



Radio Jamaica Limited

**Financial Statements
31 March 2018**

Radio Jamaica Limited

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31 March 2018

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Independent auditor's report

To the Members of Radio Jamaica Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Radio Jamaica Limited (the Company) and its subsidiaries (together 'the Group') and the stand alone financial position of the Company as at 31 March 2018, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

Radio Jamaica Limited's consolidated and stand-alone financial statements comprise:

- the consolidated and company statements of comprehensive income for the year ended 31 March 2018;
- the consolidated and company balance sheets as at 31 March 2018;
- the consolidated and company statements of changes in equity for the year ended 31 March 2018;
- the consolidated and company statements of cash flows for the year ended 31 March 2018; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our 2018 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year.

The Group's businesses are organised into three primary segments being Audio visual, Radio and other and Print and other. Geographically, the segments are Jamaica, St. Lucia, Canada, United Kingdom and the United States of America. These entities maintain their own accounting records and report to the Group through the completion of consolidation packages. All companies located outside of Jamaica except for Media Plus Limited which is domiciled in St. Lucia are audited by non-PwC firms. All of these locations were determined to be separate components and full scope audits or specified procedures were performed.

In establishing the overall group audit strategy and plan, we determined the type of work that was needed to be performed at the components by the group engagement team and component auditors, these procedures included:

- Meeting with the management teams of the components and/or the engagement leaders of the audit teams to discuss the approach and our expectations for the audits; and
- Reviewing the working papers of the auditors of select components. Components were selected for review based on a determined level of total assets or risk. Completion of our reviews included on site visits to the offices of the component auditors or in person meetings.

The group team engagement leader and the senior members of the group engagement team reviewed all reports with regards to the audit approach and findings of the component auditors in detail.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report in relation to the stand-alone Company financial statements.

Key audit matter	How our audit addressed the Key audit matter
<p><i>Goodwill impairment assessment</i> <i>See notes 2 and 14 of the financial statements for disclosures of related accounting policies, judgements and estimates.</i></p> <p>The Group has goodwill of \$75 million representing approximately 2% of the Group's total assets at year end.</p> <p>We focused on this area as the annual impairment assessment requires management's judgement and estimation, particularly in relation to the estimation of future cash flows from the businesses, taking into consideration the growth rates, inflation rates, the discount rate and other underlying assumptions in the Group's impairment model.</p>	<p>We evaluated management's future cash flow forecasts, and the process by which they were drawn up, including testing the underlying calculations and comparing them to the latest Board approved budgets. We compared previous forecasts to actual results to assess the performance of the business and the accuracy of forecasting.</p> <p>We, with the assistance of our internal expert, challenged managements' key assumptions for long term growth rates in the forecasts by comparing them to historical results, and economic and industry forecasts; and the discount rate by assessing the cost of capital for the Group. In order to do this, we:</p> <ul style="list-style-type: none">▪ evaluated these assumptions with reference to valuations of similar companies.▪ compared the key assumptions to externally derived data where possible, including market expectations of investment return, projected economic growth and interest rates.▪ applied sensitivities in evaluating management's assessment of the planned growth rate in cash flows. <p>We found the assumptions to be consistent and in line with our expectations based on the procedures performed.</p>



Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

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

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group, the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Recardo Nathan.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
31 May 2018

Radio Jamaica Limited

Consolidated Statement of Comprehensive Income

Year ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 \$'000	2017 \$'000
Revenue		5,045,577	5,228,731
Direct expenses		<u>(2,506,858)</u>	<u>(2,555,604)</u>
Gross Profit		2,538,719	2,673,127
Other operating income	5	132,086	218,407
Selling expenses		(745,820)	(773,476)
Administration expenses		(1,135,313)	(1,105,703)
Other operating expenses		<u>(770,591)</u>	<u>(752,922)</u>
Operating Profit		19,081	259,433
Finance costs	8	<u>(47,564)</u>	<u>(39,637)</u>
(Loss)/Profit before Taxation		(28,483)	219,796
Taxation	9	<u>(13,307)</u>	<u>(74,570)</u>
Net (Loss)/Profit		<u>(41,790)</u>	<u>145,226</u>
Other Comprehensive Income, net of taxes -			
Item that will not be reclassified to profit or loss -			
Re-measurements of post-employment benefits	9	<u>(111,875)</u>	<u>90,499</u>
Item that will be reclassified to profit or loss -			
Currency translation differences		4,201	(3,004)
Unrealised losses on available-for-sale investments		<u>-</u>	<u>(7,135)</u>
		<u>4,201</u>	<u>(10,139)</u>
		<u>(107,674)</u>	<u>80,360</u>
TOTAL COMPREHENSIVE INCOME		<u><u>(149,464)</u></u>	<u><u>225,586</u></u>
Earnings per Ordinary Stock Unit Attributable to Stockholders of the Company	12	<u><u>(\$0.02)</u></u>	<u><u>\$0.06</u></u>

Radio Jamaica Limited

Consolidated Balance Sheet

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 \$'000	2017 \$'000
Non-Current Assets			
Fixed assets	13	1,515,131	1,133,793
Intangible assets	14	537,704	531,570
Retirement benefit assets	15	187,733	322,767
Deferred tax assets	16	68,669	42,435
Long term receivables		763	763
Investment securities	18	159,169	486,522
		<u>2,469,169</u>	<u>2,517,850</u>
Current Assets			
Inventories	19	126,324	177,433
Receivables	22	999,704	849,615
Taxation recoverable		20,557	14,105
Cash and short term investments	23	266,966	294,782
		1,413,551	1,335,935
Current Liabilities			
Bank overdraft	23	-	4,053
Payables	24	722,387	837,753
Taxation payable		13,847	21,659
		<u>736,234</u>	<u>863,465</u>
Net Current Assets		<u>677,317</u>	<u>472,470</u>
		<u>3,146,486</u>	<u>2,990,320</u>

Radio Jamaica Limited

Consolidated Balance Sheet (Continued)

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 \$'000	2017 \$'000
Stockholders' Equity			
Share capital	25	2,041,078	2,041,078
Foreign currency translation		1,197	(3,004)
Fair value reserve		(7,135)	(7,135)
Retained earnings		367,652	569,767
		2,402,792	2,600,706
Non-controlling Interests		127	127
Total Equity		2,402,919	2,600,833
Non-Current Liabilities			
Finance lease obligations	26	13,831	22,997
Long term loans	26	409,152	59,043
Deferred tax liabilities	16	130,142	145,379
Retirement benefit obligations	15	190,442	162,068
Total Non-Current Liabilities		743,567	389,487
		3,146,486	2,990,320

Approved for issue by the Board of Directors on 30 May 2018 and signed on its behalf by:

Oliver F. Clarke, O.J.

Director

Gary Allen

Director

Radio Jamaica Limited
Consolidated Statement of Changes in Equity
Year ended 31 March 2018
(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Retained Earnings	Foreign Currency Translation	Fair Value Reserve	Equity Owners' Total	Non- controlling Interests Total	Grand Total
Note	'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2016	2,397,683	2,041,078	382,492	-	-	2,423,570	127	2,423,697
Total comprehensive income	-	-	235,725	(3,004)	(7,135)	225,586	-	225,586
Transactions with owners -								
Ordinary dividends	-	-	(48,450)	-	-	(48,450)	-	(48,450)
Balance at 31 March 2017	2,397,683	2,041,078	569,767	(3,004)	(7,135)	2,600,706	127	2,600,833
Total comprehensive income	-	-	(153,665)	4,201	-	(149,464)	-	(149,464)
Transactions with owners -								
Ordinary dividends	-	-	(48,450)	-	-	(48,450)	-	(48,450)
Balance at 31 March 2018	2,397,683	2,041,078	367,652	1,197	(7,135)	2,402,792	127	2,402,919

Radio Jamaica Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	2018 \$'000	2017 \$'000
Cash Flows from Operating Activities		
Net (loss)/profit	(41,790)	145,226
Items not affecting cash:		
Depreciation and amortization	255,920	236,954
Gain on disposal of fixed assets	(4,617)	(343)
Spares utilised	3,499	6,335
Interest income	(38,747)	(71,760)
Dividend income	-	(751)
Interest expense	47,564	39,637
Income tax charge	13,307	74,570
Exchange gain on foreign currency balances	16,750	(15,544)
Retirement benefits	17,612	(55,919)
Revaluation of investment securities	4,097	3,762
	<u>273,595</u>	<u>362,167</u>
Changes in operating assets and liabilities:		
Inventories	51,109	(31,717)
Receivables	(123,018)	30,478
Payables	(142,437)	(225,060)
	<u>59,249</u>	<u>135,868</u>
Income tax paid	(30,065)	(16,842)
Net cash provided by operating activities	<u>29,184</u>	<u>119,026</u>
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	1,376	11,232
Purchase of fixed assets and intangibles ⁽¹⁾	(640,151)	(248,175)
Proceeds from long term investments	339,858	134,217
Purchase of long term investments	(12,505)	-
Interest received	38,747	71,760
Dividend received	-	751
Net cash used in investing activities	<u>(272,675)</u>	<u>(30,215)</u>
Cash Flows from Financing Activities		
Loans repaid	(51,030)	(46,322)
Loan acquired	412,364	-
Principal lease repayments	(28,841)	(66,538)
Interest paid	(47,564)	(39,637)
Dividends paid	(48,450)	(48,450)
Net cash provided for/(used in) financing activities	<u>236,479</u>	<u>(200,947)</u>
Decrease in cash and cash equivalents	(7,012)	(112,136)
Exchange (losses)/gains on cash and cash equivalents	(16,750)	12,540
Cash and cash equivalents at beginning of year	290,728	390,324
Cash and Cash Equivalents at End of Year (Note 23)	<u><u>266,966</u></u>	<u><u>290,728</u></u>

(1) The principal non-cash transaction was the acquisition of fixed assets under finance lease of \$13,079,000 (2017- \$37,011,000).

Radio Jamaica Limited

Company Statement of Comprehensive Income

Year ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 \$'000	2017 \$'000
Revenue		553,783	565,547
Direct expenses		<u>(270,454)</u>	<u>(261,263)</u>
Gross Profit		283,329	304,284
Other operating income	5	85,939	339,381
Selling expenses		(110,103)	(104,648)
Administration expenses		(161,174)	(174,875)
Other operating expenses		<u>(107,604)</u>	<u>(108,889)</u>
Operating (Loss)/Profit		(9,613)	255,253
Finance costs	8	<u>(4,672)</u>	<u>(5,369)</u>
(Loss)/Profit before Taxation		(14,285)	249,884
Taxation	9	<u>991</u>	<u>(8,444)</u>
Net (Loss)/Profit		(13,294)	241,440
Other Comprehensive Income, net of taxes -			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits	9	(67,662)	66,929
Item that will be reclassified to profit or loss -			
Unrealised losses on available-for-sale investments		<u>-</u>	<u>(7,135)</u>
TOTAL COMPREHENSIVE INCOME		<u><u>(80,956)</u></u>	<u><u>301,234</u></u>

Radio Jamaica Limited

Company Balance Sheet

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 \$'000	2017 \$'000
Non-Current Assets			
Fixed assets	13	245,807	248,375
Intangible assets	14	-	2,992
Retirement benefit asset	15	182,803	262,123
Deferred tax asset	16	23,979	434
Investment in subsidiaries	17	1,824,854	1,824,854
Investment securities	18	158,968	486,321
		<u>2,436,411</u>	<u>2,825,099</u>
Current Assets			
Inventories	19	5,656	6,201
Due from subsidiaries	20	670,963	158,653
Receivables	22	134,474	109,615
Taxation recoverable		13,700	12,533
Cash and short term investments	23	151,087	177,663
		<u>975,880</u>	<u>464,665</u>
Current Liabilities			
Payables	24	221,627	191,456
Due to subsidiaries	20	308,396	450,722
		<u>530,023</u>	<u>642,178</u>
Net Current Assets/(Liabilities)			
		<u>445,857</u>	<u>(177,513)</u>
		<u>2,882,268</u>	<u>2,647,586</u>
Equity			
Share capital	25	2,041,078	2,041,078
Fair value reserves		(7,135)	(7,135)
Retained earnings		393,706	523,112
		<u>2,427,649</u>	<u>2,557,055</u>
Non-Current Liabilities			
Long term loans	26	398,364	45,394
Retirement benefit obligations	15	56,255	45,137
		<u>454,619</u>	<u>90,531</u>
		<u>2,882,268</u>	<u>2,647,586</u>

Approved for issue by the Board of Directors on 30 May 2018 and signed on its behalf by:

Oliver F. Clarke, O.J.

Director

Gary Allen

Director

Radio Jamaica Limited

Company Statement of Changes in Equity

Year ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Fair Value Reserve	Retained Earnings	Total
Note	'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2016	2,397,683	2,041,078	-	263,193	2,304,271
Total comprehensive income	-	-	(7,135)	308,369	301,234
Transactions with owners -					
Ordinary dividends	11	-	-	(48,450)	(48,450)
Balance at 31 March 2017	2,397,683	2,041,078	(7,135)	523,112	2,557,055
Total comprehensive income	-	-	-	(80,956)	(80,956)
Transactions with owners -					
Ordinary dividends	11	-	-	(48,450)	(48,450)
Balance at 31 March 2018	2,397,683	2,041,078	(7,135)	393,706	2,427,649

Radio Jamaica Limited

Company Statement of Cash Flows

Year ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	2018 \$'000	2017 \$'000
Cash Flows from Operating Activities		
Net (loss)/profit	(13,294)	241,440
Items not affecting cash:		
Depreciation and amortisation	25,755	25,847
Gain on disposal of fixed assets	(1,007)	(746)
Lease income	(5,430)	-
Dividend income	-	(200,751)
Interest income	(34,306)	(13,401)
Interest expense	4,671	5,369
Income tax (credit)/charge	(991)	8,444
Exchange loss/(gains) on foreign currency balances	16,079	(12,540)
Retirement benefits	2,565	(33,010)
Revaluation of investment securities	4,097	3,733
	<u>(1,861)</u>	<u>24,385</u>
Changes in operating assets and liabilities:		
Inventories	545	78
Due from subsidiaries ⁽¹⁾	(264,187)	(307,828)
Receivables	(24,859)	19,322
Payables	30,171	(52,245)
	<u>(260,191)</u>	<u>(316,288)</u>
Income tax paid	(445)	(3,350)
Net cash used in operating activities	<u>(260,636)</u>	<u>(319,638)</u>
Cash Flows from Investing Activities		
Proceeds from disposal of fixed assets	2,215	1,170
Purchase of fixed assets	(21,802)	(8,853)
Purchase of investments	(12,304)	-
Proceeds from investments	527,219	-
Dividend received	-	751
Interest received	34,306	13,401
Net cash provided by investing activities	<u>529,634</u>	<u>6,469</u>
Cash Flows from Financing Activities		
Loans repaid	(20,364)	(7,032)
Interest paid	(23,119)	(5,369)
Dividends paid	(48,450)	(48,450)
Net cash used in financing activities	<u>(91,933)</u>	<u>(60,851)</u>
Increase/(decrease) in cash and cash equivalents	177,065	(374,020)
Exchange (loss)/gains on cash and cash equivalents	(16,079)	12,540
Cash and cash equivalents at beginning of year	(9,899)	351,581
Cash and Cash Equivalents at End of Year (Note 23)	<u>151,087</u>	<u>(9,899)</u>

(1) The principal non cash transaction were the transfer of investment securities from a subsidiary of \$nil in 2018 (2017-\$655,500,000) and the offset of dividend declared of \$nil (2017 \$200,000,000) against the inter-company payable balance.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

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

These financial statements present the results of operations and financial position of the Company and its subsidiaries, which are collectively referred to as “the Group”.

The Group’s primary activities are the operation of a ‘free-to-air’ television station, cable television stations, radio stations and the publication of news in print and digital media.

The Group subsidiaries are as follows:

	2018	2017
Television Jamaica Limited	100%	100%
Multi-Media Jamaica Limited	100%	100%
Media Plus Limited, and its subsidiaries –	100%	100%
Reggae Entertainment Television Limited	100%	100%
Jamaica News Network Limited	100%	100%
The Gleaner Company (Media) Limited	100%	100%
The Gleaner Company (USA) Limited	100%	100%
Independent Radio Company Limited	100%	100%
A-Plus Learning Limited	50%	50%
The Gleaner Online Limited	100%	100%
The Gleaner Company (UK) Limited	100%	100%
Gleaner Media (Canada) Inc.	100%	100%

The subsidiaries are incorporated and domiciled in Jamaica, with the exception of Media Plus Limited, The Gleaner Company (USA) Limited, The Gleaner Company (UK) Limited, and Gleaner Media (Canada) Inc, which , are incorporated and domiciled in St. Lucia, United States of America, the United Kingdom and Canada, respectively.

The operations of A-Plus Learning Limited and The Gleaner Online Limited are dormant.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment securities.

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

Standards, interpretations and amendments to published standards effective in the current year

Certain new standards, interpretations and amendments to existing standards that have been published, became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations.

- **Amendments to IAS 7, 'Statement of cash flows on disclosure initiative'** (effective for annual periods beginning on or after 1 January 2017). These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Adoption of this amendment did not result in any significant additional disclosures as the only non-cash movement for financial liabilities relates to interest expense.
- **Amendments to IAS 12, 'Income Taxes'** (effective for annual periods beginning on or after 1 January 2017). The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Adoption of these amendments did not have a material impact on the Group's financial statements.

These amendments did not have any significant impact on the financial statements.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published accounting standards effective in the current financial year (continued)

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2018 or later periods, but were not effective at the statement of financial position date. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- **IFRS 9, 'Financial instruments'**, (effective for annual periods beginning on or after 1 January 2018). The standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The determination of classification is made at initial recognition, and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities have to record an immediate loss equal to the 12-month expected credit losses on initial recognition of financial assets that are not credit impaired (or lifetime expected credited losses for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime expected credit losses rather than 12-month expected credit losses. The model includes operational simplifications for lease and trade receivables. The analysis of the impact of the new impairment model requires the identification of the credit risk associated with counterparties. The counterparties are for trade receivables from customers for products sold or services provided. In determining the level of impairment, the Group will use a provisions matrix for trade receivables reflecting past experience of losses incurred due to default as well as forward looking information.

There is no expected impact on the Group's accounting for financial liabilities, as the new requirements only impact financial liabilities that are designated at fair value through profit or loss, and the Group does not currently have any such liabilities.

Changes in accounting policies resulting from adoption will be applied retrospectively as at 1 April 2018, but with no restatement of comparative information for prior years. Consequently, the Group will recognise any adjustments to the carrying amounts of financial assets between IAS 39 and IFRS 9 in the opening retained earnings.

- **IFRS 15, 'Revenue from contracts with customers'** (effective for annual periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

Radio Jamaica Limited

Notes to the Financial Statements

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2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective

- **IFRS 16, 'Leasing'** (effective for annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied.) This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- **Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'** (effective for annual periods beginning on or after 1 January 2019). These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
 - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.
- **Amendments to IFRS 15 'Revenue from contracts with customers'** (effective for annual periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.
- **Annual improvements 2014–2016** (effective for annual periods beginning on or after 1 January 2018) These amendments include changes from the 2014-16 cycle of the annual improvements project, that affect the following standards: IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2018; and IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective

- **Annual Improvements to IFRS Standards 2015–2017 Cycle – Amendments to IAS 12 and IAS 23**, (effective for annual periods beginning on or after 1 January 2019). These amendments include minor changes to:
 - IAS 12, 'Income taxes' - The amendments to IAS 12 clarify that all income tax consequences of dividends should be recognised in profit or loss, regardless of how the tax arises.
 - IAS 23, 'Borrowing costs' - The amendments to IAS 23 clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.
- **IFRIC 22, 'Foreign currency transactions and advance consideration'** (effective for annual periods beginning on or after 1 January 2018) This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption.
- **IFRIC 23, 'Uncertainty over income tax treatments'** This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group does not expect that this amendment will have a significant impact on its operations.

Radio Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

InterCompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Change in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Radio Jamaica Limited.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates, referred to as the functional currency. The consolidated financial statements are presented in Jamaican dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation of foreign currency monetary assets and liabilities at the year-end exchange rates are recognised in arriving at net profit or loss.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at exchange rates ruling at the reporting date.
- (ii) Income and expenses for each income statement are translated at average exchange rates.

(d) Revenue and income recognition

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

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.

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

Dividend income is recognised when the right to receive payment is established.

Radio Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(e) Financial instruments

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

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale, and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At reporting date, trade receivables were classified as loans and receivables; cash and bank balances, short term investments and quoted investment securities were classified as financial assets at fair value through profit or loss; and unquoted investment securities were classified as available-for-sale.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Financial liabilities

The Group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the balance sheet date, the following items were classified as financial liabilities: bank overdraft, finance lease obligations, long term loans and trade payables.

Radio Jamaica Limited

Notes to the Financial Statements

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2. Summary of Significant Accounting Policies (Continued)

(f) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Radio Jamaica Limited

Notes to the Financial Statements

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2. Summary of Significant Accounting Policies (Continued)

(g) Fixed assets

Freehold land and buildings are stated at deemed cost less subsequent depreciation for buildings. All other fixed assets are carried at historical cost less accumulated depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to profit or loss during the financial period in which they were incurred.

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

Freehold buildings	2.5% and 5%
Improvements to leasehold property	2.5%
Furniture, fixtures & equipment	5 - 33½%
Motor vehicles	10 - 25%
Spares	20%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Radio Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(h) Intangible assets

Goodwill

Goodwill is recorded at costs and represents the excess of the value of consideration paid over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

Broadcast rights

Broadcast rights acquired are recognised at fair value at the acquisition date and are subsequently measured at cost. These represent the exclusive rights to broadcast FIFA events for the period 2016 to 2022. Broadcast rights have a finite useful life. Amortisation is calculated using the straight-line method to allocate the cost of the rights over their estimated contractual lives. Amortisation will commence once the first event under the rights have been broadcast.

Computer software

This represents acquired computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

Brand and Lease

The brand and lease arising on acquisition of Gleaner Company (Media) Limited are shown at historical cost less amortisation and impairment and are deemed to have a finite useful life. The lease is in respect of the rental of properties at rates below market rate for a period of 15 years. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives of 15 years.

(i) Investment securities

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

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

Radio Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(j) Retirement benefits

Pension plans

Radio Jamaica Limited operates defined benefit pension plans, the assets of which are generally held in separate trustee-administered funds. A defined benefit pension plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between present value of the defined benefit obligation at the reporting date and the fair value of plan assets. Where a pension asset arises, the amount recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged in arriving at profit or loss so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year. The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

GCML operates a defined-contribution pension scheme; the assets of which were held separately from those of the Group.

Other retirement benefits

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

(k) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Radio Jamaica Limited

Notes to the Financial Statements

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2. Summary of Significant Accounting Policies (Continued)

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. For film and books actual costs are used, while average cost are used for the other categories.

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

(m) Trade receivables

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

(n) Cash and cash equivalents

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

(o) Trade payables

Trade payables are stated at historical cost.

(p) Leases

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

Radio Jamaica Limited

Notes to the Financial Statements

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2. Summary of Significant Accounting Policies (Continued)

(q) Borrowings

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

(r) Share capital

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

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

(s) Dividends

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

(t) Segment reporting

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

Radio Jamaica Limited

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3. Financial Risk Management

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

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

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

Department of Finance and Administration

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

(a) Credit risk

Finance Committee

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

An important risk for the Group is credit risk. Other significant risks include liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

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

Radio Jamaica Limited

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

Department of Finance and Administration (continued)

(a) Credit risk (continued)

Credit review process

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

(i) Trade and other receivables

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

Customer's credit risks are monitored according to their credit characteristics, such as whether it is an individual or Company, geographic location, industry, aging profile, and previous financial difficulties.

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

The Group's average credit period for airing advertisements is 30 days for direct customers and 60 days for advertising agencies. The Group has provided for most receivables over 90 days based on historical experience which indicates that amounts past due beyond 90 days are generally not recoverable.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position without taking into account any collateral or any credit enhancements.

Radio Jamaica Limited

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

(i) Trade and other receivables (continued)

Trade receivables between 60 and 90 days are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

(ii) Cash, deposits and investments

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

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

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Advertising agencies	475,147	298,330	101,894	38,701
Direct customers	474,895	562,845	1,384	58,514
	950,042	861,175	103,278	97,215
Less: Provision for impairment	(164,440)	(148,782)	(10,983)	(12,098)
	<u>785,602</u>	<u>712,393</u>	<u>92,295</u>	<u>85,117</u>

Ageing analysis of trade receivables that are past due but not impaired

Trade receivables that are less than three months past due are not considered impaired. At reporting dates trade receivables relating to the Group and the Company amounting to \$195,304,000 (2017 – \$128,654,000) and \$21,302,000 (2017 – \$4,912,000), respectively, were past due but not impaired. Trade receivables that are past due relate to a number of independent customers and advertising agencies for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
30 – 60 days	40,385	27,084	5,778	1,291
60 – 90 days	64,710	54,141	3,739	2,743
Greater than 90 days	90,209	47,429	11,785	878
	<u>195,304</u>	<u>128,654</u>	<u>21,302</u>	<u>4,912</u>

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Ageing analysis of trade and other receivables that are impaired

At reporting dates, trade receivables and other receivables of \$192,210,000 (2017 – \$171,889,000) for the Group and \$37,855,000 (2017 – \$30,795,000) for the Company were considered impaired. These receivables are all aged over 90 days and were fully provided for. The individually impaired receivables mainly relate to direct customers and agencies that are in unexpected difficult economic situations. The creation and release of provision for impaired receivables have been included in administration expenses in the profit and loss account. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The movement on the provision for impairment was as follows:

	The Group		The Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
At 1 April	171,889	133,981	30,795	18,920
Provision for receivables impairment	73,622	44,295	15,475	13,804
Receivables written off during the year as uncollectible	(19,327)	(2,686)	(3,393)	(1,790)
Unused amounts reversed/recovered	(33,974)	(3,701)	(5,022)	(139)
At 31 March	<u>192,210</u>	<u>171,889</u>	<u>37,855</u>	<u>30,795</u>

The provision includes amounts relating to other receivables of \$27,770,000 (2017 – \$23,106,000) and \$26,872,000 (2017-\$18,697,000) for the Group and the Company respectively.

(b) Liquidity risk

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

Liquidity risk management process

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

- (i) Monitoring future cash flows and liquidity on an ongoing basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining committed lines of credit; and
- (iv) Optimising cash returns on investment.

Radio Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities

Trade payables and balances due to subsidiaries are due within one month.

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

	The Group			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
	2018			
Finance lease obligations	17,714	15,708	-	33,422
Long term loans	91,674	331,819	319,069	742,562
	109,388	347,527	319,069	775,984
	2017			
Finance lease obligations	16,393	23,887	-	40,280
Long term loans	43,754	81,475	-	125,229
	60,147	105,362	-	165,509
	The Company			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
	2018			
Long term loans	73,705	317,950	319,069	710,724
	2017			
Long term loans	11,463	67,825	-	79,288

Assets available to meet all liabilities, including financial liabilities, include cash and short term deposits.

Radio Jamaica Limited

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(c) Market risk

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

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The movements in market prices are not expected to have a significant impact on the net results or stockholders' equity as the Group does not hold significant equity securities.

Currency risk

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

The Group is exposed to foreign exchange risk, arising primarily with respect to the US dollar, British pound and Canadian dollar, from commercial transactions such as the purchase of investment securities and station equipment, and the recognised assets and liabilities arising there from. The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.

At 31 March 2018, the Group and Company had net USD dominated monetary assets carried at a Jamaican Dollar equivalent of \$260,575,000 (2017 – \$654,088,800) and \$258,078,000 (2017 – \$590,897,347) respectively. The Group and Company also had net GBP and CAD dominated monetary assets carried at a Jamaican Dollar equivalent of \$12,294,000 (2017 – \$8,133,000) and \$5,047,000 (2017 – \$5,233,000) respectively.

Foreign currency sensitivity

The sensitivity analysis represents the impact on the profit or loss due to the movement in the US dollar, GBP and CAD exchange rate if the rate adjusts for a 2% revaluation and 4% devaluation (2017 – 1% revaluation and 6% devaluation).

US dollar - The pre-tax impact on the profit or loss would amount to (\$5,212,000) – revaluation, \$10,423,000 – devaluation (2017 – (\$6,541,000)/\$39,245,000) and (\$5,162,000) – revaluation and \$10,323,000 – devaluation (2017 – (\$5,909,000)/\$35,454,000) for the Group and the Company respectively.

GBP -The pre-tax impact on the profit or loss would amount to (\$213,000) – revaluation, \$426,000 – devaluation (2017 – (\$81,000)/ \$488,000) for the Group.

CAD - The pre-tax impact on the profit or loss would amount to \$32,000 – revaluation, \$65,000 – devaluation (2017 – (\$Nil)/\$Nil) for the Group.

Radio Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk

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

The Group earns interest on its long term investments at a fixed rate with durations of between 2 and over 5 years for repricing.

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

The Group incurs interest on its borrowings disclosed in Note 26. These borrowings are at fixed rates, and expose the Group to fair value interest rate risk. Interest rate fluctuations are not expected to have a material effect on the net results or stockholders' equity. The Group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

(d) Capital management

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

No Company within the Group is subject to externally imposed capital requirements.

(e) Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. Government of Jamaica securities and investments notes are valued using a pricing input and yields from acceptable broker yield curve. At 31 March 2018, these instruments are quoted investment securities, Government of Jamaica securities and investment notes (Note 18). The Group and Company have no financial assets grouped in Level 3.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value estimation (continued)

	The Group			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
As at 31 March 2018				
Financial assets				
Investment securities	11,391	147,778	-	159,169
As at 31 March 2017				
Financial assets				
Investment securities	15,518	471,004	-	486,522
	The Company			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
As at 31 March 2018				
Financial assets				
Investment securities	11,391	147,577	-	158,968
As at 31 March 2017				
Financial assets				
Investment securities	15,518	470,803	-	486,321

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

- (i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, short term investments, and trade receivables and payables.
- (ii) The carrying values of long term loans, approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

Radio Jamaica Limited

Notes to the Financial Statements

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4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

(a) Critical judgements in applying the Company's accounting policies

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

(b) Key sources of estimation uncertainty

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

Retirement benefit obligations

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

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

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

Purchase price allocation

In a business combination, the acquirer must allocate the cost of the business combination at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at fair value at that date. The allocation is based upon certain valuations and other studies performed with the assistance of external valuation specialists. Due to the underlying assumptions made in the valuation process, the determination of those fair values requires estimations of the effects of uncertain future events at the acquisition date and the carrying amounts of some assets, such as intangible assets, acquired through a business combination could therefore differ significantly in the future.

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

(b) Key sources of estimation uncertainty (continued)

Assessment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2k. The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and the discount rate. Any changes in these variables would impact the value in use calculations. A 1% increase in the discount rates and a 2% reduction in the revenue growth would result in a reduction in the value in use by \$103,354,000 which would not result in an impairment of goodwill of \$75,002,000 (Note 14).

Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Recognition of deferred tax assets

Deferred tax assets have not been recognised on tax losses carried forward in respect of certain subsidiaries based on management's expectation that the subsidiaries will not generate sufficient taxable profits to utilise the tax losses carried forward (Note 16). At 31 March 2018, unrecognised deferred tax assets in respect of tax losses carried forward amounted to \$59,368,000 (2017 – \$61,378,000).

5. Other Operating Income

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Interest income	38,747	71,760	34,306	13,401
Dividend income	-	751	-	200,751
Net foreign exchange (loss)/gains	(16,750)	11,437	(16,079)	12,541
Unrealised loss on revaluation of investment securities classified as financial assets at fair value through profit or loss	(4,097)	(3,733)	(4,097)	(3,733)
Gain/(loss) on disposal of fixed assets	4,617	(343)	1,007	746
Rental income	47,562	44,883	63,317	61,109
Compensation for damages	1,394	451	1,182	102
Other income	60,613	93,201	6,303	54,464
	<u>132,086</u>	<u>218,407</u>	<u>85,939</u>	<u>339,381</u>

Radio Jamaica Limited

Notes to the Financial Statements

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6. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Auditors' remuneration	25,791	21,093	4,691	4,854
Commissions	484,170	369,752	33,417	36,209
Depreciation and amortisation	255,920	222,404	26,154	25,023
Insurance	91,272	98,042	12,162	14,471
Programming expenses	268,367	94,250	17,864	18,147
Publicity	28,836	49,759	16,807	24,249
Repairs and maintenance	166,811	184,158	32,916	32,592
Special events	225,831	162,485	4,222	293
Staff costs (Note 7)	2,210,327	2,110,479	311,573	318,880
Utilities	315,769	290,306	43,142	37,001
Other ¹	1,085,488	1,584,977	146,387	137,956
	<u>5,158,582</u>	<u>5,187,705</u>	<u>649,335</u>	<u>649,675</u>

¹ Other includes legal, director's fees, bad debt, professional fees, janitorial costs, canteen expenses, transportation, market research, web, security and rental expense.

7. Staff Costs

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Wages and salaries	1,787,964	1,742,433	246,941	295,174
Statutory contributions	103,222	101,117	39,681	40,444
Pension benefits (Note 15)	2,090	(28,510)	(4,088)	(31,755)
Other retirement benefits (Note 15)	19,702	9,716	6,653	885
Other ²	297,349	285,723	22,386	14,132
	<u>2,210,327</u>	<u>2,110,479</u>	<u>311,573</u>	<u>318,880</u>

² Other includes uniform, vacation leave, health, training, life insurance.

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2018

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8. Finance Costs

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Interest expense –				
Bank borrowings	27,221	9,607	4,433	5,036
Finance leases	5,999	9,754	-	-
Other	14,344	20,276	239	333
	<u>47,564</u>	<u>39,637</u>	<u>4,672</u>	<u>5,369</u>

9. Taxation Expense

Taxation is computed on the profit or loss for the year adjusted for tax purposes. The charge for taxation comprises income tax at 25%:

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current tax	17,486	71,044	-	-
Deferred tax (Note 16)	(4,179)	3,526	(991)	8,444
	<u>13,307</u>	<u>74,570</u>	<u>(991)</u>	<u>8,444</u>

Radio Jamaica Limited

Notes to the Financial Statements

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9. Taxation Expense (Continued)

The tax on the Group and the Company's profit was derived as follows. Deferred tax was derived as detailed in Note 16.

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(Loss)/Profit before taxation	(28,483)	219,796	(14,285)	249,884
Tax calculated at a tax rate of 25%	(7,121)	54,949	(3,571)	62,471
Adjusted for the effects of :				
Income not subject to tax	-	(8,370)	-	(62,309)
Expenses not deductible for tax purposes	1,586	51,404	121	12,066
Recognition of previously unrecognised deferred taxes	-	(3,065)	-	(3,065)
Tax losses utilised	(2,553)	(1,827)	-	-
Tax losses in subsidiaries with no tax rate	8,114	-	-	-
Employee tax credit	(4,984)	(4,044)	-	-
Adjustment for net profits in overseas subsidiaries with lower tax rate	-	762	-	-
Other	18,265	(15,239)	2,459	(719)
	<u>13,307</u>	<u>74,570</u>	<u>(991)</u>	<u>8,444</u>

Tax (charge)/credit relating to components of other comprehensive income are as follows:

		Group		
		Before Tax \$'000	Tax Effect \$'000	After Tax \$'000
Remeasurements of post-employment benefit liabilities (Note 15)	2018	<u>(149,167)</u>	<u>37,292</u>	<u>(111,875)</u>
Remeasurements of post-employment benefit liabilities (Note 15)	2017	<u>120,666</u>	<u>(30,167)</u>	<u>90,499</u>

Radio Jamaica Limited

Notes to the Financial Statements

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9. Taxation Expense (Continued)

Tax (charge)/credit relating to components of other comprehensive income are as follows:

		Company		
		Before Tax	Tax Effect	After Tax
		\$'000	\$'000	\$'000
Remeasurements of post-employment benefit liabilities (Note 15)	2018	<u>(90,216)</u>	<u>22,554</u>	<u>(67,662)</u>
Remeasurements of post-employment benefit liabilities (Note 15)	2017	<u>89,239</u>	<u>(22,310)</u>	<u>66,929</u>

10. Net Profit and Retained Earnings Attributable to Stockholders of the Company

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

	2018 \$'000	2017 \$'000
The Company	(13,294)	241,440
Intra-group dividends and gain on disposal of subsidiaries within the Group eliminated on consolidation	-	(200,000)
	<u>(13,294)</u>	<u>41,440</u>
The subsidiaries	<u>(28,496)</u>	<u>103,786</u>
	<u>(41,790)</u>	<u>145,226</u>

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

	2018 \$'000	2017 \$'000
The Company	393,706	523,112
The subsidiaries	<u>(26,054)</u>	<u>46,655</u>
	<u>367,652</u>	<u>569,767</u>

11. Ordinary Dividends

	2018 \$'000	2017 \$'000
Interim dividends – 2 cents (2017 – 2 cents) per stock unit	<u>48,450</u>	<u>48,450</u>

Radio Jamaica Limited

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12. Earnings per Ordinary Stock Unit

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

	2018	2017
Net (loss)/profit attributable to stockholders \$'000	<u>(41,790)</u>	<u>145,226</u>
Weighted average number of ordinary stock units in issue ('000) after acquisition	<u>2,397,683</u>	<u>2,397,683</u>
Basic earnings per ordinary stock unit	<u>(\$0.02)</u>	<u>\$0.06</u>

Radio Jamaica Limited

Notes to the Financial Statements

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13. Fixed Assets

	The Group									
	Freehold Land	Freehold Buildings	Improvements to Leasehold Property	Furniture, Fixtures & Equipment	Motor Vehicles	Spares	Leased operating assets	Work in Progress	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -										
1 April 2016	56,531	387,630	134,580	1,677,734	169,948	32,366	1,838	28,748	2,489,375	
Additions	-	-	-	53,311	27,338	2,118	483	116,564	199,814	
Disposals	-	-	-	(187)	(29,747)	(2,221)	(2,218)	-	(34,373)	
Utilisation	-	-	-	-	-	(754)	-	-	(754)	
Adjustments	-	-	-	(11,014)	(321)	-	5,459	297	(5,579)	
Transfers	-	-	-	145,609	-	-	-	(145,609)	-	
31 March 2017	56,531	387,630	134,580	1,865,453	167,218	31,509	5,562	-	2,648,483	
Additions	-	1,378	-	99,426	30,379	2,431	7,143	441,731	582,488	
Disposals	-	-	-	(26,964)	(19,944)	-	(5,926)	-	(52,834)	
Utilisation	-	-	-	-	-	(3,977)	-	-	(3,977)	
Transfers	-	2,183	-	393,297	-	-	-	(395,480)	-	
31 March 2018	56,531	391,191	134,580	2,331,212	177,653	29,963	6,779	46,251	3,174,160	

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13. Fixed Assets (Continued)

	The Group							Total	
	Freehold Land	Freehold Buildings	Improvements to Leasehold Property	Furniture, Fixtures & Equipment	Motor Vehicles	Spares	Leased operating assets		Work in Progress
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -									
31 March 2017	56,531	387,630	134,580	1,865,453	167,218	31,509	5,562	-	2,648,483
31 March 2018	56,531	391,191	134,580	2,331,212	177,653	29,963	6,779	46,251	3,174,160
Depreciation -									
1 April 2016	-	108,569	26,929	1,125,655	78,368	14,676	-	-	1,354,197
Charge for the year	-	11,132	987	122,759	41,905	2,896	4,296	-	183,975
Relieved on disposals /utilization	-	-	-	(176)	(21,868)	(2,704)	1,266	-	(23,482)
31 March 2017	-	119,701	27,916	1,248,238	98,405	14,868	5,562	-	1,514,690
Charge for the year	-	9,830	987	141,923	39,287	1,391	4,491	-	197,909
Relieved on disposals/ utilization	-	-	-	(26,659)	(19,399)	(1,586)	(5,926)	-	(53,570)
31 March 2018	-	129,531	28,903	1,363,502	118,293	14,673	4,127	-	1,659,029
Net Book Value -									
31 March 2018	56,531	261,660	105,677	967,710	59,360	15,290	2,652	46,251	1,515,131
31 March 2017	56,531	267,929	106,664	617,215	68,813	16,641	-	-	1,133,793

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(expressed in Jamaican dollars unless otherwise indicated)

13. Fixed Assets (Continued)

	The Company						Total \$'000
	Freehold Land	Freehold Buildings	Furniture, Fixtures & Equipment	Motor Vehicles	Spares	Work in Progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Cost -							
1 April 2016	5,516	289,360	376,497	27,384	11,327	11,079	721,163
Additions	-	-	5,609	-	156	3,088	8,853
Disposals	-	-	(187)	(6,879)	-	-	(7,066)
Transfers	-	-	13,877	-	-	(13,877)	-
Utilisation	-	-	-	-	(754)	-	(754)
31 March 2017	5,516	289,360	395,796	20,505	10,729	290	722,196
Additions	-	238	8,697	-	494	12,373	21,802
Disposals	-	-	(1,222)	(2,527)	-	-	(3,749)
Transfers	-	2,183	2,847	-	-	(5,030)	-
Utilisation	-	-	-	-	(1,484)	-	(1,484)
31 March 2018	5,516	291,781	406,118	17,978	9,739	7,633	738,765
Depreciation -							
1 April 2016	-	92,947	337,464	19,230	8,907	-	458,548
Charge for the year	-	6,974	10,888	4,077	824	-	22,763
Relieved on disposals/utilization	-	-	(176)	(6,879)	(435)	-	(7,490)
31 March 2017	-	99,921	348,176	16,428	9,296	-	473,821
Charge for the year	-	6,997	11,589	4,077	499	-	23,162
Relieved on disposals/utilisation	-	-	(917)	(2,527)	(581)	-	(4,025)
31 March 2018	-	106,918	358,848	17,978	9,214	-	492,958
Net Book Value -							
31 March 2018	5,516	184,863	47,270	-	525	7,633	245,807
31 March 2017	5,516	189,439	47,620	4,077	1,433	290	248,375

The tables above include carrying values of \$28,170,000 (2017: \$38,342,578) for the Group representing assets being acquired under finance leases. All amounts related to finance leases are shown mainly in the 'Motor Vehicles' category of fixed assets.

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14. Intangible Assets

	The Group					
	Goodwill	Broadcasting Rights	Brand	Leases	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost -						
1 April 2016	75,002	41,395	221,100	141,800	70,485	549,782
Additions	-	19,761	-	-	28,600	48,361
31 March 2017	75,002	61,156	221,100	141,800	99,085	598,143
Additions	-	57,283	-	-	18,713	75,996
31 March 2018	75,002	118,439	221,100	141,800	117,798	674,139
Amortisation -						
1 April 2016	-	-	-	-	13,594	13,594
Amortisation charge	-	-	14,740	9,453	28,786	52,979
31 March 2017	-	-	14,740	9,453	42,380	66,573
Amortisation charge	-	11,931	14,740	9,453	33,738	69,862
31 March 2018	-	11,931	29,480	18,906	76,118	136,435
Net Book Value						
31 March 2018	75,002	106,508	191,620	122,894	41,680	537,704
31 March 2017	75,002	61,156	206,360	132,347	56,705	531,570

Broadcast rights

The Company acquired rights to broadcast FIFA events for the period 2017 to 2018 from the new rights holder.

Brand/Lease

These arose on the acquisition of GCML and represents the Gleaner brand as well as rental of properties at rental rates below market value for a period of 15 years.

Goodwill

This arose on the acquisition of GCML and is attributable to the years of creation and maintenance of internal and external business relationships, operational contracts, operating systems and general business operations. Goodwill is allocated to the print and other segment.

Impairment tests for goodwill

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

Radio Jamaica Limited

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14. Intangible Assets (Continued)

Impairment tests for goodwill (continued)

The amortisation of intangible assets is included in administration expenses in profit or loss.

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

Key assumptions used for value in use calculations:

	Revenue Growth Rate	EBITDA to Revenue	Capital Expenditure to Revenue	Discount Rate
Print and other	2%	10%	1%	17.1%

	Company Computer Software \$'000
Cost -	
31 March 2017 and 2018	9,251
Amortisation -	
31 March 2016	3,176
Amortisation charge	3,083
31 March 2017	6,259
Amortisation charge	2,992
31 March 2018	9,251
Net Book Value	
31 March 2018	-
31 March 2017	2,992

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15. Retirement Benefits

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Amounts recognised in the balance sheet –				
Pension schemes	187,733	322,767	182,803	262,123
Other retirement benefits	(190,442)	(162,068)	(56,255)	(45,137)
Amounts recognised in profit or loss –				
Pension schemes (Note 7)	2,090	(28,510)	(4,088)	(31,840)
Other retirement benefits (Note 7)	19,702	9,716	6,653	885
Amounts recognised in other comprehensive income –				
Pension schemes	134,536	(115,609)	84,399	(88,118)
Other retirement benefits	14,632	(5,058)	5,817	(1,120)
Deferred tax	37,292	(30,167)	(22,554)	(22,130)

Pension schemes

The Company operates a defined benefit pension scheme covering all permanent employees of Radio Jamaica Limited, Multi-Media Jamaica Limited and Television Jamaica Limited.

The scheme is managed by an outside agency under a management contract, and by Trustees. The scheme is funded at 15% of pensionable salaries, being 5% by members and 10% by the sponsoring entity. Members may contribute up to an additional 5%.

The scheme is valued triennially by independent actuaries. The latest actuarial valuation was done as at 29 February 2016.

The Board of the pension fund is required by law and its articles and association to act in the interest of the fund and all relevant stakeholders. The Board of the fund is responsible for the investment policy with regard to the assets of the fund. The fund is managed by Proven Wealth Limited who has responsibilities for the general management of the portfolio of investments and the administration of the fund.

The GCML Group operates a defined contribution pension fund for employees who satisfy certain minimum service requirements.

The fund is managed and administered by JN Fund Managers Limited.

Radio Jamaica Limited

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15. Retirement Benefits (Continued)

Pension schemes (continued)

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

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Fair value of plan assets	1,182,720	1,064,916	907,427	822,304
Present value of funded obligation	(994,987)	(742,149)	(724,624)	(560,181)
Asset in the balance sheet	<u>187,733</u>	<u>322,767</u>	<u>182,803</u>	<u>262,213</u>

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

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance at start of year	742,149	786,811	560,181	614,252
Current service cost	25,427	31,627	15,461	20,677
Curtailement	-	(50,459)	-	(44,462)
Interest cost	68,897	69,534	51,564	53,788
	<u>836,473</u>	<u>837,513</u>	<u>627,206</u>	<u>644,255</u>
Remeasurements -				
Experience losses/(gains)	2,727	(30,796)	(862)	(26,285)
Losses from change in financial assumptions	171,470	(31,276)	119,287	(23,281)
	<u>174,197</u>	<u>(62,072)</u>	<u>118,425</u>	<u>(49,566)</u>
Employee contributions	29,738	25,670	19,000	16,210
Benefits paid	(45,421)	(58,962)	(40,007)	(50,718)
	<u>994,987</u>	<u>742,149</u>	<u>724,624</u>	<u>560,181</u>

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15. Retirement Benefits (Continued)

Pension schemes (continued)

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

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance at start of year	1,064,916	963,926	822,304	755,553
Employee contributions	29,738	25,670	19,000	16,210
Employer contributions	1,592	1,533	991	949
Interest income on plan assets	99,330	85,101	76,281	66,203
Benefits paid	(45,421)	(58,962)	(40,007)	(50,718)
Administrative fees	(7,096)	(5,889)	(5,168)	(4,445)
Remeasurements of the plan assets	39,661	53,537	34,026	38,552
Balance at end of year	<u>1,182,720</u>	<u>1,064,916</u>	<u>907,427</u>	<u>822,304</u>

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

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current service cost	25,427	31,627	15,461	20,677
Interest cost	68,897	69,534	51,564	53,788
Interest income on plan assets	(99,330)	(85,101)	(76,281)	(66,203)
Administrative fees	7,096	5,889	5,168	4,445
Curtailment	-	(50,459)	-	(44,462)
Total included in staff costs (Note 7)	<u>2,090</u>	<u>(28,510)</u>	<u>(4,088)</u>	<u>(31,755)</u>

The amounts recognised in other comprehensive income were determined as follows:

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Remeasurements of the defined benefit obligation	174,197	(62,072)	118,425	(49,566)
Remeasurements of the plan assets	<u>(39,661)</u>	<u>(53,537)</u>	<u>(34,026)</u>	<u>(38,552)</u>
Total	<u>134,536</u>	<u>(115,609)</u>	<u>84,399</u>	<u>(88,118)</u>

Radio Jamaica Limited

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15. Retirement Benefits (Continued)

Pension schemes (continued)

At the last valuation date, the present value of the defined benefit obligation was comprised of approximately \$704,773,000 (2017 - \$437,613,000) and \$463,780,000 (2017 - \$274,858,000) relating to active members, \$82,099,000 (2017 - \$54,141,000) and \$63,825,000 (2017 - \$42,907,000) relating to deferred members and \$208,114,000 (2017 - \$250,395,000) and \$197,019,000 (2017 - \$242,416,000) relating to the members in retirement for the Group and the Company respectively.

Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected employer contributions to the plan for the year ended 31 March 2019 amount to \$1,700,000 for the Group and \$1,100,000 for the Company.

The distribution of plan assets was as follows:

	<u>The Group & Company</u>	
	2018	2017
	%	%
Equities	40	32
Government of Jamaica securities	18	18
Certificate of deposits	5	7
US\$ Investments	5	20
Corporate bonds	25	24
Other	7	6
	<u>100</u>	<u>100</u>

Plan assets include the Company's ordinary shares with a fair value of \$2,624,000 (2017 - \$4,009,000).

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	<u>The Group</u>		
	<u>2018</u>		
	<u>Impact on post-employment obligations</u>		
	Change in assumption	Increase in assumption	Decrease in assumption
		\$'000	\$'000
Discount rate	1%	(132,692)	171,038
Future salary increases	1%	63,791	(54,875)
Pension increases	1%	89,233	(76,758)

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15. Retirement Benefits (Continued)

Pension schemes (continued)

	The Group		
	2017		
	Impact on post-employment obligations		
Change in assumption	Increase in assumption	Decrease in assumption	
	\$'000	\$'000	\$'000
Discount rate	1%	(88,332)	111,646
Future salary increases	1%	41,764	(35,834)
Pension increases	1%	59,879	(52,359)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	The Company		
	2018		
	Impact on post-employment obligations		
Change in assumption	Increase in assumption	Decrease in assumption	
	\$'000	\$'000	\$'000
Discount rate	1%	(91,082)	115,835
Future salary increases	1%	40,084	(34,814)
Pension increases	1%	63,924	(55,296)

	The Company		
	2017		
	Impact on post-employment obligations		
Change in assumption	Increase in assumption	Decrease in assumption	
	\$'000	\$'000	\$'000
Discount rate	1%	(61,183)	76,088
Future salary increases	1%	24,837	(21,520)
Pension increases	1%	44,946	(39,404)

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15. Retirement Benefits (Continued)

Pension schemes (continued)

		<u>The Group</u>	
		<u>Increase Assumption by One Year</u>	<u>Decrease Assumption by One Year</u>
		\$'000	\$'000
Life expectancy	2018	<u>27,500</u>	<u>(29,800)</u>
Life expectancy	2017	<u>20,200</u>	<u>(22,300)</u>

		<u>The Company</u>	
		<u>Increase Assumption by One Year</u>	<u>Decrease Assumption by One Year</u>
		\$'000	\$'000
Life expectancy	2018	<u>20,900</u>	<u>(22,700)</u>
Life expectancy	2017	<u>16,300</u>	<u>17,800</u>

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

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15. Retirement Benefits (Continued)

Other retirement benefits

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

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

	<u>The Group</u>		<u>The Company</u>	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Present value of unfunded obligations	<u>190,442</u>	<u>162,068</u>	<u>56,255</u>	<u>45,137</u>

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

	<u>The Group</u>		<u>The Company</u>	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance at start of year	162,068	162,834	45,137	46,563
Current service cost	4,511	4,848	2,429	2,787
Interest cost	<u>15,191</u>	<u>14,481</u>	<u>4,224</u>	<u>4,137</u>
	181,770	182,163	51,790	53,487
Remeasurements -				
Experience (gains)/losses	(2,275)	(7,288)	(2,212)	(2,568)
Gains from change in demographic assumptions	15,675	(2,153)	7,083	(1,494)
Losses from change in financial assumptions	<u>1,232</u>	<u>4,383</u>	<u>946</u>	<u>2,942</u>
	<u>14,632</u>	<u>(5,058)</u>	<u>5,817</u>	<u>(1,120)</u>
Benefits paid	<u>(5,960)</u>	<u>(5,423)</u>	<u>(1,352)</u>	<u>(1,191)</u>
Curtailment	<u>-</u>	<u>(9,614)</u>	<u>-</u>	<u>(6,039)</u>
Balance at end of year	<u>190,442</u>	<u>162,068</u>	<u>56,255</u>	<u>45,137</u>

Radio Jamaica Limited

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(expressed in Jamaican dollars unless otherwise indicated)

15. Retirement Benefits (Continued)

Other retirement benefits (continued)

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

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current service cost	4,511	4,848	2,429	2,787
Interest cost	15,191	14,481	4,224	4,137
Curtailment	-	(9,613)	-	(6,039)
Total included in staff costs (Note 7)	<u>19,702</u>	<u>9,716</u>	<u>6,653</u>	<u>885</u>

The amounts recognised in other comprehensive income were determined as follows:

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Remeasurements of the defined benefit obligation	<u>14,632</u>	<u>(5,058)</u>	<u>5,817</u>	<u>(1,120)</u>

At the last valuation date, the present value of the defined benefit obligation was comprised of approximately \$160,852,000 (2017 - \$138,044,000) and \$32,239,000 (2017 - \$25,759,000) relating to active members and \$29,592,000 (2017 - \$24,024,000) and \$24,016,000 (2017 - \$19,377,000) relating to the members in retirement for the Group and the Company respectively.

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	The Group 2018		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption \$'000	Decrease in assumption \$'000
Discount rate	1%	(108,366)	138,058
Future salary increases	1%	623	364
Health inflation rate	1%	<u>136,283</u>	<u>(93,724)</u>

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15. Retirement Benefits (Continued)

Other retirement benefits (continued)

The Group 2017			
Impact on post-employment obligations			
	Change in assumption	Increase in assumption \$'000	Decrease in assumption \$'000
Discount rate	1%	(13,653)	24,938
Future salary increases	1%	381	(319)
Health inflation rate	1%	23,848	(19,192)
The Company 2018			
Impact on post-employment obligations			
	Change in assumption	Increase in assumption \$'000	Decrease in assumption \$'000
Discount rate	1%	(7,897)	10,010
Future salary increases	1%	366	(304)
Health inflation rate	1%	8,875	(7,149)
The Company 2017			
Impact on post-employment obligations			
	Change in assumption	Increase in assumption \$'000	Decrease in assumption \$'000
Discount rate	1%	(6,249)	7,871
Future salary increases	1%	227	(191)
Health inflation rate	1%	7,155	(5,778)

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15. Retirement Benefits (Continued)

Other retirement benefits (continued)

		The Group	
		Increase Assumption by One Year	Decrease Assumption by One Year
		\$'000	\$'000
Life expectancy	2018	115,661	(106,943)
Life expectancy	2017	2,367	2,218

		The Company	
		Increase Assumption by One Year	Decrease Assumption by One Year
		\$'000	\$'000
Life expectancy	2018	1,952	(1,934)
Life expectancy	2017	1,604	(1,471)

Principal actuarial assumptions used in valuing retirement benefits

The principal actuarial assumptions used were as follows:

	The Group & The Company	
	2018	2017
Discount rate	7.5%	9.5%
Inflation rate	4.5%	6.5%
Future salary increases	4.5% - 5.5%	6.5%
Future pension increases	3%	3.5%
Long term increase in health cost	6% - 6.5%	8%

Radio Jamaica Limited

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15. Retirement Benefits (Continued)

Risks associated with pension plans and post-employment plans

Through its defined benefit pension plan and post-employment medical plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds represent investments in Government of Jamaica securities.

The Group believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Group's long term strategy to manage the plan efficiently. See below for more details on the Group's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2018 consists of bonds and equities.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 10% of pensionable salaries. The next triennial valuation is due to be completed as at 31 December 2018. The Group considers the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

Radio Jamaica Limited

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16. Deferred Taxation

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate of 25%.

	<u>The Group</u>		<u>The Company</u>	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Deferred income tax assets	68,669	42,435	23,979	434
Deferred income tax liabilities	<u>(130,142)</u>	<u>(145,379)</u>	<u>-</u>	<u>-</u>
	<u>(61,473)</u>	<u>(102,944)</u>	<u>23,979</u>	<u>434</u>

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

	<u>The Group</u>		<u>The Company</u>	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 April	(102,944)	(69,251)	434	31,188
Credited/(charged) in arriving at profit or loss	4,179	(3,526)	991	(8,444)
Credited/(charged) to other comprehensive income	<u>37,292</u>	<u>(30,167)</u>	<u>22,554</u>	<u>(22,130)</u>
Balance as at 31 March	<u>(61,473)</u>	<u>(102,944)</u>	<u>23,979</u>	<u>434</u>

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16. Deferred Taxation (Continued)

The movement in the deferred tax assets and liabilities (prior to appropriate offsetting of balances) during the year is as follows:

Deferred tax liabilities	Group					Total \$'000
	Accelerated Tax Depreciation \$'000	Retirement Benefit Assets \$'000	Unrealised Foreign Exchange Gains \$'000	Intangible Assets \$'000	Interest Receivable \$'000	
At 1 April 2016	65,993	44,279	843	94,977	104	206,196
Charged to profit or loss	(10,535)	819	(35)	-	4,058	(5,693)
Charged to other comprehensive income	-	28,902	-	-	-	28,902
At 31 March 2017	55,458	74,000	808	94,977	4,162	229,405
Charged to profit or loss	9,021	(124)	5,340	-	(2,342)	11,895
Charged to other comprehensive income	-	(33,634)	-	-	-	(33,634)
At 31 March 2018	64,479	40,242	6,148	94,977	1,820	207,666

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16. Deferred Taxation (Continued)

The movement in the deferred tax assets and liabilities (prior to appropriate offsetting of balances) during the year is as follows:

Deferred tax assets	Group						
	Retirement Benefit Obligation	Accelerated Depreciation	Accelerated Tax	Accrued Vacation	Tax losses	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2016	40,705	8,224	-	29,297	42,131	16,588	136,945
Credited to profit or loss	1,077	3,174	-	2,223	(6,239)	(9,454)	(9,219)
Credited to other comprehensive income	(1,265)	-	-	-	-	-	(1,265)
At 31 March 2017	40,517	11,398	11,398	31,520	35,892	7,134	126,461
Credited to profit or loss	3,437	-	-	5,138	9,903	(2,404)	16,074
Charged to other comprehensive income	3,658	-	-	-	-	-	3,658
At 31 March 2018	47,612	11,398	11,398	36,658	45,795	4,730	146,193

Radio Jamaica Limited

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16. Deferred Taxation (Continued)

The movement in the deferred tax assets and liabilities (prior to appropriate offsetting of balances) during the year is as follows:

	Company				
	Accelerated Tax Depreciation \$'000	Retirement Benefit Assets \$'000	Unrealised Foreign Exchange Gains \$'000	Interest Receivable \$'000	Total \$'000
At 1 April 2016	2,353	35,325	46	123	37,847
(Credited)/charged to profit or loss	(3,216)	8,176	(35)	2,651	7,576
Charged to other comprehensive income	-	22,030	-	-	22,030
At 31 March 2017	(863)	65,531	11	2,774	67,453
(Credited)/charged to profit or loss	685	1,270	5,340	(2,342)	4,953
Charged to other comprehensive income	-	(21,100)	-	-	(21,100)
At 31 March 2018	(178)	45,701	5,351	432	51,306

	Company				
	Retirement Benefit Obligation \$'000	Tax Losses \$'000	Accrued Vacation \$'000	Other \$'000	Total \$'000
At 1 April 2016	11,641	51,898	5,496	-	69,035
Credited/(charged) to profit or loss	(76)	332	(1,124)	-	(868)
Credited to other comprehensive income	(280)	-	-	-	(280)
At 31 March 2017	11,285	52,230	4,372	-	67,887
Credited/(charged) to profit or loss	1,325	259	643	3,717	5,944
Charged to other comprehensive income	1,454	-	-	-	1,454
At 31 March 2018	14,064	52,489	5,015	3,717	75,285

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16. Deferred Taxation (Continued)

The movement in the deferred tax assets and liabilities (prior to appropriate offsetting of balances) during the year is as follows:

Deferred income tax assets/liabilities amounts which are expected to be recovered/settled within one year:

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Deferred income tax liabilities	7,968	4,970	5,783	2,785

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. Subject to agreement with the Taxpayer Audit and Assessment Department, tax losses available for offset against future taxable profits amounted to \$248,529,000 (2017 – \$143,568,000) for the Group and \$209,951,000 (2017 – \$143,568,000) for the Company, and these losses may be carried forward indefinitely. Deferred income tax assets have not been recognised for tax losses carried forward in respect of certain subsidiaries. These tax losses amounted to \$237,473,000 (2017 – \$236,887,000).

17. Investment in Subsidiaries

	2018 \$'000	2017 \$'000
Multimedia Jamaica Limited	50	50
Television Jamaica Limited	20,002	20,002
The Gleaner Company (Media) Limited	1,392,930	1,392,930
Media Plus Limited –		
Reggae Entertainment Television Limited	174,930	174,930
Jamaica News Network Limited	236,942	236,942
	1,824,854	1,824,854

Radio Jamaica Limited

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18. Investment Securities

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At fair value through profit or loss –				
One Caribbean Media Limited, quoted	11,384	15,511	11,384	15,511
Available-for-sale (AFS) –				
Caribbean News Agency, unquoted	7	7	7	7
Global bonds	137,713	125,208	137,512	125,208
Corporate bonds	10,065	140,930	10,065	140,729
Government of Jamaica securities	-	204,866	-	204,866
	<u>159,169</u>	<u>486,522</u>	<u>158,968</u>	<u>486,321</u>

Fair value losses in relation to the available-for-sale securities total \$7,135,000 and is included in fair value reserve in shareholders equity.

19. Inventories

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Spares	1,752	1,471	1,151	1,093
Film	15,494	3,575	-	-
Newsprint	56,679	93,520	-	-
Goods in transit	7,839	3,200	-	-
Books, stationery and general supplies	28,854	64,845	-	-
Consumable stores	9,354	4,646	-	1,185
Other	6,352	6,176	4,505	3,923
	<u>126,324</u>	<u>177,433</u>	<u>5,656</u>	<u>6,201</u>

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2018

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20. Due from Subsidiaries

	2018 \$'000	2017 \$'000
Multi-Media Jamaica Limited	33,730	12,229
Gleaner Media Limited USA	48,487	48,487
Gleaner Company (Media) Limited	36,957	722
Independent Radio Jamaica	27,313	27,929
Reggae Entertainment Television Limited	50,753	27,831
Television Jamaica Limited	391,988	-
Jamaica News Network Limited	<u>81,735</u>	<u>41,455</u>
	<u>670,963</u>	<u>158,653</u>
Due to subsidiaries		
Gleaner Company (Media) Limited	308,396	295,793
Television Jamaica Limited	<u>-</u>	<u>154,929</u>
	<u>308,396</u>	<u>450,722</u>

Radio Jamaica Limited

Notes to the Financial Statements

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21. Related Party Transaction Balances

(a) Sale of services

The Company did not have any sale of services to its subsidiaries.

(b) Purchase of services

	2018 \$'000	2017 \$'000
Multi-Media Jamaica Limited	31,880	38,845
Reggae Entertainment Television Limited	-	90
Gleaner Company (Media) Limited	721	
Jamaica News Network Limited	11,235	8,506
	<u>43,836</u>	<u>47,441</u>

(c) Rental income – The Company earns rental income from its subsidiaries as follows:

	2018 \$'000	2017 \$'000
Television Jamaica Limited	15,031	15,031
Independent Radio Company Limited	-	471
Multi-Media Jamaica Limited	245	245
Reggae Entertainment Television Limited	240	240
Jamaica News Network Limited	240	240
	<u>15,756</u>	<u>16,227</u>

(d) Lease income- The Company earns lease income from subsidiaries as follows:

	2018 \$'000	2017 \$'000
Independent Radio Company Ltd	1,796	1,218

Radio Jamaica Limited

Notes to the Financial Statements

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21. Related Party Transaction Balances (Continued)

(e) Rental expense- The Company pays rental expense to its subsidiary as follows:

	2018 \$'000	2017 \$'000
Jamaica News Network Limited	<u>1,953</u>	<u>1,953</u>

(f) Advertising Income- The Company earns advertising from its subsidiaries as follows:

	2018 \$'000	2017 \$'000
Gleaner Company (Media) Limited	<u>2,640</u>	<u>1,953</u>

(g) Key management compensation for the Group was as follows:

	<u>The Group & The Company</u>	
	2018 \$'000	2017 \$'000
Wages and salaries	67,192	61,911*
Statutory contributions	4,022	3,624*
Other	<u>6,366</u>	<u>6,651*</u>
	<u>77,580</u>	<u>72,186*</u>

*The figures in prior year were restated.

	<u>The Group</u>		<u>The Company</u>	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Directors' emoluments –				
Fees	14,305	6,880	11,512	5,359
Management remuneration (included in staff costs)	<u>43,444</u>	<u>42,910</u>	<u>43,444</u>	<u>42,910</u>

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22. Receivables

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade receivables	950,042	861,175	103,278	97,215
Prepayments	46,192	36,368	9,225	7,082
Other	195,680	123,961	59,826	36,113
	1,191,914	1,021,504	172,329	140,410
Less: Provision for impairment	(192,210)	(171,889)	(37,855)	(30,795)
	999,704	849,615	134,474	109,615

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23. Cash and Cash Equivalents

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash	173,927	108,238	120,033	51,295
Short term investments	93,039	186,544	31,054	126,368
	<u>266,966</u>	<u>294,782</u>	<u>151,087</u>	<u>177,663</u>

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash	173,927	108,238	120,033	51,295
Short term investments	93,039	186,544	31,054	126,368
	<u>266,966</u>	<u>294,782</u>	<u>151,087</u>	<u>177,663</u>
Bank overdraft	-	(4,054)	-	-
Short term deposits transferred from subsidiary	-	-	-	(187,562)
	<u>266,966</u>	<u>290,728</u>	<u>151,087</u>	<u>(9,899)</u>

- (a) Cash comprises amounts held in current accounts, which currently attract interest at a rate of 0.25% - 0.40% per annum.
- (b) Short term investments comprise securities purchased under resale agreements and are classified as financial assets at fair value through profit or loss.

The weighted average effective interest rate on these instruments was as follows:

	The Group		Company	
	2018 %	2017 %	2018 %	2017 %
United States dollar	-	4.08	-	4.08
Jamaican dollar	1	4.40	1	4.20

- (c) The Group has unsecured bank overdraft facilities. The effective interest rate on account overrun is 17.75%.

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31 March 2018

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24. Payables

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade	249,747	321,010	87,583	67,637
Accrued vacation leave	59,295	49,752	20,068	17,496
Other accruals	148,193	193,476	27,710	58,125
Current portion of finance leases (Note 26)	15,310	17,847	-	-
Current portion of long term loans (Note 26)	50,235	39,010	33,697	7,030
Statutory deductions	30,762	35,016	10,380	12,062
Deferred Revenue	69,358	51,022	24,808	-
Other	99,487	130,620	17,381	29,106
	<u>722,387</u>	<u>837,753</u>	<u>221,627</u>	<u>191,456</u>

25. Share Capital

Authorised –

50,000 5% Cumulative participating preference shares

2,422,487,654 (2017 – 2,422,487,654) Ordinary shares

	2018 \$'000	2017 \$'000
Issued and fully paid –		
2,422,487,654 (2017 – 2,422,487,654) Ordinary shares of no par value	2,046,117	2,046,117
24,804,577 Treasury shares (2017 – 24,804,577) Ordinary shares of no par value	<u>(5,039)</u>	<u>(5,039)</u>
	<u>2,041,078</u>	<u>2,041,078</u>

The treasury shares are held by the RJR Employee Share Scheme.

Radio Jamaica Limited

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26. Long Term Loans & Finance Leases

Long term loans

	The Group		The Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(a) Sagicor Bank Jamaica Limited Loan 1	386,667	-	386,667	-
(b) Sagicor Bank Jamaica Limited Loan 2	45,394	31,849	45,394	52,424
(c) Prime Sports Limited	-	13,779	-	-
(d) First Global Bank Limited	15,174	52,425	-	-
(e) Jamaica Money Market Brokers	12,152	-	-	-
	<u>459,387</u>	<u>98,053</u>	<u>432,061</u>	<u>52,424</u>
Less: Current portion (Note 24)	<u>(50,235)</u>	<u>(39,010)</u>	<u>(33,697)</u>	<u>(7,030)</u>
	<u>409,152</u>	<u>59,043</u>	<u>398,364</u>	<u>45,394</u>

- (a) This loan is repayable on a monthly basis, maturing in 30 September 2032 and attracts interest at 9.50% (2017 – Nil%). It is secured by a first mortgage over commercial properties owned by the Company.
- (b) This loan is repayable on a monthly basis, maturing in September 2019 and attracts interest at 9% (2017 – 9%). It is secured by a first mortgage over a commercial property owned by the Company.
- (c) This loan is unsecured and repayable on a monthly basis, maturing in November 2017 and attracts interest at nil (2017 – 6%).
- (d) The loans are repayable over 5 years with total monthly instalments of \$1,540,000. The loan is secured by selected properties owned by the Company and the parent (The Gleaner Company (Media) Limited) and a term deposit of \$26 million held by the parent Company. The loan repayment commenced in January 2014 after a 12 month period of moratorium or principal repayments.
- (e) The loan is repayable over 7 years commencing February 2018 and attracts interest at 8.75%.

Radio Jamaica Limited

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26. Long Term Loans & Finance Leases (Continued)

Finance leases

Finance lease liabilities – minimum lease payments

	<u>The Group</u>		<u>The Company</u>	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not later than 1 year	17,714	20,524	-	-
Later than 1 year and not later than 5 years	15,708	26,394	-	-
	33,422	46,918	-	-
Future finance charges on finance leases	(4,281)	(6,074)	-	-
Present value of finance lease obligations	<u>29,141</u>	<u>40,844</u>	<u>-</u>	<u>-</u>

The present value of finance lease obligations is as follows:

	<u>The Group</u>		<u>The Company</u>	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not later than 1 year (Note 24)	15,310	17,847	-	-
Later than 1 year and not later than 5 years	13,831	22,997	-	-
	<u>29,141</u>	<u>40,844</u>	<u>-</u>	<u>-</u>

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27. Segment Reporting

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

The designated segments are:

- (a) Audio visual, comprising the operations of the Group's free-to-air television station and its cable stations;
- (b) Radio and other, comprising the operations of the Group's radio stations; and
- (c) Print and other, comprising the operations of the Group's print and multi-media entities.

The Group's operations are primarily located in Jamaica.

	Audio Visual \$'000	Audio \$'000	Print & Others \$'000	Sub-total \$'000	Eliminations \$'000	Total \$'000
2018						
Revenues	1,871,775	694,624	2,654,846	5,221,245	(175,668)	5,045,577
Operating profit	37,325	(21,886)	27,835	43,274	(24,193)	19,081
Assets	1,975,748	3,561,581	1,152,645	6,689,974	(2,807,254)	3,882,720
Liabilities	1,219,867	1,082,586	444,844	2,747,297	(1,267,496)	1,479,801
Capital expenditure	523,496	22,246	36,746	582,488	-	582,488
Depreciation	123,795	35,610	38,504	197,909	-	197,909
Finance costs	(24,893)	(6,467)	(16,204)	(47,564)	-	(47,564)
2017						
Revenues	1,868,606	711,048	2,813,959	5,393,613	(164,882)	5,228,731
Operating profit	71,880	238,348	173,391	483,619	(224,186)	259,433
Assets	1,522,678	3,447,899	1,210,020	6,180,597	(2,326,813)	3,853,784
Liabilities	737,145	825,421	501,623	2,064,189	(808,484)	1,255,705
Capital expenditure	142,041	8,853	48,920	199,814	-	199,814
Depreciation	108,702	37,384	37,889	183,975	-	183,975
Finance costs	(6,722)	(8,897)	(24,018)	(39,637)	-	(39,637)

The Group's customers are mainly resident in, and operate from, Jamaica.

The result of its revenue from external customers in Jamaica is \$4,947,980,000 (2017 - \$5,113,743,000), and the total of revenue from external customers from other countries is \$97,597,000 (2017 - \$114,988,000).

The operations of The Gleaner Company Media Limited were acquired on 24 March 2016.

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28. Contingencies

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

29. Subsequent Events

On 25 April 2018 the Group through its wholly owned subsidiary Media Plus Limited acquired a 25% interest in Gustazo for a consideration of US\$300,000. The consideration is to be satisfied through the provision of media services on any of the Group's media platforms.