>	<u>72,249</u>	<u>127,045</u>	<u>125,505</u>
<b>Profit from operations before taxation</b>	26	<b>91,458</b>	<b>86,885</b>	<b>70,408</b>	<b>150,557</b>
Taxation (charge)/credit	27	<u>( 5,616)</u>	<u>46,647</u>	<u>( 6,574)</u>	<u>47,643</u>
<b>Profit for the year</b>		<b><u>85,842</u></b>	<b><u>133,532</u></b>	<b><u>63,834</u></b>	<b><u>198,200</u></b>
Dealt with in the financial statements of:					
Parent company		63,834	198,200		
Subsidiaries		<u>22,008</u>	<u>( 64,668)</u>		
		<u>85,842</u>	<u>133,532</u>		
Earnings per stock unit:					
Based on stock units in issue	28	<u>7.09¢</u>	<u>11.02¢</u>		
Excluding stock units in GCLEIT		<u>7.25¢</u>	<u>11.49¢</u>		

\*Restated (note 40)

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

**THE GLEANER COMPANY LIMITED**  
**DECEMBER 31, 2013**

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**Statements of Profit or Loss and Other Comprehensive Income**

	<u>NOTE</u>	<u>GROUP</u>		<u>COMPANY</u>	
		<u>2013</u> <u>\$'000</u>	<u>2012 *</u> <u>\$'000</u>	<u>2013</u> <u>\$'000</u>	<u>2012 *</u> <u>\$'000</u>
<b>Profit for the year</b>		<u>85,842</u>	<u>133,532</u>	<u>63,834</u>	<u>198,200</u>
<b>Other comprehensive income:</b>					
<b>Items that will never be reclassified to profit or loss:</b>					
Surplus on revaluation of land and building		230,776	-	230,776	-
Re-measurement of employee benefit obligation		( 1,300)	7,000	( 1,300)	7,000
Related tax on revaluation and remeasurement	27(c)	( 34,271)	<u>38,008</u>	( 34,271)	<u>38,008</u>
		<u>195,205</u>	<u>45,008</u>	<u>195,205</u>	<u>45,008</u>
<b>Items that may be reclassified to profit or loss:</b>					
Change in fair value of available-for-sale investments		22,758	12,303	22,758	12,187
Currency translation differences an foreign subsidiaries		( 13,715)	( 12,720)	-	-
		<u>9,043</u>	( 417)	<u>22,758</u>	<u>12,187</u>
<b>Other comprehensive income for the year, net of taxation</b>		<u>204,248</u>	<u>44,591</u>	<u>217,963</u>	<u>57,195</u>
<b>Total comprehensive income for the year</b>		<u>290,090</u>	<u>178,123</u>	<u>281,797</u>	<u>255,395</u>
Dealt with in the financial statements of:					
The company		281,797	255,395		
Subsidiaries		<u>8,293</u>	( 77,272)		
		<u>290,090</u>	<u>178,123</u>		

\*(Restated note 40)

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

**THE GLEANER COMPANY LIMITED**  
**DECEMBER 31, 2013**

**Group Statement of Changes in Equity**

	Share capital \$'000	Capital reserves \$'000	Fair value reserves \$'000	Reserve for own shares \$'000	Retained profits \$'000	Total equity \$'000
Balances at December 31, 2011						
As previously reported	605,622	804,403	27,944	(160,108)	999,708	2,277,569
Impact of change in accounting policy (note 40)	-	-	-	-	8,200	8,200
As restated	<u>605,622</u>	<u>804,403</u>	<u>27,944</u>	<u>(160,108)</u>	<u>1,007,908</u>	<u>2,285,769</u>
Total comprehensive income for the year:						
Profit for the year:						
As previously reported	-	-	-	-	133,032	133,032
Impact of change in accounting policy (note 40)	-	-	-	-	500	500
As restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,532</u>	<u>131,532</u>
Other comprehensive income/(expense) for the year:						
As previously reported						
Deferred tax on revaluation of land and building	-	39,758	-	-	-	39,758
Change in fair value of investments	-	-	12,303	-	-	12,303
Currency translation differences on foreign subsidiaries	-	( 12,720)	-	-	-	( 12,720)
Impact of change in accounting policy (note 40)	-	-	-	-	5,250	5,250
Other comprehensive income for the year, net of taxation, as restated	<u>-</u>	<u>27,038</u>	<u>12,303</u>	<u>-</u>	<u>5,250</u>	<u>44,591</u>
<b>Total comprehensive income for the year, as restated</b>	<u>-</u>	<u>27,038</u>	<u>12,303</u>	<u>-</u>	<u>138,782</u>	<u>178,123</u>
<b>Transactions with owners, recorded directly in equity:</b>						
Dividends (note 29)	-	-	-	-	( 93,177)	( 93,117)
Share-based payment transactions (note 30)	-	-	-	-	729	729
Own shares sold by Gleaner Company Limited Employee Investment Trust (GCLEIT)	-	-	-	( 674)	-	( 674)
<b>Total contributions by and distributions to owners</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 674)</u>	<u>( 92,448)</u>	<u>( 93,122)</u>
Balances as at December 31, 2012, as restated	<u>605,622</u>	<u>831,441</u>	<u>40,247</u>	<u>(160,782)</u>	<u>1,054,242</u>	<u>2,370,770</u>
Balances as at December 31, 2012:						
As previously reported	605,622	831,441	40,247	(160,782)	1,040,292	2,356,820
Impact of change in accounting policy 2011	-	-	-	-	8,200	8,200
Impact of change in accounting policy 2012	-	-	-	-	5,750	5,750
As restated	<u>605,622</u>	<u>831,441</u>	<u>40,247</u>	<u>(160,782)</u>	<u>1,054,242</u>	<u>2,370,770</u>
<b>Total comprehensive income for the year:</b>						
Profit for the year	-	-	-	-	85,842	85,842
Other comprehensive income/(expense):						
Change in fair value of available-for-sale investments	-	-	22,758	-	-	22,758
Surplus on revaluation of land and building	-	230,776	-	-	-	230,776
Deferred tax on revaluation of land and building	-	( 34,596)	-	-	-	( 34,596)
Currency translation differences on foreign subsidiaries	-	( 13,715)	-	-	-	( 13,715)
Re-measurement of employee benefit obligation	-	-	-	-	( 975)	( 975)
Other comprehensive income for the year, net of taxation	<u>-</u>	<u>182,465</u>	<u>22,758</u>	<u>-</u>	<u>( 975)</u>	<u>204,248</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>182,465</u>	<u>22,758</u>	<u>-</u>	<u>84,867</u>	<u>290,090</u>
<b>Transactions with owners, recorded directly in equity:</b>						
Dividends (note 29)	-	-	-	-	( 83,906)	( 83,906)
Own shares sold by Gleaner Company Limited Employee Investment Trust (GCLEIT)	-	-	-	16,747	-	16,747
<b>Total contributions by and distributions to owners</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,747</u>	<u>( 83,906)</u>	<u>( 67,159)</u>
Balances at December 31, 2013	<u>605,622</u>	<u>1,013,906</u>	<u>63,005</u>	<u>(144,035)</u>	<u>1,055,203</u>	<u>2,593,701</u>

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

**THE GLEANER COMPANY LIMITED**  
**DECEMBER 31, 2013**

**Company Statement of Changes in Equity**

	<b>Share capital \$'000</b>	<b>Capital reserves \$'000</b>	<b>Fair value reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at December 31, 2011					
As previously reported	605,622	559,924	26,691	1,022,272	2,214,509
Impact of change in accounting policy (note 40)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,200</u>	<u>8,200</u>
As restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,030,472</u>	<u>2,222,709</u>
<b>Total comprehensive income for the year</b>					
Profit for the year:					
As previously reported	-	-	-	197,700	197,700
Impact of change in accounting policy (note 40)	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
As restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,200</u>	<u>198,200</u>
Other comprehensive income:					
As previously reported:					
Change in fair value of investments	-	-	12,187	-	12,187
Change in deferred tax on revaluation surplus	-	39,758	-	-	39,758
Impact of change in accounting policy (note 40)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,250</u>	<u>5,250</u>
Other comprehensive income for the year, net of taxation, as restated	<u>-</u>	<u>39,758</u>	<u>12,187</u>	<u>5,250</u>	<u>57,195</u>
<b>Total comprehensive income for the year, as restated</b>	<u>-</u>	<u>39,758</u>	<u>12,187</u>	<u>203,450</u>	<u>255,395</u>
<b>Transactions with owners, recorded directly in equity</b>					
Dividends (note 29)	-	-	-	( 96,900)	( 96,900)
Share-based payment transactions (note 30)	<u>-</u>	<u>-</u>	<u>-</u>	<u>729</u>	<u>729</u>
<b>Total contributions by and distributions to owners of the company</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 96,171)</u>	<u>( 96,171)</u>
Balances as at December 31, 2012, as restated	<u>605,622</u>	<u>599,682</u>	<u>38,878</u>	<u>1,137,751</u>	<u>2,381,933</u>
Balances at December 31, 2012:					
As previously reported	605,622	599,682	38,878	1,123,801	2,367,983
Impact of change in accounting policy 2011	-	-	-	8,200	8,200
Impact of change in accounting policy 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,750</u>	<u>5,750</u>
As restated (note 40)	<u>605,622</u>	<u>599,682</u>	<u>38,878</u>	<u>1,137,751</u>	<u>2,381,933</u>
<b>Total comprehensive income for the year</b>					
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,834</u>	<u>63,834</u>
Other comprehensive income					
Change in fair value of investments	-	-	22,758	-	22,758
Re-measurement of employee benefit obligation, net of tax	-	-	-	( 975)	( 975)
Surplus on revaluation of land and building	<u>-</u>	<u>196,180</u>	<u>-</u>	<u>-</u>	<u>196,180</u>
Other comprehensive income, net of taxation	<u>-</u>	<u>196,180</u>	<u>22,758</u>	<u>( 975)</u>	<u>217,963</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>196,180</u>	<u>22,758</u>	<u>62,859</u>	<u>281,797</u>
<b>Transactions with owners, recorded directly in equity</b>					
Dividends (note 29)	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 84,787)</u>	<u>( 84,787)</u>
Balances at December 31, 2013	<u>605,622</u>	<u>795,862</u>	<u>61,636</u>	<u>1,115,823</u>	<u>2,578,943</u>

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

**THE GLEANER COMPANY LIMITED**  
**DECEMBER 31, 2013**

**Statements of Cash Flows**

	NOTES	Group		Company	
		2013 \$'000	2012 * \$'000	2013 \$'000	2012 * \$'000
<b>Cash flows from operating activities</b>					
Profit for the year		85,842	133,532	63,834	198,200
Adjustments to reconcile profit to net cash provided by operating activities:					
Depreciation	5(a),(b)	94,694	82,222	82,467	68,542
Amortisation	6(b)	2,893	2,893	2,893	2,893
Income tax	27(a)	17,137	113,361	19,208	113,381
Deferred taxation, net	27(a)	( 11,521)	(160,008)	( 12,634)	(161,024)
Employees benefits obligation		( 31,000)	7,000	( 31,000)	7,000
Loss/(gain) on disposal of property, plant and equipment		( 473)	( 2,954)	42	( 2,986)
Equity settled share-based payment transaction		-	729	-	729
Interest income	25	(145,206)	( 87,659)	(144,889)	( 87,066)
Interest expense	25	25,251	20,931	24,649	18,370
Translation adjustment		( 15,086)	( 1,489)	-	-
Impairment loss on investments		13,423	-	13,423	-
Impairment loss on property, plant and equipment		369	-	-	-
		36,323	108,558	17,993	158,039
Tax paid		( 32,618)	( 5,420)	( 35,668)	( 3,493)
Interest paid		( 25,251)	( 20,931)	( 24,649)	( 18,370)
Trade and other receivables		102,627	( 22,548)	87,883	( 8,458)
Prepayments		( 6,911)	3,452	( 6,781)	3,386
Inventories and goods-in-transit		53,091	( 28,816)	52,428	( 24,711)
Securities purchased under agreements for resale		112,172	( 89,764)	115,393	(125,173)
Trade and other payables		( 57,519)	( 44,250)	3,548	( 22,834)
Deferred income		4,778	5,051	1,103	8,409
Employee benefits obligation payments		( 22,300)	-	( 22,300)	-
Pension receivable		54,328	223,166	54,328	223,166
Net cash provided by operating activities		218,720	128,498	243,278	189,961
<b>Cash flows from investing activities</b>					
Interest received		131,494	227,086	131,177	226,414
Additions to property, plant and equipment	5(a),(b)	(217,051)	( 79,480)	(160,744)	( 65,102)
Proceeds from sale of property, plant and equipment		12,841	3,068	12,319	3,068
Investments, net		(106,961)	(262,256)	(123,558)	(261,589)
Long-term receivable		( 1,582)	10,375	( 45,953)	21,640
Acquisition of intangible asset	6	-	( 2,224)	-	( 2,224)
Net cash used by investing activities		(181,259)	(103,431)	(186,759)	( 77,793)
<b>Cash flows from financing activities</b>					
Long-term liabilities		21,085	75,101	( 5,467)	75,101
Dividends paid		( 83,906)	( 93,177)	( 84,787)	( 96,900)
Net cash used by financing activities		( 62,821)	( 18,076)	( 90,254)	( 21,799)
Net (decrease)/increase in cash and cash equivalents		( 25,360)	6,991	( 33,735)	90,369
Cash and cash equivalents at beginning of the year		111,656	104,665	100,920	10,551
Cash and cash equivalents at end of the year		86,296	111,656	67,185	100,920
Comprised of:					
Cash and bank balances		91,623	121,964	70,035	100,920
Bank overdraft		( 5,327)	( 10,308)	( 2,850)	-
		86,296	111,656	67,185	100,920

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



## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements  
December 31, 2013

### **1. Identification**

The Gleaner Company Limited (“company” or “parent company”) is incorporated under the laws of, and is domiciled in, Jamaica. The principal activities of the company and its subsidiaries [collectively referred to as the “group” [note 3(a)(ii)]] are the publication of newspapers in print and digital media and radio broadcasting. Its registered office is located at 7 North Street, Kingston.

The company, established in 1897, is the holding company of the following subsidiary companies:

	<u>2013</u>	<u>2012</u>
(a) Popular Printers Limited and its wholly-owned subsidiaries; DiGJamaica.com (formerly Creek Investments Limited) Selectco Publications Limited Associated Enterprise Limited Selectco Publications Limited owns 33 1/3% of the shares in Jamaica Joint Venture Investment Company Limited, and 50% of the shares in A Plus Learning Limited	100%	100%
(b) Independent Radio Company Limited	100%	100%
(c) GV Media Group Limited	100%	100%
(d) The Gleaner Company (Canada) Inc. and its wholly-owned subsidiary: The Gleaner Company (USA) Limited	100%	100%

All these companies are incorporated under the laws of Jamaica with the exception of GV Media Group Limited, The Gleaner Company (Canada) Inc. and The Gleaner Company (USA) Limited, which are incorporated in the United Kingdom, Canada and the United States of America, respectively. The parent company's stock units are quoted on the Jamaica Stock Exchange.

The results of A Plus Learning Limited a software development company, are not considered material to these financial statements and have not been consolidated.

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

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

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

#### **(b) Basis of measurement:**

The financial statements are prepared on the historical cost basis, except for buildings [note 5(c)] and available-for-sale investments (note 11), which are measured at fair value and employee benefit obligation which is measured as the present value of the defined-benefit obligation as explained in note 3(d).

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the company's functional currency.

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

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

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

(i) Post-retirement benefits:

The amounts recognised in the statement of financial position and income statement for post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the group's obligation; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(ii) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables, as well as timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

(e) New, revised and amended standards and interpretations that became effective during the year:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to its operations, with a date of initial application of January 1, 2013. The nature and effects of the changes are as follows:

(i) *IFRS 10 Consolidated Financial Statements (2011)*

IFRS 10 introduces a new control model that focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. The group has reassessed the control conclusion in respect of its investees as at January 1, 2013. This has however, not resulted in any changes to the control conclusions previously determined.

(ii) *IFRS 11 Joint Arrangements*

Under IFRS 11, the group has classified its interest in joint arrangements as either joint operations (if the group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the group has rights only to the net assets of an arrangement). When making this assessment, the group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. The group has re-evaluated its involvement in its joint arrangements and has determined that no reclassification is required. The group continues to apply the equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the group.

(iii) *IFRS 12 Disclosure of Interests in Other Entities*

As a result of IFRS 12, the group expanded its disclosures about its interest in subsidiaries and equity-accounted investees (see Note 10).

(iv) *IFRS 13 Fair Value Measurement*

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. Consequently, the group has included additional disclosures in this regard [see Note 32(d)].

In accordance with the transitional provisions of IFRS 13, the group applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the group's assets and liabilities.

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

- (e) New, revised and amended standards and interpretations that became effective during the year (continued):

(v) IAS 19, *Employee Benefits*

As a result of the adoption of IAS 19, *Employee Benefits (2011)*, the group has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

As a result of the change, the group now determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability at the beginning of the annual period. Net interest also takes into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Actuarial gains and losses are now recognised immediately in other comprehensive income. Previously, the Group recognised actuarial gains and losses using the corridor method, which required that any cumulative unrecognised gains or losses exceeding 10% of the present value of the benefit obligation were recognised in profit or loss over the expected average remaining working lives of the employees affected.

The change in policy is applied retrospectively (see note 40).

(vi) Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

As a result of the amendments to IAS 1, items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future are presented separately from those that will never be reclassified to profit or loss. Also, the title of the statement has changed from statement of comprehensive income to statement of profit or loss and other comprehensive income.

- (f) New standards, and interpretations of and amendments to existing standards that are not yet effective:

At the date of authorisation of the financial statements, certain new, revised and amended standards and interpretations, have been issued which are not yet effective and which the group has not early-adopted. The group has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and has determined that the following may be relevant to its operations and has concluded as follows:

- *IFRS 9, Financial Instruments (2010)*. The revised IFRS supersedes the previous version of IFRS 9 issued in 2009 and is effective for accounting periods beginning on or after January 1, 2017 (previously January 1, 2015). The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The revised standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities. The group is assessing the impact that the standard will have on its 2017 financial statements.

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

(f) New standards, and interpretations of and amendments to existing standards that are not yet effective:

- Amendments to IAS 36 *Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets*, which is effective for accounting periods beginning on or after January 1, 2014, reverse the unintended requirement in IFRS 13 *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed.

The group is assessing the impact that this standard may have on its 2014 financial statements.

- Amendments to IAS 39, *Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting*, which is effective for accounting periods beginning on or after January 1, 2014, adds a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

The group is assessing the impact that this standard may have on its 2014 financial statements.

- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of interest in Other Entities* and IAS 27 *Consolidated and Separate Financial Statements* is effective for accounting periods beginning on or after January 1, 2014. The amendment defines an investment entity and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss, instead of consolidating those subsidiaries in its consolidated and separate financial statements. In addition, the amendments introduce new disclosure requirement related to investment entities in IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate financial Statements*.

The group is assessing the impact that this standard may have on its 2014 financial statements.

### **3. Significant accounting policies**

The significant accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements and have been applied consistently by group entities.

(a) Basis of consolidation:

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is at the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

(a) Basis of consolidation (continued):

(i) Business combinations (continued)

The group measures goodwill at the acquisition date as (continued):

- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date.

(ii) Subsidiaries

The consolidated financial statements comprise the financial results of the company and its subsidiaries, including The Gleaner Company Limited Employee Investment Trust, a structured entity, prepared to December 31, 2013. The principal operating subsidiaries are listed in note (1) and are referred to as “subsidiaries” or “subsidiary”. The company and its subsidiaries are collectively referred to as the “group”. The results of associated companies are also included to the extent explained in note 3(a) (iv).

(iii) Loss of control

On the loss of control, the group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

(iv) Associated companies

Associated companies are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20% and 50% of the voting power of the entity. Investment in Jamaica Joint Venture Company Limited is shown at cost. The company has not adopted the equity method of accounting for this investments as the directors of the company do not consider that they exercise significant influence over the financial or operating policies of Jamaica Joint Venture Investment Company Limited and its subsidiaries (see note 10).

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

(a) Basis of consolidation (continued):

(v) Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealised gains arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

(b) Property, plant and equipment:

(i) Owned assets:

Items of property, plant and equipment are stated at cost, or valuation, less accumulated depreciation and impairment losses [see note 3(n)]. Cost includes expenditures that are directly attributable to the acquisition of the assets.

The cost of self-constructed assets includes the cost of materials and direct labour, plus related borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

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

The fair value of building is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction; as determined by a professional appraiser.

(ii) Leased assets:

Leases, under the terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leasing arrangements are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and any impairment losses.

(iii) Depreciation:

Property, plant and equipment, with the exception of freehold land on which no depreciation is provided, are depreciated on both the straight-line and reducing-balance bases at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Buildings [see note 5(c)]	-	2½% and 5%
Machinery & equipment	-	10%, 12½%, 20% and 25%
Fixtures and fittings	-	10% and 20%
Motor vehicles & computer equipment	-	20% and 25%
Press	-	5%
Typesetting equipment	-	33%
Leased assets	-	over the period of the leases

The depreciation methods, useful lives and residual values are reassessed at each reporting date.

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

(c) Intangible asset:

Intangible asset which represents computer software, is deemed to have a finite useful life of three years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

(d) Employee benefits:

Employee benefits, comprising other post-employment benefit obligation, included in the financial statements are actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the financial statements reflect the group's and the company's post-employment benefit asset or obligation as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

(i) Pension and other post-retirement obligations:

The group operates a defined-contribution pension scheme (see note 7); the assets of which are held separately from those of the group. The defined-benefit scheme was discontinued as of July 15, 2010 (see note 12).

(a) Post retirement obligations:

The group's and company's net obligation in respect of the post-retirement benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine the present value, and the fair value of any scheme assets is deducted.

The discount rate is the yield at the reporting date on long-term government instruments that have maturity dates approximating the terms of the group's obligations. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income. The group determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses post-retirement obligations is recognised in profit or loss.

When the benefits of a plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.



## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

(d) Employee benefits (continued):

(i) Pension and other post retirement obligations (continued):

(b) Defined contribution schemes:

Obligations for contributions to defined-contribution plans are recognised as an expense in profit or loss as incurred.

(ii) Share-based payment transactions:

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of the awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no “true-up” for differences between expected and actual outcomes.

(iii) Termination benefits:

Termination benefits are payable whenever an employee’s employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan, without possibility of withdrawal, or provision of termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the reporting date are discounted to present value.

(iv) Profit-sharing and bonus plans:

A liability for employee benefits in the form of profit-sharing and bonus plans is recognised in other provisions when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- past practice has created a valid expectation by employees that they will receive a bonus/profit-sharing and the amount can be determined before the time of issuing the financial statements.

Liabilities for profit-sharing and bonus plans are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

(e) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, trade and other receivables, securities purchased under resale agreements, investments, and long-term receivables. Financial liabilities include bank overdraft, trade and other payables and long-term liabilities.

(i) Classification of investments:

Management determines the classification of investments at the time of purchase and takes account of the purpose for which the investments are made. Investments are classified as loans and receivables and available-for-sale.

Investments with fixed or determinable payments and which are not quoted in an active market are classified as loans and receivables and are stated at amortised cost, less impairment losses. Other investments held by the group are classified as available-for-sale and are stated at fair value. Available-for-sale investments include certain debt and equity securities.

(ii) Measurement:

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition, all available-for-sale investments are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably determined, is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities and loans and receivables are measured at amortised cost, less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

[i] Government of Jamaica securities which are not traded in an active market, securities purchased under resale agreements and interest-bearing deposits are stated at historical or amortised cost, less impairment losses.

[ii] Government of Jamaica and corporate securities traded in an active market and equity securities are classified as available-for-sale and measured at fair value.

[iii] Securities purchased under resale agreements:

Reverse repurchase agreements ("Reverse repo") are short-term transactions whereby securities are bought with simultaneous agreements for reselling the securities on a specified date and at a specified price. Reverse repos are accounted for as short-term collateralised lending, and are carried at amortised cost.

The difference between the purchase and resale considerations is recognised on the accrual basis over the period of the agreements, using the effective yield method, and is included in interest income.

[iv] Investment in subsidiaries:

Investment in subsidiaries, for the company, is stated at cost, less impairment losses.

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

(e) Financial instruments (continued):

(iii) Gains and losses on subsequent measurement:

Unrealised gains and losses arising from a change in the fair value of available-for-sale investments are recognised in other comprehensive income. When the financial assets are impaired, sold, collected or otherwise disposed of, the cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss.

(iv) Derecognition:

A financial asset is derecognised when the company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Available-for-sale assets that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the company commits to sell the assets.

Loans and receivables are derecognised on the day they are transferred by the company.

(f) Cash and cash equivalents:

Cash and cash equivalents, which comprise cash and bank balances and include short-term deposits, with maturities ranging between one and three months of acquisition date, are shown at cost. For the purpose of the statement of cash flows, bank overdraft is included as a component of cash and cash equivalents.

(g) Trade and other receivables:

These are stated at amortised cost, less impairment losses.

(h) Taxation:

(i) Income tax:

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

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

(ii) Deferred tax:

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

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

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

(i) Inventories:

Inventories are stated at the lower of cost, determined principally on the average cost or first-in first-out (FIFO) basis and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

(j) Trade and other payables and provisions:

Trade and other payables, including provisions, are stated at amortised cost. A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Finance leases:

Leases, the terms under which the Fund transfers substantially all the risks and rewards of ownership to a third party, are classified as finance leases. They are measured at fair value which is determined as the present value of the expected future cash flows from the leases. Income from these leases is recognised over the term of the lease on the straight-line basis.

(l) Revenue recognition:

(i) Revenue from the sale of goods and services is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised, if there are significant uncertainties regarding recovery of the consideration due, material associated costs or the possible return of goods.

(ii) Subscription revenue is recognised over the life of the subscription. Revenue received in advance is deferred to match the revenue with the future costs associated with honouring the subscription.

(iii) Interest income:

Interest income is recognised on the accrual basis, taking into account the effective yield on the asset.

(iv) Dividend income:

Dividend income is recognised on the date the group's right to receive payment is established.

(m) Expenses:

(i) Finance costs:

Finance costs comprise material bank charges, interest payments on finance leases and bank loans, and are recognised in profit or loss using the effective interest rate method.

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

(m) Expenses (continued):

(ii) Lease payments:

Payments made under operating leases are recognised in profit or loss on the straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(n) Foreign currencies:

Foreign currency balances outstanding at the reporting date are translated at the rates of exchange ruling on that date [US\$1 = J\$105.72 (2012: J\$92.14); £1= J\$173.56 (2012: J\$152.64); Can\$1 = J\$98.99 (2012: J\$93.01)]. Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in profit or loss. For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movements in the principal balances.

The reporting currencies of the foreign subsidiaries (see note 1) are also the currencies in which their economic decisions are formulated. For the purpose of the financial statements, revenues, expenses, gains and losses have been translated at the average rates of exchange for the year; assets and liabilities have been translated at exchange rates ruling at the reporting date.

Unrealised gains and losses arising on translation of net stockholders' equity in foreign subsidiaries are recognised in other comprehensive income.

(i) Financial assets:

A financial asset is considered to be impaired, if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Objective evidence that financial assets are impaired can include default or delinquency by a customer or counter party, indications that the customer or counter party will enter bankruptcy or a significant or prolonged decline in fair value in respect of quoted equities.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an impaired available-for-sale financial asset recognised previously in other comprehensive income is transferred to profit or loss.

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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

(n) Foreign currencies (continued):

(i) Financial assets (continued):

An impairment loss is reversed, if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

(ii) Non-financial assets:

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised, if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(o) Segment reporting:

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

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

### **4. Roles of the actuary and auditors**

The actuary has been appointed by the Board of Directors pursuant to the requirements of IAS 19. With respect to the preparation of financial statements, the actuary is required to carry out an actuarial valuation of management's estimate of the company's medical post-retirement obligations and report thereon to the shareholders. The valuation is made in accordance with accepted actuarial practice. The actuary, in his verification of the management information provided by the company used in the valuation, also makes use of the work of the external auditors. The actuary's report outlines the scope of his work and opinion.

The external auditors have been appointed by the shareholders pursuant to the Act to conduct an independent and objective audit of the financial statements of the group and the company and in accordance with International Standards on Auditing, and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the actuary and his report on the group's and the company's actuarially determined policy liabilities. The auditors' report outlines the scope of their audit and their opinion.

### **5. Property, plant and equipment**

#### **(a) Group**

	<b>Freehold land and buildings</b>	<b>Machinery and equipment</b>	<b>Fixtures and fittings</b>	<b>Motor vehicles and computer equipment</b>	<b>Press</b>	<b>Typesetting equipment</b>	<b>Leased assets</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b><i>Cost or valuation</i></b>								
Balances at December 31, 2011	792,073	240,448	91,324	329,637	203,532	4,890	47,045	1,708,949
Additions	935	37,049	887	18,816	7,379	-	14,414	79,480
Disposals	-	( 1,219)	-	( 2,609)	-	-	( 7,444)	( 11,272)
Translation adjustments	<u>2,997</u>	<u>2,426</u>	<u>(29,493)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 24,070)</u>
Balances at December 31, 2012	<u>796,005</u>	<u>278,704</u>	<u>62,718</u>	<u>345,844</u>	<u>210,911</u>	<u>4,890</u>	<u>54,015</u>	<u>1,753,087</u>
Additions	112,334	83,175	638	15,630	-	-	5,274	217,051
Disposals	( 8,600)	( 35,478)	( 4,762)	(24,138)	-	-	(10,936)	( 83,914)
Impairment	-	( 24,569)	-	-	-	-	-	( 24,569)
Revaluation	157,134	-	-	-	-	-	-	157,134
Translation adjustments	<u>2,413</u>	<u>3,050</u>	<u>1,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,582</u>	<u>9,569</u>
Balances at December 31, 2013	<u>1,059,286</u>	<u>304,882</u>	<u>60,118</u>	<u>337,336</u>	<u>210,911</u>	<u>4,890</u>	<u>50,935</u>	<u>2,028,358</u>
At cost	80,057	304,882	60,118	337,336	210,911	4,890	50,935	1,049,129
At valuation	<u>979,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>979,229</u>
	<u>1,059,286</u>	<u>304,882</u>	<u>60,118</u>	<u>337,336</u>	<u>210,911</u>	<u>4,890</u>	<u>50,935</u>	<u>2,028,358</u>
<b><i>Depreciation</i></b>								
Balances at December 31, 2011	71,651	203,099	76,093	312,307	130,558	4,890	2,683	801,281
Charge for the year	27,746	15,963	5,877	11,441	10,546	-	10,649	82,222
Eliminated on disposals	-	( 1,156)	-	( 2,578)	-	-	( 7,424)	( 11,158)
Translation adjustments	<u>1,848</u>	<u>2,271</u>	<u>( 29,678)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 25,559)</u>
Balances at December 31, 2012	<u>101,245</u>	<u>220,177</u>	<u>52,292</u>	<u>321,170</u>	<u>141,104</u>	<u>4,890</u>	<u>5,908</u>	<u>846,786</u>
Revaluation adjustment	( 73,641)	-	-	-	-	-	-	( 73,641)
Charge for the year	36,128	16,465	2,747	19,214	10,546	-	9,594	94,694
Eliminated on disposals	( 1,290)	( 35,140)	( 4,754)	(24,066)	-	-	(6,296)	( 71,546)
Impairment	-	( 24,200)	-	-	-	-	-	( 24,200)
Translation adjustments	<u>1,529</u>	<u>2,578</u>	<u>1,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,504</u>	<u>8,198</u>
Balances at December 31, 2013	<u>63,971</u>	<u>179,880</u>	<u>51,872</u>	<u>316,318</u>	<u>151,650</u>	<u>4,890</u>	<u>11,710</u>	<u>780,291</u>
<b><i>Carrying amounts</i></b>								
December 31, 2013	<u>995,315</u>	<u>125,002</u>	<u>8,246</u>	<u>21,018</u>	<u>59,261</u>	<u>-</u>	<u>39,225</u>	<u>1,248,067</u>
December 31, 2012	<u>694,760</u>	<u>58,527</u>	<u>10,426</u>	<u>24,674</u>	<u>69,807</u>	<u>-</u>	<u>48,107</u>	<u>906,301</u>
December 31, 2011	<u>720,422</u>	<u>37,349</u>	<u>15,231</u>	<u>17,330</u>	<u>72,974</u>	<u>-</u>	<u>44,362</u>	<u>907,668</u>

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**5 Property, plant and equipment (continued)****(b) Company**

	<b>Freehold land and buildings</b>	<b>Machinery and equipment</b>	<b>Fixtures and fittings</b>	<b>Motor vehicles and computer equipment</b>	<b>Press</b>	<b>Typesetting equipment</b>	<b>Leased assets</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost or valuation</b>								
Balances at December 31, 2011	706,497	116,217	43,671	244,781	203,531	4,890	46,274	1,365,861
Additions	935	29,132	543	12,699	7,379	-	14,414	65,102
Disposals	-	( 1,219)	-	( 2,608)	-	-	( 7,444)	( 11,271)
Balances at December 31, 2012	<u>707,432</u>	<u>144,130</u>	<u>44,214</u>	<u>254,872</u>	<u>210,910</u>	<u>4,890</u>	<u>53,244</u>	<u>1,419,692</u>
Additions	112,334	29,198	256	13,682	-	-	5,274	160,744
Disposals	( 8,600)	( 15,145)	( 22)	( 24,138)	-	-	(10,936)	( 58,841)
Revaluation	<u>157,134</u>	-	-	-	-	-	-	<u>157,134</u>
Balances at December 31, 2013	<u>968,300</u>	<u>158,183</u>	<u>44,448</u>	<u>244,416</u>	<u>210,910</u>	<u>4,890</u>	<u>47,582</u>	<u>1,678,729</u>
At cost	71,822	158,183	44,448	244,416	210,910	4,890	47,582	782,251
At valuation	<u>896,478</u>	-	-	-	-	-	-	<u>896,478</u>
	<u>968,300</u>	<u>158,183</u>	<u>44,448</u>	<u>244,416</u>	<u>210,910</u>	<u>4,890</u>	<u>47,582</u>	<u>1,678,729</u>
<b>Depreciation</b>								
Balances at December 31, 2011	49,370	102,311	32,704	232,123	130,558	4,890	1,912	553,868
Charge for the year	25,562	7,896	4,905	8,984	10,546	-	10,649	68,542
Eliminated on disposals	-	( 1,157)	-	( 2,608)	-	-	( 7,425)	( 11,190)
Balances at December 31, 2012	74,932	109,050	37,609	238,499	141,104	4,890	5,136	611,220
Charge for the year	34,190	9,827	1,759	16,629	10,546	-	9,516	82,467
Revaluation	( 73,641)	-	-	-	-	-	-	( 73,641)
Eliminated on disposals	( 1,290)	( 14,807)	( 22)	( 24,066)	-	-	( 6,296)	( 46,481)
Balances at December 31, 2013	<u>34,191</u>	<u>104,070</u>	<u>39,346</u>	<u>231,062</u>	<u>151,650</u>	<u>4,890</u>	<u>8,356</u>	<u>573,565</u>
<b>Carrying amounts</b>								
December 31, 2013	<u>934,109</u>	<u>54,113</u>	<u>5,102</u>	<u>13,354</u>	<u>59,260</u>	-	<u>39,226</u>	<u>1,105,164</u>
December 31, 2012	<u>632,500</u>	<u>35,080</u>	<u>6,605</u>	<u>16,373</u>	<u>69,806</u>	-	<u>48,108</u>	<u>808,472</u>
December 31, 2011	<u>657,127</u>	<u>13,906</u>	<u>10,967</u>	<u>12,658</u>	<u>72,973</u>	-	<u>44,362</u>	<u>811,993</u>

**(c) Freehold land and buildings:**

In 2013, the company's land and building at 7 North Street were revalued at \$630M and Harbour Street at \$12M; land and buildings at East Street and Newport West at a total of \$119.5M; land at John's Lane at \$10M and land and building at 9 King Street and 6 Bradley Avenue at \$194.8M on a fair market value basis by Property Consultants Limited, Real Estate Brokers and Appraisers of Kingston, Jamaica. The surplus arising on revaluation, inclusive of depreciation no longer required, has been included in capital reserves (see note 19). The cost of these properties was \$71M.



**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**5 Property, plant and equipment (continued)**

## (c) Freehold land and buildings (cont'd):

The fair value of land buildings is categorised as level 3 in the fair value hierarchy. The following table show the valuation technique used in measuring fair value as well as the significant unobservable inputs used.

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

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**6. Intangible asset**

	<b><u>Group and Company</u></b> <b><u>\$'000</u></b>
<i>Cost:</i>	
Balance at December 31, 2011	14,996
Additions	<u>2,224</u>
Balance at December 31, 2013 and 2012	<u>17,220</u>
<i>Amortisation:</i>	
Balance at December 31, 2011	9,806
Amortisation	<u>2,893</u>
Balance at December 31, 2012	12,699
Amortisation	<u>2,893</u>
Balance at December 31, 2013	<u>15,592</u>
<i>Carrying amounts:</i>	
December 31, 2013	<u>1,628</u>
December 31, 2012	<u>4,521</u>
December 31, 2011	<u>5,190</u>

**7. Employee benefits**

On May 1, 2010, the parent company established a defined-contribution pension scheme for employees who satisfied certain minimum service requirements. The scheme is administered by JN Fund Managers Limited. A subsidiary company also operates a defined-contribution pension scheme for its employees who satisfy certain minimum service requirements. Contributions by the group and the company during the year amounted to \$25,295 thousand (2012: \$23,261 thousand) and \$22,700 thousand (2012: \$20,814 thousand), respectively.

The parent company operates a post-retirement benefit scheme which covers health insurance. The plan exposes the group to longevity risk and interest rate risk.

During the year, the company made an offer to its employees to settle, in cash, its obligation for post employment health insurance. The offer was accepted by 145 employees to whom \$19.4M was paid.

Post-retirement medical benefits:

- (i) Obligation recognised in the statements of financial position:

	<b><u>Group and Company</u></b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
		<b>(Restated)</b>
Present value of obligation	<u>66,300</u>	<u>118,300</u>

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**7. Employee benefits (continued)**

## (ii) Movement in net defined benefits liability:

The following table shows a reconciliation from the opening balance to the closing balances for the defined benefit liability and its components.

	<b><u>Defined benefit obligation</u></b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Balance as at January 1	<u>118,300</u>	<u>118,300</u>
Included in profit or loss:		
Current service cost	4,900	5,400
Gain on curtailment/settlement	(47,600)	( 7,400)
Interest on obligation	<u>11,700</u>	<u>11,500</u>
	<u>(31,000)</u>	<u>9,500</u>
Included in other comprehensive income:		
Re-measurement loss/(gain):		
Actuarial loss/(gain) arising from:		
Experience adjustment	<u>1,300</u>	<u>( 7,000)</u>
Other:		
Other payments by the employer	(19,400)	-
Benefits paid	<u>( 2,900)</u>	<u>( 2,500)</u>
	<u>(22,300)</u>	<u>( 2,500)</u>
Balance at December 31	<u><u>66,300</u></u>	<u><u>118,300</u></u>

## (iii) Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
	<b><u>%</u></b>	<b><u>%</u></b>
Discount rate	9.5	10.5
Future health cost increases	<u>7.5</u>	<u>9.5</u>

At the December 31, 2013, the weighted average duration of the defined benefit obligation was 11.2 years (2012: 19.9 years).

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**7. Employee benefits (continued)**

- (iv) Sensitivity analysis on projected benefit obligation:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate, would cause some reduction in the medical trend rate.

	<u>2013</u>		<u>2012</u>	
	\$'000	\$'000	\$'000	\$'000
	1 %	1 %	1 %	1 %
	increase	decrease	increase	decrease
Discount rate	59,900	74,100	98,900	143,300
Future medical costs	74,100	59,900	143,300	98,900

- (v) As mortality continues to improve, estimates of life expectancy are expected to increase. An increase of one year in life expectancy will increase the employee benefit obligation to approximately \$70,300,000 while a decrease of one year in life expectancy will result in a decrease in the employee benefit obligation to approximately \$62,600,000.

**8. Long-term receivables**

	<u>Group</u>		<u>Company</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	\$'000	\$'000	\$'000	\$'000
Due from Independent Radio Company Limited [see (i) below]	-	-	52,616	-
Due from Independent Radio Company Limited [see (ii) below]	-	-	28,015	34,677
Due from Sangsters Book Store Limited [see (iii) below]	-	14,023	-	14,023
Other long-term receivable	<u>6,317</u>	<u>4,735</u>	<u>-</u>	<u>-</u>
	6,317	18,758	80,631	48,700
Less current portion [see other receivables (note 16)]	<u>-</u>	<u>(14,023)</u>	<u>( 805)</u>	<u>(14,023)</u>
	<u>6,317</u>	<u>4,735</u>	<u>79,826</u>	<u>34,677</u>

- (i) The balance represents amount receivable from a finance lease of certain property of the company to a related party.

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**8. Long-term receivables**

	<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Gross investment in finance leases, receivable:		
Less than one year	4,463	-
Between two and five years	17,850	-
More than five years	<u>89,250</u>	<u>-</u>
	111,563	-
Less unearned income	<u>( 58,947)</u>	<u>-</u>
Net investment in finance lease	<u><u>52,616</u></u>	<u><u>-</u></u>
The net investment in finance lease receivable comprises:		
Current portion	805	-
Non-current portion	<u>51,811</u>	<u>-</u>
	<u><u>52,616</u></u>	<u><u>-</u></u>

(ii) The loan is unsecured and is repayable over 10 years and bears interest at 10% per annum.

(iii) This represented the balance on a loan due from a former subsidiary, which was settled during the year.

**9. Interests in subsidiaries**

	<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Shares at cost, less impairment losses:		
Popular Printers Limited	426	426
GV Media Group Limited	1	1
The Gleaner Company (Canada) Inc.	687	687
Independent Radio Company Limited	<u>43,296</u>	<u>43,296</u>
	<u><u>44,410</u></u>	<u><u>44,410</u></u>

**10. Interests in associates**

	<b>Group</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Jamaica Joint Venture Investment Co. Ltd [see note 3(a)(iv)].	<u>150</u>	<u>150</u>

The group owns a 33⅓% interest in Jamaica Joint Venture Investment Company Limited.

The latest available audited financial information for the company is for the year ended December 31, 2012 and is summarised below:

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**10. Interests in associates (continued)**

	<u>2012</u> <u>\$'000</u>
Non- current assets	17,202
Current assets	52,309
Non current liabilities	( 1,746)
Current liabilities	( 8,367)
Net assets	<u>59,398</u>
Revenue	<u>60,123</u>
Profit for the period	<u>5,169</u>

**11. Investments**

	<u>Group</u>		<u>Company</u>	
	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Available-for-sale financial assets:				
Quoted equities	94,946	71,376	94,946	71,376
Unquoted equities	22,820	22,820	22,820	22,820
Government of Jamaica securities	112,959	150,642	112,959	150,642
Corporate bonds	85,693	-	85,693	-
Royal Bank of Scotland PLC 9.50% investment note	39,647	33,468	39,647	33,468
Lloyds TSB PLC – 10.179% investment note	47,997	42,122	47,997	42,122
Bank of Scotland PLC 6.75% investment note	160,016	129,689	160,016	129,689
Loans and receivables:				
Certificate of deposits	62,900	51,000	62,900	51,000
Debenture	<u>13,440</u>	<u>6,258</u>	<u>8,412</u>	<u>1,380</u>
	<u>640,418</u>	<u>507,375</u>	<u>635,390</u>	<u>502,497</u>

The certificates of deposit have been pledged as collateral for certain borrowing facilities (see notes 20 and 21).

**12. Pension receivable**

The amount represents surplus due to the company arising from the discontinuation of the defined-benefit pension scheme (see note 7). Of the total outstanding, \$29,000 thousand is expected to be received after more than one year from the reporting date.

	<u>Group and Company</u>	
	<u>2013</u> <u>\$'000</u>	<u>2012</u> <u>\$'000</u>
Balance at beginning of year	1,062,018	1,428,879
Net received during the year	( 157,097)	( 424,994)
Income earned during the year	<u>110,653</u>	<u>58,133</u>
Balance at end of year	<u>1,015,574</u>	<u>1,062,018</u>
Due within 1 year	986,574	918,653
Due after 1 year	<u>29,000</u>	<u>143,365</u>
	<u>1,015,574</u>	<u>1,062,018</u>

Assets held by the pension fund to honour the receivable include Government of Jamaica securities, equities and real estate.

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**13. Deferred taxation**

Deferred taxation is attributable to the following:

**(a) Group:**

	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Inventories	-	-	( 9)	( 17)	( 9)	( 17)
Property, plant and equipment	780	781	(127,647)	( 99,337)	(126,867)	( 98,556)
Intangible asset	-	-	( 407)	( 1,130)	( 407)	( 1,130)
Trade and other receivables	( 5)	( 5)	6,483	( 2,272)	6,478	( 2,277)
Trade and other payables	1,299	1,299	11,242	11,557	12,541	12,856
Employee benefit obligation	-	-	16,900	29,575	16,900	29,575
Pension receivable	-	-	(253,893)	(265,505)	(253,893)	(265,505)
Tax losses	1,126	2,244	-	-	1,126	2,244
Other	-	-	8,425	9,854	8,425	9,854
Net assets/(liabilities)	<u>3,200</u>	<u>4,319</u>	<u>(338,906)</u>	<u>(317,275)</u>	<u>(335,706)</u>	<u>(312,956)</u>

(i) Net deferred tax is recognised in the group statement of financial position, as follows:

	<u>2013</u>	<u>2012</u>
	<u>\$'000</u>	<u>\$'000</u>
Deferred tax liability in company	(338,902)	(317,265)
Deferred tax liability in subsidiaries	( 4)	( 10)
	(338,906)	(317,275)
Deferred tax asset in certain subsidiaries	<u>3,200</u>	<u>4,319</u>
Net deferred tax liabilities	<u>(335,706)</u>	<u>(312,956)</u>

(ii) Movement in net temporary differences during the year are as follows:

	<u>2013</u>			
	<u>Balance at</u>	<u>Recognised</u>	<u>Recognised</u>	<u>Balance at</u>
	<u>January 1</u>	<u>in profit/loss</u>	<u>in equity</u>	<u>December 31</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Inventories	( 17)	8	-	( 9)
Property, plant and equipment	( 98,556)	6,285	(34,596)	(126,867)
Intangible asset	( 1,130)	723	-	( 407)
Employee benefit obligation	29,575	(13,000)	325	16,900
Pension receivables	(265,505)	11,612	-	(253,893)
Trade and other receivables	( 2,277)	8,755	-	6,478
Trade and other payables	12,856	( 315)	-	12,541
Tax losses	2,244	( 1,118)	-	1,126
Other	9,854	( 1,429)	-	8,425
	<u>(312,956)</u>	<u>11,521</u>	<u>(34,271)</u>	<u>(335,706)</u>

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**13. Deferred taxation (continued)**

Deferred taxation is attributable to the following (continued):

**(a) Group (continued):**

(ii) Movement in net temporary differences during the year are as follows (continued):

	<b>2012</b>		
	<b>Balance at</b>	<b>Recognised</b>	<b>Balance at</b>
	<b>January 1</b>	<b>in profit/loss</b>	<b>December 31</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Inventories	( 2,148)	2,131	( 17)
Property, plant and equipment	(138,857)	543	( 98,556)
Intangible asset	( 1,730)	600	( 1,130)
Employee benefit obligation	39,433	( 8,108)	29,575
Pension receivables	(476,293)	210,788	(265,505)
Trade and other receivables	( 3,606)	1,329	( 2,277)
Trade and other payables	17,351	( 4,495)	12,856
Tax losses	43,640	( 41,396)	2,244
Other	11,238	( 1,384)	9,854
	<u>(510,972)</u>	<u>160,008</u>	<u>(312,956)</u>

**(b) Company:**

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Inventories	( 9)	( 17)
Property, plant and equipment	(127,647)	( 99,337)
Intangible asset	( 407)	( 1,130)
Employee benefit obligation	16,900	29,575
Pension receivables	(253,893)	(265,505)
Trade and other receivables	6,487	( 2,262)
Trade and other payables	11,242	11,557
Other	8,425	9,854
Net liabilities	<u>(338,902)</u>	<u>(317,265)</u>

(i) Movement in net temporary differences during the year:

	<b>2013</b>		
	<b>Balance at</b>	<b>Recognised</b>	<b>Balance at</b>
	<b>January 1</b>	<b>in profit/loss</b>	<b>December 31</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Inventories	( 17)	8	( 9)
Property, plant and equipment	( 99,337)	6,286	(127,647)
Intangible asset	( 1,130)	723	( 407)
Employee benefit obligation	29,575	(13,000)	16,900
Pension receivable	(265,505)	11,612	(253,893)
Trade and other receivables	( 2,262)	8,749	6,487
Trade and other payables	11,557	( 315)	11,242
Other	9,854	( 1,429)	8,425
	<u>(317,265)</u>	<u>12,634</u>	<u>(338,902)</u>



**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**13. Deferred taxation (continued)**

Deferred taxation is attributable to the following (continued):

**(b) Company (continued):**

	<b>2012</b>		
	<b>Balance at</b>	<b>Recognised</b>	<b>Recognised</b>
	<b>January 1</b>	<b>in profit/loss</b>	<b>in other</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>comprehensive</b>
			<b>income</b>
			<b>Balance at</b>
			<b>December 31</b>
			<b>\$'000</b>
Inventories	( 2,148)	2,131	-
Property, plant and equipment	(140,721)	1,626	39,758
Intangible asset	( 1,730)	600	-
Employee benefit obligation	39,433	( 8,108)	( 1,750)
Pension receivable	(476,293)	210,788	-
Trade and other receivables	( 3,532)	1,270	-
Trade and other payables	16,196	( 4,639)	-
Tax losses	41,260	( 41,260)	-
Other	11,238	( 1,384)	-
	<u>(516,297)</u>	<u>161,024</u>	<u>38,008</u>
			<u>(317,265)</u>

**14. Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Bank and cash balances	91,623	101,010	70,035	79,966
Call deposit	-	20,954	-	20,954
	<u>91,623</u>	<u>121,964</u>	<u>70,035</u>	<u>100,920</u>

**15. Securities purchased under resale agreements**

The group purchases Government and corporate securities and agrees to resell them on specified dates and at specified prices ('resale agreements' or 'reverse repos'). The group, on paying cash to the counterparty, sometimes takes possession of the underlying securities, although title is not formally transferred, unless that counterparty fails to repurchase the securities on the date specified or to honour other conditions.

Under resale agreements, the securities that the group obtains as collateral may themselves be sold under repurchase agreements.

Assigned collateral with a fair value of \$10,416 thousand (2012: \$126,426 thousand) for the group, and \$10,416 thousand (2012: \$126,426 thousand) for the company was held for securities purchased under agreements for resale.

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**16. Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Trade and other receivables due from related parties	-	-	218,726	262,247
Other trade receivables (see (i) below)	506,366	516,505	423,594	435,193
Other receivables	93,920	150,144	48,706	34,477
Current portion of long term receivables (see note 8)	-	14,023	805	14,023
	600,286	680,672	691,831	745,940
Less: allowance for doubtful debts	(109,648)	(96,453)	(236,388)	(208,439)
	<u>490,638</u>	<u>584,219</u>	<u>455,443</u>	<u>537,501</u>
	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Allowance for doubtful debts is made in respect of the following:				
Trade receivables due from related parties [see (ii) below]	-	-	154,600	140,156
Other trade receivables [see (iii) below]	98,794	94,871	70,934	68,283
Other receivables [see (iv) below]	10,854	1,582	10,854	-
	<u>109,648</u>	<u>96,453</u>	<u>236,388</u>	<u>208,439</u>

(i) The ageing of other trade receivables at the reporting date was:

	<b>Group</b>			
	<b><u>Gross</u></b>	<b><u>Impairment</u></b>	<b><u>Gross</u></b>	<b><u>Impairment</u></b>
	<b><u>2013</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Not past due	202,608	-	187,600	-
Past due 0 – 30 days	147,143	5,006	159,127	-
Past due 31 – 60 days	49,367	6,155	61,620	12,903
Past due 61 – 120 days	15,276	4,013	32,920	15,879
More than one year	91,972	83,620	75,238	66,089
	<u>506,366</u>	<u>98,794</u>	<u>516,505</u>	<u>94,871</u>
	<b>Company</b>			
	<b><u>Gross</u></b>	<b><u>Impairment</u></b>	<b><u>Gross</u></b>	<b><u>Impairment</u></b>
	<b><u>2013</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Not past due	182,770	-	171,841	-
Past due 0 – 30 days	109,552	5,006	127,727	-
Past due 31 – 60 days	46,082	5,440	53,676	12,903
Past due 61 – 120 days	13,350	2,087	25,392	12,063
More than one year	71,840	58,401	56,557	43,317
	<u>423,594</u>	<u>70,934</u>	<u>435,193</u>	<u>68,283</u>

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**16. Trade and other receivables (continued)**

- (ii) The movement in the allowance for impairment in respect of receivables due from related parties is as follows:

	<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Balance as at beginning of the year	140,156	126,088
Amounts written-off, net of recoveries	<u>14,444</u>	<u>14,068</u>
Balance as at end of the year	<u>154,600</u>	<u>140,156</u>

- (iii) The movement in the allowance for impairment in respect of other trade receivables during the year:

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Balance as at beginning of the year	94,871	73,121	68,283	73,121
Impairment loss recognised	9,722	31,421	2,651	4,833
Amounts written-off	( 5,799)	( 9,671)	-	( 9,671)
Balance as at end of the year	<u>98,794</u>	<u>94,871</u>	<u>70,934</u>	<u>68,283</u>

- (iv) The movement in the allowance for impairment in respect of other receivable during the year:

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Balance as at beginning of the year	1,582	9,793	-	9,793
Impairment loss recognised	10,854	1,582	10,854	-
Amounts written-off	( 1,582)	(9,793)	-	(9,793)
Balance as at end of the year	<u>10,854</u>	<u>1,582</u>	<u>10,854</u>	<u>-</u>

**17. Inventories and goods-in-transit**

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Newsprint	44,868	97,987	44,868	97,987
Books, stationery and general supplies	24,845	25,703	999	1,194
Goods-in-transit	13,057	3,308	13,057	3,308
Consumable stores	<u>16,452</u>	<u>25,315</u>	<u>16,452</u>	<u>25,315</u>
	<u>99,222</u>	<u>152,313</u>	<u>75,376</u>	<u>127,804</u>

Inventories are stated net of a provision for obsolescence of \$31 thousand (2012: \$67 thousand) for the group and company.

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**18. Share capital and share premium**

	<b>Group and Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b>\$'000</b>	<b>\$'000</b>
Share capital issued and fully paid:		
1,211,243,827 stock units of no par value	<u>605,622</u>	<u>605,622</u>

At December 31, 2013, the authorised share capital comprised 1,216,000,000 ordinary stock units (2012: 1,216,000,000). All issued stock units are fully paid. The holders of ordinary stock units are entitled to receive dividends as declared from time to time and are entitled to one vote per stock unit at meetings of the company. Share premium is retained in accordance with the provisions of Section 39(7) of the Jamaican Companies Act (note 19).

**19. Reserves**

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
		<b>(Restated)</b>		<b>(Restated)</b>
<b>Capital</b>				
Realised:				
Share premium (note 18)	4,353	4,353	4,353	4,353
Other	5,830	5,830	-	-
Gain on sale of loan	24,608	24,608	1,334	1,334
Gain on disposal of property, plant and equipment	<u>18,352</u>	<u>13,725</u>	<u>4,627</u>	<u>-</u>
	<u>53,143</u>	<u>48,516</u>	<u>10,314</u>	<u>5,687</u>
Unrealised:				
Revaluation of land and buildings [(note 5(c))]	1,019,090	792,941	939,419	713,270
Deferred taxation on revalued land and buildings	( 158,204)	(123,608)	( 153,871)	(119,275)
Reserve arising from consolidation of subsidiaries (net of goodwill) and debt	93,496	93,496	-	-
Exchange difference on translation of overseas subsidiaries	<u>6,381</u>	<u>20,096</u>	<u>-</u>	<u>-</u>
	<u>960,763</u>	<u>782,925</u>	<u>785,548</u>	<u>593,995</u>
Total capital reserves	1,013,906	831,441	795,862	599,682
<b>Reserve for own shares (i)</b>	( 144,035)	( 160,782)	-	-
<b>Fair value reserve (ii)</b>	63,005	40,247	61,636	38,878
<b>Revenue</b>				
Retained profits	<u>1,055,203</u>	<u>1,054,242</u>	<u>1,115,823</u>	<u>1,137,751</u>
	<u>1,988,079</u>	<u>1,765,148</u>	<u>1,973,321</u>	<u>1,776,311</u>

- (i) Reserve for own shares is included in the financial statements by consolidation of The Gleaner Company Limited Employee Investment Trust (GCLEIT) as it is regarded as a special purpose entity and is required to be consolidated under SIC-12. The reserve comprises the cost of the company's shares held by the group through the GCLEIT. At December 31, 2013, GCLEIT held 27,909,916 (2012: 48,681,334) of the company's shares (note 28).

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**19. Reserves (continued)**

- (i) Fair value reserve represents unrealised gains arising on changes in fair value of available-for-sale investments.

**20. Long-term liabilities**

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Bank loan 1- 6.5% [see (a) below]	30,000	30,000	30,000	30,000
Bank loan 2- 7% [see (a) below]	30,000	30,000	30,000	30,000
Bank loan 3- 8% [see (a) below]	31,000	9,400	31,000	9,400
Finance lease obligations [see (b) below]	<u>38,899</u>	<u>39,414</u>	<u>38,899</u>	<u>39,414</u>
	129,899	108,814	129,899	108,814
Less: current portion	( <u>36,365</u> )	( <u>9,813</u> )	( <u>36,365</u> )	( <u>9,813</u> )
	<u>93,534</u>	<u>99,001</u>	<u>93,534</u>	<u>99,001</u>

- (a) The loans are repayable over 5 years with total monthly instalments of \$1,540,167. The loan is secured by a mortgage on land and buildings and a term deposit of \$26 million (see note 11). Loan repayment will commence in January 2014 after a 12 month grace period.
- (b) Finance lease obligations:

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Due from the reporting date as follows:				
Within one year	22,100	15,091	22,100	15,091
Within two to five years	<u>24,459</u>	<u>36,149</u>	<u>24,459</u>	<u>36,149</u>
Total future minimum lease payments	46,559	51,240	46,559	51,240
Less: future interest charges	( <u>7,660</u> )	( <u>11,826</u> )	( <u>7,660</u> )	( <u>11,826</u> )
Present value of minimum lease payments	<u>38,899</u>	<u>39,414</u>	<u>38,899</u>	<u>39,414</u>

**21. Bank overdraft**

The bank overdraft, when utilised, is secured by a deposit of \$23 million (see note 11).

**22. Trade and other payables**

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Trade payables	137,634	195,566	101,102	115,953
Other payables	<u>311,527</u>	<u>311,118</u>	<u>256,163</u>	<u>264,316</u>
	<u>449,161</u>	<u>506,684</u>	<u>357,265</u>	<u>380,269</u>

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**23. Deferred income**

This represents subscription revenue received in advance.

**24. Revenue**

Revenue represents sales before commission payable but excluding returns, as follows:

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Rendering of services	2,076,452	2,094,992	1,728,304	1,755,084
Sale of goods	1,090,072	1,060,561	949,213	992,885
Other	<u>22,185</u>	<u>39,112</u>	<u>4,139</u>	<u>5,574</u>
	<b><u>3,188,709</u></b>	<b><u>3,194,665</u></b>	<b><u>2,681,656</u></b>	<b><u>2,753,543</u></b>

**25. Net finance income**

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Interest income on loans	1,466	4,362	1,466	4,362
Interest income on available-for-sale financial assets	32,051	23,526	32,051	23,526
Interest income on bank deposits	718	1,044	718	1,044
Interest income on other investments	110,970	58,727	110,653	58,134
Dividend income on available-for-sale financial assets	<u>6,806</u>	<u>5,521</u>	<u>6,806</u>	<u>56,809</u>
Finance income	152,011	93,180	151,694	143,875
Finance costs	<u>( 25,251)</u>	<u>(20,931)</u>	<u>( 24,649)</u>	<u>( 18,370)</u>
	<b><u>126,760</u></b>	<b><u>72,249</u></b>	<b><u>127,045</u></b>	<b><u>125,505</u></b>

**26. Profit from operations before taxation**

Profit from operations before taxation is stated after charging:

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Directors' emoluments:				
Fees	5,243	4,225	4,628	3,804
Management remuneration (included in staff costs)	60,116	57,175	38,240	38,698
Staff costs (note 36)	1,160,057	1,118,814	996,911	967,394
Auditors' remuneration	11,617	8,948	7,535	6,850
Depreciation	94,686	82,222	82,467	68,542
Amortisation	<u>2,893</u>	<u>2,893</u>	<u>2,893</u>	<u>2,893</u>

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**27. Taxation**

- (a) Taxation is based on the profit for the year as adjusted for tax purposes and is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
(i) Current tax expense:				
Income tax at 28.75% (2012:33⅓%)	17,137	113,361	19,208	113,381
(i) Deferred tax expense:				
Origination and reversal of timing difference [note 13 (ii)]	(11,521)	(201,404)	(12,634)	(202,284)
Taxation losses utilised	-	41,396	-	41,260
Total taxation charge/(credit) recognised	<u>5,616</u>	<u>( 46,647)</u>	<u>6,574</u>	<u>( 47,643)</u>

- (b) The tax effect of differences between treatment of items for financial statements and taxation purposes are as follows:

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Profit from continuing operations before taxation	<u>91,458</u>	<u>86,885</u>	<u>70,408</u>	<u>150,557</u>
Income tax at 28.75% (33⅓%)	26,294	29,195	20,242	50,186
Difference between depreciation and tax capital allowance	( 158)	2,956	( 158)	3,372
Finance lease payments	( 1,435)	( 4,804)	( 1,435)	( 4,804)
Other	(19,085)	(23,082)	( 12,075)	( 31,949)
Effect of change in deferred tax rate	-	(50,912)	-	( 64,448)
Actual taxation charge/(credit)	<u>5,616</u>	<u>(46,647)</u>	<u>6,574</u>	<u>( 47,643)</u>

- (c) Taxation recognised in other comprehensive income:

	<b>Group and Company</b>					
	<b>2013</b>			<b>2012</b>		
	<b>Before tax</b>	<b>Tax benefit</b>	<b>Net of tax</b>	<b>Before tax</b>	<b>Tax expense/(benefit)</b>	<b>Net of tax</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Deferred tax on revaluation surplus	-	34,596	34,596	-	39,758	39,758
Deferred tax employee benefit obligation	-	( 325)	( 325)	-	( 1,750)	( 1,750)
	<u>-</u>	<u>34,271</u>	<u>34,271</u>	<u>-</u>	<u>38,008</u>	<u>38,008</u>

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**27. Taxation (continued)**

## (d) Taxation losses:

As at December 31, 2013, the group has taxation losses, subject to agreement by the Commissioner General of Tax Administration Jamaica of approximately \$71,793,000 (2012: \$23,257,000) available for relief against future taxable profits. As of January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the current year's taxable profits. A deferred tax asset of \$13,794,000 (2012: \$4,688,000) in respect of taxation losses of certain companies has not been recognised by the group, as management considers its realisation within the foreseeable future to be uncertain.

**28. Earnings per stock unit**

The calculation of earnings per stock unit is arrived at by dividing profit after taxation attributable to stockholders of the company of \$85,842 thousand (2012: \$133,532 thousand) by 1,211,243,827 being the number of stock units in issue at December 31, 2013 (2012: 1,211,243,827) as well as by 1,183,333,911 (2012: 1,162,562,493), being stock units less those held by the GCLEIT [see note (19)].

**29. Dividends paid (gross)**

An interim revenue distribution of 3.5 cents (2012: 5 cents) per stock unit was paid on March 22, 2013, to shareholders on record at close of business on March 4, 2013.

A second interim revenue distribution of 3.5 cents (2012: 3 cents) per stock unit was paid on March 22, 2013, to shareholders on record at the close of business on March 4, 2013.

	<b>Group</b>	
	<b><u>2013</u></b> <b><u>\$'000</u></b>	<b><u>2012</u></b> <b><u>\$'000</u></b>
Gleaner's first interim paid in respect of 2013: 3.5¢ (2012: 5.0¢) per stock unit - gross	42,394	60,563
Gleaner's second interim paid in respect of 2013: 3.5¢ (2012: 3.0¢) per stock unit - gross	<u>42,393</u>	<u>36,337</u>
	84,787	96,900
Dividends paid to GCLEIT	<u>( 881)</u>	<u>( 3,723)</u>
	<u>83,906</u>	<u>93,177</u>
	<b>Company</b>	
	<b><u>2013</u></b> <b><u>\$'000</u></b>	<b><u>2012</u></b> <b><u>\$'000</u></b>
Ordinary dividends:		
First interim paid in respect of 2013: 3.5¢ (2012: 5.0¢) per stock unit – gross	42,394	60,563
Second interim paid in respect of 2013: 3.5¢ (2012: 3.0¢) per stock unit – gross	<u>42,393</u>	<u>36,337</u>
	<u>84,787</u>	<u>96,900</u>



## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
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### **30. Share-based payment arrangement**

A share option scheme is operated by the company. Share options are granted to management and employees of the company with more than three years of service. Options are granted at the market price of the shares on the date of the grant and are exercisable at that price. Options are exercisable beginning one month from the date of grant and have a contractual option payment term of up to three years.

The number and weighted average exercise prices of share options are as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Weighted average exercise price</u>	<u>No. of options</u>	<u>Weighted average exercise price</u>	<u>No. of options</u>
Outstanding at beginning of the year	1.19	11,110,000	1.19	11,110,000
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at end of the year	<u>1.19</u>	<u>11,110,000</u>	<u>1.19</u>	<u>11,110,000</u>

The grant-date fair value of the share-based payment plan was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date were as follows:

	<u>2013</u>			<u>2012</u>		
	<u>Staff Single tranche</u>	<u>Executive and senior staff Tranche 1</u>	<u>Tranche 2</u>	<u>Staff Single tranche</u>	<u>Executive and senior staff Tranche 1</u>	<u>Tranche 2</u>
Fair value at grant date	0.71	0.41	0.58	0.71	0.41	0.58
Share price at grant date	1.31	1.31	1.31	1.31	1.31	1.31
Exercise price	1.19	1.19	1.19	1.19	1.19	1.19
Expected volatility	0.69	0.69	0.69	0.69	0.69	0.69
Option life (expected weighted average life)	2.85	0.80	1.80	2.85	0.80	1.80
Risk-free interest rate	9.91%	9.91%	9.91%	9.91%	9.91%	9.91%

The expense recognised in profit or loss in respect of share-based payment awards as at December 31, 2013 amounted to \$Nil thousand (2012: \$729 thousand ).

### **31. Segment reporting**

The group has one reportable segment which is media service. This includes the print and electronic media businesses. The identification of business segments, is based on the group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue. Other includes management services, publication of books and those that do not meet any of the quantitative thresholds for determining reportable segments in 2013 or 2012.

Performance is measured on segment profit before taxation as included in the internal management reports that are reviewed by the Board of Directors. Segment profit before taxation is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**31. Segment reporting (continued)****(a) Business segments:**

	<b>Media service</b>		<b>Other</b>		<b>Total</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
External revenues	<u>3,152,395</u>	<u>3,158,958</u>	<u>36,314</u>	<u>35,707</u>	<u>3,188,709</u>	<u>3,194,665</u>
Segment profit/(loss) before taxation	<u>112,204</u>	<u>108,867</u>	<u>(20,746)</u>	<u>(21,982)</u>	<u>91,458</u>	<u>86,885</u>
Finance income	<u>151,694</u>	<u>92,749</u>	<u>317</u>	<u>431</u>	<u>152,011</u>	<u>93,180</u>
Finance costs	<u>( 25,224)</u>	<u>( 20,918)</u>	<u>( 28)</u>	<u>( 13)</u>	<u>( 25,251)</u>	<u>( 20,931)</u>
Depreciation and amortisation	<u>97,585</u>	<u>85,113</u>	<u>2</u>	<u>2</u>	<u>97,587</u>	<u>85,115</u>
Reportable segment assets	<u>3,564,943</u>	<u>3,426,557</u>	<u>89,394</u>	<u>87,016</u>	<u>3,654,337</u>	<u>3,513,573</u>
Reportable segment liabilities	<u>997,170</u>	<u>1,095,615</u>	<u>63,465</u>	<u>47,188</u>	<u>1,060,635</u>	<u>1,142,803</u>
Capital expenditure	<u>217,051</u>	<u>81,704</u>	<u>-</u>	<u>-</u>	<u>217,051</u>	<u>81,704</u>

**(b) Geographical segments:**

	<b>Jamaica</b>		<b>Overseas*</b>		<b>Total</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Revenue from external customers	2,890,646	2,956,539	298,063	238,126	3,188,709	3,194,665
Non current segment assets	<u>1,913,604</u>	<u>1,555,429</u>	<u>15,176</u>	<u>15,337</u>	<u>1,928,780</u>	<u>1,570,766</u>

\* Includes operations in United States of America, Canada and United Kingdom.

**32. Financial risk management**

The group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

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### **32. Financial risk management**

The Group Audit 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 Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and *ad hoc* reviews of risk management controls and procedures.

#### **(a) Credit risk**

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers, investment, pension receivable, securities purchased under resale agreements and cash and cash equivalents.

#### **Trade and other receivables**

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

A credit policy has been established under which each new customer is assessed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered. The group's assessment includes review of the customer's financial strength, history with the company if any, payment habits to existing suppliers and bank references. Credit limits are established for each customer and require the authorisation by approved personnel. Customers that fail to meet the group's benchmark creditworthiness may transact with the group only on a prepayment or cash basis.

More than 98% of the group's customers have been transacting with the group for over four years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to the ageing of their debt. Trade and other receivables relate mainly to the group's media service customers.

The group does not require collateral in respect of trade and other receivables. A deposit is, however, taken in respect of certain trade receivables.

The group establishes an allowance for impairment that represents its estimate of specific losses in respect of trade and other receivables. The group's allowances for impairment of trade receivables are based on the extent of default, including its ageing profile and other external factors indicating inability to collect.

Based on customer default rates, the group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due to 60 days for circulation receivables and 180 days for advertising receivables. 95% of the balance relates to customers that have a good track record with the group.

The allowance accounts in respect of accounts receivables are used to record impairment losses, unless the group is satisfied that no recovery of the amount owing is possible. At that point, the amounts considered irrecoverable are written off the financial asset directly (see note 16).

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
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**32. Financial risk management (continued)****(a) Credit risk (continued)****Investments, cash and cash equivalents and securities purchased under agreement for resale**

The group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that are licensed under the Financial Institutions Act and Financial Services Commission. The group's investment portfolio consists of Government of Jamaica instruments. The group holds collateral for securities purchased under resale agreements.

Management does not expect any counterparty to fail to meet its obligations.

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	<b>Group</b>		<b>Company</b>	
	<b>Carrying amount</b>		<b>Carrying amount</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Domestic	384,761	398,547	352,661	366,910
Overseas	<u>22,810</u>	<u>23,087</u>	<u>-</u>	<u>-</u>
	<b><u>407,571</u></b>	<b><u>421,634</u></b>	<b><u>352,661</u></b>	<b><u>366,910</u></b>

There has been no change to the group's exposure to credit risk or the manner in which it measures or manages this risk.

**(b) Liquidity risk**

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Typically, the group ensures that it has sufficient cash on demand and marketable securities to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the group maintains an overdraft facility of J\$23 million.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
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**32. Financial risk management (continued)****(b) Liquidity risk (continued)**

<b>Group</b>						
<b>2013</b>						
	<b>Carrying amount \$'000</b>	<b>Contractual cash flows \$'000</b>	<b>1 yr or less \$'000</b>	<b>1-2 yrs \$'000</b>	<b>2-5 yrs \$'000</b>	<b>More than 5 yrs \$'000</b>
Long - term liabilities	129,899	132,357	33,437	24,730	74,190	-
Trade and other payables	449,161	449,161	449,161	-	-	-
Bank overdraft	<u>5,327</u>	<u>5,327</u>	<u>5,327</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>584,387</u>	<u>586,845</u>	<u>487,925</u>	<u>24,730</u>	<u>74,190</u>	<u>-</u>
<b>Group</b>						
<b>2012</b>						
	<b>Carrying amount \$'000</b>	<b>Contractual cash flows \$'000</b>	<b>1 yr or less \$'000</b>	<b>1-2 yrs \$'000</b>	<b>2-5 yrs \$'000</b>	<b>More than 5 yrs \$'000</b>
Long - term liabilities	108,814	149,643	19,893	41,196	69,872	18,682
Trade and other payables	506,684	506,684	506,684	-	-	-
Bank overdraft	<u>10,308</u>	<u>10,308</u>	<u>10,308</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>625,806</u>	<u>666,635</u>	<u>536,885</u>	<u>41,196</u>	<u>69,872</u>	<u>18,682</u>
<b>Company</b>						
<b>2013</b>						
	<b>Carrying amount \$'000</b>	<b>Contractual cash flows \$'000</b>	<b>1 yr or less \$'000</b>	<b>1-2 yrs \$'000</b>	<b>2-5 yrs \$'000</b>	<b>More than 5 yrs \$'000</b>
Long - term liabilities	129,899	132,357	33,437	24,730	74,190	-
Trade and other payables	357,264	357,264	357,264	-	-	-
Bank overdraft	<u>2,850</u>	<u>2,850</u>	<u>2,850</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>490,013</u>	<u>492,471</u>	<u>393,551</u>	<u>24,730</u>	<u>74,190</u>	<u>-</u>
<b>Company</b>						
<b>2012</b>						
	<b>Carrying amount \$'000</b>	<b>Contractual cash flows \$'000</b>	<b>1 yr or less \$'000</b>	<b>1-2 yrs \$'000</b>	<b>2-5 yrs \$'000</b>	<b>More than 5 yrs \$'000</b>
Long - term liabilities	108,814	149,643	19,893	41,196	69,872	18,682
Trade and other payables	<u>380,269</u>	<u>380,269</u>	<u>380,269</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>489,083</u>	<u>529,912</u>	<u>400,162</u>	<u>41,196</u>	<u>69,872</u>	<u>18,682</u>

There has been no change to the group's exposure to liquidity risk or the manner in which it measures or manages this risk.

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
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**32. Financial risk management (continued)****(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. There has been no change to the group's exposure to market risk or the manner in which it measures and manages this risk.

**(i) Currency risk**

The group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the group. The main currencies are the United States dollar (US\$), Pound Sterling (GBP) and Canadian dollar (Can \$).

The group ensures that the risk is kept to an acceptable level by monitoring its risk exposure and by maintaining funds in US dollars as a hedge against adverse fluctuations in exchange rates.

The group's investments in overseas subsidiaries are not hedged, as those currency positions are considered to be long-term in nature.

The group's exposure to foreign currency risk are as follows:

	<b>Group</b>					
	<b>2013</b>			<b>2012</b>		
	<b>USD</b>	<b>GBP</b>	<b>CAD</b>	<b>USD</b>	<b>GBP</b>	<b>CAD</b>
	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>
Investments	4,005	-	-	3,631	-	-
Trade and other receivables	-	108	109	-	140	112
Securities purchased under resale agreements	89	-	-	1,357	-	-
Trade payables	( 906)	(167)	( 94)	(1,233)	(151)	( 78)
Cash and cash equivalents	<u>574</u>	<u>9</u>	<u>153</u>	<u>35</u>	<u>5</u>	<u>174</u>
Net exposure	<u>3,762</u>	<u>( 50)</u>	<u>168</u>	<u>3,790</u>	<u>( 6)</u>	<u>208</u>

**(i) Currency risk**

	<b>Company</b>					
	<b>2013</b>			<b>2012</b>		
	<b>USD</b>	<b>GBP</b>	<b>CAD</b>	<b>USD</b>	<b>GBP</b>	<b>CAD</b>
	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>	<b>('000)</b>
Investments	4,005	-	-	3,631	-	-
Trade payables	( 906)	( 1)	-	(1,233)	( 1)	-
Securities purchased under resale agreements	89	-	-	1,357	-	-
Cash and cash equivalents	<u>574</u>	<u>1</u>	<u>-</u>	<u>35</u>	<u>4</u>	<u>-</u>
Net exposure	<u>3,762</u>	<u>-</u>	<u>-</u>	<u>3,790</u>	<u>3</u>	<u>-</u>

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**32. Financial risk management (continued)****(c) Market risk (continued)****Sensitivity analysis**

A strengthening/weakening of the Jamaica dollar against the following currencies at December 31 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

<b>Group</b>						
<b>2013</b>						
<b>Currency</b>	<b>% weakening</b>	<b>Increase</b>		<b>% strengthening</b>	<b>Decrease</b>	
		<b>effect on equity \$'000</b>	<b>effect on profit/loss \$'000</b>		<b>effect on equity \$'000</b>	<b>effect on profit/loss \$'000</b>
USD	15	1,925	57,126	1	( 128)	(3,808)
GBP	15	-	1,293	1	-	( 86)
CAD	15	<u>-</u>	<u>2,501</u>	1	<u>-</u>	<u>( 167)</u>

<b>Group</b>						
<b>2012</b>						
<b>Currency</b>	<b>% weakening</b>	<b>Increase</b>		<b>% strengthening</b>	<b>Decrease</b>	
		<b>effect on equity \$'000</b>	<b>effect on profit/loss \$'000</b>		<b>effect on equity \$'000</b>	<b>effect on profit/loss \$'000</b>
USD	10	-	34,915	1	-	3,491
GBP	10	-	( 89)	1	-	( 9)
CAD	10	<u>-</u>	<u>1,901</u>	1	<u>-</u>	<u>( 190)</u>

<b>Company</b>						
<b>2013</b>						
<b>Currency</b>	<b>% weakening</b>	<b>Increase/(Decrease)</b>		<b>% strengthening</b>	<b>Increase/(Decrease)</b>	
		<b>effect on equity \$'000</b>	<b>effect on profit/loss \$'000</b>		<b>effect on equity \$'000</b>	<b>effect on profit/loss \$'000</b>
USD	15	1,925	57,125	1	( 128)	(3,808)
GBP	15	<u>-</u>	<u>-</u>	1	<u>-</u>	<u>-</u>

<b>Company</b>						
<b>2012</b>						
<b>Currency</b>	<b>% weakening</b>	<b>Increase</b>		<b>% strengthening</b>	<b>Decrease</b>	
		<b>effect on equity \$'000</b>	<b>effect on profit/loss \$'000</b>		<b>effect on equity \$'000</b>	<b>effect on profit/loss \$'000</b>
USD	10	-	34,915	1	-	3,491
GBP	10	<u>-</u>	<u>41</u>	1	<u>-</u>	<u>( 4)</u>

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**32. Financial risk management (continued)**

## (c) Market risk (continued)

## (ii) Interest rate risk

The group minimizes interest rate risk by investing mainly in fixed rate government securities and contracting liabilities at fixed rates, where possible.

**Profile**

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
<b>Fixed rate instruments</b>				
Financial assets	446,312	420,944	552,942	455,621
Financial liabilities	(129,899)	(108,814)	(129,899)	(108,814)
	<b><u>316,413</u></b>	<b><u>312,130</u></b>	<b><u>423,043</u></b>	<b><u>346,807</u></b>

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

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

An increase of 200 or decrease of 50 (2012: An increase of 250 or decrease of 50) basis points in interest rates at the reporting date would have increased equity by \$18,343 thousand or decrease by \$8,839 thousand (2012: increase of \$30,818 thousand or a decrease of \$5,979 thousand). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

**Equity price risk**

The Board monitors the mix of debt and equity securities in its investment portfolio based on market expectations. This risk is managed by the monitoring of the market value of the securities on the Jamaica Stock Exchange (JSE) and other foreign stock exchanges and the companies' quarterly financial performance.

**Sensitivity analysis – equity price risk**

Most of the group's equity investments are listed on the Jamaica Stock Exchange and other foreign stock exchanges. A 10% (2012: 10%) increase or decline in the JSE All Jamaica Composite index at the reporting date would have increased/decreased equity by \$9,495 thousand (2012: \$7,138thousand).

There would be no impact on profit or loss at the reporting date as there were no investments designated as fair value through profit or loss.



## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

### **32. Financial risk management (continued)**

#### **(d) Fair values**

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledge willing parties who are under no compulsion to act and is evidenced by a quoted market price, if one exists.

#### **Fair values versus carrying amounts**

The fair value of financial instruments is based on their quoted market price at the reporting date without any deduction for transaction costs. Where a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flows or a generally accepted alternative method.

The fair values of current financial assets and liabilities are assumed to approximate to their carrying amounts shown in the statement of financial position due to their short term.

The fair value of non-current receivables and liabilities are assumed to approximate to their carrying values as no loss on realisation or discount on settlement are anticipated.

The interest rates used to determine fair values at the reporting date were as follows:

	<u>2013</u>	<u>2012</u>
	%	%
Royal Bank of Scotland investment note	6.75	6.75
Bank of Scotland investment note	3.42	5.51
Lloyds TSB investment note	4.91	4.88
Government of Jamaica instrument	<u>7.11</u>	<u>7.49</u>

#### **Basis for determining fair values**

Available-for-sale financial assets include Government of Jamaica instrument, quoted equities and unquoted equities. Quoted equities are valued using the quoted market bid prices listed on the Jamaica Stock Exchange and other foreign stock exchanges at the reporting date.

Government of Jamaica security and the investment notes are valued using a pricing input and yields from an acceptable broker yield curve.

#### **Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

## **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

### **32. Financial risk management (continued)**

#### **(d) Fair values (continued)**

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

#### **Group**

		2013							
		Carrying amount			Fair value				
Note	Loan and receivables \$'000	Available for-sale \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	
<b>Financial assets measured at fair value:</b>									
Investment securities	11	-	541,258	-	541,258	94,946	446,312	-	541,258
<b>Financial assets not measured at fair value:</b>									
Investments	11	76,340	22,820	-	99,160				
Pension receivable		1,015,574	-	-	1,015,574				
Cash and cash equivalents		91,623	-	-	91,623				
Securities purchased under resale agreements		9,780	-	-	9,780				
Trade and other receivable		490,638	-	-	490,638				
		1,683,955	22,820	-	1,706,775				
<b>Financial liabilities not measured at fair value:</b>									
Long term liabilities		-	-	129,899	129,899				
Bank overdraft		-	-	5,327	5,327				
Trade and other payables		-	-	449,161	449,161				
		-	-	584,387	584,387				

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**32. Financial risk management (continued)**

(d) Fair values (continued)

Accounting classifications and fair values (continued)

**Group (continued)**

		2012							
		Carrying amount				Fair value			
	Note	Loan and receivables \$'000	Available -for-sale \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets measured at fair value:</b>									
Investment securities	11	-	427,297	-	427,297	71,376	355,921	-	427,297
<b>Financial assets not measured at fair value:</b>									
Investment securities	11	57,258	22,820	-	80,078				
Pension receivable		1,062,018	-	-	1,062,018				
Cash and cash equivalents		121,964	-	-	121,964				
Securities purchased under resale agreements		125,173	-	-	125,173				
Trade and other receivable		584,219	-	-	584,219				
		1,950,632	22,820	-	1,973,452				
<b>Financial liabilities not measured at fair value:</b>									
Long term liabilities		-	-	108,814	108,814				
Bank overdraft		-	-	10,308	10,308				
Trade and other payables		-	-	506,684	506,684				
		-	-	625,806	625,806				

# **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

## **32. Financial risk management (continued)**

(d) Fair values (continued)

Accounting classifications and fair values (continued)

### **Company**

		2013							
		Carrying amount			Fair value				
	Note	Loan and receivables \$'000	available for-sale \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets measured at fair value:</b>									
Investment securities	11	-	541,258	-	541,258	94,946	446,312	-	541,258
<b>Financial assets not measured at fair value:</b>									
Investment securities	11	71,312	22,820	-	94,132				
Pension receivable		1,015,574	-	-	1,015,574				
Cash and cash equivalents		70,035	-	-	70,035				
Securities purchased under resale agreements		9,780	-	-	9,780				
Trade and other receivable		455,443	-	-	455,443				
		1,622,144	22,820	-	1,644,964				
<b>Financial liabilities not measured at fair value:</b>									
Long term liabilities		-	-	129,899	129,899				
Bank overdraft		-	-	2,850	2,850				
Trade and other payables		-	-	357,265	357,265				
		-	-	490,014	490,014				

# **THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

## **32. Financial risk management (continued)**

(d) Fair values (continued)

Accounting classifications and fair values (continued)

### **Company**

					2012				
					Carrying amount		Fair value		
	Notes	Loan and receivables \$'000	available for-sale \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets measured at fair value:</b>									
Investment securities	11	-	427,297	-	427,297	71,376	355,921	-	427,297
<b>Financial assets not measured at fair value:</b>									
Investment securities		52,380	22,820	-	75,200				
Pension receivable		1,062,018	-	-	1,062,018				
Cash and cash equivalents		100,920	-	-	100,920				
Securities purchased under resale agreements		125,173	-	-	125,173				
Trade and other receivable		537,501	-	-	537,501				
		1,877,992	22,820	-	1,880,812				
<b>Financial liabilities not measured at fair value:</b>									
Long term liabilities		-	-	108,814	108,814				
Trade and other payables		-	-	380,269	380,269				
		-	-	489,083	489,083				

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**32. Financial risk management (continued)****(e) Capital management**

The group's objective is to maintain a strong capital base so as to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Board of Directors monitors the return on capital which the company defines as share capital, capital reserves, fair value reserves and retained profits. The group may adjust or maintain the capital structure by adjusting the amount of dividends paid to shareholders.

There were no changes in the group's approach to capital management during the year.

**33. Related parties****(a) Identity of related party**

The group has a related party relationship with its subsidiaries, associates and with its directors and executive officers in the ordinary course of business.

**(b) Transactions with key management personnel**

In addition to salaries, the group provides non-cash benefits to directors and executive officers, and contributes to a post-employment defined contribution plan on their behalf, in accordance with the terms of the plan. Executive officers also participate in the group's share option programme [see note 3(d)(ii)].

The key management personnel compensations are as follows:

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Short-term employee benefits	239,999	208,520	205,123	190,044
Post-employment benefits	<u>7,935</u>	<u>11,500</u>	<u>7,935</u>	<u>11,500</u>
	<u>247,934</u>	<u>220,020</u>	<u>213,058</u>	<u>201,544</u>

**(c) The statement of financial position includes balances, arising in the ordinary course of business, with subsidiaries and associated companies as follows:**

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Long-term receivable	-	-	80,630	34,677
Trade and other receivables:				
Subsidiaries	56,756	-	210,286	262,247
Associated companies	1,436	81,394	1,436	-
Key management personnel	-	-	-	-
Trade and other payables:				
Subsidiaries	-	-	2,356	9,289
Associates	<u>-</u>	<u>-</u>	<u>689</u>	<u>-</u>

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**33. Related parties (continued)**

- (d) The income statements include the following income earned from, and expenses incurred in, transactions with subsidiaries:

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Revenue:				
Subsidiaries	-	-	6,653	26,711
Other operating income:				
Subsidiaries	-	-	61,398	37,564
Key management personnel	1,729	1,190	1,729	1,190
Cost of sales:				
Subsidiaries	-	-	7,446	7,671
Administration expenses:				
Subsidiaries	-	-	18,985	38,164
Other operating expense subsidiary	-	-	75,367	-
Finance income:				
Subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,288</u>

**34. Lease commitments**

Unexpired lease commitments at December 31 will expire as follows:

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Within one year	22,100	15,091	22,100	15,091
Subsequent years	<u>24,668</u>	<u>36,340</u>	<u>24,668</u>	<u>36,340</u>
	<u>46,768</u>	<u>51,431</u>	<u>46,768</u>	<u>51,431</u>

**35. Authorised capital expenditure**

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Capital expenditure authorised and contracted for	<u>12,849</u>	<u>11,229</u>	<u>12,849</u>	<u>11,229</u>

**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**36 Staff costs**

	<b>Group</b>		<b>Company</b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Salaries and wages	779,442	772,903	634,226	637,385
Statutory contributions	81,633	75,399	71,095	65,835
Other staff costs	268,195	234,929	260,803	228,591
Redundancy costs	<u>30,787</u>	<u>35,583</u>	<u>30,787</u>	<u>35,583</u>
	<u>1,160,057</u>	<u>1,118,814</u>	<u>996,911</u>	<u>967,394</u>

**37. Libel cases**

Provisions made in the financial statements as at December 31, 2013, are considered adequate to cover all reasonable and probable judgements and costs for libel actions against the group and company.

**38. Contingent liabilities**

- (i) There are contingent liabilities of \$Nil (2012: \$2M) in respect of guarantees issued on behalf of the group and the company.
- (ii) The company has given an undertaking to its subsidiaries to provide financial support required to meet their future operations and obligations.

**40. Change in accounting policy**

The change in accounting policy detailed in note 2(e) was applied retrospectively. The effects of the adjustments are detailed below:

**(a) Statement of financial position:**

	<b><u>Employee benefits obligation</u></b>	<b><u>Deferred tax assets</u></b>	<b><u>Reserves</u></b>	<b><u>Retained profits</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Balance at December 31, 2011 as previously reported	130,600	512,197	1,608,887	1,022,272
Impact of re-measurement of employee benefits obligation	( 12,300)	4,100	( 8,200)	( 8,200)
Balance at December 31, 2011, as restated	<u>118,300</u>	<u>516,297</u>	<u>1,617,087</u>	<u>1,030,472</u>
Balance at December 31, 2012 as previously reported	136,900	312,615	1,762,361	1,123,801
Impact of re-measurement of employee benefits obligation	( 18,600)	4,650	13,950	13,950
Balance at December 31, 2012, as restated	<u>118,300</u>	<u>317,265</u>	<u>1,776,311</u>	<u>1,137,751</u>

**(b) Effect on profit or loss for the year ended December 31, 2012:**

	<b><u>\$'000</u></b>
Pension costs	700
Deferred tax	(1,200)
Increase in profit for the year	<u>500</u>



**THE GLEANER COMPANY LIMITED**

Notes to the Financial Statements (Continued)  
December 31, 2013

**40. Change in accounting policy (continued)**

- (c) Effect on statement of comprehensive income for year ended December 31, 2012:

Actuarial loss recognised in other comprehensive income	7,000
Deferred tax on actuarial loss	<u>(1,750)</u>
	5,250
Increase in profit for the year	<u>500</u>
Increase in total comprehensive income	<u><u>5,750</u></u>

- (d) Other than restatement of comparatives there was no effect on the statement of cash flows for the year ended December 31, 2012.

- (e) Effect on earnings per share as at December 31, 2012

	<u>2012</u>
Earnings per ordinary stock unit as previously stated	10.98¢
Earnings per ordinary stock, restated	<u><u>11.02¢</u></u>

# **THE GLEANER COMPANY LIMITED**

## **Financial Summary 2009 – 2013**

	<b><u>2013</u></b> <b><u>\$'000</u></b>	<b><u>2012</u></b> <b><u>\$'000</u></b> <b>(Restated)</b>	<b><u>2011</u></b> <b><u>\$'000</u></b> <b>(Restated)</b>	<b><u>2010</u></b> <b><u>\$'000</u></b>	<b><u>2009</u></b> <b><u>\$'000</u></b>
Turnover	<u>3,188,709</u>	<u>3,194,665</u>	<u>3,178,900</u>	<u>3,187,725</u>	<u>3,274,179</u>
Group profit/(loss) before taxation	91,458	86,885	123,973	620,535	1,822
Taxation credit/(charge)	( 5,616)	46,647	( 13,690)	( 189,836)	158,552
Profit from discontinued operations	-	-	-	-	47,806
Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,146</u>	<u>15,827</u>
Profit/(loss) attributable to Gleaner Stockholders	<u><u>85,842</u></u>	<u><u>133,532</u></u>	<u><u>110,283</u></u>	<u><u>431,845</u></u>	<u><u>224,007</u></u>
Ordinary stockholders' funds:					
Share capital	605,622	605,622	605,622	605,622	605,622
Reserves	<u>1,988,079</u>	<u>1,765,148</u>	<u>1,680,147</u>	<u>1,851,333</u>	<u>1,417,546</u>
	2,593,701	2,370,770	2,285,769	2,456,955	2,023,168
Non-controlling interest	-	-	-	-	15,292
Long-term liabilities	93,534	99,001	26,529	40,534	40,105
Employee benefit obligation	66,300	118,300	118,300	120,900	96,200
Deferred tax liabilities	<u>338,906</u>	<u>317,275</u>	<u>516,323</u>	<u>506,501</u>	<u>312,353</u>
Total funds employed	<u><u>3,092,441</u></u>	<u><u>2,905,346</u></u>	<u><u>2,946,921</u></u>	<u><u>3,124,890</u></u>	<u><u>2,487,118</u></u>
Represented by:					
Long-term receivable	6,317	4,735	18,788	42,910	70,947
Other non-current assets and investments	1,922,464	1,566,031	1,327,720	1,148,701	1,812,976
Working capital	<u>1,163,660</u>	<u>1,334,580</u>	<u>1,600,413</u>	<u>1,933,279</u>	<u>603,195</u>
	<u><u>3,092,441</u></u>	<u><u>2,905,346</u></u>	<u><u>2,946,921</u></u>	<u><u>3,124,890</u></u>	<u><u>2,487,118</u></u>
Stock units in issue at year end ('000)	1,211,244	1,211,244	1,211,244	1,211,244	1,211,244
Earnings per stock unit [see note (i) below]	7.09¢	11.02¢	9.78¢	35.65¢	18.49¢
Stockholders' fund per stock unit [see note (i) below]	212.87¢	194.58¢	188.04¢	202.85¢	167.03¢
Dividends per stock unit [see note (ii) below]	7.17¢	8.34¢	28.28¢	6.95¢	5.49¢
Exchange rates ruling at the reporting date were:					
UK one Pound to J\$1	173.56	152.64	134.44	133.74	143.55
US\$1 to J\$1	105.72	92.14	86.60	85.86	89.60
Can\$1 to J\$1	98.99	93.01	84.20	85.34	84.57

- (i) The calculation of earnings per stock unit and stockholders' funds per stock unit is based on (loss)/profit after taxation attributable to Gleaner stockholders and ordinary stockholders funds, respectively, divided by the stock units in issue at year-end.
- (ii) The calculation of dividends per ordinary stock unit is based on the actual dividends for each year divided by the 1,183,333,911 (2012: 1,162,652,493) stock units in issue, less stock units held by GCLEIT at December 31, 2013.