

RADIO JAMAICA LIMITED
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023



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INDEPENDENT AUDITORS' REPORT

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Radio Jamaica Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 12 to 89, which comprise the Group's and Company's statement of financial position as at March 31, 2023, the Group's and the Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at March 31, 2023, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board, and the Jamaican Companies Act.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. *Impairment of goodwill*

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The carrying value of the Group's intangible assets, which included goodwill of \$75,002,000, may not be recoverable due to any changes in the business and economic environment in which the relevant subsidiary operates.</p> <p>These factors create increased uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability.</p>	<p>Our audit response in this area included:</p> <ul style="list-style-type: none">• Evaluating whether there were indicators of impairment for the cash generating units (CGU's), including those which contained goodwill and intangible assets, considering the value in use, economic environment and business performance of the subsidiary.• For the relevant CGUs, we tested the reasonableness of internal forecasts and discounted cash flow calculations, including the use of our valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group and to test the mathematical accuracy of the calculations.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

1. *Impairment of goodwill (continued)*

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p><i>See note 15 of the consolidated financial statements.</i></p>	<p>Our audit response in this area included (continued):</p> <ul style="list-style-type: none">• Comparing internal assumptions to externally derived data as well as our own assessments using our knowledge of the industry and economy of key inputs, such as projected economic growth, competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions• Comparing the sum of the discounted cash flows to the carrying value, where applicable and our understanding of market conditions, (primarily the impact of inflation, supply chain issues and geopolitical considerations), to assess the reasonableness of those cash flows.• Assessing the adequacy of financial statements disclosures about the key assumptions and the sensitivity of the impairment assessments to changes in key assumptions to evaluate the clarity of those disclosures based on the knowledge obtained as part of our procedures.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. *Expected credit losses on financial assets*

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>Expected credit losses (ECL) amounting to \$380,426,000 for the Group and \$63,696,000 for the Company, have been recognised in respect of financial assets, the determination of which is highly subjective and requires management to make significant judgement and estimates including determination of the appropriate variables and assumptions used and the application of forward-looking information.</p> <p>We therefore determined that the impairment of trade receivables and investments have a high degree of estimation uncertainty.</p> <p>The key areas requiring greater judgement include the identification of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information.</p>	<p>Our audit procedures in this area, in the main, included:</p> <ul style="list-style-type: none">• Obtaining an understanding of the models used by the Group for the calculation of expected credit losses on trade receivables, including governance over the determination of key judgements.• With the assistance of our financial risk modelling specialist, evaluating the appropriateness of economic parameters including the use of forward-looking information and management overlay.• On a sample basis, testing the completeness and accuracy of the data feeding in to the ECL models to the underlying accounting records.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

2. *Expected credit losses on financial assets (continued)*

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>Significant judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement.</p> <p>The Group considered the increased uncertainty about potential future economic scenarios and their impact on credit losses.</p> <p><i>See notes 19, 23 and 32(a) of the consolidated financial statements.</i></p>	<p>Our audit procedures in this area, in the main included (continued):</p> <ul style="list-style-type: none">• Involving our financial risk management specialists to assist us in evaluating the appropriateness of:<ul style="list-style-type: none">- the group's impairment methodologies used and independently assessing the assumptions for probability of default, loss given default and exposure at default; and- the group's methodology for determining the economic scenarios used and the probability weightings applied to them. We also tested to external sources, a sample of economic variables used.• Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with the financial reporting standard to evaluate clarity of those disclosures based on knowledge obtained as part of our procedures.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

3. *Valuation of investments*

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Investments amounting to \$795,049,000 for the Group and the Company, measured at fair value, include corporate and municipal bonds. These investments are classified as fair value through other comprehensive income and categorised as Level 2 in the fair value hierarchy. The Group used valuation techniques which required inputs such as market yields obtained from established yield curves.</p> <p>Valuation of these instruments, although based on observable inputs, involves the exercise of judgement and the use of assumptions.</p> <p><i>See note 19 of the consolidated financial statements.</i></p>	<p>Our audit procedures in this area, in the main included:</p> <ul style="list-style-type: none">• Challenging the reasonableness of yields/prices by comparison to independent third-party pricing sources.• Involving our own valuation specialists to assist us in determining/obtaining yields/prices of specific securities and comparing these to those used by the Group; and• Challenging the adequacy of disclosures including the degree of estimation involved in determining fair values by comparing the evidence obtained as part of our procedures with the disclosures.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

4. *Amalgamation transaction by way of a Scheme Implementation Agreement*

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>On November 24, 2022, the Supreme Court of Jamaica approved a Scheme of Arrangement to amalgamate Radio Jamaica Limited (RJL) with 1834 Investments Limited (1834).</p> <p>All assets and liabilities of 1834 have, accordingly, been assumed by and vested in RJL. In exchange, the arrangement provided that RJL will pay cash or issue shares to the 1834 shareholders or issue shares in RJL to the holders of the cancelled 1834 shares. The transaction was underwritten to an aggregate amount of \$700 million by Victoria Mutual Investments Limited. On the conclusion of the transaction, RJL issued 0.49 stock units per every 1.0 outstanding stock unit of 1834 at a stated value of \$1.29 each.</p> <p><i>See note 31 of the consolidated financial statements.</i></p>	<p>Our audit procedures in this area, in the main, included:</p> <ul style="list-style-type: none">• Reviewing the Scheme Implementation Agreement and ensuring that the terms have been complied with.• Evaluating the completeness and accuracy of the balances being transferred to RJL at fair value by agreeing the records and documents to support the balances.• Assessing the adequacy of the disclosures in the financial statements by ensuring they are in accordance with IFRS Standards.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 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 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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 Company or to cease operations, or has no realistic alternative but to do so.

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



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 10 to 11, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

The engagement partner on the audit resulting in this independent auditors' report is R. Tarun Handa.

A handwritten signature of the KPMG firm, written in blue ink, with a stylized underline.

Chartered Accountants
Kingston, Jamaica

July 6, 2023



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Appendix to the Independent Auditors' Report

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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's 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 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Appendix to the Independent Auditors' Report (continued)

- 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

RADIO JAMAICA LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income
 Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Notes</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
Revenue		5,436,507	5,711,158
Direct expenses	6	(2,862,610)	(2,509,381)
Gross profit		2,573,897	3,201,777
Other operating income	5	156,186	130,813
Selling expenses	6	(677,742)	(844,609)
Administrative expenses	6	(1,339,844)	(1,290,286)
Other operating expenses	6	(912,857)	(728,749)
Operating (loss)/profit		(200,360)	468,946
Finance costs	8	(52,934)	(47,899)
Bargain purchase gain	31	444,199	-
Share of net loss of associates	30	(117)	(12,285)
Profit before taxation		190,788	408,762
Taxation	9	5,730	(67,071)
Net profit	10	196,518	341,691
Other comprehensive income/(loss), net of taxes:			
Item that will not be reclassified to profit or loss:			
Re-measurements of post-employment benefits	9	113,496	(26,997)
Items that will be reclassified to profit or loss:			
Currency translation differences		7,043	(6,726)
Total other comprehensive income/(loss)		120,539	(33,723)
Total comprehensive income		317,057	307,968
Basic and diluted earnings per ordinary stock unit attributable to stockholders of the Company	12	\$ 0.08	0.14

RADIO JAMAICA LIMITED

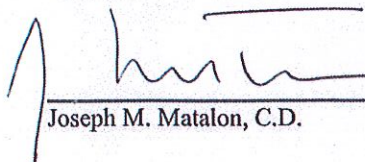
Consolidated Statement of Financial Position

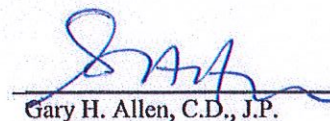
March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Notes</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	3,174,675	1,984,825
Investment properties	14	106,876	80,918
Intangible assets	15	402,744	452,652
Retirement benefit assets	16	93,898	91,906
Deferred tax assets	17	142,131	142,890
Investment securities	19	283,340	24,268
Equity accounted associates	30	<u>214,583</u>	<u>121,957</u>
		<u>4,418,247</u>	<u>2,899,416</u>
CURRENT ASSETS:			
Inventories	20	212,187	118,494
Receivables	23	1,077,995	1,182,340
Taxation recoverable		183,466	42,566
Investment securities	19	511,709	-
Cash and cash equivalents	24	<u>317,356</u>	<u>750,871</u>
		<u>2,302,713</u>	<u>2,094,271</u>
TOTAL ASSETS		<u>6,720,960</u>	<u>4,993,687</u>
EQUITY AND LIABILITIES			
STOCKHOLDER'S EQUITY:			
Share capital	25	3,603,583	2,041,078
Foreign currency translation		(6,558)	(13,601)
Retained earnings		<u>1,022,073</u>	<u>760,509</u>
		4,619,098	2,787,986
Non-controlling interests		<u>1,948</u>	<u>1,948</u>
		<u>4,621,046</u>	<u>2,789,934</u>
NON-CURRENT LIABILITIES:			
Lease obligations	26	4,803	3,056
Long-term loans	26	514,705	408,717
Deferred tax liabilities	17	121,621	94,519
Retirement benefit obligations	16	<u>183,455</u>	<u>250,224</u>
		<u>824,584</u>	<u>756,516</u>
CURRENT LIABILITIES:			
Payables	27	1,265,347	1,397,368
Taxation payable		<u>9,983</u>	<u>49,869</u>
		<u>1,275,330</u>	<u>1,447,237</u>
TOTAL EQUITY AND LIABILITIES		<u>6,720,960</u>	<u>4,993,687</u>

The financial statements on pages 12 to 89 were approved for issue by the Board of Directors on July 5, 2023, and signed on its behalf by:


 _____ Director
 Joseph M. Matalon, C.D.


 _____ Director
 Gary H. Allen, C.D., J.P.

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

RADIO JAMAICA LIMITED

Consolidated Statement of Changes in Equity
 Year ended March 31, 2023
 (Expressed in Jamaica dollars unless otherwise stated)

	Number of stock units '000 (note 25)	Share capital \$'000	Foreign currency translation \$'000	Retained earnings \$'000	Equity owners \$'000	Non- controlling interests \$'000	Total \$'000
Balance at March 31, 2021	2,397,683	2,041,078	(6,875)	494,264	2,528,467	1,948	2,530,415
Total comprehensive income	-	-	(6,726)	314,694	307,968	-	307,968
Transaction with owners:							
Dividends paid (note 11)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,449)</u>	<u>(48,449)</u>	<u>-</u>	<u>(48,449)</u>
Balance at March 31, 2022	2,397,683	2,041,078	(13,601)	760,509	2,787,986	1,948	2,789,934
Total comprehensive income	-	-	7,043	310,014	317,057	-	317,057
Transactions with owners:							
Dividends paid (note 11)	-	-	-	(48,450)	(48,450)	-	(48,450)
Issue of shares (note 31)	<u>601,019</u>	<u>1,562,505</u>	<u>-</u>	<u>-</u>	<u>1,562,505</u>	<u>-</u>	<u>1,562,505</u>
Balance at March 31, 2023	<u>2,998,702</u>	<u>3,603,583</u>	<u>(6,558)</u>	<u>1,022,073</u>	<u>4,619,098</u>	<u>1,948</u>	<u>4,621,046</u>

RADIO JAMAICA LIMITED

Consolidated Statement of Cash Flows
 Year ended March 31, 2023
 (Expressed in Jamaica dollars unless otherwise stated)

	<u>2023</u> \$'000	<u>2022</u> \$'000*
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	196,518	341,691
Adjustments for:		
Depreciation and amortisation	323,258	293,122
Gain on disposal of property, plant and equipment	(2,196)	(26,934)
Interest income	(15,323)	(6,122)
Interest expense	50,249	30,374
Income tax (credit)/charge	(5,730)	67,071
Exchange losses on foreign currency balances	(10,939)	(24,724)
Retirement benefits	82,567	61,272
Share of net loss of associates	117	12,285
Bargain purchase gain	<u>(444,199)</u>	<u>-</u>
	174,322	748,035
Changes in operating assets and liabilities:		
Inventories	(93,693)	23,677
Receivables	114,182	(1,527)*
Payables	<u>(280,097)</u>	<u>330,804</u>
	(85,286)	1,100,989
Income tax paid	<u>(154,991)</u>	<u>(131,554)</u>
Net cash (used in)/provided by operating activities	<u>(240,277)</u>	<u>969,435</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of property, plant and equipment	19,010	53,079
Purchase of property, plant and equipment and intangibles	(407,749)	(964,626)*
Purchase of investments	(141,050)	(9,530)
Investment in equity accounted investees, net of dividends received	195,424	(8,411)
Interest received	21,589	7,150
Cash and cash equivalents acquired on amalgamation	<u>214,194</u>	<u>-</u>
Net cash used in investing activities	<u>(98,582)</u>	<u>(922,338)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans repaid	(179,961)	(542,864)
Loan acquired	162,400	593,350
Lease obligations principal repaid	(8,141)	(11,192)
Interest paid	(38,486)	(30,374)
Dividends paid	<u>(48,450)</u>	<u>(48,449)</u>
Net cash used in financing activities	<u>(112,638)</u>	<u>(39,529)</u>
(Decrease)/increase in cash and cash equivalents	(451,497)	7,568
Exchange gains on cash and cash equivalents	17,982	17,998
Net cash and cash equivalents at beginning of year	<u>750,871</u>	<u>725,305</u>
Net cash and cash equivalents at end of year	<u>317,356</u>	<u>750,871</u>

*Reclassified, see note 34

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

RADIO JAMAICA LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
 Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Notes</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
Revenue		698,777	718,745
Direct expenses	6	<u>(269,443)</u>	<u>(279,322)</u>
Gross profit		429,334	439,423
Other operating income	5	68,550	87,387
Selling expenses	6	(130,881)	(119,384)
Administrative expenses	6	(318,921)	(269,291)
Other operating expenses	6	<u>(131,809)</u>	<u>(122,773)</u>
Operating (loss)/profit		(83,727)	15,362
Finance costs	8	(15,050)	(8,643)
Bargain purchase gain	31	530,001	-
Share of net loss of associate	30	<u>(1,395)</u>	<u>-</u>
Profit before taxation		429,829	6,719
Taxation	9	<u>13,164</u>	<u>4,794</u>
Net profit	10	<u>442,993</u>	<u>11,513</u>
Other Comprehensive Income, net of taxes:			
Item that will not be reclassified to profit or loss:			
Re-measurements of post-employment benefits, being total other comprehensive income/(loss)	9	<u>26,900</u>	<u>(23,004)</u>
Total comprehensive income/(loss)		<u>469,893</u>	<u>(11,491)</u>

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

RADIO JAMAICA LIMITED

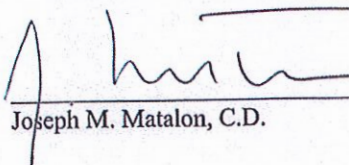
Company Statement of Financial Position

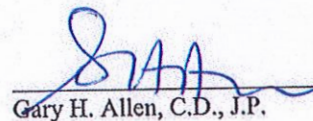
March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Notes</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	1,627,618	448,062
Investment properties	14	27,300	-
Intangible assets	15	48,756	932
Retirement benefit assets	16	65,627	91,906
Deferred tax asset	17	38,692	34,495
Investment in subsidiaries	18	1,823,676	1,824,854
Investment securities	19	283,340	24,067
Equity accounted associates	30	<u>60,647</u>	<u>-</u>
		<u>3,975,656</u>	<u>2,424,316</u>
CURRENT ASSETS:			
Inventories	20	5,031	4,405
Due from subsidiaries	21	595,931	442,294
Receivables	23	223,140	220,885
Taxation recoverable		84,780	21,780
Cash and cash equivalents	24	163,164	436,535
Investment securities	19	<u>511,709</u>	<u>-</u>
		<u>1,583,755</u>	<u>1,125,899</u>
TOTAL ASSETS		<u>5,559,411</u>	<u>3,550,215</u>
EQUITY AND LIABILITIES			
STOCKHOLDER'S EQUITY:			
Share capital	25	3,603,583	2,041,078
Retained earnings		<u>714,893</u>	<u>293,450</u>
		<u>4,318,476</u>	<u>2,334,528</u>
NON-CURRENT LIABILITIES:			
Long-term loans	26	514,705	408,717
Retirement benefit obligations	16	<u>64,707</u>	<u>77,503</u>
		<u>579,412</u>	<u>486,220</u>
CURRENT LIABILITIES:			
Payables	27	406,934	429,548
Due to subsidiaries	21	<u>254,589</u>	<u>299,919</u>
		<u>661,523</u>	<u>729,467</u>
TOTAL EQUITY AND LIABILITIES		<u>5,559,411</u>	<u>3,550,215</u>

The financial statements on pages 12 to 89 were approved for issue by the Board of Directors on July 5, 2023 and signed on its behalf by:


 _____ Director
 Joseph M. Matalon, C.D.


 _____ Director
 Gary H. Allen, C.D., J.P.

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

RADIO JAMAICA LIMITED

Company Statement of Changes in Equity

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Number of Stock units</u> '000	<u>Share capital</u> \$'000 (note 25)	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Balance at March 31, 2021	2,397,683	2,041,078	353,390	2,394,468
Total comprehensive income	-	-	(11,491)	(11,491)
Transactions with owners:				
Dividends paid (note 11)	<u>-</u>	<u>-</u>	(48,449)	(48,449)
Balance at March 31, 2022	2,397,683	2,041,078	293,450	2,334,528
Total comprehensive income	-	-	469,893	469,893
Transactions with owners:				
Dividends paid (note 11)	-	-	(48,450)	(48,450)
Issue of shares (note 31)	<u>601,019</u>	<u>1,562,505</u>	<u>-</u>	<u>1,562,505</u>
Balance at March 31, 2023	<u>2,998,702</u>	<u>3,603,583</u>	<u>714,893</u>	<u>4,318,476</u>

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

RADIO JAMAICA LIMITED

Company Statement of Cash Flows

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

	<u>2023</u> \$'000	<u>2022</u> \$'000*
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	442,993	11,513
Adjustments for:		
Depreciation and amortisation	57,691	37,748
Loss/(gain) on disposal of property, plant and equipment	11,190	(1,008)
Interest income	(14,480)	(6,122)
Interest expense	14,412	7,871
Income tax credit	(13,164)	(4,794)
Exchange gain on foreign currency balances	(17,982)	(5,533)
Retirement benefits	49,350	33,744
Share of net loss of equity accounted associates	1,395	-
Bargain purchase gain	<u>(530,001)</u>	<u>-</u>
	1,404	73,419
Changes in operating assets and liabilities:		
Inventories	(626)	437
Due from subsidiaries	(153,637)	209,175
Accounts receivable	20,114	(71,934)*
Accounts payable	(168,815)	52,166
Due to subsidiaries	<u>(44,152)</u>	<u>(298,494)</u>
	(345,712)	(35,231)
Taxation paid	<u>(32,964)</u>	<u>(17,384)</u>
Net cash used in operating activities	<u>(378,676)</u>	<u>(52,615)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of property, plant and equipment	-	5,178
Purchase of intangible assets	(1,685)	-
Purchase of property, plant and equipment	(137,851)	(143,371)*
Dividends from equity accounted associate	226,125	-
Purchase of investments	(141,251)	(9,530)
Interest received	8,214	4,801
Cash and cash equivalents acquired on amalgamation	<u>214,194</u>	<u>-</u>
Net cash provided by/(used in) investing activities	<u>167,746</u>	<u>(142,922)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans repaid	(167,561)	(376,677)
Loan received	150,000	593,350
Interest paid	(14,412)	(7,871)
Dividends paid	<u>(48,450)</u>	<u>(48,449)</u>
Net cash (used in)/provided by financing activities	<u>(80,423)</u>	<u>160,353</u>
Decrease in cash and cash equivalents	(291,353)	(35,184)
Exchange gains on cash and cash equivalents	17,982	5,533
Cash and cash equivalents at beginning of year	<u>436,535</u>	<u>466,186</u>
Cash and cash equivalents at end of year	<u>163,164</u>	<u>436,535</u>

*Reclassified, see note 34

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

1. Identification

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.

Pursuant to an agreement dated November 24, 2022, Radio Jamaica Limited and 1834 Investments Limited entered into an agreement which led to the amalgamation of both companies (see note 31).

The Company’s subsidiaries are as follows:

	<u>Domicile of incorporation</u>	<u>2023 and 2022</u>
Television Jamaica Limited	Jamaica	100%
Multi-Media Jamaica Limited	Jamaica	100%
Media Plus Limited	Saint Lucia	100%
Reggae Entertainment Television Limited	Jamaica	100%
Jamaica News Network Limited	Jamaica	100%
The Gleaner Company (Media) Limited	Jamaica	100%
The Gleaner Company (USA) Limited	United States of America	100%
Independent Radio Company Limited	Jamaica	100%
A-Plus Learning Limited (non-trading)	Jamaica	50%
The Gleaner Online Limited	Jamaica	100%
The Gleaner Company (UK) Limited	United Kingdom	100%
Gleaner Media (Canada) Inc.	Canada	100%

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

The Group’s associates are as follows:

	<u>Domicile of incorporation</u>	<u>2023</u>	<u>2022</u>
Jamaica Holding, LLC. (i)	Puerto Rico	50.00%	50.00%
SiFi Studios Jamaica Limited (ii)	Jamaica	17.29%	17.29%
Jamaica Joint Venture Investment Company Limited (iii)	Jamaica	50.00%	-

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

1. Identification (continued)

- (i) Jamaica Holding, LLC., trades as “Gustazos.” Based on management’s assessment, the group’s holding in Gustazos does not translate to control.
- (ii) During 2021, based on the subscription agreement with the investee, the Group increased its ownership in SiFi Studios Jamaica Limited (Sifi), a technology company, to 17.29%, and gained rights to board representation. Additionally, two directors of the Company own, in aggregate, 5.95% of the issued shares of SiFi. Consequently, SiFi is accounted for as an associate.
- (iii) The holding in Jamaica Joint Venture Investment Company Limited (JJVI) was acquired pursuant to the amalgamation between Radio Jamaica Limited and 1834 Investments Limited (see note 31). JJVI holds 100% shareholding in Manhart Properties Limited and City Properties Limited, both of which are commercial property owners. Based on management’s assessment, the group’s holding in JJVI does not translate to control.

2. Statement of compliance and basis of preparation

- (a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 to fair value.

New and amended standards that came into effect during the current year

Certain new standards, interpretations and amendments to existing standards that have been published, became effective during the current financial year. The adoption of all such new standards, interpretations and amendments did not have any significant impact on the amounts and disclosures in the financial statements.

New and amended standards and interpretations that are not yet in effect

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year, and which the Group has not adopted early. The Group has assessed them with respect to its operations and has determined that the following are relevant:

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations that are not yet in effect (continued)

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

New and amended standards and interpretations that are not yet in effect (continued)

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (continued)

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g., leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The Group has not completed the process of evaluating the impact that these amendments would have on its financial statements when they become effective.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*2. Statement of compliance and basis of preparation (continued)

(b) Basis of consolidation

(i) Business combinations:

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

The Group uses predecessor value (book value) method of accounting for business combinations with entities under common control. Any differences between the consideration paid and the net assets of the acquired entity is recognised in equity or profit or loss.

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

(ii) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group “controls” an entity when it 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 over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The subsidiary companies are listed in (Note 1) and are referred to as “subsidiaries” or “subsidiary” in these financial statements. The Company and its subsidiaries are collectively referred to as “the Group”.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*2. Statement of compliance and basis of preparation (continued)

(b) Basis of consolidation (continued)

(iii) Subsidiaries:

The financial statements comprise the consolidated financial results of the Company and its subsidiaries prepared to March 31, 2023.

All significant inter-company transactions are eliminated.

(iv) Loss of control:

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

(v) Joint arrangements:

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on the equity accounting basis.

If the Group's share of losses exceeds its interest in a joint venture the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a joint venture. If the joint venture subsequently reports gains, the Group resumes recognising its share of those gains only after its share of gains equals the share of losses not recognised.

Investments in joint arrangements are deemed as joint operations when they are not structured through a separately identifiable financial structure. The contractual arrangement between the Group and the other parties to the joint arrangements outline each parties' rights to the assets, and obligations for the liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding expenses.

The Group does not have any interest in joint arrangements.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*2. Statement of compliance and basis of preparation (continued)

(b) Basis of consolidation (continued)

(vi) 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 including voting rights generally exercised together with related parties. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, including transaction costs.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income to the extent that the profits, losses or movements are consistent with the Group's significant accounting policies. Should the Group's share of losses in an associate equal or exceed its interest in the associate, including any other unsecured receivables, the Group will not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Where associated entities are in their start-up phase, no impairment has been assessed at this time and the Group's investment is carried at cost, net of its share of losses to date.

(vii) Non-controlling interests (NCI):

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(viii) Transactions eliminated in consolidation:

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) 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 Jamaica dollars, which is the Company's functional and presentation currency.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies

(a) Revenue and income recognition

Revenue comprises the sale of newspapers and other publications, airtime, programme material, the rental of studios and equipment, the delivery of internet media and Pay-Per-View services and associated advertising, net of General Consumption Tax. Revenue recognition policies are detailed in note (b) below:

(b) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of the goods or services to a customer.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of revenue	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Airtime and programme material	The Group sells airtime for production to companies and individual customers on a daily basis.	Revenue is recognised at a point in time when productions and programmes are aired on radio, television or cable.
Revenue from sale of newspapers and other publications	The Group sells newspaper publications to sales agents, companies and individual customers on a daily basis.	Revenue is recognised when newspapers are delivered to the customers' premises. For contracts that permit return of newspapers, revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*(3) Significant accounting policies (continued)

(b) Performance obligations and revenue recognition policies (continued):

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of revenue	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Advertising revenue	<p>The Group sells display and classified advertising spaces in its newspaper publications and on its websites to customers at a predetermined rate.</p> <p>The Group also sells airtime for advertising on radio, television and cable to customers at a predetermined rate.</p>	Advertising revenue is recognised at a point in time when the advertisement is placed in the published newspapers or internet site, or when the advertisement is aired on the radio, television or cable.
Subscription revenue	The Group collects revenue in advance from subscribers for the sale of newspapers on specified dates for specified amounts.	Revenue is recognised over the life of the subscription as the newspapers are delivered to subscribers.
Premium Digital Services	<p>(i) The Group collects revenue from Pay-Per-View (PPV) services on its internet channels.</p> <p>(ii) 1SpotMedia is a premium subscription-based internet media service offering the full range of RJRGleaner television and radio brands, delivering Jamaican and Caribbean content to viewers/listeners around the world on PCs, smartphones, tablets and laptops.</p>	<p>Revenue related to PPV services is recognised at the point in time the customer pays for consuming the content.</p> <p>Revenue is recognised over time, i.e., over the life of the subscription.</p>

Rental income

Rental income from investment properties is recognised as other revenue on a straight-line basis over the terms of the lease. Lease incentives are recognised as an integral part of the total revenue recognised.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

(3) Significant accounting policies (continued)

(b) Performance obligations and revenue recognition policies (continued):

Interest income

Interest income is recognised in profit or loss using the effective interest method. The “effective interest rate” is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

The calculation of the effective interest rate includes transaction costs that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The ‘amortised cost’ of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and short-term investments, receivables, due from subsidiaries and investment securities. Financial liabilities include payables (but not general consumption taxes), due to subsidiaries, lease obligations and long-term loans.

Financial assets

(i) Measurement methods

Initial recognition and measurement

Financial assets are recognised when the entity becomes a party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(i) Measurement methods (continued)

Initial recognition and measurement (continued)

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an impairment loss being recognised in profit or loss.

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate, discounted using the original effective interest rate. Changes are recognised in profit or loss.

Classification

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as fair value through profit or loss (FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(i) Measurement methods (continued)

Classification (continued)

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

(ii) Derecognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

- (i) Has no obligation to make payments unless it collects equivalent amounts from the assets; and
- (ii) Is prohibited from selling or pledging the assets; and has an obligation to remit any cash it collects from the assets without material delay.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(iii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses.

Forward looking information

The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

For trade receivables, the Group applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected losses. 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.

Financial liabilities

(i) Recognition

A financial liability is measured initially at fair value, plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

(iii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(d) Income taxes

Taxation expense in the statement of profit or loss and other 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.

(e) Property, plant and equipment

Freehold land and buildings are stated at 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.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

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

Freehold buildings	2.5%
Improvements to leasehold property	2.5%
Furniture, fixtures & equipment	5 - 33 $\frac{1}{3}$ %
Motor vehicles	10 - 25%
Spares	20%
Leased operating assets	over the term of the lease

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

No depreciation is charged on work-in-progress.

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

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

(f) Investment properties

Investment properties, which comprises freehold land, on which no depreciation is calculated, and buildings, are carried at cost, less accumulated depreciation. Depreciation is calculated on buildings at the rate of 2 $\frac{1}{2}$ %.

(g) Intangible assets

Goodwill

Goodwill is recorded at cost 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.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(g) Intangible assets (continued)

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.

Broadcast rights

Broadcast rights acquired are recognised and measured at cost and 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 based on 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 which was fully settled during the year pursuant to the amalgamation described in note 31. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated total useful lives of 15 years.

(h) Investment securities

Investment securities are classified as financial assets at fair value through profit (FVTPL) or fair value through other comprehensive income (FVOCI). 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 debt 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.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(i) Retirement benefits

Defined benefit schemes

Radio Jamaica Limited operates a defined benefit pension scheme for employees of Radio Jamaica Limited, Multi-Media Jamaica Limited and Television Jamaica Limited, the assets of which are generally held in separate trustee-administered funds. A defined benefit pension scheme 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 scheme 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.

Defined contribution schemes

The Gleaner Company (Media) Limited and Independent Radio Company Limited operate a defined contribution pension scheme; the assets of which were held separately from those of the Group. Obligations for contributions to this scheme are recognised as an expense in profit or loss as incurred.

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.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(j) 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.

(k) Inventories

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

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

(l) Trade receivables

Trade and other receivables are initially measured at the transaction price, less impairment losses.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and securities purchased under resale agreements with maturities of three months or less from the date of placement and are measured at amortised cost. The resale agreements are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term commitments.

(n) Trade payables

Trade payables are measured at amortised cost.

(o) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(o) Leases (continued)

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any direct initial direct costs incurred and an estimate of costs to dismantle and remove underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the scheduled lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liabilities comprise fixed payments.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(o) Leases (continued)

As a lessee (continued)

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

- i) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- 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.

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 obtained from its bankers.

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 measured at cost comprising the following:

- The amount of initial measurement of lease liability;
- Any lease payments 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.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(o) Leases (continued)

As a lessee (continued)

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. The 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.

As a lessor

The Group leases out property. The Management has classified such leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

(p) Foreign currencies

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.

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker and for which discrete financial information is available. The chief operating decision-maker is the person or the leadership collective that makes decisions about resources to be allocated to a segment and assesses its performance. In the case of the Group, the chief operating decision-maker is the Board of Directors.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(r) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest 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.

(s) 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.

(t) Dividends

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

4. Key sources of estimation uncertainty

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.

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.

(i) 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.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*4. Key sources of estimation uncertainty (continued)

(i) Retirement benefit obligations (continued)

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 the interest rates 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 16.

(ii) Assessment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3(g). 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.

(iii) Expected credit losses

(1) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

(2) Impairment of financial assets:

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*4. Key sources of estimation uncertainty (continued)

(iii) Expected credit losses (continued)

(3) Allowance for impairment losses:

In determining amounts recorded for impairment of financial assets in the financial statements, management makes assumptions in determining the inputs to be used in the ECL measurement model, including incorporation of forward-looking information.

Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such estimates [see notes 23 and 32(a)].

(iv) Determination of fair values:

The group measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements:

- Level 1 – Inputs that are quoted market prices (unadjusted) in an active market for an identical asset or liability.
- Level 2 – Inputs that are other quoted prices included within level 1 that are observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 – Inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*5. Other operating income

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest income (calculated using effective interest rate)	15,323	6,122	14,480	6,122
Net foreign exchange (loss)/gain	(17,794)	5,537	(15,020)	5,533
Unrealised loss on revaluation of investment securities classified as financial assets at fair value through profit or loss	(15,006)	-	(11,483)	-
Gain/(loss) on disposal of property, plant and equipment	2,196	26,934	(11,190)	1,008
Rental income	60,186	61,499	54,619	72,060
Compensation for damages	41,383	-	-	-
Other income	<u>69,898</u>	<u>30,721</u>	<u>37,144</u>	<u>2,664</u>
	<u>156,186</u>	<u>130,813</u>	<u>68,550</u>	<u>87,387</u>

6. Expenses by nature

Total direct, selling, administrative and other operating expenses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Auditors' remuneration	30,716	18,119	9,273	4,580
Bad debt expenses	(25,406)	54,822	(17,388)	23,593
Commissions	404,624	433,835	47,915	52,547
Depreciation and amortisation	323,258	293,122	57,691	37,748
Distribution costs	378,320	357,961	36	53
Insurance	165,761	116,681	17,131	14,203
Production expenses	498,126	344,564	25,375	15,750
Programming expenses	170,626	135,421	18,161	26,389
Publicity	51,435	36,315	9,719	18,091
Repairs and maintenance	240,245	306,254	49,427	56,520
Security expense	54,483	48,284	3,983	5,254
Special events	277,874	346,994	4,007	4,434
Staff costs (Note 7)	2,333,383	2,250,536	427,225	424,085
Travelling expenses	68,766	80,585	27,388	23,518
Utilities	407,852	349,207	45,983	48,245
Website development	219,190	124,528	25,318	26,248
Others	<u>193,800</u>	<u>75,797</u>	<u>99,810</u>	<u>9,512</u>
	<u>5,793,053</u>	<u>5,373,025</u>	<u>851,054</u>	<u>790,770</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*6. Expenses by nature (continued)

Others includes legal fees, directors' fees, professional fees, janitorial costs, canteen expenses, market research and rental expense.

Expenses above have been analysed and are classified as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Direct expenses	2,862,610	2,509,381	269,443	279,322
Selling expenses	677,742	844,609	130,881	119,384
Administrative expenses	1,339,844	1,290,286	318,921	269,291
Other operating expenses	<u>912,857</u>	<u>728,749</u>	<u>131,809</u>	<u>122,773</u>
	<u>5,793,053</u>	<u>5,373,025</u>	<u>851,054</u>	<u>790,770</u>

7. Staff costs

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	1,819,206	1,852,604	284,120	264,835
Statutory contributions	190,800	174,635	55,526	50,940
Pension benefits (Note 16)	67,838	56,585	40,863	28,020
Other retirement (defined benefit scheme) benefits (Note 16)	22,938	41,691	10,366	9,125
Others, including contribution to defined contribution schemes	<u>232,601</u>	<u>125,021</u>	<u>36,350</u>	<u>71,165</u>
	<u>2,333,383</u>	<u>2,250,536</u>	<u>427,225</u>	<u>424,085</u>

Others includes uniform, vacation leave, health and life insurance, and training.

8. Finance costs

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Interest expense:				
Bank borrowings	38,486	28,670	14,412	7,871
Leases	11,763	1,704	-	-
Others (includes insurance premium financing and bank charges)	<u>2,685</u>	<u>17,525</u>	<u>638</u>	<u>772</u>
	<u>52,934</u>	<u>47,899</u>	<u>15,050</u>	<u>8,643</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*9. Taxation expense

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current tax	765	79,857	-	3,772
Prior year under accrual	3,476	-	-	-
Deferred tax (Note 17)	(9,971)	(12,786)	(13,164)	(8,566)
	<u>(5,730)</u>	<u>67,071</u>	<u>(13,164)</u>	<u>(4,794)</u>

The tax on the Group and the Company's profit was derived as follows. Deferred tax was derived as detailed in Note 17.

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit before taxation	190,788	408,762	429,829	6,719
Tax calculated at a tax rate of 25%	47,697	102,191	107,457	1,680
Adjusted for the effects of:				
Expenses not deductible for tax purposes	9,773	96	11,208	96
Bargain purchase gain	(132,500)	-	(132,500)	-
Employment tax credit	-	(26,504)	-	-
Tax losses utilised	2,126	20,132	2,127	2,852
Disallowed expenses and other capital adjustments	<u>67,174</u>	<u>(28,844)</u>	<u>(1,456)</u>	<u>(9,422)</u>
	<u>(5,730)</u>	<u>67,071</u>	<u>(13,164)</u>	<u>(4,794)</u>

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

	<u>Group</u>			
	<u>Before tax</u>	<u>Tax effect</u>	<u>After tax</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	
Remeasurement of post-employment benefit liabilities (Note 16)	<u>2023</u>	<u>151,328</u>	<u>(37,832)</u>	<u>113,496</u>
Remeasurement of post-employment benefit liabilities (Note 16)	<u>2022</u>	<u>(35,996)</u>	<u>8,999</u>	<u>(26,997)</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*9. Taxation expense (continued)

		<u>Company</u>		
		<u>Before</u>	<u>Tax</u>	<u>After</u>
		<u>tax</u>	<u>effect</u>	<u>tax</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Remeasurement of post-employment benefit liabilities (Note 16)	<u>2023</u>	<u>35,867</u>	<u>(8,967)</u>	<u>26,900</u>
Remeasurement of post-employment benefit liabilities (Note 16)	<u>2022</u>	<u>(30,672)</u>	<u>7,668</u>	<u>(23,004)</u>

10. Net profit and retained earnings attributable to stockholders of the Company

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

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
The Company	442,993	11,513
The subsidiaries and associates	<u>(246,475)</u>	<u>330,178</u>
	<u>196,518</u>	<u>341,691</u>

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

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
The Company	714,893	293,450
The subsidiaries and associates	<u>307,180</u>	<u>467,059</u>
	<u>1,022,073</u>	<u>760,509</u>

11. Ordinary dividends

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Interim dividends \$0.02 (2022: \$0.02) per stock unit	<u>48,450</u>	<u>48,449</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*12. Basic and diluted earnings per ordinary stock unit

Basic and diluted 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.

	<u>2023</u>	<u>2022</u>
Net profit attributable to stockholders \$'000	<u>196,518</u>	<u>341,691</u>
Weighted average number of ordinary stock units in issue (see note below)	<u>2,598,022,836</u>	<u>2,397,683,077</u>
Basic earnings per ordinary stock unit	<u>0.08</u>	<u>0.14</u>
Weighted average number of ordinary shares (basic and attributed)		
	<u>2023</u>	<u>2022</u>
Issued ordinary shares as at April 1, 2022	2,397,683,077	2,397,683,077
Effect of shares issued related to amalgamation - issued on December 1, 2022 (note 31)	<u>200,339,759</u>	<u>-</u>
Weighted average number of ordinary shares at March 31	<u>2,598,022,836</u>	<u>2,397,683,077</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

13. Property, plant and equipment

	The Group								
	<u>Freehold land</u> \$'000	<u>Freehold buildings</u> \$'000	<u>Improvements to leasehold property</u> \$'000	<u>Furniture fixtures & equipment</u> \$'000	<u>Motor vehicles</u> \$'000	<u>Spares</u> \$'000	<u>Leased operating assets</u> \$'000	<u>Property, plant & equipment under construction</u> \$'000	<u>Total</u> \$'000
Cost:									
March 31, 2021	17,231	396,460	135,577	2,667,291	230,983	27,726	31,767	76,779	3,583,814
Additions	-	392	13,464	257,201	68,677	108	-	532,328	872,170
Disposals	-	(3,764)	-	(72,167)	(25,015)	(294)	(6,820)	-	(108,060)
Transfers/adjustments	-	<u>2,702</u>	-	<u>46,170</u>	-	-	-	<u>(48,872)</u>	-
March 31, 2022	17,231	395,790	149,041	2,898,495	274,645	27,540	24,947	560,235	4,347,924
Additions	-	14,195	4,172	88,996	23,107	239	8,106	200,059	338,874
Disposals	-	-	-	(177)	(9,061)	(470)	(4,896)	(11,056)	(25,660)
Amalgamation (note 31)	252,410	931,590	-	25	-	-	-	-	1,184,025
Transfers	-	-	3,994	60,720	-	-	-	(64,714)	-
Transfers to intangible assets	-	-	-	-	-	-	-	(55,887)	(55,887)
Transfers to investment property	-	-	-	-	-	-	-	(28,000)	(28,000)
March 31, 2023	<u>269,641</u>	<u>1,341,575</u>	<u>157,207</u>	<u>3,048,059</u>	<u>288,691</u>	<u>27,309</u>	<u>28,157</u>	<u>600,637</u>	<u>5,761,276</u>
Depreciation:									
March 31, 2021	-	177,056	40,290	1,826,837	160,569	19,110	19,427	-	2,243,289
Charge for the year	-	9,267	11,620	134,591	35,165	4,395	6,687	-	201,725
Relieved on disposals/ utilisation	-	(2,393)	-	(47,594)	(25,014)	(94)	(6,820)	-	(81,915)
March 31, 2022	-	183,930	51,910	1,913,834	170,720	23,411	19,294	-	2,363,099
Charge for the year	-	16,984	13,218	167,363	28,042	54	6,687	-	232,348
Relieved on disposals/ utilisation	-	-	-	(177)	(3,438)	(335)	(4,896)	-	(8,846)
March 31, 2023	-	<u>200,914</u>	<u>65,128</u>	<u>2,081,020</u>	<u>195,324</u>	<u>23,130</u>	<u>21,085</u>	-	<u>2,586,601</u>
Net book value:									
March 31, 2023	<u>269,641</u>	<u>1,140,661</u>	<u>92,079</u>	<u>967,039</u>	<u>93,367</u>	<u>4,179</u>	<u>7,072</u>	<u>600,637</u>	<u>3,174,675</u>
March 31, 2022	<u>17,231</u>	<u>211,860</u>	<u>97,131</u>	<u>984,661</u>	<u>103,925</u>	<u>4,129</u>	<u>5,653</u>	<u>560,235</u>	<u>1,984,825</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

13. Property, plant and equipment (continued)

	The Company						
	Freehold <u>land</u> \$'000	Freehold <u>buildings</u> \$'000	Furniture fixtures & <u>equipment</u> \$'000	Motor <u>vehicles</u> \$'000	Spares \$'000	Property, plant & equipment under <u>construction</u> \$'000	<u>Total</u> \$'000
Cost:							
March 31, 2021	5,516	320,126	464,023	18,996	8,797	48,282	865,740
Additions	-	392	29,971	21,391	108	119,509	171,371
Disposals	-	(3,754)	(2,971)	(1,668)	(294)	-	(8,687)
Transfers	-	<u>2,624</u>	-	-	-	(<u>2,624</u>)	-
March 31, 2022	5,516	319,388	491,023	38,719	8,611	165,167	1,028,424
Additions	-	5,743	32,721	-	239	99,148	137,851
Disposals	-	-	(37)	-	(469)	(11,056)	(11,562)
Amalgamation (note 31)	252,410	931,590	25	-	-	-	1,184,025
Transfers	-	(1,115)	14,284	-	-	(13,169)	-
Transfers to intangible assets	-	-	-	-	-	(55,887)	(55,887)
Transfers to investment property	-	-	-	-	-	(28,000)	(28,000)
March 31, 2023	<u>257,926</u>	<u>1,255,606</u>	<u>538,016</u>	<u>38,719</u>	<u>8,381</u>	<u>156,203</u>	<u>2,254,851</u>
Depreciation:							
March 31, 2021	-	129,019	406,753	5,015	8,578	-	549,365
Charge for the year	-	7,720	19,385	8,343	66	-	35,514
Relieved on disposals/ utilisation	-	(<u>2,315</u>)	(<u>449</u>)	(<u>1,668</u>)	(<u>85</u>)	-	(<u>4,517</u>)
March 31, 2022	-	134,424	425,689	11,690	8,559	-	580,362
Charge for the year	-	15,399	22,110	9,680	54	-	47,243
Relieved on disposals/utilisation	-	-	(<u>37</u>)	-	(<u>335</u>)	-	(<u>372</u>)
March 31, 2023	-	<u>149,823</u>	<u>447,762</u>	<u>21,370</u>	<u>8,278</u>	-	<u>627,233</u>
Net book value:							
March 31, 2023	<u>257,926</u>	<u>1,105,783</u>	<u>90,254</u>	<u>17,349</u>	<u>103</u>	<u>156,203</u>	<u>1,627,618</u>
March 31, 2022	<u>5,516</u>	<u>184,964</u>	<u>65,334</u>	<u>27,029</u>	<u>52</u>	<u>165,167</u>	<u>448,062</u>

At March 31, land and buildings for the Group and the Company with a carrying amount of \$187,472,000 (2022: \$190,480,000) were subject to security for the long-term loans (note 26).

During the financial year 2023, property originally intended for the Group's internal use amounting to \$28,000,000 for the Group and the Company, was transferred to investment properties as it was decided that such property would be leased to third parties.

14. Investment properties

	The Group		The Company	
	<u>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000
Cost at the beginning and end of year	93,000	93,000	-	-
Transfers from property, plant and equipment	<u>28,000</u>	-	<u>28,000</u>	-
	121,000	93,000	28,000	-
Depreciation:				
At the beginning of year	12,082	10,740	-	-
Charge for the year	<u>2,042</u>	<u>1,342</u>	<u>700</u>	-
At end of year	<u>14,124</u>	<u>12,082</u>	<u>700</u>	-
Carrying value	<u>106,876</u>	<u>80,918</u>	<u>27,300</u>	-

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*14. Investment properties (continued)

During the year, investment properties generated income and incurred expenses as follows:

	<u>The Group</u>	
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Rental income earned from investment properties	<u>5,568</u>	<u>5,522</u>
Expense incurred on the investment properties	<u>3,646</u>	<u>-</u>

This represents the cost of properties owned by the Group and Company being held for investment purposes and therefore classified as investment properties. As at the reporting date, the Directors estimate the fair value of the properties to be approximately \$211,600,000 (2022: \$110,000,000) for the Group and \$28,000,000 for the Company. These have been categorised as Level 3 in the fair value hierarchy. The Directors' estimate as at March 31, 2023, was informed by formal valuations conducted by an independent property appraiser as at November 2022 and April 2023 using the sales comparison approach. This approach compares the property valued with recent sales of comparable properties adjusted for specific circumstances.

Future lease income expected to be received under a five-year lease term commencing in June 2019, within one year from the reporting date is US\$36,315 (2022: US\$36,315). The next rate increase is in discussion.

15. Intangible assets

	<u>The Group</u>						<u>The Company</u>
	<u>Goodwill</u>	<u>Broadcasting rights</u>	<u>Brand</u>	<u>Leases</u>	<u>Computer software</u>	<u>Total</u>	<u>Computer Software</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:							
March 31, 2021	75,002	263,949	221,100	141,800	309,796	1,011,647	15,955
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,456</u>	<u>120,456</u>	<u>-</u>
March 31, 2022	75,002	263,949	221,100	141,800	430,252	1,132,103	15,955
Additions					68,875	68,875	1,685
Transfers from property, plant and equipment Settled on amalgamation (note 31)					55,887	55,887	55,887
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(141,800)</u>	<u>-</u>	<u>(141,800)</u>	<u>-</u>
March 31, 2023	<u>75,002</u>	<u>263,949</u>	<u>221,100</u>	<u>-</u>	<u>555,014</u>	<u>1,115,065</u>	<u>73,527</u>
Amortisation:							
March 31, 2021	-	263,949	83,152	46,545	195,750	589,396	12,789
Amortisation charge	<u>-</u>	<u>-</u>	<u>14,740</u>	<u>9,453</u>	<u>65,862</u>	<u>90,055</u>	<u>2,234</u>
March 31, 2022	-	263,949	97,892	55,998	261,612	679,451	15,023
Amortisation charge	<u>-</u>	<u>-</u>	<u>14,740</u>	<u>-</u>	<u>74,128</u>	<u>88,868</u>	<u>9,748</u>
Settled on amalgamation (note 31)							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,998)</u>	<u>-</u>	<u>(55,998)</u>	<u>-</u>
March 31, 2023	<u>-</u>	<u>263,949</u>	<u>112,632</u>	<u>-</u>	<u>335,740</u>	<u>712,321</u>	<u>24,771</u>
Net book value:							
March 31, 2023	<u>75,002</u>	<u>-</u>	<u>108,468</u>	<u>-</u>	<u>219,274</u>	<u>402,744</u>	<u>48,756</u>
March 31, 2022	<u>75,002</u>	<u>-</u>	<u>123,208</u>	<u>85,802</u>	<u>168,640</u>	<u>452,652</u>	<u>932</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*15. Intangible assets (continued)*Goodwill*

This arose on the acquisition of The Gleaner Company (Media) Limited (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.

Broadcast rights

The Company acquired exclusive rights to broadcast FIFA events for the period 2016 to 2022. These have been fully written-off and retired as the period to broadcast the events is over.

Brand/Leases

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, from 1834 Investments Limited. Consequent on the amalgamation between 1834 Investments Limited and Radio Jamaica Limited, the leases have been settled and retired (note 31).

More specifically, the below market rate leases originated as a beneficial contractual right when GCML was acquired and was deemed to be a fundamental part of the acquisition arrangement. No other contingent payments existed or were made in lieu of additional lease payments.

The recoverable amount of a CGU is determined based on value in use. The impairment testing indicated that there was no significant risk of impairment. The testing used 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, which range from 3.5% to 4.5% over a five-year period, with a terminal growth rate of 2.5%. The discount rate applied amounts to 20%. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately \$45,929,000 (2022: \$12,485,000). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. Indicated below is the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

Discount rate: 2023: 0.80% (2022: 0.25%)

Growth rate: 2023: 1.0% (2022: 0.20%)

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Amounts recognised in the Statement of financial position:				
Pension schemes	93,898	91,906	65,627	91,906
Other retirement benefits	(183,455)	(250,224)	(64,707)	(77,503)
Amounts recognised in profit or loss:				
Pension schemes	67,838	56,585	40,863	28,020
Other retirement benefits	22,938	14,006	10,366	9,125
Amounts recognised in other comprehensive income:				
Pension schemes	(117,940)	35,721	(14,455)	30,437
Other retirement benefits	(33,388)	275	(21,412)	235
Deferred tax	<u>37,832</u>	<u>(8,999)</u>	<u>8,967</u>	<u>(7,668)</u>
	<u>(113,496)</u>	<u>26,997</u>	<u>(26,900)</u>	<u>23,004</u>

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 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 which has responsibilities for the general management of the portfolio of investments and the administration of the fund. The scheme is funded at 16.19% of pensionable salaries, being 5% by members and 11.19% by the sponsoring entity. Members may contribute up to an additional 3.81%. The scheme is valued annually by independent actuaries using the projected unit credit method. The latest actuarial valuation, for accounting purposes, was done as at February 28, 2023, with the movement to March 31, 2023, deemed insignificant to the financial statements.

The Gleaner Company (Media) Limited and Independent Radio Company Limited operate a defined contribution pension scheme for all permanent employees who satisfy certain minimum service requirements. The fund is managed and administered by JN Fund Managers Limited. Total contributions to this defined contribution scheme during the year aggregated \$16,750,000 (2022: \$17,599,000).

The amounts recognised in the statement of financial position, in respect of the defined benefit scheme, were determined as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Fair value of plan assets	1,621,660	1,678,790	1,211,692	1,232,130
Present value of funded obligation	(1,068,902)	(1,586,884)	(760,395)	(1,140,224)
Effect of asset ceiling	<u>(458,860)</u>	<u>-</u>	<u>(383,905)</u>	<u>-</u>
Asset in the statement of financial position	<u>93,898</u>	<u>91,906</u>	<u>67,392</u>	<u>91,906</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Pension schemes (continued):

The movement in the present value of the funded obligation recognised in the statement of profit or loss and other comprehensive income was as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at start of year	1,586,884	1,369,365	1,140,224	989,047
Current service cost	62,537	51,711	41,847	34,222
Interest cost	<u>125,089</u>	<u>122,327</u>	<u>89,766</u>	<u>82,591</u>
	1,774,510	1,543,403	1,271,837	1,105,860
Remeasurements:				
Experience (gains)/losses	(45,412)	(15,872)	(48,124)	(5,814)
Losses/(gains) from change in financial assumptions	<u>(627,457)</u>	<u>39,029</u>	<u>(422,840)</u>	<u>27,107</u>
	<u>1,101,641</u>	<u>1,566,560</u>	<u>800,873</u>	<u>1,127,153</u>
Employee contributions	59,316	63,410	38,268	41,790
Benefits paid	<u>(92,055)</u>	<u>(43,086)</u>	<u>(78,746)</u>	<u>(28,719)</u>
	<u>1,068,902</u>	<u>1,586,884</u>	<u>760,395</u>	<u>1,140,224</u>

The movement in the fair value of plan assets recognised in the statement of profit or loss and other comprehensive income was as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at start of year	1,678,790	1,518,131	1,232,130	1,137,813
Employee contributions	59,316	96,378	38,268	41,790
Employer contributions	2,692	2,478	1,794	1,597
Interest income on plan assets	130,269	127,682	98,206	96,143
Benefits paid	(142,857)	(43,086)	(78,746)	(28,719)
Administrative fees	(10,481)	(10,229)	(7,456)	(7,350)
Remeasurements of plan assets	<u>(96,069)</u>	<u>(12,564)</u>	<u>(72,504)</u>	<u>(9,144)</u>
Balance at end of year	<u>1,621,660</u>	<u>1,678,790</u>	<u>1,211,692</u>	<u>1,232,130</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current service cost	62,537	51,711	41,847	34,222
Interest cost	125,089	122,327	89,766	82,591
Interest income on plan assets	(130,269)	(127,682)	(98,206)	(96,143)
Administrative fees	<u>10,481</u>	<u>10,229</u>	<u>7,456</u>	<u>7,350</u>
Total included in staff costs (Note 7)	<u>67,838</u>	<u>56,585</u>	<u>40,863</u>	<u>28,020</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

16. Retirement benefits (continued)

Pension schemes (continued):

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Remeasurements of the defined benefit obligation	(672,869)	23,157	(470,964)	21,293
Remeasurements of the plan assets	96,069	12,564	72,504	9,144
Change in effect of asset ceiling	<u>458,860</u>	<u>-</u>	<u>383,905</u>	<u>-</u>
Total	<u>(117,940)</u>	<u>35,721</u>	<u>(14,555)</u>	<u>30,437</u>

The distribution of the fair value of the plan assets attributable to the defined benefit scheme, was as follows:

	<u>The Group & Company</u>	
	<u>2023</u>	<u>2022</u>
	%	%
Equities	33	34
Pooled funds	11	10
Company's own equity shares	1	1
Government of Jamaica securities	24	31
Certificate of deposits	7	2
US\$ Investments	1	1
Corporate bonds	18	15
Other	<u>5</u>	<u>6</u>
	<u>100</u>	<u>100</u>

Expected employer contributions to the defined benefit plan for the year ending March 31, 2024, amount to \$2,830,000 for the Group and \$1,900,000 for the Company.

Principal actuarial assumptions used in valuing retirement benefits:

	<u>The Group & Company</u>	
	<u>2023</u>	<u>2022</u>
	Increase assumption by one year	Decrease in assumption by one year
Discount rate	13.0%	8.0%
Inflation rate	5.5%	5.0%
Future salary increases	6.5%	6.0%
Future pension increases	3.75%	3.25%
Long-term increase in health cost	8.0%	6.5%

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Pension schemes (continued):

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

	<u>The Group</u>		
	<u>2023</u>		
	<u>Impact on post employment obligations</u>		
	<u>Change in</u>	<u>Increase in</u>	<u>Decrease in</u>
	<u>assumption</u>	<u>assumption</u>	<u>assumption</u>
		\$'000	\$'000
Discount rate	1%	(68,849)	86,338
Future salary increases	1%	22,597	(7,066)
Pension increases	<u>1%</u>	<u>56,872</u>	<u>(48,892)</u>

	<u>The Group</u>		
	<u>2022</u>		
	<u>Impact on post employment obligations</u>		
	<u>Change in</u>	<u>Increase in</u>	<u>Decrease in</u>
	<u>assumption</u>	<u>assumption</u>	<u>assumption</u>
		\$'000	\$'000
Discount rate	1%	(188,291)	239,645
Future salary increases	1%	63,450	(57,078)
Pension increases	<u>1%</u>	<u>153,801</u>	<u>(128,480)</u>

	<u>The Company</u>		
	<u>2023</u>		
	<u>Impact on post employment obligations</u>		
	<u>Change in</u>	<u>Increase in</u>	<u>Decrease in</u>
	<u>assumption</u>	<u>assumption</u>	<u>assumption</u>
		\$'000	\$'000
Discount rate	1%	(49,375)	60,279
Future salary increases	1%	14,939	(13,430)
Pension increases	<u>1%</u>	<u>40,689</u>	<u>(35,491)</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Pension schemes (continued):

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

	<u>The Company</u>		
	<u>2022</u>		
	<u>Impact on post employment obligations</u>		
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
		\$'000	\$'000
Discount rate	1%	(129,217)	163,079
Future salary increases	1%	42,045	(38,020)
Pension increases	<u>1%</u>	<u>105,605</u>	<u>(88,852)</u>

	<u>The Group</u>		
		<u>Increase assumption by one year</u>	<u>Decrease in assumption by one year</u>
		\$'000	\$'000
Life expectancy	2023	<u>15,500</u>	<u>(16,200)</u>
Life expectancy	2022	<u>38,200</u>	<u>(38,600)</u>

	<u>The Company</u>		
		<u>Increase assumption by one year</u>	<u>Decrease in assumption by one year</u>
		\$'000	\$'000
Life expectancy	2023	<u>12,000</u>	<u>(12,500)</u>
Life expectancy	2022	<u>28,900</u>	<u>(29,200)</u>

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*16. 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 movement in the present value of unfunded obligations was as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at start of year	250,224	209,816	77,503	69,947
Current service cost	7,052	24,613	4,244	3,256
Interest cost	<u>15,886</u>	<u>17,078</u>	<u>6,122</u>	<u>5,869</u>
	273,162	251,507	87,869	79,072
Remeasurements:				
Experience losses/(gains)	(2,849)	2,389	(1,317)	761
Gains on settlement	-	-	-	-
Gains from change in demographic assumptions	25,927	(2,067)	16,292	(739)
(Gains)/losses from change in financial assumptions	<u>(56,466)</u>	<u>(47)</u>	<u>(36,387)</u>	<u>213</u>
	<u>(33,388)</u>	<u>275</u>	<u>(21,412)</u>	<u>235</u>
Benefits paid	<u>(56,319)</u>	<u>(1,558)</u>	<u>(1,750)</u>	<u>(1,804)</u>
Balance at end of year	<u>183,455</u>	<u>250,224</u>	<u>64,707</u>	<u>77,503</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current service cost	7,052	24,613	4,244	3,256
Interest service cost	<u>15,886</u>	<u>17,078</u>	<u>6,122</u>	<u>5,869</u>
Total included in staff costs (Note 7)	<u>22,938</u>	<u>41,691</u>	<u>10,366</u>	<u>9,125</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Remeasurements of the defined benefit obligation	<u>(33,388)</u>	<u>275</u>	<u>(21,412)</u>	<u>235</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

16. Retirement benefits (continued)

Other retirement benefits (continued):

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

	<u>The Group</u>		
	<u>2023</u>		
	<u>Impact on post-employment obligations</u>		
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
		\$'000	\$'000
Discount rate	1%	70,498	106,594
Health inflation rate	<u>1%</u>	<u>(82,281)</u>	<u>(90,838)</u>

	<u>The Group</u>		
	<u>2022</u>		
	<u>Impact on post employment obligations</u>		
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
		\$'000	\$'000
Discount rate	0.5-1%	(95,345)	108,544
Health inflation rate	0.5-1%	<u>(69,466)</u>	<u> 63,867</u>

	<u>The Company</u>		
	<u>2023</u>		
	<u>Impact on post-employment obligations</u>		
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
		\$'000	\$'000
Discount rate	1%	(6,476)	7,758
Health inflation rate	<u>1%</u>	<u> 8,100</u>	<u>(6,827)</u>

	<u>The Company</u>		
	<u>2022</u>		
	<u>Impact on post-employment obligations</u>		
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
		\$'000	\$'000
Discount rate	1%	(10,016)	12,492
Health inflation rate	<u>1%</u>	<u>12,616</u>	<u>(10,268)</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Other retirement benefits (continued):

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

		<u>The Group</u>	
		Increase assumption by one year \$'000	Decrease in assumption by one year \$'000
Life expectancy	2023	<u>92,357</u>	<u>(86,607)</u>
Life expectancy	2022	<u>91,511</u>	<u>(84,383)</u>
		<u>The Company</u>	
		Increase assumption by one year \$'000	Decrease in assumption by one year \$'000
Life expectancy	2023	<u>1,608</u>	<u>(1,630)</u>
Life expectancy	2022	<u>2,335</u>	<u>(2,312)</u>

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.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)*Asset-liability matching framework*

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 2022 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 December 31, 2022. 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.

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 members, 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.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and expenses in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65.

The weighted average duration of the defined benefit obligation to the pension scheme is 8 years. The weighted average duration of the defined benefit obligation for post-employment medical and life insurance benefits is 13 years and 11 years, respectively.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023

*(Expressed in Jamaica dollars unless otherwise stated)*17. Deferred taxation

The movement in the deferred tax assets and liabilities during the year is as follows:

	Group						
	2021 \$'000	Recognised in income \$'000 (note 9)	Recognised in other comprehensive income \$'000 (note 9)	2022 \$'000	Recognised in income \$'000 (note 9)	Recognised in other comprehensive income \$'000 (note 9)	2023 \$'000
Deferred tax assets:							
Accelerated tax depreciation	18,367	9,922	-	28,289	-	-	28,289
Retirement benefits	52,791	11,906	(2,850)	61,847	(3,199)	-	58,648
Accrued vacation	41,601	3,318	-	44,919	369	-	45,288
Unrealised foreign exchange losses	-	306	-	306	3,624	-	3,930
Tax losses	84,609	(29,148)	-	55,461	3,026	-	58,487
Others	<u>35,130</u>	<u>(83,062)</u>	<u>-</u>	<u>(47,932)</u>	<u>(4,579)</u>	<u>-</u>	<u>(52,511)</u>
Total deferred tax assets	<u>232,498</u>	<u>(86,758)</u>	<u>(2,850)</u>	<u>142,890</u>	<u>(759)</u>	<u>-</u>	<u>142,131</u>
Deferred tax liabilities:							
Accelerated tax depreciation	60,474	-	-	60,474	11,186	-	71,660
Retirement benefits	43,300	(900)	(11,849)	30,551	(17,946)	37,832	50,437
Unrealised foreign exchange gains	606	-	-	606	-	-	606
Intangible assets	94,977	-	-	94,977	-	-	94,977
Interest receivable	(2,212)	330	-	(1,882)	(1,567)	-	(3,449)
Others	<u>8,767</u>	<u>(98,974)</u>	<u>-</u>	<u>(90,207)</u>	<u>(2,403)</u>	<u>-</u>	<u>(92,610)</u>
Total deferred tax liabilities	<u>205,912</u>	<u>(99,544)</u>	<u>(11,849)</u>	<u>94,519</u>	<u>10,730</u>	<u>37,832</u>	<u>121,621</u>
Net deferred tax assets	<u>26,586</u>	<u>12,786</u>	<u>8,999</u>	<u>48,371</u>	<u>9,971</u>	<u>(37,832)</u>	<u>20,510</u>

	Company						
	2021 \$'000	Recognised in income \$'000 (note 9)	Recognised in other comprehensive income \$'000 (note 9)	2022 \$'000	Recognised in income \$'000 (note 9)	Recognised in other comprehensive income \$'000 (note 9)	2023 \$'000
Deferred tax assets:							
Accelerated tax depreciation	1,698	421	-	2,119	(942)	-	1,177
Retirement benefit obligation	(19,705)	8,436	7,668	(3,601)	12,338	(8,967)	(230)
Accrued vacation	6,397	1,701	-	8,098	369	-	8,467
Unrealised foreign exchange losses	185	(403)	-	(218)	3,624	-	3,406
Tax losses	30,896	(6,486)	-	24,410	3,026	-	27,436
Interest receivable	(1,400)	(330)	-	(1,730)	(1,567)	-	(3,297)
Others	<u>190</u>	<u>5,227</u>	<u>-</u>	<u>5,417</u>	<u>(3,684)</u>	<u>-</u>	<u>1,733</u>
Total deferred tax assets	<u>18,261</u>	<u>8,566</u>	<u>7,668</u>	<u>34,495</u>	<u>13,164</u>	<u>(8,967)</u>	<u>38,692</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*17. Deferred taxation (continued)

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. Tax losses available for offset against future taxable profits amounted to \$567,131,000 (2022: \$393,891,000) for the Group and \$109,745,000 (2022: \$97,640,000) for the Company. Deferred income tax assets have not been recognised for tax losses carried forward in respect of certain subsidiaries. These tax losses amounted to \$297,068,000 (2022: \$131,325,000) and unrecognised deferred tax assets in respect of tax losses carried forward amounted to \$74,267,000 (2022: \$32,831,000). No critical judgements were applied in the recognition of deferred tax and these losses may be carried forward indefinitely, if unutilised.

18. Investment in subsidiaries (at cost)

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Multi-Media Jamaica Limited	50	50
Television Jamaica Limited	18,824	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	<u>236,942</u>	<u>236,942</u>
	<u>1,823,676</u>	<u>1,824,854</u>

19. Investment securities

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Non-current:				
At fair value through profit or loss (FVTPL):				
Quoted	3,920	4,565	3,920	4,565
Other	18,683	19,696	18,683	19,495
Units in unit trust	95,506	-	95,506	-
Bonds	4,094	-	4,094	-
At fair value through other comprehensive income (FVOCI):				
Quoted equities	70,568	-	70,568	-
Corporate bonds	72,786	-	72,786	-
Unquoted	6,056	7	6,056	7
Amortised cost:				
Certificate of deposit	<u>11,727</u>	<u>-</u>	<u>11,727</u>	<u>-</u>
	<u>283,340</u>	<u>24,268</u>	<u>283,340</u>	<u>24,067</u>
Current:				
At fair value through profit or loss (FVTPL):				
Securities purchased under resale agreements	<u>511,709</u>	<u>-</u>	<u>511,709</u>	<u>-</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*19. Investment securities (continued)

The Group and Company invest in securities purchased under resale agreements. At the reporting date, the securities had a carrying amount of \$511,709,000 (2022: \$Nil), net of impairment allowance of \$2,600,000 (2022: \$Nil).

20. Inventories

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Spares	1,466	1,646	1,466	1,394
Film	18,834	16,333	-	-
Newsprint	90,900	49,966	-	-
Goods in transit	60,618	4,887	-	-
Books, stationery and general supplies	14,865	31,878	3,185	2,579
Consumable stores	21,692	11,272	331	-
Other	<u>3,812</u>	<u>2,512</u>	<u>49</u>	<u>432</u>
	<u>212,187</u>	<u>118,494</u>	<u>5,031</u>	<u>4,405</u>

Inventories expensed to direct expenses during the year amounted to \$330,048,000 (2022: \$232,111,000) for the Group.

21. Due from/to subsidiaries*Due from subsidiaries:*

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Multi-Media Jamaica Limited	73,612	27,677
Media Plus Limited	165,240	134,390
The Gleaner Company (USA) Limited	24,385	35,138
The Gleaner Company (Media) Limited	279,120	244,179
Reggae Entertainment Television Limited	18,482	-
Jamaica News Network Limited	<u>35,092</u>	<u>910</u>
	<u>595,931</u>	<u>442,294</u>

The above balances are unsecured, interest-free and repayable on demand.

Due to subsidiaries:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Reggae Entertainment Television Limited	-	(356)
Television Jamaica Limited	(165,304)	(209,149)
Independent Radio Company Limited	<u>(89,285)</u>	<u>(90,414)</u>
	<u>(254,589)</u>	<u>(299,919)</u>

The above balances are unsecured, interest-free and repayable on demand.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

22. Related party transactions

(a) Company:

	<u>2023</u> \$'000	<u>2022</u> \$'000
Sale of services	<u>16,678</u>	<u>17,703</u>

(b) Company:
Purchase of services

	<u>2023</u> \$'000	<u>2022</u> \$'000
Purchases	46,517	46,136
Rental expense	<u>-</u>	<u>175</u>
	<u>46,517</u>	<u>46,311</u>

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

	<u>The Group & Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000
Wages and salaries	132,410	75,670
Statutory contributions	8,440	4,450
Post-employment benefits	<u>14,030</u>	<u>8,816</u>
	<u>154,880</u>	<u>88,936</u>

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000
Directors' emoluments:				
Fees	11,289	10,712	9,293	9,505
Management remuneration (included in staff costs)	<u>50,362</u>	<u>47,301</u>	<u>50,362</u>	<u>47,301</u>
	<u>61,651</u>	<u>58,013</u>	<u>59,655</u>	<u>56,806</u>

23. Receivables

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000
Trade receivables	1,169,616	1,365,396	152,010	225,151
Prepayments	57,655	72,808	20,258	28,627
Others	<u>228,550</u>	<u>147,368</u>	<u>111,968</u>	<u>45,591</u>
	1,455,821	1,585,572	284,236	299,369
Less: Loss allowance for impairment [note 32(a)(i)]	<u>(377,826)</u>	<u>(403,232)</u>	<u>(61,096)</u>	<u>(78,484)</u>
	<u>1,077,995</u>	<u>1,182,340</u>	<u>223,140</u>	<u>220,885</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*24. Cash and cash equivalents

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and cash equivalents (a)	260,718	546,282	106,526	231,946
Resale agreements (b)	<u>56,638</u>	<u>204,589</u>	<u>56,638</u>	<u>204,589</u>
	<u>317,356</u>	<u>750,871</u>	<u>163,164</u>	<u>436,535</u>

- (a) Cash comprises amounts held in current accounts, which currently attract interest at a rate of 0.25% - 0.40% per annum.
- (b) The resale agreements are held with financial institutions and earn interest at an average rate of 3.5% (2022: 2%) and mature within three months from the date of placement.

The fair value of the underlying securities obtained by the group under resale agreements approximates the carrying value of the agreements.

No impairment loss was recognised on the resale agreements during the year.

- (c) The Group has unsecured bank overdraft facilities. The effective interest rate on account overdrafts is 17.75%. There were no outstanding withdrawals from the facility at period end.

25. Share capital

Authorised:

50,000 (2022: 50,000) 5% Cumulative participating preference shares

3,633,731,481 (2022: 3,633,731,481) Ordinary shares

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Issued and fully paid:		
3,023,506,931 (2022: 2,422,487,654) Ordinary shares of no par value, issued as stock units	3,608,622	2,046,117
24,804,577 Treasury shares (2022: 24,804,577) Ordinary shares of no par value	(<u>5,039</u>)	(<u>5,039</u>)
	<u>3,603,583</u>	<u>2,041,078</u>

The treasury shares in the company are held by a Trust for the purposes of issuing shares under the RJR Employee Share Scheme.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*25. Share capital (continued)

During the year, 601,019,277 shares were issued as a result of the amalgamation (note 31).

The maximum percentage of ordinary shares which one person may hold in the company is 21% of the issued shares.

26. Long-term loans & leases*Long-term loans*

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
(a) First Global Bank Limited Loan 1	409,683	428,372	409,683	428,372
(b) First Global Bank Limited Loan 2	139,989	150,000	139,989	150,000
(c) First Global Bank Limited Loan 3	<u>11,139</u>	<u>-</u>	<u>11,139</u>	<u>-</u>
	560,811	578,372	560,811	578,372
Less: Current portion(Note 27)	<u>(46,106)</u>	<u>(169,655)</u>	<u>(46,106)</u>	<u>(169,655)</u>
	<u>514,705</u>	<u>408,717</u>	<u>514,705</u>	<u>408,717</u>

(a) This loan is repayable on a monthly basis, maturing in July 2036, and attracts interest at 8.25%. It is secured by a first mortgage over certain commercial properties owned by the Group.

(b) This loan was repayable on a monthly basis, maturing in June 2022 and attracted interest at 5%. This loan was repaid during the year and a new loan of \$150 million was received. This loan attracts interest at 9.50% and matures on October 27, 2027. It is secured by a first mortgage over a commercial property owned by the Group.

(c) This loan is repayable on a monthly basis maturing in October 2026 and attracts interest at 9.35% per annum. It is secured by certain assets of the Group.

Leases

The Group entered into lease arrangements for the purchase of motor vehicles. The leases typically run for a period of 4 to 5 years and do not have an extension option. The Group has also elected not to recognise right-of-use assets and lease liabilities for certain low value leases. At the reporting date, the Group had no short-term leases.

(a) Undiscounted cash flows of lease liabilities

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Less than one year	8,553	9,166	-	-
One to five years	<u>10,072</u>	<u>3,146</u>	<u>-</u>	<u>-</u>
	18,625	12,312	-	-
Future finance interest expense	<u>(3,494)</u>	<u>(803)</u>	<u>-</u>	<u>-</u>
Carrying value of lease obligations	<u>15,131</u>	<u>11,509</u>	<u>-</u>	<u>-</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*26. Long-term loans & leases (continued)*Leases (continued)*

(a) Undiscounted cash flows of lease liabilities (continued)

Amounts recognised in the statement of financial position:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Current (Note 27)	10,328	8,453	-	-
Non-current	<u>4,803</u>	<u>3,056</u>	-	-
	<u>15,131</u>	<u>11,509</u>	-	-

(b) Amounts recognised in profit or loss

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Interest on lease liabilities	11,763	1,704	-	-
Depreciation on right-of-use assets	<u>6,687</u>	<u>6,687</u>	-	-

(c) Amounts recognised in the statement of cash flows

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Total cash outflows for leases	<u>8,141</u>	<u>11,192</u>	-	-

(d) Right-of-use assets related to motor vehicles are presented in property, plant and equipment and shown under leased operating assets (note 13).

27. Payables

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	\$'000	\$'000	\$'000	\$'000
Trade	555,310	605,535	165,928	109,317
Accrued vacation leave	84,364	32,898	33,867	32,393
Other accruals	408,508	411,632	90,938	48,146
Current portion of leases (Note 26)	10,328	8,453	-	-
Current portion of long-term loans (Note 26)	46,106	169,655	46,106	169,655
Statutory deductions	759	9,550	-	-
Deferred revenue	-	4,264	-	-
General Consumption Tax payable	8,846	42,702	-	-
Others	<u>151,126</u>	<u>112,679</u>	<u>70,095</u>	<u>70,037</u>
	<u>1,265,347</u>	<u>1,397,368</u>	<u>406,934</u>	<u>429,548</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*27. Payables (continued)

Included in 'Others' are provisions for claims resulting from various litigation cases against the Group recognised in accordance with IAS 37 amounting to \$32,236,000, (2022: \$37,587,000), none of which is individually material.

28. Segment reporting

The Board of Directors has determined the Group's operating segments based on the reports reviewed by them 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 the Board of Directors deems that information to be the most relevant in evaluating segments relative to other entities that operate within these industries.

The designated operating segments are:

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

	2023					
	Audio <u>visual</u>	Audio	Print & <u>others</u>	Sub-total	Eliminations as a result of inter-segment <u>transactions</u>	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues	2,419,899	799,163	2,352,204	5,571,266	(134,759)	5,436,507
Operating (loss)/profit	60,733	(129,594)	(143,863)	(212,724)	12,364	(200,360)
Assets	2,717,057	5,857,214	1,645,238	10,219,509	(3,498,549)	6,720,960
Liabilities	1,149,586	1,462,576	1,170,533	3,782,695	(1,682,781)	2,099,914
Equity accounted investees	-	-	214,583	214,583	-	214,583
Capital expenditure	170,569	148,548	88,632	407,749	-	407,749
Depreciation and amortisation	159,321	60,538	87,669	307,528	15,730	323,258
Finance costs	(<u>26,017</u>)	(<u>15,798</u>)	(<u>11,779</u>)	(<u>53,594</u>)	<u>660</u>	(<u>52,934</u>)

	2022					
	Audio <u>visual</u>	Audio	Print & <u>others</u>	Sub-total	Eliminations as a result of inter-segment <u>transactions</u>	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues	2,695,492	832,563	2,306,276	5,834,331	(123,173)	5,711,158
Operating profit	392,856	44,583	55,699	493,138	(24,192)	468,946
Assets	2,860,189	3,907,542	1,504,456	8,272,187	(3,278,500)	4,993,687
Liabilities	1,432,554	1,471,304	841,771	3,745,629	(1,541,876)	2,203,753
Equity accounted investees	-	-	121,957	121,957	-	121,957
Capital expenditure	680,530	148,811	135,285	964,626	-	964,626
Depreciation and amortisation	151,802	43,732	73,396	268,930	24,192	293,122
Finance costs	(<u>29,176</u>)	(<u>10,336</u>)	(<u>8,387</u>)	(<u>47,899</u>)	<u>-</u>	(<u>47,899</u>)

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*28. Segment reporting (continued)

Inter-segment transactions

Information related to each inter-segment revenues are as follows:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Audio visual	59,571	59,534
Print and others	<u>75,188</u>	<u>63,639</u>
	<u>134,759</u>	<u>123,173</u>

Assets and liabilities which have been eliminated as a result of inter-segment transactions primarily relate to inter-company balances. The inter-segment operating profit is not significant to the Group.

The Group's operations, including its non-current assets, are primarily located in Jamaica. Its customers are also mainly resident in, and operate from, Jamaica. No customer individually represents 10% or more of the Group's revenues. Revenues from markets outside Jamaica are not significant.

29. Contingencies and commitments

(a) 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 have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both its financial position and results of operations.

(b) Commitments:

As at March 31, 2023, commitments for capital expenditure for which no provision has been made in these financial statements amount to approximately \$167,818,000 (2022: \$27,275,000) for the Group and \$214,060,000 (2022: \$10,973,000) for the Company.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

30. Equity accounted associates

	2023				2022		
	Jamaica	SiFi			Jamaica	SiFi	
	<u>Holding</u>	<u>Studios</u>	<u>JJVI</u>	<u>Total</u>	<u>Holding</u>	<u>Studios</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment at cost	75,647	46,310	-	121,957	75,334	50,497	125,831
Advances	30,701	-	-	30,701	8,061	350	8,411
Transfer on amalgamation (note 31)	-	-	288,167	288,167	-	-	-
Dividends received	-	-	(226,125)	(226,125)	-	-	-
Share of net profit/(loss)	<u>1,371</u>	<u>(93)</u>	<u>(1,395)</u>	<u>(117)</u>	<u>(7,748)</u>	<u>(4,537)</u>	<u>(12,285)</u>
	<u>107,719</u>	<u>46,217</u>	<u>60,647</u>	<u>214,583</u>	<u>75,647</u>	<u>46,310</u>	<u>121,957</u>

The equity accounted interest in Jamaica Joint Venture Investment Company Limited (JJVI) is accounted for in the Company.

The summarised information for equity accounted associates for the year ended March 31, 2023, is as presented in the tables below:

	2023				2022		
	Jamaica	SiFi			Jamaica	SiFi	
	<u>Holding</u>	<u>Studios</u>	<u>JJVI</u>	<u>Total</u>	<u>Holding</u>	<u>Studios</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	17,544	1,931	146,527	166,002	20,687	4,438	25,125
Current liabilities	<u>(99)</u>	<u>(7,641)</u>	<u>(27,206)</u>	<u>(34,946)</u>	<u>(18,073)</u>	<u>(8,310)</u>	<u>(26,383)</u>
Net current assets/ (liabilities)	17,445	(5,710)	119,321	131,056	2,614	(3,872)	(1,258)
Non-current assets	118	657	3,137	3,912	120	1,021	1,141
Non-current liabilities	-	-	(1,164)	(1,164)	-	-	-
Net assets/(liabilities) (100%)	<u>17,563</u>	<u>(5,053)</u>	<u>121,294</u>	<u>133,804</u>	<u>2,734</u>	<u>(2,851)</u>	<u>(117)</u>
Percentage of ownership interest	<u>50%</u>	<u>17.29%</u>	<u>50%</u>		<u>50%</u>	<u>17.29%</u>	
Group's share of net assets/ (liabilities)	<u>8,782</u>	<u>(874)</u>	<u>60,647</u>	<u>68,555</u>	<u>1,367</u>	<u>(493)</u>	<u>874</u>

	2023				2022		
	Jamaica	SiFi			Jamaica	SiFi	
	<u>Holding</u>	<u>Studios</u>	<u>JJVI</u>	<u>Total</u>	<u>Holding</u>	<u>Studios</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	<u>254,187</u>	<u>14,888</u>	<u>139</u>	<u>269,214</u>	<u>266,889</u>	<u>15,780</u>	<u>282,669</u>
Loss from continuing operations (100%)	<u>2,741</u>	<u>(538)</u>	<u>(2,789)</u>	<u>(586)</u>	<u>(15,496)</u>	<u>(26,241)</u>	<u>(41,737)</u>
Percentage of ownership interest	<u>50%</u>	<u>17.29%</u>	<u>50%</u>		<u>50%</u>	<u>17.29%</u>	
Group's share of profit/(loss)	<u>1,371</u>	<u>(93)</u>	<u>(1,395)</u>	<u>(117)</u>	<u>(7,748)</u>	<u>(4,537)</u>	<u>(12,285)</u>

JJVI's share of net loss is accounted in the Company and the summarised statement of comprehensive income is from December 1, 2022, to March 31, 2023 (see note 31).

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*31. Effect of amalgamation

By order dated November 24, 2022, the Supreme Court of Jamaica approved the Scheme of Arrangement to amalgamate Radio Jamaica Limited (RJL) with 1834 Investments Limited (1834). All assets and liabilities of 1834 have, accordingly, been assumed by and vested in RJL. In exchange, the arrangement provided that RJL pay cash or issue shares to the 1834 shareholders or issue shares in RJL to the holders of the cancelled 1834 shares. The transaction was underwritten to an aggregate amount of \$700 million by Victoria Mutual Investments Limited. On the conclusion of the transaction, RJL issued 0.49 stock units per every 1.0 outstanding stock unit of 1834 at a value of \$1.29 each.

For the four months ended March 31, 2023, the assets acquired through amalgamation contributed loss of \$15,260,000 to the Group results. If the acquisition had occurred on April 1, 2022, management estimates that consolidated profit for the year would have been \$132,225,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on April 1, 2022.

Costs in relation to the amalgamation amounting to \$19,897,000 primarily in relation to legal and professional fees. These costs are included in administrative expenses.

The financial impact of the above is as follows:

(a) An increase in share capital by the issue of 601,019,277 stock units at a value of \$2.5997 each aggregating \$1,562,504,771.

(b) A bargain purchase gain has been recognised in profit and loss as follows:

	<u>\$'000</u>
Gross purchase price	1,562,505
Net assets acquired (d)	(2,092,506)
Right of use settled in The Gleaner Company (Media) Limited (note 15)	<u>85,802</u>
Bargain purchase gain	<u>(444,199)</u>

The bargain purchase gain for the Group and Company is accounted for as follows:

	<u>\$'000</u>
In the Company	(530,001)
In the subsidiaries	<u>85,802</u>
Bargain purchase gain	<u>444,199</u>

In May 2017, 1834 Investments Limited (1834), as part of its divestment of its media holdings, had leased its property to The Gleaner Company (Media) Limited at a rent significantly below the market rent. Therefore, 1834 considered this as an onerous lease which was factored into the valuation of investment property carried in its books. On amalgamation, the onerous conditions were removed, resulting in the adjustment to the fair value of land and building by \$639 million and reversal of the Group's right of use lease asset of \$85.8 million. This gave rise to the bargain purchase gain computed above.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*31. Effect of amalgamation (continued)

- (c) The entire transaction has been accounted for as an all-stock transaction with net cash received from 1834 Investments Limited in the amount of \$214,194,000.
- (d) The effects of the amalgamation on the date of the transfer are detailed below:

	<u>December 1, 2022</u>
	\$'000
Assets:	
Investment properties (at market value)*	1,184,000
Property, plant and equipment (other than land and buildings)	25
Investment securities	629,731
Equity accounted investee	288,167
Cash and cash equivalents	214,194
Accounts receivable	16,103
Taxation recoverable	<u>33,206</u>
	<u>2,365,426</u>
Liabilities:	
Deferred tax liabilities	3,170
Accounts payable	<u>269,750</u>
	<u>272,920</u>
Fair value of net assets transferred	<u><u>2,092,506</u></u>

*Transferred to property, plant and equipment on the date of acquisition.

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

<u>Asset acquired</u>	<u>Valuation techniques</u>
Investment properties	<p>The income-based approach and the market-based approach were used. The valuation model for the income-based approach considers rental growth, void and likely delays, discount rate, net rental value capitalisation rate.</p> <p>The market-based approach considers conditions influencing the sale of comparable properties, comparability adjustment and the potential rental value of the property in the current investment climate.</p>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*31. Effect of amalgamation (continued)

(d) The effects of the amalgamation on the date of the transfer are detailed below (continued):

The valuation techniques used for measuring the fair value of material assets acquired were as follows (continued):

<u>Asset acquired</u>	<u>Valuation techniques</u>
Investment securities	Quoted entities are valued using the quoted market bid prices listed on the Jamaica Stock Exchange and other foreign stock exchanges at the reporting date.
	Other investments are valued using the market-based approach and are classified as level 2 on the fair value hierarchy.
Investment accounted for using equity method	This is carried at underlying net asset value with component assets subjected to valuation techniques described above.

32. 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:

Finance Compliance and Audit Committee

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*32. Financial risk management*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

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.

Concentration of credit risk

There is no significant concentration of credit risk related to investments and receivables. Investments are held with financial institutions which management regards as reputable and sound. These entities are regularly reviewed, and risk rated by the department of Finance and Administration.

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 Department of Finance and Administration 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.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*32. Financial risk management (continued)

(a) Credit risk (continued)

Credit review process (continued)

(i) Trade and other receivables (continued)

Customers' 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 expected credit 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.

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.

Impaired credits to customers

Impaired credits to customers are credits for which the Group determines that it is probable that it will be unable to collect all amounts due according to the contractual terms of the credit.

Expected credit loss assessment

Loss allowance is determined upon origination of the trade receivables based on a model that calculates the expected credit loss ("ECL") of the trade receivables and are recognised over their term.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*32. Financial risk management (continued)

(a) Credit risk (continued)

Credit review process (continued)

(i) Trade and other receivables (continued)

Impaired credits to customers (continued)*Expected credit loss assessment (continued)*

The Group allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and the available press information about its customers) and applying experienced credit judgement.

The Group uses a provision matrix to measure ECLs on trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Under this ECL model, the Group uses its trade receivables based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analyses of future delinquency, that is applied to the balance of the trade receivables.

Loss rates are calculated based on the probability of a trade receivables progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the trade receivables.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continually monitored by the Group.

Stage 2

If a significant increase in credit risk(' SICR') since initial recognition is identified but the financial instrument is not yet deemed to be credit-impaired, it is moved to 'Stage 2'.

Stage 3

Financial assets that have an objective evidence of impairment will be included in this stage.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*32. Financial risk management (continued)

(a) Credit risk (continued)

Credit review process (continued)

(i) Trade and other receivables (continued)

*Expected credit loss assessment***Change in credit quality since initial recognition**

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

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:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000
Advertising agencies	795,930	1,064,749	123,436	168,474
Direct customers	<u>373,686</u>	<u>300,647</u>	<u>28,574</u>	<u>56,677</u>
	1,169,616	1,365,396	152,010	225,151
Less: Loss allowance for impairment	(<u>377,826</u>)	(<u>403,232</u>)	(<u>61,096</u>)	(<u>78,484</u>)
	<u>791,790</u>	<u>962,164</u>	<u>90,914</u>	<u>146,667</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*32. Financial risk management (continued)

(a) Credit risk (continued)

Credit review process (continued)

(i) Trade and other receivables (continued)

*Expected credit loss assessment (continued)***Change in credit quality since initial recognition (continued)**

Trade receivables loss allowance

The loss allowance as at March 31, 2023 and March 31, 2022 was determined as follows for trade receivables:

	<u>2023</u>			<u>Total</u> \$'000
	<u>The Group</u>			
	<u>Current</u> \$'000	60-119 <u>days</u> \$'000	Over <u>120 days</u> \$'000	
Expected loss rate	4%	48%	86%	
Gross carrying amount trade receivables	<u>679,744</u>	<u>176,854</u>	<u>313,018</u>	<u>1,169,616</u>
Loss allowance	<u>25,190</u>	<u>84,428</u>	<u>268,208</u>	<u>377,826</u>
Credit impaired	No	Yes	Yes	

	<u>2022</u>			<u>Total</u> \$'000
	<u>The Group</u>			
	<u>Current</u> \$'000	60-119 <u>days</u> \$'000	Over <u>120 days</u> \$'000	
Expected loss rate	8%	29%	78%	
Gross carrying amount trade receivables	<u>869,697</u>	<u>109,453</u>	<u>386,246</u>	<u>1,365,396</u>
Loss allowance	<u>70,958</u>	<u>31,231</u>	<u>301,043</u>	<u>403,232</u>
Credit impaired	No	Yes	Yes	

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*32. Financial risk management (continued)

(a) Credit risk (continued)

Credit review process (continued)

(i) Trade and other receivables (continued)

Trade receivables loss allowance (continued)

The loss allowance as at March 31, 2023 and March 31, 2022 was determined as follows for trade receivables (continued):

	<u>2023</u>			
	<u>The Company</u>			
	<u>Current</u> \$'000	<u>60-119</u> <u>days</u> \$'000	<u>Over</u> <u>120 days</u> \$'000	<u>Total</u> \$'000
March 31, 2023:				
Expected loss rate	6%	73%	97%	
Gross carrying amount trade receivables	<u>86,924</u>	<u>31,517</u>	<u>33,569</u>	<u>152,010</u>
Loss allowance	<u>5,373</u>	<u>23,112</u>	<u>32,610</u>	<u>61,096</u>
Credit impaired	No	Yes	Yes	
	<u>2022</u>			
	<u>The Company</u>			
	<u>Current</u> \$'000	<u>60-119</u> <u>days</u> \$'000	<u>Over</u> <u>120 days</u> \$'000	<u>Total</u> \$'000
March 31, 2022:				
Expected loss rate	3%	67%	87%	
Gross carrying amount trade receivables	<u>131,755</u>	<u>30,628</u>	<u>62,768</u>	<u>225,151</u>
Loss allowance	<u>3,312</u>	<u>20,396</u>	<u>54,776</u>	<u>78,484</u>
Credit impaired	No	Yes	Yes	

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u> \$'000	<u>2022</u> \$'000	<u>2023</u> \$'000	<u>2022</u> \$'000
At beginning of year	403,232	395,231	78,484	54,891
Reversed/recovered	(25,406)	(38,500)	(17,388)	-
Additional loss allowance required	<u>-</u>	<u>46,501</u>	<u>-</u>	<u>23,593</u>
At end of year	<u>377,826</u>	<u>403,232</u>	<u>61,096</u>	<u>78,484</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*32. Financial risk management (continued)

(a) Credit risk (continued)

(i) Trade and other receivables (continued)

Definition of default

In assessing whether a customer is in default, the company indicators that are:

- qualitative: e.g. the customer is more than 60 days past due on its contractual payments for circulation receivables and 30 days past due for advertising receivables; and
- quantitative: e.g. the counterparty meets unlikeliness-to-pay criteria, which indicates the borrower is in significant financial difficulty.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The company uses a forward-looking scorecard model to estimate the potential of future economic conditions.

External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in Jamaica.

(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 Compliance and Audit Committee performs quarterly reviews of the investments and securities held as part of their assessment of the Group's credit risk.

Impairment on cash and cash equivalents has been measured at 12-months expected loss basis and reflects the short maturities of the exposures. The group considered that cash and cash equivalents have low credit risk. No impairment allowance was recognised on cash and cash equivalents as at the reporting period as it was determined to be insignificant.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*32. Financial risk management (continued)

(a) Credit risk (continued)

(ii) Cash, deposits and investments (continued)

Impairment on resale agreement and investments at amortised cost has been measured on the 12-months expected loss basis. Information about the credit risk and quality of these financial assets are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Stage 1	Stage 1	Stage 1	Stage 1
	12-month ECL	12-month ECL	12-month ECL	12-month ECL
	\$'000	\$'000	\$'000	\$'000
Gross carrying amount	795,049	24,268	795,049	24,067
Less: Impairment allowance	(2,600)	-	(2,600)	-
	<u>\$792,449</u>	<u>24,268</u>	<u>792,449</u>	<u>24,067</u>

(iii) Receivables from group entities

In the Company's financial statements, an assessment is done for each subsidiaries' ability to pay if payment is demanded at the reporting date. Management reviews recovery scenarios considering given economic conditions and the borrower's liquidity over the life of the recoverable. The expected credit loss or these balances are immaterial.

(b) Liquidity risk

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

Liquidity risk management process

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

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

32. Financial risk management (continued)

(b) Liquidity risk (continued)

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

	2023				Carrying amount \$'000
	The Group				
	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000	
Lease obligations	8,553	10,072	-	18,625	15,131
Long-term loans	102,110	400,704	374,838	877,652	560,811
Payables	<u>1,208,913</u>	<u>-</u>	<u>-</u>	<u>1,208,913</u>	<u>1,208,913</u>
	<u>1,319,576</u>	<u>410,776</u>	<u>374,838</u>	<u>2,105,190</u>	<u>1,784,855</u>

	2022				Carrying amount \$'000
	The Group				
	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000	
Lease obligations	9,166	3,146	-	12,312	11,509
Long-term loans	194,914	598,849	-	793,763	578,372
Payables	<u>1,219,260</u>	<u>-</u>	<u>-</u>	<u>1,219,260</u>	<u>1,219,260</u>
	<u>1,423,340</u>	<u>601,995</u>	<u>-</u>	<u>2,025,335</u>	<u>1,809,141</u>

	2023				Carrying amount \$'000
	The Company				
	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000	
Long-term loans	102,110	400,704	374,838	877,652	560,811
Payables	360,828	-	-	360,828	360,828
Due to subsidiaries	<u>254,589</u>	<u>-</u>	<u>-</u>	<u>254,589</u>	<u>254,589</u>
	<u>717,527</u>	<u>400,704</u>	<u>374,838</u>	<u>1,493,069</u>	<u>1,176,228</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*32. Financial risk management (continued)

(b) Liquidity risk (continued)

	2022				Carrying amount \$'000
	The Company				
	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000	
Long-term loans	194,914	598,849	-	793,763	578,372
Payables	259,893	-	-	259,893	259,893
Due to subsidiaries	<u>299,919</u>	<u>-</u>	<u>-</u>	<u>299,919</u>	<u>299,919</u>
	<u>754,726</u>	<u>598,849</u>	<u>-</u>	<u>1,353,575</u>	<u>1,138,184</u>

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

(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.

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

Sensitivity analysis – equity price risk

A 6% (2022: 5%) increase or decrease in the relevant indexes at the reporting date would have an increase of \$4,469,000 or a decrease of \$4,469,000 in the profit for the year for the Group and Company (2022: increase of \$196,000 or a decrease of \$196,000).

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023

(Expressed in Jamaica dollars unless otherwise stated)

32. Financial risk management (continued)

(c) Market risk (continued)

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 (USD), the British pound (GBP) and the Canadian dollar (CAD), from commercial transactions such as the purchase of investment securities and station equipment, and the recognised assets and liabilities arising there from as well as in respect of functional currencies of Group companies. 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.

	Group					
	2023			2022		
	USD \$'000	GBP \$'000	CAD \$'000	USD \$'000	GBP \$'000	CAD \$'000
Cash and cash equivalents	5,911	129	24	524	168	25
Trade and other receivables	857	30	6	319	27	5
Accounts payable	(1,936)	(6)	-	(2,110)	-	2
Net foreign currency assets	<u>4,832</u>	<u>153</u>	<u>30</u>	<u>(1,267)</u>	<u>195</u>	<u>32</u>
Equivalent to JMD	<u>726,610</u>	<u>28,630</u>	<u>3,336</u>	<u>(194,864)</u>	<u>38,733</u>	<u>3,897</u>

	Company					
	2023			2022		
	USD \$'000	GBP \$'000	CAD \$'000	USD \$'000	GBP \$'000	CAD \$'000
Cash and cash equivalents	5,786	10	-	524	30	-
Trade and other receivables	68	-	-	52	-	-
Accounts payable	(326)	-	-	(177)	-	-
Net foreign currency assets	<u>5,528</u>	<u>10</u>	<u>-</u>	<u>399</u>	<u>30</u>	<u>-</u>
Equivalent to JMD	<u>831,270</u>	<u>1,871</u>	<u>-</u>	<u>61,208</u>	<u>5,938</u>	<u>-</u>

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the following exchange rates of the Group's and Company's profit before taxation, with all other variables held constant.

	Group							
	2023				2022			
	Changes in exchange rate		Effect on profit before tax \$'000		Changes in exchange rate		Effect on profit before tax \$'000	
USD	+1%	-4%	(7,266)	29,064	+2%	-8%	(1,529)	7,076
GBP	+1%	-4%	(286)	1,145	+2%	-8%	(856)	1,277
CAD	+1%	-4%	(33)	133	+2%	-8%	(67)	235

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2023*(Expressed in Jamaica dollars unless otherwise stated)*32. Financial risk management (continued)

(c) Market risk (continued)

Foreign currency sensitivity (continued)

	Company							
	2023			2022				
	Changes in exchange rate		Effect on profit before tax \$'000	Changes in exchange rate		Effect on profit before tax \$'000		
USD	+1%	-4%	(8,313)	33,251	+2%	-8%	(1,217)	(3,650)
GBP	+1%	-4%	(19)	75	+2%	-8%	119	(356)
CAD	+1%	-4%	<u>-</u>	<u>-</u>	+2%	-8%	<u>-</u>	<u>-</u>

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 investments disclosed in Notes 19 & 24. 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.

Interest rate sensitivity

At the reporting date, the Group and the Company only have fixed rate financial assets and liabilities carried at amortised cost. Changes in market interest rates, therefore, will neither affect the cash flows nor the carrying amount of the instruments.

(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 profit 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.

RADIO JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year Ended March 31, 202332. Financial risk management (continued)

(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 based on observable inputs. There were no transfers between levels during the current and previous years.

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 statement of financial position 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 March 31, 2023, these instruments are quoted investment securities, Government of Jamaica securities and investment notes (Note 19).

Level 2 – Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include bid yield from yield curve provided by a recognised pricing source.

Considerable judgement is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

RADIO JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year Ended March 31, 202332. Financial risk management (continued)

(e) Fair value estimation (continued)

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between levels during the current and previous year.

	<u>The Group</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
As at March 31, 2023				
Financial assets:				
Investment securities	<u>74,488</u>	<u>695,822</u>	<u>24,739</u>	<u>795,049</u>

As at March 31, 2022				
Financial assets:				
Investment securities	<u>4,565</u>	<u>19,696</u>	<u>7</u>	<u>24,268</u>

	<u>The Company</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
As at March 31, 2023				
Financial assets:				
Investment securities	<u>74,488</u>	<u>695,822</u>	<u>24,739</u>	<u>795,049</u>

As at March 31, 2022				
Financial assets:				
Investment securities	<u>4,565</u>	<u>19,495</u>	<u>7</u>	<u>24,067</u>

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 and are not disclosed separately in the fair value analysis. They are included in the Level 2 fair value hierarchy. 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 and lease obligations 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. These are included in the Level 2 fair value hierarchy and are not separately disclosed.

RADIO JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year Ended March 31, 202333. Impact of Ukraine/Russia Conflict

On February 24, 2022, the geopolitical situation in Eastern Europe intensified with the invasion of Ukraine by Russia. The war continues to evolve as global sanctions were imposed, immediately impacting entities that have counterparty relationships in Russia and certain neighboring countries. In addition, the war impacted global financial markets, and exacerbated economic challenges that already existed because of the global pandemic, including issues such as supply-chain disruptions and rising inflation.

During the year, the Group noted that certain large advertisers held back campaigns due to supply chain disruptions. Given the composition of its statement of financial position, its exposure to the negative long-term impacts of these risks is not considered significant to its longer-term profitability and going concern. Further, appropriate liquidity and capital positions are in place to sufficiently support the operations of the Group. As a consequence, there were no material changes in valuations or impairment positions as at March 31, 2023.

34. Reclassification

In the prior year, the Group and the Company received an apartment fair valued at \$28,000,000 as a partial settlement of an accounts receivable balance. This was not shown as a non-cash transaction in the statement of cash flows for the Group and the Company.

The comparative figures for accounts receivable and purchase of property, plant and equipment in the statement of cash flows for the Group and the Company have therefore been restated. This resulted in an increase of cash used in operating activities and decrease of cash used in investing activities by \$28,000,000 for the Group and the Company.

The reclassification is not considered significant to the Group and the Company.