Radio Jamaica Limited

Financial Statements
31 March 2020

Radio Jamaica Limited

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31 March 2020

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 2020, 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 balance sheet as at 31 March 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company balance sheet as at 31 March 2020;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; 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.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams B.L. Scott B.J.Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K.Moore T.N. Smith DaSilva K.D. Powell

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 2020 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. The group engagement team held regular meetings with the component teams and reviewed 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.

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, as it pertains to the stand-alone financial statements, in our report.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment *Refer to notes 2(h), 4(b) and 14 of the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates.* As at 31 March 2020, the Group had recorded goodwill of $75 million, representing approximately 2.0% of the Group's total assets. We focused on this area as the annual impairment assessment requires management judgement and estimation, particularly in relation to the estimation of future cash flows from the businesses, taking into consideration the key assumption being the revenue growth and discount rate in the Group's impairment model.	With the assistance of internal experts, we performed the following procedures, amongst others, over management's goodwill impairment assessment as follows: 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. Compared previous forecasts to actual results to assess the performance of the business and the accuracy of forecasting. Challenged management's' key assumptions for revenue growth and discount rate. In order to do this, we: • 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 and projected economic growth. • Sensitized the revenue growth and discount rate used in management's cash flow projections. The results of our procedures indicated that the assumptions used by management for assessing goodwill impairment were not unreasonable.

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 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 or 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 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 or 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 Kevin Powell.

PricewaterhouseCoopers

Chartered Accountants
15 July 2020
Kingston, Jamaica

Radio Jamaica Limited

Consolidated Statement of Comprehensive Income

Year ended 31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Revenue		5,592,697	5,482,889
Direct expenses		(2,586,390)	(2,742,796)
Gross Profit		3,006,307	2,740,093
Other operating income	5	98,310	126,751
Selling expenses		(853,084)	(811,075)
Administration expenses		(1,245,142)	(1,258,616)
Other operating expenses		(915,937)	(765,326)
Operating Profit		90,454	31,827
Finance costs	8	(50,834)	(56,079)
Share of net loss of associates		(148)	-
Profit/(Loss) before Taxation		39,472	(24,252)
Taxation	9	(1,913)	1,808
Net Profit/(Loss)		37,559	(22,444)
Other Comprehensive Income, net of taxes -			
Item that will not be reclassified to profit or loss -			
Re-measurements of post-employment benefits	9	(28,141)	50,710
Item that will be reclassified to profit or loss -			
Currency translation differences		(16,587)	564
		(16,587)	564
		(44,728)	51,274
TOTAL COMPREHENSIVE INCOME		(7,169)	28,830
Earnings per Ordinary Stock Unit Attributable to Stockholders of the Company	12	$0.02	($0.01)

Radio Jamaica Limited

Consolidated Balance Sheet

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Non-Current Assets			
Property, plant and equipment	13	1,547,933	1,502,555
Intangible assets	14	435,416	397,290
Retirement benefit assets	15	132,486	214,852
Deferred tax assets	16	98,989	52,445
Long term receivables		349	349
Investment securities	18	25,723	39,870
Investments accounted for using the equity method	29	70,433	-
		2,311,329	2,207,361
Current Assets			
Inventories	19	136,392	112,424
Receivables	22	1,024,452	914,311
Taxation recoverable		18,022	35,767
Cash and short term investments	23	281,816	446,428
		1,460,682	1,508,930
Current Liabilities			
Payables	24	756,384	654,137
Taxation payable		21,171	7,511
		777,555	661,648
Net Current Assets		683,127	847,282
		2,994,456	3,054,643

Radio Jamaica Limited

Consolidated Balance Sheet (Continued)

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Stockholders' Equity			
Share capital	25	2,041,078	2,041,078
Foreign currency translation		(14,826)	1,761
Fair value reserve		(7,135)	(7,135)
Retained earnings		278,271	316,882
		2,297,388	2,352,586
Non-controlling Interests		1,948	1,948
Total Equity		2,299,336	2,354,534
Non-Current Liabilities			
Lease obligations	26	23,361	4,008
Long term loans	26	376,348	383,122
Deferred tax liabilities	16	92,766	111,612
Retirement benefit obligations	15	202,645	201,367
Total Non-Current Liabilities		695,120	700,109
		2,994,456	3,054,643

Approved for issue by the Board of Directors on 13 July 2020 and signed on its behalf by:

Joseph Matalon — Chairman

Gary Allen — Chief Executive Officer

Radio Jamaica Limited

Consolidated Statement of Changes in Equity

Year ended 31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Shares '000	Share Capital $'000	Retained Earnings $'000	Foreign Currency Translation $'000	Fair Reserve $'000	Equity Owners' Total $'000	Non-Controlling Interests Total $'000	Grand Total $'000
Balance as at April 1 2018		2,397,683	2,041,078	288,616	1,197	(7,135)	2,323,756	1,948	2,325,704
Total comprehensive income		-	-	*28,266*	564	-	28,830	-	28,830
Balance at 31 March 2019		2,397,683	2,041,078	316,882	1,761	(7,135)	2,352,586	1,948	2,354,534
Total comprehensive income		-	-	9,418	(16,587)	-	(7,169)	-	(7,169)
Transactions with owners -									
Ordinary dividends	11	-	-	(48,029)	-	-	(48,029)	-	(48,029)
Balance at 31 March 2020		2,397,683	2,041,078	278,271	(14,826)	(7,135)	2,297,388	1,948	2,299,336

Radio Jamaica Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Cash Flows from Operating Activities		
Net profit/(loss)	37,559	(22,444)
Items not affecting cash:		
Depreciation and amortization	282,608	499,557
Gain on disposal of property, plant and equipment	(2,910)	-
Spares utilised	59	1,164
Interest income	(6,092)	(5,069)
Interest expense	50,834	56,079
Income tax charge	1,913	(1,808)
Exchange (losses)/gains on foreign currency balances	(16,949)	3,072
Retirement benefits	55,407	8,393
Revaluation of investment securities	378	218
Share of net loss of associates	148	-
	402,955	539,162
Changes in operating assets and liabilities:		
Inventories	(23,968)	13,900
Receivables	(108,448)	85,393
Payables	102,247	(68,250)
	372,786	570,205
Income tax paid	(37,496)	(24,096)
Net cash provided by operating activities	335,290	546,109
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	4,470	819
Purchase of fixed assets and intangibles(1)	(367,731)	(375,745)
Proceeds from long term investments	(82,348)	168,065
Purchase of long term investments	25,537	(70,834)
Interest received	6,092	5,069
Net cash used in investing activities	(413,980)	(272,626)
Cash Flows from Financing Activities		
Loans repaid	(38,095)	(52,712)
Loan acquired	31,321	13,391
Principal lease repayments		(12,137)
Interest paid	(31,481)	(39,491)
Dividends paid	(48,029)	-
Net cash used in financing activities	(86,284)	(90,949)
(Decrease)/increase in cash and cash equivalents	(164,974)	182,534
Exchange gains/(losses) on cash and cash equivalents	362	(3,072)
Cash and cash equivalents at beginning of year	446,428	266,966
Cash and Cash Equivalents at End of Year (Note 23)	281,816	446,428

(1) The principal non-cash transaction was the acquisition of fixed assets under lease arrangements of $28,540,000 (2019- $13,079,000).

Radio Jamaica Limited

Company Statement of Comprehensive Income

Year ended 31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Revenue		618,084	564,822
Direct expenses		(289,648)	(273,516)
Gross Profit		328,436	291,306
Other operating income	5	76,155	84,494
Selling expenses		(122,940)	(98,153)
Administration expenses		(143,738)	(144,958)
Other operating expenses		(117,948)	(107,563)
Operating Profit		19,965	25,126
Finance costs	8	(3,585)	(3,923)
Profit before Taxation		16,380	21,203
Taxation	9	(2,828)	(5,648)
Net Profit		13,552	15,555
Other Comprehensive Income, net of taxes -			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits	9	(27,035)	34,011
TOTAL COMPREHENSIVE INCOME		(13,483)	49,566

Radio Jamaica Limited

Company Balance Sheet

31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	Restated 2019 $'000	Restated 2018 $'000
Non-Current Assets				
Property, plant and equipment	13	300,446	271,635	245,807
Intangible assets	14	5,400	-	-
Retirement benefit asset	15	155,490	212,923	182,803
Deferred tax asset	16	25,094	5,239	23,979
Investment in subsidiaries	17	1,824,854	1,824,854	1,824,854
Investment securities	18	25,522	39,669	158,968
		2,336,806	2,354,320	2,436,411
Current Assets				
Inventories	19	4,435	4,424	5,656
Due from subsidiaries	20	487,889	509,219	622,476
Receivables	22	163,818	133,057	116,160
Taxation recoverable		13,318	16,303	13,700
Cash and short term investments	23	133,693	221,070	151,087
		803,153	884,073	909,079
Current Liabilities				
Payables	24	215,808	193,697	221,627
Due to subsidiaries	20	179,578	204,010	308,396
		395,386	397,707	530,023
Net Current Assets		407,767	486,366	379,056
		2,744,573	2,840,686	2,815,467
Equity				
Share capital	25	2,041,078	2,041,078	2,041,078
Fair value reserves		(7,135)	(7,135)	(7,135)
Retained earnings		314,959	376,471	326,905
		2,348,902	2,410,414	2,360,848
Non-Current Liabilities				
Long term loans	26	327,549	363,348	398,364
Retirement benefit obligations	15	68,122	66,924	56,255
		395,671	430,272	454,619
		2,744,573	2,840,686	2,815,467

Approved for issue by the Board of Directors on 13 July 2020 and signed on its behalf by:

Joseph Matalon — Chairman

Gary Allen — Chief Executive Officer

Radio Jamaica Limited

Company Statement of Changes in Equity

Year ended 31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Shares '000	Share Capital $'000	Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2018		2,397,683	2,041,078	(7,135)	375,392	2,409,335
Effect of restatement	30	-	-	-	(48,487)	(48,487)
As restated, balance as at April 1, 2018		2,397,683	2,041,078	(7,135)	326,905	2,360,848
Total comprehensive income		-	-	-	49,566	49,566
Balance at 31 March 2019		2,397,683	2,041,078	(7,135)	376,471	2,410,414
Total comprehensive income		-	-	-	(13,483)	(13,483)
Transactions with owners -						
Ordinary dividends		-	-	-	(48,029)	(48,029)
Balance at 31 March 2020		2,397,683	2,041,078	(7,135)	314,959	2,348,902

Radio Jamaica Limited

Company Statement of Cash Flows

Year ended 31 March 2020

(expressed in Jamaican dollars unless otherwise indicated)

	2020 $'000	2019 $'000
Cash Flows from Operating Activities		
Net profit	13,552	15,555
Items not affecting cash:		
Depreciation and amortisation	27,214	20,181
Gain on disposal of property, plant and equipment	(2,910)	-
Lease income	-	(9,637)
Dividend income	(1,445)	57
Interest income	(3,464)	(3,842)
Interest expense	3,585	3,923
Income tax charge	2,828	5,648
Exchange loss on foreign currency balances	(3,457)	11
Retirement benefits	25,401	1,079
Revaluation of investment securities	378	218
	61,682	33,193
Changes in operating assets and liabilities:		
Inventories	(11)	1,232
Due from subsidiaries	(3,102)	8,871
Receivables	(44,264)	1,417
Payables	22,147	(27,930)
	36,452	16,783
Income tax paid	-	(2,278)
Net cash provided by operating activities	36,452	14,505
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	3,002	568
Purchase of property, plant and equipment	(61,552)	(46,577)
Proceeds from investments	13,769	168,065
Interest received	4,908	3,899
Net cash (used in)/provided by investing activities	(39,873)	125,955
Cash Flows from Financing Activities		
Loans repaid	(35,799)	(34,770)
Interest paid	(3,585)	(35,696)
Dividends paid	(48,029)	-
Net cash used in financing activities	(87,413)	(70,466)
(Decrease)/increase in cash and cash equivalents	(90,834)	69,994
Exchange loss on cash and cash equivalents	3,457	(11)
Cash and cash equivalents at beginning of year	221,070	151,087
Cash and Cash Equivalents at End of Year (Note 23)	133,693	221,070

Radio Jamaica Limited

Notes to the Financial Statements

31 March 2020

(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 Company's subsidiaries are as follows:

	2020	2019
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, the United States of America, the United Kingdom and Canada, respectively.

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

The Group's associates are as follows:

	2020	2019
Jamaica Holding, LLC	25.00%	-
SiFi Studios Jamaica Limited	6.89%	-

Jamaica Holding,LLC is incorporated and domiciled in Puerto Rico while SiFi Studios Jamaica Limited is incorporated and domiciled in Jamaica.

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.

- **IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 January 2019).** This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. It replaces the guidance in IAS 17, which made a distinction in classification between leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset (finance leases) and those that do not (operating leases). For a lessee, finance leases were recognised as an asset that was depreciated over the lease term and the amount due to the lessor recognised as borrowings; while operating leases were recognised as a periodic rental payment that was treated as a current expense in the statement of comprehensive income.

  IFRS 16 introduces a single lease accounting model for lessees. It requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The standard includes an optional exemption for certain short-term leases and leases of low-value assets. For lessors, the accounting stays almost the same.

  The adoption of IFRS 16 from 1 April 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 16 [C7], comparative figures have not been restated. Details of the new accounting policy in relation to IFRS 16 are outlined in Note 2 (p). There was no other significant impact on adoption of the new standard.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- **Amendment to IFRS 9, 'Financial instruments on prepayment features with negative compensation'** (effective for annual periods beginning on or after 1 January 2019). This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. There was no impact from the adoption of this amendment.

- **Amendment to IAS 28, 'Investments in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2019**). This amendment clarifies that companies account for long term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. There was no impact from the adoption of this amendment.

- **IFRIC 23,'Uncertainty over income tax treatments' (effective for annual periods beginning on or after 1 January 2019)**. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether the treatment will be accepted by the tax authority. There was no impact from the adoption of this amendment.

- Annual improvements to IFRSs 2015 – 2017 cycles. These amendments include minor changes to the following standards:
  - IFRS 3, 'Business combinations', (effective for annual periods beginning on or after 1 January 2019). This amendment clarifies that an entity should re-measure its previously held interest in a joint operation at fair value when it obtains control of the business.
  - IFRS 11, 'Joint arrangements', (effective for annual periods beginning on or after 1 January 2019). This amendment clarifies that an entity should not re-measure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, 'Income taxes', (effective for annual periods beginning on or after 1 January 2019). This amendment clarifies that the income tax consequences of dividend payments should be recognised according to where the past transactions or events that generated distributable profits were recognised.
  - IAS 23, 'Borrowing costs' (effective for annual periods beginning on or after 1 January 2019). This amendment clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes a part of general borrowings.

  There was no impact from the adoption of these amendments.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

- **IFRS 17, 'Insurance contracts'**, (effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4 which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The standard requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of discount probability – weighted cash flows, an explicit risk adjustment, and a contract service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. This IFRS provides a common global insurance accounting standard leading to consistency in recognition, measurement, presentation and disclosure. The adoption of the standard is not expected to have any impact on the Group.

- **Amendments to IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors' (effective for annual periods beginning on or after 1 January 2020**). These amendments clarify the definition of materiality and the meaning of primary users of general purpose financial statements by defining them as existing and potential investors, lenders and other creditors. The Group is currently assessing the impact of this standard.

- **Amendment to IFRS 3 'Business combinations' (effective for annual periods beginning on or after 1 January 2020).** This amendment revises the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term outputs is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The Group is still assessing the impact of the amendment.

- **Amendments to IFRS 10, 'Consolidated financial statements' and 'IAS 28 Investments in associates and joint ventures'.** The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investment in the associate or joint venture. The amendments apply prospectively

- Revised Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework will be used in standard-setting decisions with immediate effect, however no changes will be made to any of the current accounting standards. Entities that apply the Conceptual Framework in determining accounting policies will need to consider whether their accounting policies are still appropriate under the revised Framework. The Group is currently assessing the impact of this revision.

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.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Radio Jamaica Limited

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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.

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
Classification
Equity instruments are measured at fair value through profit or loss (FVTPL), unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at fair value through other comprehensive income (FVOCI) with no subsequent reclassification to profit or loss. Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost, at FVOCI or at FVTPL. Financial assets and liabilities are recognised when the Group becomes a party to the contractual loss allowance of the instrument. Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Classification of debt instruments
Classification and subsequent measurement of debt instruments depend on:
- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories.

Measured at amortised cost
Debt instruments that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs.

Measured at fair value through other comprehensive income
Financial assets that are held for collection of contractual cash flows and for selling the assets, where cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at FVOCI. Movement in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instruments amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating income. Interest income from these financial assets is included in "other operating income" using the effective interest rate method.

Measured at fair value through profit and loss
Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Interest income on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recgonised in the profit or loss and presented in the profit or loss statement in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
Held for trading securities are acquired principally for the purpose of selling in the short-term or if they form part of a portfolio of financial assets in which there is evidence of short-term profit taking.

2. Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (continued)

Application of the Simplified Approach

For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires that the impairment loss allowance is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a loss allowance matrix is utilised in determining the lifetime ECLs for trade receivables.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

The accounting policy for trade receivables is dealt with in Note 2 (m). 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.

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.

(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.

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2. Summary of Significant Accounting Policies (Continued)

(g) Property, plant and equipment

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 - 33⅓%
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 amounts is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit or loss.

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 The 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 FVOCI are recognised in other comprehensive income. When securities classified as FVOCI 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.

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.

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 loss allowance for impairment of these receivables. A loss allowance 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 loss allowance 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.

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement. Impairment testing of trade receivables is described in Note 2(e).

(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

As of 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leases asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabiliites include the net present value of the following lease payments:

i) Fixed payments (including in-substance fixed payments), les any lease incentives receivables
ii) Variable lease payments that are based on an index or a rate
iii) Amounts expected to be payable by the lessee under residual value guarantees
iv) The exercise price of purchase option if the lessee is reasonably certain to exercise that option, and
v) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

2. Summary of Significant Accounting Policies (Continued)

(p) Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses existing borrowing rates from our existing banks, as no entity within the Group have existing borrowings.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or a rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.
Right-of-use assets are measures at cost comprising the following:

- The amount of initial measurement of lease liability
- Any lease paymments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease term is determined as the non-cancellable period of the lease and takes account of extension and termination options if it is reasonably certain to be exercised. Majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

Accounting policy prior to 1 April 2019

Leases of fixed assets where the Group as lease 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.

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.

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.

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.

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3. Financial Risk Management (Continued)

Department of Finance and Administration (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	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Advertising agencies	808,583	641,336	119,900	110,998
Direct customers	280,332	328,862	-	-
	1,088,915	970,198	119,900	110,998
Less: Loss allowance for impairment	(274,727)	(249,165)	(17,000)	(25,664)
	814,168	721,033	102,900	85,334

Trade receivables loss allowance

The loss allowance as at 31 March 2020 and 1 April 2019 (on adoption of IFRS 9) was determined as follows for trade receivables:

	Group			
	Current $'000	**60 - 119 $'000**	**Over 120 days $'000**	**Total $'000**
31 March 2020				
Expected loss rate	4%	18%	67%	
Gross carrying amount trade receivables	601,645	151,468	335,802	1,088,915
Loss Allowance	23,008	26,864	224,855	274,727

Radio Jamaica Limited

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

	Group			
	Current $'000	**60 - 119 $'000**	**Over 120 days $'000**	**Total $'000**
31 March 2019				
Expected loss rate	6%	52%	68%	
Gross carrying amount trade receivables	619,977	146,409	203,812	970,198
Loss Allowance	34,857	76,200	138,108	249,165

	Company			
	Current $'000	**60 - 119 $'000**	**Over 120 days $'000**	**Total $'000**
31 March 2020				
Expected loss rate	2%	17%	58%	
Gross carrying amount trade receivables	82,201	16,249	21,450	119,900
Loss Allowance	1,663	2,814	12,523	17,000

	Company			
	Current $'000	**60 - 119 $'000**	**Over 120 days $'000**	**Total $'000**
31 March 2019				
Expected loss rate	8%	74%	95%	-
Gross carrying amount trade receivables	89,014	9,594	12,390	110,998
Loss Allowance	6,791	7,101	11,772	25,664

Radio Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

The movement on the loss allowance for impairment was as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
At 1 April	285,164	192,210	55,247	37,855
IFRS 9 adjustment to opening balance	-	79,677	-	18,314
Loss allowance for receivables impairment	7,657	55,040	(18,913)	10,592
Receivables written off during the year as uncollectible	(5,145)	(17,346)	(6,386)	(6,165)
Unused amounts reversed/recovered	-	(24,417)	-	(5,349)
At 31 March	287,676	285,164	29,948	55,247

The loss allowance includes amounts relating to other receivables of $29,375,000 (2019 – $35,999,000) and $20,375,00012,948,000 (2019-$29,583,000) 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

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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 discounted payments was as follows:

	The Group			
	Within 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
		2020		
Lease obligations	19,192	33,613	31,213	84,018
Long term loans	70,151	488,896	39,957	599,004
	89,343	522,509	71,170	683,022
		2019		
Lease obligations	14,913	30,087	-	45,000
Long term loans	66,323	516,306	92,402	675,031
	81,236	546,393	92,402	720,031

	The Company			
	Within 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
		2020		
Long term loans	59,774	423,511	39,957	523,242
		2019		
Long term loans	61,521	492,171	92,402	646,094

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

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 2020, the Group and Company had net USD dominated monetary assets carried at a Jamaican Dollar equivalent of $31,074,000 (2019 – $75,887,000) and $11,189,000 (2019 – $76,973,000) respectively. The Group also had net GBP and CAD dominated monetary assets carried at a Jamaican Dollar equivalent of $16,239,000 (2019 – $6,855,000) and $2,570,000 (2019 – $4,767,000), respectively. The Company also had net GBP dominated monetary assets carried at a Jamaican Dollar equivalent of $8,914,000 (2019 – $Nil).

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 6% devaluation (2019 – 2% revaluation and 4% devaluation).

US dollar - The pre-tax impact on the profit or loss would amount to ($621,000) – revaluation, $1,864,000 – devaluation (2019 – ($1,517,000)/ ($3,035,000) and ($224,000) revaluation, $671,000 – devaluation (2019– ($1,539,000)/$3,079,000) for the Group and the Company, respectively.

GBP -The pre-tax impact on the profit or loss would amount to ($325,000) – revaluation, $974,000 – devaluation (2019 – ($137,000)/ $274,000) for the Group and ($178,000) – revaluation, $535,000 – devaluation (2019 – $Nil/ $Nil) for the company.

CAD - The pre-tax impact on the profit or loss would amount to ($51,000) – revaluation, $154,000 – devaluation (2019 – ($95,000) – revaluation, $190,000 – devaluation for the Group.

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 2020, 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

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31 March 2020

(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 2020				
Financial assets				
Investment securities	7,555	18,168	-	25,723
As at 31 March 2019				
Financial assets				
Investment securities	9,234	30,636	-	39,870

	The Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
As at 31 March 2020				
Financial assets				
Investment securities	7,555	17,967	-	25,522
As at 31 March 2019				
Financial assets				
Investment securities	9,234	30,435	-	39,669

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.

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 2(k). 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 $311,438,000 which would not result in an impairment of goodwill of $75,002,000 (Note 14).

Income taxes

Estimates are required in determining the loss allowance 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 loss allowances 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 2020, unrecognised deferred tax assets in respect of tax losses carried forward amounted to $50,705,000 (2019 – $55,879,000).

5. Other Operating Income

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Interest income	6,092	5,069	4,908	3,842
Net foreign exchange gains/(loss)	362	(3,072)	3,457	(11)
Unrealised gain/(loss) on revaluation of investment securities classified as financial assets at fair value through profit or loss	378	(218)	378	(218)
Gain on disposal of property, plant and equipment	2,910	-	2,910	-
Rental income	48,582	46,236	59,265	63,665
Compensation for damages	16,959	3,163	3,326	391
Other income	23,027	75,573	1,911	16,825
	98,310	126,751	76,155	84,494

Radio Jamaica Limited

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6. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Auditors' remuneration	25,779	25,249	4,653	4,665
Bad debt expense/(recovered)	7,977	48,085	(25,375)	5,967
Commissions	499,560	515,635	38,304	34,471
Depreciation and amortisation	282,608	525,480	27,214	20,181
Distribution costs	166,537	130,478	158	-
Insurance	115,228	92,890	11,042	6,711
Production expenses	568,051	638,774	21,307	23,075
Programming expenses	164,336	180,798	24,586	29,707
Publicity	143,897	81,090	22,031	7,328
Repairs and maintenance	226,660	232,618	46,448	41,833
Security expense	59,189	59,714	8,536	10,081
Special events	93,757	75,003	3,475	17,508
Staff costs (Note 7)	2,280,985	2,156,871	343,746	317,520
Travelling expenses	107,861	84,953	24,732	16,577
Utilities	378,088	330,958	42,318	41,090
Website development	136,012	84,781	25,466	25,481
Other[1]	344,028	313,806	55,633	21,995
	5,600,553	5,577,183	674,274	624,190

[1] Other includes legal fees, directors' fees, professional fees, janitorial costs, canteen expenses, market research and rental expense.

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7. Staff Costs

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Wages and salaries	1,862,621	1,778,505	242,221	236,479
Statutory contributions	172,320	158,607	40,415	32,742
Pension benefits (Note 15)	34,992	39,733	17,001	21,025
Other retirement benefits (Note 15)	20,415	20,032	8,400	7,457
Redundancy costs	4,665	-	2,150	-
Other	185,972	137,838	50,943	19,817
	2,280,985	2,156,871	343,746	317,520

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

8. Finance Costs

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Interest expense –				
Bank borrowings	31,313	38,691	3,051	3,773
Leases	6,734	789	534	150
Other	12,787	16,599	-	-
	50,834	56,079	3,585	3,923

9. Taxation Expense

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

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Current tax	40,768	17,401	4,880	(1,755)
Prior year under accrual	17,154	-	8,791	-
Deferred tax (Note 16)	(56,009)	(19,209)	(10,843)	7,403
	1,913	(1,808)	2,828	5,648

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	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Profit/(loss) before taxation	39,620	(24,252)	16,380	21,203
Tax calculated at a tax rate of 25%	9,905	(6,063)	4,160	5,301
Adjusted for the effects of :				
Expenses not deductible for tax purposes	14,749	3,613	62	54
Income not subject to tax	(7,496)	-	(361)	-
Prior year tax adjustment	17,154	(7,980)	8,791	-
Tax losses utilised	(33,314)	-	(7,406)	-
Tax losses in subsidiaries	-	11,963	-	-
Employee tax credit	(737)	(2,899)	-	(1,013)
Other	1,652	(442)	(2,418)	1,306
	1,913	(1,808)	2,828	5,648

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

		Group		
		Before Tax	**Tax Effect**	**After Tax**
		$'000	**$'000**	**$'000**
Remeasurements of post-employment benefit liabilities (Note 15)	**2020**	(37,522)	9,381	(28,141)
Remeasurements of post-employment benefit liabilities (Note 15)	**2019**	67,613	(16,903)	50,710

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)	**2020**	(36,047)	9,012	(27,035)
Remeasurements of post-employment benefit liabilities (Note 15)	**2019**	45,348	(11,337)	34,011

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

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

	2020 $'000	**2019 $'000**
The Company	13,552	15,555
	13,552	15,555
The subsidiaries	24,007	(37,999)
	37,559	(22,444)

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

	2020 $'000	**2019 $'000**
The Company	314,959	376,471
The subsidiaries	(36,688)	(59,589)
	278,271	316,882

11. Ordinary Dividends

	2020 $'000	**2019 $'000**
Interim dividends – $0.02 (2019 – nil) per stock unit	48,029	-

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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.

	2020	2019
Net loss attributable to stockholders $'000	37,559	(22,444)
Weighted average number of ordinary stock units in issue ('000) after acquisition	2,397,683	2,397,683
Basic earnings per ordinary stock unit	$0.02	($0.01)

Radio Jamaica Limited

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13. Property, Plant and Equipment

	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
Cost -									
31 March 2018	56,531	391,191	134,580	2,331,212	177,653	29,963	6,779	46,251	3,174,160
Additions	-	19,380	-	55,251	46,616	577	5,133	88,011	214,968
Disposals	-	-	-	(1,072)	(1,983)	-	(5,274)	-	(8,329)
Utilisation	-	-	-	(14)	-	(2,422)	-	-	(2,436)
Transfers	-	7,950	-	77,630	-	-	-	(85,580)	-
31 March 2019	56,531	418,521	134,580	2,463,007	222,286	28,118	6,638	48,682	3,378,363
Additions	-	9,961	-	42,911	48,882	133	28,540	164,357	294,784
Disposals	-	-	-	(788)	(61,903)	(317)	-	-	(63,008)
Utilisation	-	-	-	-	-	-	-	(14,521)	(14,521)
Transfers	-	9,065	-	120,196	-	-	-	(135,965)	(6,704)
31 March 2020	56,531	437,547	134,580	2,625,326	209,265	27,934	35,178	62,553	3,588,914

Radio Jamaica Limited

Notes to the Financial Statements

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13. Property, Plant and Equipment (Continued)

	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
Cost -									
31 March 2019	56,531	418,521	134,580	2,463,007	222,286	28,118	6,638	48,682	3,378,363
31 March 2020	56,531	437,547	134,580	2,625,321	209,265	27,934	35,178	62,553	3,588,911
Depreciation -									
31 March 2018	-	129,531	28,903	1,363,502	118,293	14,673	4,127	-	1,659,029
Charge for the year	-	9,959	988	168,430	39,625	1,004	4,283	-	224,289
Relieved on disposals /utilization	-	-	-	(1,072)	-	(1,164)	(5,274)	-	(7,510)
31 March 2019	-	139,490	29,891	1,530,860	157,918	14,513	3,136	-	1,875,808
Charge for the year	-	10,144	987	166,595	38,789	879	9,168	-	226,562
Relieved on disposals/ utilization	-	-	-	(660)	(60,670)	(59)	-	-	(61,389)
31 March 2020	-	149,634	30,878	1,696,795	136,037	15,333	12,304	-	2,040,981
Net Book Value -									
31 March 2020	56,531	287,913	103,702	928,531	73,228	12,601	22,874	62,553	1,547,933
31 March 2019	56,531	279,031	104,689	932,147	64,368	13,605	3,502	48,682	1,502,555

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13. Property, Plant and Equipment (Continued)

	The Company						
	Freehold Land	Freehold Buildings	Furniture, Fixtures & Equipment	Motor Vehicles	Spares	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost -							
31 March 2018	5,516	291,781	406,118	17,978	9,739	7,633	738,765
Additions	-	-	16,463	-	486	29,628	46,577
Disposals	-	-	(1,072)	-	-	-	(1,072)
Transfers	-	6,105	6,073	-	-	(12,178)	-
Utilisation	-	-	-	-	(1,461)	-	(1,461)
31 March 2019	5,516	297,886	427,582	17,978	8,764	25,083	782,809
Additions	-	9,961	12,072	9,058	133	44,850	76,074
Disposals	-	-	(788)	(9,142)	-	-	(9,930)
Transfers	-	9,065	8,661	-	-	(24,430)	(6,704)
Utilisation	-	-	-	-	-	(14,521)	(14,521)
31 March 2020	5,516	316,912	447,527	17,894	8,897	30,982	827,728
Depreciation -							
1 March 2018	-	106,918	358,848	17,978	9,214	-	492,958
Charge for the year	-	7,111	12,877	-	193	-	20,181
Relieved on disposals/utilization	-	-	(1,072)	-	(893)	-	(1,965)
31 March 2019	-	114,029	370,653	17,978	8,514	-	511,174
Charge for the year	-	7,254	17,603	944	109	-	25,910
Relieved on disposals/utilisation	-	-	(660)	(9,142)	-	-	(9,802)
31 March 2020	-	121,283	387,596	9,780	8,623	-	527,282
Net Book Value -							
31 March 2020	5,516	195,629	59,931	8,114	274	30,982	300,446
31 March 2019	5,516	183,857	56,929	-	250	25,083	271,635

The tables above include carrying values of $5,545,000 (2019: $11,412,000) for the Group representing assets being acquired under leases arrangements. All amounts related to leases are shown mainly in the 'Motor Vehicles' category of property, plant and equipment.

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14. Intangible Assets

	The Group					
	Goodwill	Broadcasting Right	Brand	Leases	Computer Software	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
31 March 2018	75,002	118,439	221,100	141,800	117,798	674,139
Additions	-	145,510	-	-	15,267	160,777
31 March 2019	75,002	263,949	221,100	141,800	133,065	834,916
Additions	-	-	-	-	87,468	87,468
Transfer from fixed asset	-	-	-	-	6,704	6,704
31 March 2020	75,002	263,949	221,100	141,800	227,237	929,088
Amortisation -						
31 March 2018	-	11,931	29,480	18,906	76,118	136,435
Amortisation charge	-	250,688	14,740	9,453	26,310	301,191
31 March 2019	-	262,619	44,220	28,359	102,428	437,626
Amortisation charge	-	1,330	14,740	9,453	30,523	56,046
31 March 2020	-	263,949	58,960	37,812	132,951	493,672
Net Book Value						
31 March 2020	75,002	-	162,140	103,988	94,286	435,416
31 March 2019	75,002	1,330	176,880	113,441	30,637	397,290

Broadcast rights

The Company acquired rights to broadcast FIFA events for the period 2018 to 2019 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.

	Company
	Computer Software
	$'000
Cost -	
31 March 2018 and 2019	9,251
Transfer from fixed asset	6,704
31 March 2020	15,955
Amortisation -	
31 March 2018 and 2019	9,251
Amortisation charge	1,304
31 March 2020	10,555
Net Book Value	
31 March 2020	5,400
31 March 2019	-

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15. Retirement Benefits

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Amounts recognised in the balance sheet –				
Pension schemes	132,486	214,852	155,490	212,923
Other retirement benefits	(202,645)	(201,367)	(68,122)	(66,924)
Amounts recognised in profit or loss –				
Pension schemes (Note 7)	34,992	39,733	17,001	21,025
Other retirement benefits (Note 7)	25,415	20,033	8,400	7,457
Amounts recognised in other comprehensive income –				
Pension schemes	49,376	(65,108)	41,662	(50,066)
Other retirement benefits	(11,852)	(2,502)	(5,613)	4,718
Deferred tax	9,381	(16,903)	9,012	(11,337)

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 annually by independent actuaries using the projected unit credit method. The latest actuarial valuation was done as at 28 February 2020.

The Trustees of the pension fund are required by law and the trust deed to act in the interest of the fund and all relevant stakeholders. The Trustees of the fund are 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	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Fair value of plan assets	1,549,090	1,331,454	1,180,647	1,014,539
Present value of funded obligation	(1,416,604)	(1,116,602)	(1,025,157)	(801,616)
Asset in the balance sheet	132,486	214,852	155,490	212,923

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

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Balance at start of year	1,116,602	994,987	801,616	724,624
Current service cost	41,830	46,163	25,963	29,235
Interest cost	78,134	74,116	55,754	53,692
	1,236,566	1,115,266	883,333	807,551
Remeasurements -				
Experience losses/(gains)	89,339	(57,528)	75,068	(39,671)
Losses from change in financial assumptions	46,329	56,043	32,699	38,260
	135,668	(1,485)	107,767	(1,411)
Employee contributions	72,683	36,156	57,811	24,066
Benefits paid	(28,313)	(33,335)	(23,754)	(28,590)
	1,416,604	1,116,602	1,025,157	801,616

Radio Jamaica Limited

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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	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Balance at start of year	1,331,454	1,182,720	1,014,539	907,427
Employee contributions	72,683	36,156	57,811	24,066
Employer contributions	2,003	1,743	1,230	1,079
Interest income on plan assets	92,963	87,981	70,499	67,239
Benefits paid	(28,313)	(33,335)	(23,754)	(28,590)
Administrative fees	(7,991)	(7,434)	(5,783)	(5,337)
Remeasurements of the plan assets	86,291	63,623	66,105	48,655
Balance at end of year	1,549,090	1,331,454	1,180,647	1,014,539

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

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Current service cost	41,830	46,163	25,963	29,235
Interest cost	78,134	74,117	55,754	53,692
Interest income on plan assets	(92,963)	(87,981)	(70,499)	(67,239)
Administrative fees	7,991	7,434	5,783	5,337
Total included in staff costs (Note 7)	34,992	39,733	17,001	21,025

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

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Remeasurements of the defined benefit obligation	135,667	(1,485)	107,767	(1,411)
Remeasurements of the plan assets	(86,291)	(63,623)	(66,105)	(48,655)
Total	49,376	(65,108)	41,662	(50,066)

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 comprised approximately $1,059,867 (2019 - $799,749,000) and $708,249,000 (2019- $520,475,000) relating to active members, $82,397,000 (2019 - $79,860,000) and $64,078,000 (2019 - $61,209,000) relating to deferred members and $274,341,000 (2019- $236,995,000) and $252,831,000 (2019 - $219,933,000) 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 2021 amount to $2,140,000 for the Group and $1,370,000 for the Company.

The distribution of plan assets was as follows:

	The Group & Company	
	2020	**2019**
	%	%
Equities	55	45
Government of Jamaica securities	15	12
Certificate of deposits	-	5
US$ Investments	2	5
Corporate bonds	23	27
Other	5	6
	100	100

Plan assets include the Company's ordinary shares with a fair value of $2,430,000 (2019- $2,065,000).

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

	The Group		
	2020		
	Impact on post-employment obligations		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
		$'000	**$'000**
Discount rate	1%	(184,868)	238,213
Future salary increases	1%	57,875	(51,882)
Pension increases	1%	157,798	(130,500)

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15. Retirement Benefits (Continued)

Pension schemes (continued)

	The Group		
	2019		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		$'000	$'000
Discount rate	1%	(35,526)	75,390
Future salary increases	1%	15,240	(10,291)
Pension increases	1%	49,314	(29,417)

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

	The Company		
	2020		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		$'000	$'000
		$'000	$'000
Discount rate	1%	(127,868)	162,950
Future salary increases	1%	38,980	(35,188)
Pension increases	1%	108,365	(90,574)

	The Company		
	2019		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		$'000	$'000
Discount rate	1%	(95,988)	121,332
Future salary increases	1%	29,651	(26,677)
Pension increases	1%	80,519	(67,849)

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15. Retirement Benefits (Continued)

Pension schemes (continued)

		The Group	
		Increase Assumption by One Year	**Decrease Assumption by One Year**
		$'000	**$'000**
Life expectancy	2020	41,800	(39,400)
Life expectancy	2019	34,400	(35,100)

		The Company	
		Increase Assumption by One Year	**Decrease Assumption by One Year**
		$'000	**$'000**
Life expectancy	2020	31,600	(29,800)
Life expectancy	2019	25,800	(26,300)

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.

Radio Jamaica Limited

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15. Retirement Benefits (Continued)

Other retirement benefits

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

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

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Present value of unfunded obligations	202,645	201,367	68,122	66,924

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

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Balance at start of year	201,367	190,442	66,924	56,255
Current service cost	6,343	5,937	3,771	3,295
Past service cost	136	-	-	-
Interest cost	13,936	14,095	4,629	4,162
	221,782	210,474	75,324	63,712
Remeasurements -				
Experience (gains)/losses	(4,767)	2,359	2,525	(784)
Gains from change in demographic assumptions	(7,640)	1,867	(5,003)	1,472
Losses from change in financial assumptions	555	(6,730)	(3,138)	4,031
	(11,852)	(2,504)	(5,616)	4,719
Benefits paid	(7,285)	(6,603)	(1,586)	(1,507)
Balance at end of year	202,645	201,367	68,122	66,924

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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	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Current service cost	6,343	5,937	3,771	3,295
Past service cost	136	-	-	-
Interest cost	13,936	14,095	4,629	4,162
Total included in staff costs (Note 7)	20,415	20,032	8,400	7,457

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

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Remeasurements of the defined benefit obligation	(11,852)	(2,502)	(5,613)	4,718

At the last valuation date, the present value of the defined benefit obligation comprised approximately $163,129,000 (2019 - $167,557,000) and $39,427,000 (2019 - $40,888,000) relating to active members and $39,515,000 (2019 - $33,810,000) and $28,695,000 (2019 - $26,036,000) relating to the members in retirement for the Group and the Company respectively.

Radio Jamaica Limited

Notes to the Financial Statements

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15. Retirement Benefits (Continued)

Other retirement benefits (continued)

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

	The Group 2020		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		$'000	$'000
Discount rate	1%	(13,826)	17,329
Future salary increases	1%	-	-
Health inflation rate	1%	17,501	(14,175)

	GCML		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		$'000	$'000
Discount rate	1/2%	(93,900)	105,700
Health inflation rate	1/2%	105,700	(93,900)

	The Group 2019		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		$'000	$'000
Discount rate	1%	(13,314)	16,667
Future salary increases	1%	233	(213)
Health inflation rate	1%	15,190	(12,343)

Radio Jamaica Limited

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15. Retirement Benefits (Continued)

Other retirement benefits (continued)

	GCML		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		$'000	$'000
Discount rate	1/2%	(97,000)	16,667
Health inflation rate	1/2%	108,900	108,900

	The Company 2020		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		$'000	$'000
Discount rate	1%	(8,937)	11,170
Future salary increases	1%	-	-
Health inflation rate	1%	11,283	(9,164)

	The Company 2019		
	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		$'000	$'000
Discount rate	1%	(8,394)	10,485
Future salary increases	1%	85	(77)
Health inflation rate	1%	10,007	(8,154)

Radio Jamaica Limited

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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	2020	106,767	92,354
Life expectancy	2019	110,285	110,285

		The Company	
		Increase Assumption by One Year	**Decrease Assumption by One Year**
		$'000	**$'000**
Life expectancy	2020	2,030	(2,010)
Life expectancy	2019	2,465	2,438

Principal actuarial assumptions used in valuing retirement benefits

The principal actuarial assumptions used were as follows:

	The Group & The Company	
	2020	**2019**
Discount rate	6.5%	7%
Inflation rate	5%	5%
Future salary increases	4%	5%
Future pension increases	3%	3%
Long term increase in health cost	5%	6%

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 2020 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 2019. 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.

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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%.

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Deferred income tax assets	98,989	52,445	25,094	5,239
Deferred income tax liabilities	(92,766)	(111,612)	-	-
	6,223	(59,167)	25,094	5,239

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

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Balance as at 1 April	(59,167)	(61,473)	5,239	23,979
Credited/(charged) in arriving at profit or loss	56,009	19,209	10,843	(7,403)
Credited/(charged) to other comprehensive income	9,381	(16,903)	9,012	(11,337)
Balance as at 31 March	6,223	(59,167)	25,094	5,239

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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:

	Group					
Deferred tax liabilities	**Accelerated Tax Depreciation**	**Retirement Benefit Assets**	**Unrealised Foreign Exchange Gains**	**Intangible Assets**	**Interest Receivable**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 31 March 2018	64,479	40,242	6,148	94,977	1,820	207,666
Charged/(Credited) to profit or loss	3,783	(1,910)	(4,594)	-	(443)	(3,164)
Credited to other comprehensive income	-	18,858	-	-	-	18,858
At 31 March 2019	68,262	57,190	1,554	94,977	1,377	223,360
(Credited)/Charged to profit or loss	(16,248)	(4,426)	3,669	-	(3,563)	(20,568)
Credited to other comprehensive income	-	(10,416)	-	-	-	(10,416)
At 31 March 2020	52,014	42,348	5,223	94,977	(2,186)	192,376

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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:

	Group					
Deferred tax assets	**Retirement Benefit Obligation**	**Accelerated Tax Depreciation**	**Accrued Vacation**	**Tax Losses**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 31 March 2018	47,612	11,398	36,658	45,795	4,730	146,193
Credited/(charged) to profit or loss	2,175	-	(2,501)	(5,459)	21,830	16,045
Credited to other comprehensive income	1,955	-	-	-	-	1,955
At 31 March 2019	51,742	11,398	34,157	40,336	26,560	164,193
Credited to profit or loss	3,421	-	5,049	(3,733)	30,704	35,441
Charged to other comprehensive income	(1,035)	-	-	-	-	(1,035)
At 31 March 2020	54,128	11,398	39,206	36,603	57,264	198,599

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				
Deferred tax liabilities	**Accelerated Tax Depreciation**	**Retirement Benefit Assets**	**Unrealised Foreign Exchange Gains**	**Interest Receivable**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 31 March 2018	(178)	45,701	5,351	432	51,306
(Credited)/charged to profit or loss	9,879	(5,006)	(4,594)	4,557	4,836
Charged to other comprehensive income	-	12,536	-	-	12,536
At 31 March 2019	9,701	53,231	757	4,989	68,678
(Credited)/charged to profit or loss	(9,556)	(3,943)	3,699	(3,563)	(13,363)
Credited to other comprehensive income	-	(10,416)	-	-	(10,416)
At 31 March 2020	145	38,872	4,456	1,426	44,899

	Company				
Deferred tax assets	**Retirement Benefit Obligation**	**Tax Losses**	**Accrued Vacation**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 31 March 2018	14,064	52,489	5,015	3,717	75,285
Credited/(charged) to profit or loss	1,468	(5,459)	(1,826)	3,250	(2,567)
Credited to other comprehensive income	1,199	-	-	-	1,199
At 31 March 2019	16,731	47,030	3,189	6,967	73,917
Credited/(charged) to profit or loss	1,704	(7,407)	1,728	1,455	(2,520)
Charged to other comprehensive income	(1,404)	-	-	-	(1,404)
At 31 March 2020	17,031	39,623	4,917	8,422	69,993

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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	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Deferred income tax liabilities	3,037	18,075	5,882	5,746

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 $158,494,000 (2019 – $235,966,000) for the Group and $158,494,000 (2019 – $188,120,000) 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 $202,821,000 (2019 – $223,515,000).

17. Investment in Subsidiaries

	2020 $'000	**2019 $'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

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18. Investment Securities

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
At fair value through profit or loss –				
One Caribbean Media Limited, quoted	7,555	9,234	7,555	9,234
Other	-	13,233	-	13,233
Fair value through other comprehensive Income (FVOCI) –				
Caribbean News Agency, unquoted	7	7	7	7
Global bonds	9,107	7,396	8,906	7,195
Corporate bonds	9,053	10,000	9,053	10,000
	25,723	39,870	25,522	39,669

Fair value losses in relation to the fair value through other comprehensive income securities total $7,135,000 and is included in fair value reserve in shareholders equity.

19. Inventories

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Spares	2,011	1,537	1,426	942
Film	157	13,556	-	-
Newsprint	88,255	43,140	-	-
Goods in transit	5,727	8,649	-	202
Books, stationery and general supplies	29,191	35,264	2,653	2,561
Consumable stores	9,388	4,979	-	-
Other	1,663	5,299	355	719
	136,392	112,424	4,435	4,424

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20. Due from Subsidiaries

	2020 $'000	Restated 2019 $'000	Restated 2018 $'000
Multi-Media Jamaica Limited	75,281	59,007	33,730
Media Plus Limited	70,582	-	-
The Gleaner Company (USA) Limited	1,114	1	1
The Gleaner Company (Media) Limited	60,601	60,601	36,957
Independent Radio Jamaica	26,740	29,802	27,313
Reggae Entertainment Television Limited	89,373	72,270	50,752
Television Jamaica Limited	-	163,089	391,988
Jamaica News Network Limited	164,198	124,449	81,735
	487,889	509,219	622,476

Due to subsidiaries

	2020 $'000	2019 $'000
Television Jamaica Limited	45,914	-
The Gleaner Company (Media) Limited	133,664	204,010
	179,578	204,010

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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

	2020 $'000	2019 $'000
Multi-Media Jamaica Limited	31,896	31,875
The Gleaner Company (Media) Limited	-	721
Jamaica News Network Limited	16,566	13,012
	48,462	45,608

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

	2020 $'000	2019 $'000
Television Jamaica Limited	15,031	15,031
Multi-Media Jamaica Limited	245	245
Reggae Entertainment Television Limited	240	240
Independent Radio Company Limited	500	-
Jamaica News Network Limited	240	240
	16,256	15,756

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

	2020 $'000	2019 $'000
Independent Radio Company Limited	1,714	1,759

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21. Related Party Transaction Balances (Continued)

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

	2020 $'000	2019 $'000
Jamaica News Network Limited	1,953	1,953

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

	2020 $'000	2019 $'000
The Gleaner Company (Media) Limited	1,237	-

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

	The Group & The Company	
	2020 $'000	2019 $'000
Wages and salaries	67,426	68,564
Statutory contributions	3,969	3,995
Other	7,896	7,604
	79,291	80,163

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Directors' emoluments –				
Fees	11,807	11,293	10,326	10,060
Management remuneration (included in staff costs)	46,959	40,881	46,959	40,881

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22. Receivables

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Trade receivables	1,088,915	970,198	119,900	110,998
Prepayments	41,755	57,445	13,947	11,681
Other	181,458	171,832	59,919	65,625
	1,312,128	1,199,475	193,766	188,304
Less: Loss allowance for impairment	(287,676)	(285,164)	(29,948)	(55,247)
	1,024,452	914,311	163,818	133,057

23. Cash and Cash Equivalents

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

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Cash	166,536	282,555	82,589	120,407
Short term investments	115,280	163,873	51,104	100,663
	281,816	446,428	133,693	221,070

(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	
	2020	**2019**	**2020**	**2019**
	%	**%**	**%**	**%**
Jamaican dollar	2	1	2	1

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

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24. Payables

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Trade	221,043	213,035	43,532	50,958
Accrued vacation leave	53,525	40,339	19,668	12,756
Other accruals	214,571	173,435	44,440	43,635
Current portion of leases (Note 26)	14,020	13,946	-	-
Current portion of long term loans (Note 26)	48,144	37,355	35,078	34,357
Statutory deductions	12,753	54,117	604	10,627
Deferred Revenue	73,964	66,492	23,103	22,943
General Consumption Tax Payable	53,187	17,546	4,338	-
Other	65,177	37,872	45,045	18,421
	756,384	654,137	215,808	193,697

25. Share Capital

Authorised –

50,000 5% Cumulative participating preference shares

2,422,487,654 (2019 – 2,422,487,654) Ordinary shares

	2020 $'000	**2019 $'000**
Issued and fully paid –		
2,422,487,654 (2019 – 2,422,487,654) Ordinary shares of no par value	2,046,117	2,046,117
24,804,577 Treasury shares (2019 – 24,804,577) Ordinary shares of no par value	(5,039)	(5,039)
	2,041,078	2,041,078

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

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26. Long Term Loans & Leases

Long term loans

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
(a) Sagicor Bank Jamaica Limited Loan 1	333,334	360,000	333,334	360,000
(b) Sagicor Bank Jamaica Limited Loan 2	29,293	37,705	29,293	37,705
(c) Jamaica Money Market Brokers	19,755	22,772	-	-
(d) Jamaica National Bank Loan 1	18,633	-	-	-
(e) Jamaica National Bank Loan 2	23,477	-	-	-
	424,492	420,477	362,627	397,705
Less: Current portion (Note 24)	(48,144)	(37,355)	(35,078)	(34,357)
	376,348	383,122	327,549	363,348

(a) This loan is repayable on a monthly basis, maturing in 30 September 2032 and attracts interest at 7% (2019 – 9%). 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 February 2023 and attracts interest at 7% (2019 – 9%). It is secured by a first mortgage over a commercial property owned by the Company.
(c) The loan is repayable over 7 years commencing February 2019 and attracts interest at 8.75%.
(d) The loan is repayable over 2 years commencing September 2019 and attracts interest at 7.5%.
(e) The loan is repayable over 5 years commencing August 2019 and attracts interest at 8.25%.

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26. Long Term Loans & Leases (Continued)

Leases

Lease liabilities – minimum lease payments

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Not later than 1 year	14,020	13,946	-	-
Later than 1 year and not later than 5 years	23,361	4,008	-	-
	37,381	17,954	-	-
Future finance charges on leases	(14,020)	(13,946)	-	-
Present value of lease obligations	23,361	4,008	-	-

The present value of lease obligations is as follows:

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Not later than 1 year (Note 24)	14,020	13,946	-	-
Later than 1 year and not later than 5 years	23,361	4,008	-	-
	37,381	17,954	-	-

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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	Audio	Print & Others	Sub-total	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000
				2020		
Revenues	2,196,602	755,306	2,784,588	5,736,496	(143,799)	5,592,697
Operating profit	131,883	(4,010)	(14,114)	113,759	(23,305)	90,454
Assets	2,061,663	3,301,229	1,225,301	6,588,193	(2,816,182)	3,772,011
Liabilities	1,268,381	909,724	571,980	2,750,085	(1,277,410)	1,472,675
Capital expenditure	153,664	79,368	61,752	294,784		294,784
Depreciation	137,335	36,568	52,659	226,562		226,562
Finance costs	(31,015)	(5,655)	(14,164)	(50,834)		(50,834)
				2019		
Revenues	2,168,089	714,236	2,751,143	5,633,468	(150,579)	5,482,889
Operating profit	(18,094)	24,643	51,230	51,137	(25,952)	31,827
Assets	1,855,375	3,437,079	1,189,890	6,482,344	(2,766,053)	3,716,291
Liabilities	1,155,879	929,172	477,051	2,562,102	(1,200,346)	1,361,756
Capital expenditure	106,391	46,814	61,763	214,968	-	214,968
Depreciation	148,507	30,845	44,937	224,289	-	224,289
Finance costs	(35,524)	(5,777)	(14,778)	(56,079)	-	(56,079)

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

The result of its revenue from external customers in Jamaica is $5,510,141 (2019 - $5,393,746,000), and the total of revenue from external customers from other countries is $82,556,000 (2019 - 89,143,000).

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. Loss allowance 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. Investments in Associates

	The Group
	2020
	$'000
Associated companies -	
Jamaica Holdings, LLC	
Investment	40,168
Transferred from investment securities	13,233
Share of net profit	257
	53,658
SiFi Studios Jamaica Limited	
Investment	17,180
Share of net loss	(405)
	16,775
	70,433

The summarised information for associates that were accounted for using the equity method for the period ended 31 March 2020 is as presented in the tables below.

Summarised statement of financial position

	Jamaica Holding $'000	SiFi Studios $'000
Current Assets	27,109	11,743
Current Liabilities	(20,356)	(2,852)
	6,753	8,891
Non-current Assets	-	743
Net liabilities	6,753	9,634

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29. Investments in Associates (Continued)

Summarised statement of comprehensive income

	Jamaica Holding $'000	SiFi Studios $'000
Revenue	319,646	1,287
Net profit/(loss), being total comprehensive income	757	(5,814)

	Jamaica Holding $'000 $'000	SiFi Studios $'000 $'000
2020		
Closing net assets at 31 March	6,753	9,634
Interest in associate (%)	25%	6.89%
Interest in associate (J$)	1,688	664
Goodwill	51,970	16,111
Carrying value	53,658	16,775

30. Restatement

In the prior years, the Company did not reflect the appropriate carrying value for an amount due from a subsidiary. The carrying value should have been reduced due to a debt forgiveness agreement between the Company and the subsidiary. As a result of the agreement, the carrying value of the amount due to the subsidiary was reduced from $48,487,000 to $1 as at 31 March 2018 (the earliest period presented in the financial statements).

This arrangement did not have any impact on the consolidated financial statements.

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30. Restatement (Continued)

Effect of restatement on Company balance sheet as at 31 March 2019

	As previously stated $'000	Effect of restatement $'000	As restated $'000
Non-Current Assets	2,354,320	-	2,354,320
Current Assets			
Inventories	4,424	-	4,424
Due from subsidiaries	557,706	(48,487)	509,219
Receivables	133,057	-	133,057
Taxation recoverable	16,303	-	16,303
Cash and short term investments	221,070	-	221,070
	932,560	(48,487)	884,073
Current Liabilities	397,707	-	397,707
Net Current Assets	534,853	(48,487)	486,366
	2,889,173	(48,487)	2,840,686
Equity			
Share capital	2,041,078	-	2,041,078
Fair value reserves	(7,135)	-	(7,135)
Retained earnings	424,958	(48,487)	376,471
	2,458,901	(48,487)	2,410,414
Non-Current Liabilities	430,272	-	430,272
	2,889,173	(48,487)	2,840,686

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30. Restatement (Continued)

Effect of restatement on Company balance sheet as at 31 March 2018

	As previously stated $'000	Effect of restatement $'000	As restated $'000
Non-Current Assets	2,436,411	-	2,436,411
Current Assets			
Inventories	5,656	-	5,656
Due from subsidiaries	670,963	(48,487)	622,476
Receivables	116,160	-	116,160
Taxation recoverable	13,700	-	13,700
Cash and short term investments	151,087	-	151,087
	957,566	(48,487)	909,079
Current Liabilities	530,023	-	530,023
Net Current Assets	427,543	(48,487)	379,056
	2,863,954	(48,487)	2,815,467
Equity			
Share capital	2,041,078	-	2,041,078
Fair value reserves	(7,135)	-	(7,135)
Retained earnings	375,392	(48,487)	326,905
	2,409,335	(48,487)	2,360,848
Non-Current Liabilities	454,619	-	454,619
	2,863,954	(48,487)	2,815,467

31. Subsequent Event

Impact of COVID-19

Subsequent to the end of the financial year, the World Health Organization declared the Corona virus (COVID-19) to be a global pandemic. The pandemic has resulted in a significant downturn in commercial activity as there is currently no cure, and the means most recommended to manage contagion is social distancing. Reduction in economic activity will have negative global consequences. The extent and duration of the impact of COVID-19 on the global economy and the sectors in which the Group and its customers operate is uncertain at this time, but it has the potential to adversely affect the business.

The Group experience a reduction in revenues in the print segment subsequent to the year end. In response, the Group implemented a series of measures, including laying off some employees in the affected segment. These measures resulted in cost reduction and closed the gap which arose from the reduction in revenues.

The Group anticipates that it will continue to be affected by Covid-19 but it unable to further quantify the impact of the foregoing on its financial results at the time of reporting.