

**FM96**

**Legend FM**

**Navtarang**

**RADIO Sargam**

**VITI FM**

**THE TOTAL EVENT CO.**

**fijivillage.com**

**CFL Cinemas**

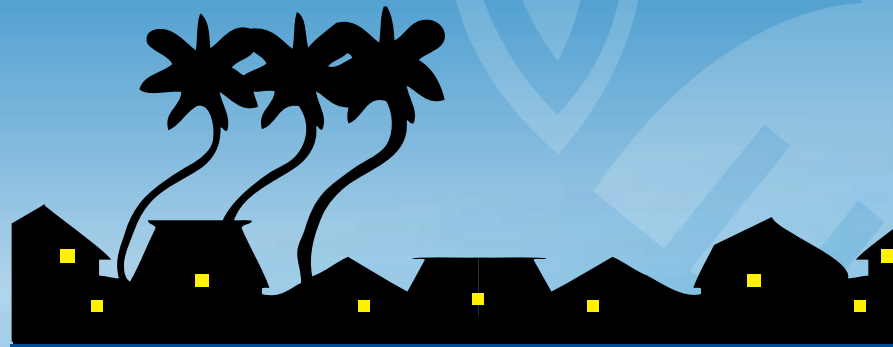
**NAU FM**

**YUMI FM**

**LEGEND FM**  
Bulepla 101

**unwired**  
FIJI

# Fiji Limited Communications



Annual Report 2013



# ANNUAL REPORT 2013

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## BOARD MEMBERS



**Mr. Matthew Wilson**  
Chairman



**Mr. William Parkinson**



**Mr. Pramesh Sharma**



**Mrs. Shaenaz Voss**

## AUDITORS

Ernst & Young  
Chartered Accountants  
Suva.

## SOLICITORS



## MANAGEMENT TEAM



**William Parkinson**  
Managing Director



**Ian Jackson**  
General Manager - CFL



**Adrian Au**  
General Manager - PNG FM LTD



**Jyoti Solanki**  
Group Financial Controller &  
Company Secretary

## BANKERS



## REGISTERED OFFICE

231 Waimanu Road, Suva  
**Telephone:** (679) 331 4766

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty ninth Annual General Meeting of the members of Communications (Fiji) Limited will be held at 10am on Wednesday, the 7th of May 2014, at 231 Waimanu Road, Suva to transact the following business:

### Ordinary business:

1. Confirmation of the minutes of the twenty eighth Annual General Meeting held on the 26th of April 2013.
2. Matters arising from the minutes
3. To receive and adopt the Audited Balance Sheets and Profit and Loss Statements and the reports of the Directors and Auditors for the year ended 31st December 2013.
4. To elect, re-elect and re-appoint Directors under Article 108 of the Articles of Association of the Company.
5. To appoint Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a fee to be negotiated by the Directors. The retiring Auditors M/s. Ernst & Young, Chartered Accountants, being eligible, offer themselves for appointment.
6. Adopt that a 3rd interim dividend of \$177,900 (5 cents per share) be declared as final dividend for the year 2013.
7. Any other business brought up in conformity with the Articles of Association of the company.

By order of the Board of Directors,



**Jyoti Solanki**  
*Company Secretary*

**Dated:** 4th April 2014  
Suva, Fiji Islands



## CHAIRMAN'S REPORT



2013 was a year of contrast. In the first half the CFM group registered a strong performance. In the last six months earnings declined.

This reversal was caused by a larger than anticipated slump in the Papua New Guinea economy, which affected the results of PNG FM. The construction phase of the huge Liquid Natural Gas project wound down; there was a shift in commodity prices and a sudden drop in the value of the PNG Kina. All these factors had an impact on consumer spending and business activity.

We came in with a group net profit after tax for the year of \$1,515,009 (2012: \$2,219,621).

Shareholders should note however that this was the second biggest profit in the CFM groups' history.

We continue to closely address and develop the management, administrative and operational structure of PNG FM. Our objective is to ensure it is fully geared to respond to the demands created by a period of rapid growth. The company expanded three fold in four years.

Our focus remained firmly fixed on consolidation, training and creating stronger administrative systems so that we are positioned to reap maximum return from the new revenue centres we have developed in recent years. We invested particular effort in upgrading financial management, including centralisation of processes and approvals, with the PNG FM accounts team reporting directly to our Suva based Group Financial Controller. This new arrangement has enhanced accountability and tightened cost controls. The benefits will be evident in 2014.

We maintained a close involvement with our investment in Paradise Cinemas in Port Moresby and committed further funding to a second cinema complex in the Papua New Guinea capital, scheduled to open in June 2014. In its first full year of operation Paradise Cinemas cut its losses to just over K600,000. The company showed a significant EBTDA surplus. Its operations are following a positive trend.

Our group reaffirms its optimism about prospects in Papua New Guinea, particularly in 2015 when liquid natural gas revenues start to make an impact and Port Moresby hosts the South Pacific Games. A report and survey by the ANZ Bank underscores the widespread positive sentiments internationally about the emergence of the PNG economy. The ANZ speaks of PNG's "enormous potential".

Of course there are development and business challenges, but we are driven by our confidence over the long term about the expanding opportunities in that country.

In Fiji we achieved a slight improvement in net profit in a market sector that showed little growth and increased levels of competition. Our Fiji management team – the most experienced in the South Pacific - surmounted a range of challenges while continuing to build our various revenue centres.

Shareholders will be pleased to know that we retained our market dominance.

2014 will be an exciting year in Fiji, with elections due in September. Good results were achieved in the first quarter and we are looking forward to another positive year.

A handwritten signature in blue ink, appearing to read 'M Wilson', with a horizontal line underneath.

**Matthew Wilson**  
Chairman



# CFL RADIO STATIONS



**FM96.6**



**RADIO Sargam**



**Legend FM**



**Navtarang**

**VIT FM**







NAUFM



LEGEND FM  
Bishipula 101



YUMI FM



## CORPORATE GOVERNANCE IN ACCORDANCE WITH GUIDELINE PROVIDED BY RESERVE BANK OF FIJI

### Role of the Board

The role of the Board is to ensure that Management is provided with general and strategic direction to enhance corporate profit and shareholder's value. Decisions made by the Board should safeguard interests of the shareholders by overseeing Management and regularly assessing controls and accountability systems.

### The Board

The Board comprised of four Directors including one independent Director at the end of financial year 2013. All appointments and removal of directors are confirmed at the Annual General Meeting.

The Board has set up a sub-committee to review the remuneration package of key personnel. This committee is chaired by Mr Pramesh Sharma with Ms Shaenaz Voss as the other member. Most of the decisions are made and dealt with collectively by the Board. Approval for urgent matters is sought via flying minutes.

### Board Meetings

Board meeting discussions revolve around capital projects, financial performance and comparisons to budgets, editorial and operational matters, compliance with corporate governance requirements, management reports and the financial results of its subsidiaries and associates.

Directors	Number of meetings entitled to attend	Number of meetings attended	Apologies
Mr Matthew Wilson (Chairman)	5	5	
Mr William Parkinson (Managing Director)	5	5	
Mrs Shaenaz Voss/ Mr Vilash Chand			
(Alternate Director)	5	4	1
Mr Pramesh Sharma	5	4	1

*Mr Semi Leweniqila was removed from the board in March 2013, following his continuous absence in 2012.*

### Responsibilities of the Board

Each year the Board goes through the process of assessing the company's strategic plan, performance targets, business objectives and internal control policies. All matters relating to corporate governance are handled by the Board collectively.

The Finance department is responsible for producing financial information, monitoring external audits, reviewing half year and annual financial statements and monitoring company's compliance with stock exchange and other requirements by external bodies. The Board is informed on these matters regularly by management and approval is sought by way of flying minutes, depending on the urgency of the matter.

### Constituting an Effective Board

The CFM Board comprises of two Directors representing significant shareholders, one independent Directors and the Managing Director. All Directors are qualified individuals with wide experience in the media industry and the commercial sector. Appointments are based on qualification, skill, experience, knowledge and integrity of the individual.

### Appointment of a Chief Executive Officer (Managing Director)

Mr William Parkinson continued in his role as Managing Director. His contract is extended till 31 December 2014

and will be due for renewal in 2015. His appointment by the Board was based on his over 30 years experience in the media industry in the Pacific and in recognition of his performance in leading Communications Fiji Ltd since its inception in 1984. The remuneration package for the Managing Director was decided by the Board based on independent advice sought from Chartered Accounting firm PricewaterhouseCoopers.

### **Board and Company Secretary**

The Company Secretary, Jyoti Solanki is a qualified accountant and has substantial years of experience in management and accounting field. She is responsible for ensuring CFM remains compliant to various regulatory requirements, meets statutory obligations, board policy and procedures. She maintains minutes of board meetings and is accountable to the Board on all governance issues.

### **Timely and balanced Disclosures**

Board meetings are held on quarterly basis where company's performance, strategies and operating results are discussed. On the basis of these discussions, major decisions are deliberated and approved by the Board.

All the required material information is released periodically to the public through market announcements, as required under the rules of the South Pacific Stock Exchange. In between meetings, the Board is kept informed by the Managing Director on all the relevant matters transacting during the period.

### **Promote ethical and responsible decision-making**

The Board realizes that no organization can flourish if there is an absence of ethical and responsible decision making. Therefore, the Board has placed strong emphasis on encouraging management to engage in discussions and training that would foster improved ethical and responsible decision making.

### **Register of Interest**

In the past the interest of Directors was noted in the minutes. However, the Board has decided to maintain a register from 2011 to note down Directors interest after every board meeting.

### **Respect the rights of shareholders**

The shareholders of CFM are well informed through market announcements, media briefings and the Annual General Meeting. The Company also has an official website [cfl.com.fj](http://cfl.com.fj) which is updated on a regular basis.

### **Accountability and Audit**

Each subsidiary is separately audited annually by an external auditor and an Independent audit report is presented to the Board. This report also forms part of the Annual Report. External auditors are appointed every year by shareholders in the Annual General Meeting.

Though, the Company doesn't have an internal audit team, special projects relating to Audit are performed by the Finance team and reports are presented to Management and the Board.

### **Recognise and manage risk**

The Company does not have a separate risk management committee. However, the Managing Director, Company Secretary and General Managers conduct continuous assessment on material business and operational risks and transmit it to the Board. They also ensure that proper controls and procedures are in place to administer these risks.



## BOLLYWOOD DHAMAKA



## FIJI SHOWCASE







GM Speech\_YumiFM Musik Awards 2013



SVS V-Store Launch TEC



PNG FM Events



YumiFM Musik Awards 2013



Nau FM Team in Action



PNG FM Event



# COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2013**

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In accordance with a resolution of the Board of Directors, the Directors herewith submit the Consolidated Statement of Financial Position of the company and the group as at 31 December 2013, the related Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended on that date and report as follows:

#### **Directors**

Directors at the date of this report are:

Mathew Wilson  
William Parkinson  
Pramesh Sharma  
Shaenaz Voss

#### **Principal activity**

The principal business activity of the company and the subsidiary company in the course of the year was the operation of commercial radio stations and there has been no significant change in this activity during the year. The associate companies provide wireless internet services, cinema entertainment and renting of a property respectively.

#### **Results**

The operating group profit for the year was \$1,515,009 (2012: restated \$2,219,621) after providing \$534,440 (2012: \$1,060,027) for income tax. The operating profit for the holding company for the year was \$953,561 (2012: \$937,790) after providing \$12,757 (2012: \$211,374) for income tax.

#### **Dividends**

The dividends declared and/or paid during the year was \$782,760 (2012: \$604,860).

#### **Reserves**

The directors recommended that no transfer be made to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

#### **Bad and doubtful debts**

Prior to the completion of the company's and the group's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off bad debts and the provision for doubtful debts. In the opinion of directors, adequate provision has been made for doubtful debts.

As at the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts, or the provision for doubtful debts in the company and the group, inadequate to any substantial extent.

#### **Non-current assets**

Prior to the completion of the financial statements of the company and of the group, the directors took reasonable steps to ascertain whether any non-current assets were unlikely to be realized in the ordinary course of business as compared to their values as shown in the accounting records of the company and the group. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realize.

As at the date of this report, the directors are not aware of any circumstances which would render the values attributed to non-current assets in the company's and the group's financial statements misleading.

#### **Unusual transactions**

In the opinion of the directors, the results of the operations of the company and of the group during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the company and the group in the current financial year, other than those reflected in the financial statements.

**COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company***  
**DIRECTORS' REPORT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**Events subsequent to balance date**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company and the group, the results of those operations, or the state of affairs of the company and the group in future financial years.

**Other circumstances**

As at the date of this report :

- (i) no charge on the assets of the company and group has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the company and the group could become liable; and
- (iii) no contingent liabilities or other liabilities of the company and the group have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company and the group to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's and its group's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company and its subsidiary misleading or inappropriate.

**Directors' benefits**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related corporation) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**Directors' interests**

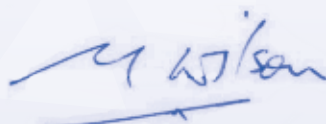
Particulars of directors' interests in the ordinary shares of the company during the year are as follows:

	Direct interest	Indirect interest
Mathew Wilson	112,736	Nil
William Parkinson	Nil	1,881,341

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.

Dated this 28<sup>th</sup> day of March 2014.

Director:



Director:





**COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company***  
**STATEMENT BY DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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In accordance with a resolution of the Board of Directors, we state that in our opinion:

- (i) the accompanying statement of comprehensive income of the company and group is drawn up so as to give a true and fair view of the results of the company and the group for the year ended 31 December 2013;
- (ii) the accompanying statement of changes in equity of the company and the group is drawn up so as to give a true and fair view of the changes in equity of the group for the year ended 31 December 2013;
- (iii) the accompanying statement of financial position of the company and the group is drawn up so as to give a true and fair view of the state of affairs of the company and the group as at 31 December 2013;
- (iv) the accompanying statement of cash flows of the company and the group is drawn up so as to give a true and fair view of the statement of cash flows of the company and the group for the year ended 31 December 2013;
- (v) at the date of this statement there are reasonable grounds to believe the company and the group will be able to pay its debts as and when they fall due; and
- (vi) all related party transactions have been adequately recorded in the books of the company and group.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.

Dated this 28 day of March 2014.

Director: .



Director: .





Pacific House  
Level 7  
1 Butt Street Suva Fiji  
PO Box 1359 Suva Fiji

Tel: +679 331 4166  
Fax: +679 330 0612  
ey.com

## INDEPENDENT AUDIT REPORT

To the members of COMMUNICATIONS (FIJI) LIMITED

### Scope

We have audited the accompanying Financial Statements of Communications (Fiji) Limited and its subsidiary ('the Group'), which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

The directors and management are responsible for the preparation and fair presentation of the consolidated Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Fiji Companies Act, 1983. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company and the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion:

- a) proper books of account have been kept by the company and the group, so far as it appears from our examination of those books, and
- b) the accompanying consolidated Financial Statements which have been prepared in accordance with International Financial Reporting Standards:
  - i) are in agreement with the books of account; and
  - ii) to the best of our information and according to the explanations given to us:
    - a) give a true and fair view of the state of affairs of the company and the group as at 31 December 2013 and of its financial performance, changes in equity, and its cash flows for the year ended on that date; and
    - b) give the information required by the Fiji Companies Act, 1983 in the manner so required.

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.

Suva, Fiji

28 March 2014

Ernst & Young  
Chartered Accountants



**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	Group		Holding Company	
		2013	2012	2013	2012
		\$	Restated *	\$	\$
Radio income	4.1	12,194,787	14,121,757	4,431,703	4,617,951
Other revenue	4.2	1,237,056	955,943	1,179,720	930,941
Salaries and employee benefits	4.3	(3,103,693)	(3,433,770)	(1,886,376)	(1,880,032)
Depreciation and amortization	4.4	(1,057,014)	(1,065,176)	(548,222)	(545,647)
Other expenses	4.5	(7,018,538)	(6,606,181)	(2,216,777)	(1,967,569)
Profit from operations		2,252,598	3,972,573	960,048	1,155,644
Finance costs	4.6	(115,360)	(153,981)	(105,636)	(141,628)
Share of (loss)/profit of associate or joint venture	4.7	(87,789)	(538,944)	111,906	135,148
<b>Profit before income tax</b>		<b>2,049,449</b>	<b>3,279,648</b>	<b>966,318</b>	<b>1,149,164</b>
Income tax expense	5	(534,440)	(1,060,027)	(12,757)	(211,374)
<b>Net profit for the year</b>		<b>1,515,009</b>	<b>2,219,621</b>	<b>953,561</b>	<b>937,790</b>
<b>Other comprehensive income</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operation	21	-474,662	948,938	-	-
Other comprehensive income for the year		-474,662	948,938	-	-
<b>Total comprehensive income for the year</b>		<b>1,040,347</b>	<b>3,168,559</b>	<b>953,561</b>	<b>937,790</b>
Earnings per share (cents)	6	42.58	62.38	26.80	26.36

\* Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made, refer Note 28.

The accompanying notes form an integral part of this Consolidated Statement of Comprehensive Income.

**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2013**

	Notes	Group			Holding Company	
		2013	2012	01/01/2012	2013	2012
		\$	Restated *	Restated *	\$	\$
<b>Current assets</b>						
Cash and cash equivalents	9(b)	325,776	1,080,685	564,779	450	281,572
Trade receivables	8	2,663,366	2,530,945	1,966,357	1,338,846	1,338,222
Inventories	10	38,920	47,727	42,296	7,343	2,539
Prepayments and other assets	11	491,688	595,376	343,355	78,927	89,522
		<b>3,519,750</b>	<b>4,254,733</b>	<b>2,916,787</b>	<b>1,425,566</b>	<b>1,711,855</b>
<b>Non-current assets</b>						
Investment in subsidiaries	12	-	-	-	1,725,117	1,725,117
Investment in associate and joint venture	13	1,696,179	1,690,993	2,668,213	1,444,746	1,432,840
Financial assets	14	591,884	591,884	-	591,884	591,884
Intangible assets	15	1,669,106	1,640,287	1,676,819	476,926	503,287
Property, plant and equipment	16	6,383,979	6,627,522	5,107,982	2,826,083	2,699,733
		<b>10,341,148</b>	<b>10,550,686</b>	<b>9,453,014</b>	<b>7,064,756</b>	<b>6,952,861</b>
<b>Total assets</b>		<b>13,860,898</b>	<b>14,805,419</b>	<b>12,369,801</b>	<b>8,490,322</b>	<b>8,664,716</b>
<b>Current liabilities</b>						
Trade and other payables	17	1,304,025	1,439,891	933,657	772,936	634,372
Employee benefit liabilities	18	178,845	151,562	108,223	64,606	74,953
Interest-bearing borrowings	19	480,489	879,656	523,032	480,489	814,178
Income tax payable		184,409	784,939	749,138	(63,836)	8,975
		<b>2,147,768</b>	<b>3,256,048</b>	<b>2,314,050</b>	<b>1,254,195</b>	<b>1,532,478</b>
<b>Non-current liabilities</b>						
Interest-bearing borrowings	19	1,392,402	1,314,451	2,354,285	1,392,402	1,314,451
Deferred tax liability	5	95,736	267,515	297,760	160,511	305,374
		<b>1,488,138</b>	<b>1,581,966</b>	<b>2,652,045</b>	<b>1,552,913</b>	<b>1,619,825</b>
<b>Total liabilities</b>		<b>3,635,906</b>	<b>4,838,014</b>	<b>4,966,095</b>	<b>2,807,108</b>	<b>3,152,303</b>
<b>Net assets</b>		<b>10,224,992</b>	<b>9,967,405</b>	<b>7,403,706</b>	<b>5,683,214</b>	<b>5,512,413</b>
<b>Shareholders' equity</b>						
Share capital	20	3,558,000	3,558,000	3,558,000	3,558,000	3,558,000
Reserves	21	482,699	957,361	8,423	61,500	61,500
Retained earnings		6,184,293	5,452,044	3,837,283	2,063,714	1,892,913
		<b>10,224,992</b>	<b>9,967,405</b>	<b>7,403,706</b>	<b>5,683,214</b>	<b>5,512,413</b>

\* Certain amounts shown here do not correspond to the 2012 and 2011 financial statements and reflect adjustments made, refer Note 28.

The accompanying notes form an integral part of this Consolidated Statement of Financial Position.

Signed for and on behalf of the Board and in accordance with a resolution of the Directors.

Director: .



Director:



**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	Group		Holding Company	
		2013	2012	2013	2012
		\$	Restated \$	\$	\$
<b>Operating activities</b>					
Receipts from customers		13,336,923	14,481,483	5,556,886	5,499,460
Payments to suppliers and employees		(10,141,222)	(9,940,839)	(3,847,985)	(3,892,462)
Interest and bank charges paid		(115,360)	(153,981)	(105,636)	(141,628)
Income tax paid		(1,306,749)	(1,054,475)	(230,431)	(315,446)
<b>Net cash provided by Operating Activities</b>	9(a)	<b>1,773,592</b>	<b>3,332,188</b>	<b>1,372,834</b>	<b>1,149,924</b>
<b>Investing activities</b>					
Proceeds from sale of plant and equipment		35,950	160,391	3,913	21,740
Acquisition of plant, equipment and intangibles		(1,161,273)	(1,882,320)	(648,211)	(557,580)
Investment in joint venture		(199,648)	-	-	-
Dividends received		100,000	125,000	100,000	125,000
<b>Net cash flows used in Investing Activities</b>		<b>(1,224,971)</b>	<b>(1,596,929)</b>	<b>(544,298)</b>	<b>(410,840)</b>
<b>Financing activities</b>					
Dividends paid to equity holders of the parent		(853,920)	(391,380)	(853,920)	(391,380)
Advance to related party		(58,962)	(240,511)	-	-
Repayment of secured loan principal		(359,449)	(611,879)	(359,449)	(347,654)
Repayment of lease principal		(65,478)	(71,331)	-	-
<b>Net cash flows used in Financing Activities</b>		<b>(1,337,809)</b>	<b>(1,315,101)</b>	<b>(1,213,369)</b>	<b>(739,034)</b>
Net (decrease)/increase in cash held		(789,188)	420,158	(384,833)	50
Cash and cash equivalents at the beginning of year		1,080,685	564,779	281,572	281,522
Effects of exchange rate changes on opening cash balances		(69,432)	95,748	-	-
<b>Cash and cash equivalents at the end of year</b>	9(b)	<b>222,065</b>	<b>1,080,685</b>	<b>(103,261)</b>	<b>281,572</b>

The accompanying notes form an integral part of this Consolidated Statement of Cash Flows.



**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	Group		Holding Company	
		2013	2012	2013	2012
		\$	Restated \$	\$	\$
<b>Retained earnings</b>					
Balance at the beginning of the year		5,452,044	3,837,283	1,892,913	1,559,983
Operating profit after tax		1,515,009	2,219,621	953,561	937,790
Dividends paid/proposed	7	(782,760)	(604,860)	(782,760)	(604,860)
Balance at the end of the year		6,184,293	5,452,044	2,063,714	1,892,913
<b>Reserves</b>					
<i>Foreign currency translation reserve</i>					
Balance at the beginning of the year		895,861	(53,077)	-	-
Movement arising on translation of the financial statements of foreign subsidiary		(474,662)	948,938	-	-
Balance at the end of the year	21	421,199	895,861	-	-
<i>Share premium reserve</i>					
Balance at the beginning of the year		61,500	61,500	61,500	61,500
Movements during the year		-	-	-	-
Balance at the end of the year	21	61,500	61,500	61,500	61,500
<b>Share capital</b>					
Balance at the beginning of the year		3,558,000	3,558,000	3,558,000	3,558,000
Balance at the end of the year	20	3,558,000	3,558,000	3,558,000	3,558,000
<b>Total equity</b>					
		10,224,992	9,967,405	5,683,214	5,512,413

The accompanying notes form an integral part of this Consolidated Statement of Changes in Equity.

# COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 1. Corporate information

The consolidated financial statements of Communications (Fiji) Limited and its subsidiary company ("the Group") for the year ended 31 December 2013 were authorized for issue with a resolution of the directors on 26th March 2014. Communications (Fiji) Limited is a limited liability company incorporated and domiciled in Fiji whose shares are publicly traded on the South Pacific Stock Exchange.

#### 2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Fiji dollars and all values are rounded to the nearest dollar except when otherwise indicated.

##### Statement of compliance

The consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2012 is presented in these consolidated financial statements due to retrospective restatement, refer Note 28.

##### Basis of consolidation

The consolidated financial statements comprise the financial statements of the group and its subsidiaries as at 31 December 2013. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if and only if the group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the group's voting rights and potential voting rights.

The group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the group had directly disposed of the related assets or liabilities.

The financial statements of the subsidiary is prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

On consolidation, subsidiary company PNG FM's assets and liabilities has been translated at the rate of exchange ruling at balance date. Revenue and expense accounts have been translated using the average of the exchange rates ruling at the end of each month during the current financial year. The rate used to translate the assets and liabilities of PNG FM was 1.2522:1 (2012: 1.1434:1) while the average rate used to translate revenue and expense accounts was 1.1534:1 (2012: 1.0456:1).

## COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 2.2 Significant accounting judgments, estimates and assumptions

The preparation of the company and the group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

##### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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. The group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the group. Such changes are reflected in the assumptions when they occur.

##### *Impairment of non-financial assets*

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

##### *Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the group companies.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

#### 2.3 Changes in accounting policy and disclosures

##### *New and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards effective as of 1 January 2013:

- Amendments to IFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*
- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*
- IAS 19 (Revised) *Employee Benefits*
- IAS 28 (Revised) *Investments in Associates and Joint Ventures*

The adoption of the standards is described below:

##### **Amendments to IFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities***

These amendments require an entity to disclose information about rights to set-off related arrangements (eg. collateral agreements). The amendments have no impact on the group's financial position or performance.

##### **IFRS 10 *Consolidated Financial Statements***

The Group adopted IFRS 10 in the current year. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent. The standard is effective for annual periods beginning on or after 1 January 2013 and there has been no effect on the group's financial position, performance or its disclosures.



## COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 2.3 Changes in accounting policy and disclosures *continued*

##### *New and amended standards and interpretations continued*

##### **IFRS 11 Joint Arrangements**

IFRS 11 replaces IAS 31 *Interests in Joint Venture* and SIC-13 *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The company will review the impact of this standard in the next financial year.

##### **IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 includes all of the disclosures that were previously in IAS 27, IAS 28 and IAS 31. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associate and structured entities. The application of this new standard has no impact on the group's financial position or performance. Additional disclosures where required, are provided in the individual notes.

##### **IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. Application of IFRS 13 has not materially impacted the fair value measurements of the group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

##### **IAS 1 Presentation of Items of Other Comprehensive Income**

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ('recycled') to profit or loss at a future point in time have to be presented separately from items that will not be reclassified. The amendments affect presentation only and have no impact on the group's financial position or performance.

##### **IAS 19 Employee Benefits**

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. However, the amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendments have no impact on the group's financial position or performance.

##### **IAS 28 Investments in Associates and Joint Ventures**

As a consequence of the new IFRS 11 *Joint Arrangements*, and IFRS 12 *Disclosure of Interests in Other Entities*, IAS 28 *Investments in Associates*, has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method of investments in joint ventures in addition to associates. The company will review the impact of this standard in the next financial year.

##### *Standards issued but not yet effective*

The standards that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

##### **IFRS 9 Financial Instruments**

IFRS 9 reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The company will review the impact of this standard when the final standard including all phases is issued.

##### **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the company since it does not qualify to be an investment entity under IFRS 10.

## COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 2.3 Changes in accounting policy and disclosures *continued*

*Standards issued but not yet effective continued*

##### **IAS 32 Offsetting Financial Asset and Financial Liabilities - Amendments to IAS 32**

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to have an impact on the company.

#### 2.4 Summary of significant accounting policies

##### **(a) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as a change in accounting estimate. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category consistent with the function of intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change is the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognizing of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

##### **(b) Investment in associate or joint venture**

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statement of profit or loss reflects the group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains or losses resulting from transactions between the group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the group's share of profit or loss of an associate or joint venture is shown on the face of the statement of comprehensive income and represents profit or loss after tax.

The financial statements of the associate or joint venture are prepared for the same reporting period as the group. Where necessary, adjustments are made to bring the accounting policies in line with those of the group.



## COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 2.4 Summary of significant accounting policies *continued*

##### (b) *Investment in associate or joint venture continued*

After application of the equity method, the group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as 'Share of profit of associate or joint venture' in the statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

##### (c) *Impairment of non-financial assets*

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or other groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired assets, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

##### *Goodwill*

The group assesses whether there are any indication that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The group performs its annual impairment test of goodwill as at 31 December.

##### *Intangible assets*

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the cash generating unit level, as appropriate.

##### *Associate and joint venture*

After application of the equity method, the group determines whether it is necessary to recognize an additional impairment loss of the group's investment in its associate or joint venture. The group determines at each balance date whether there is any objective evidence that the investment in associate or joint venture and the acquisition cost requires impairment and recognizes the amount in the statement of comprehensive income.

## COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 2.4 Summary of significant accounting policies *continued*

##### (d) *Investments and other financial assets*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs.

The group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

##### *Fair value*

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at balance date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transaction; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

##### *Amortized cost*

Loans and receivables are measured at amortized cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

##### (e) *Impairment of financial assets*

The Group assess at each balance date whether a financial asset or group of financial assets is impaired.

##### *Assets carried at amortized cost*

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

##### (f) *Inventories*

Inventories are valued at the lower of cost and net realizable value. Costs includes invoice value plus associated costs incurred in bringing each product to its present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.



## COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 2.4 Summary of significant accounting policies *continued*

##### (g) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

##### (h) *Trade and other receivables*

Trade receivables are recognized at original invoice amount (inclusive of VAT) less any provision for uncollectible debts. Bad debts are written off during the year in which they become known. A specific provision is raised for any doubtful debts.

##### (i) *Trade and other payables*

Liabilities for trade payables and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity.

##### (j) *Financial liabilities*

###### *Interest-bearing loans and borrowings*

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated "as at fair value through profit or loss". After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the comprehensive income when the liabilities are derecognized as well as through the amortization process.

##### (k) *Borrowing costs*

Borrowing costs are recognized as an expense when incurred.

##### (l) *Property, plant and equipment*

Property, plant and equipment are stated at deemed cost less accumulated depreciation and any impairment in value. The principal depreciation rates in use are:

Buildings	2%
Plant and equipment	10% - 30%
Motor vehicles	18%

Profit and loss on disposal of property, plant and equipment are taken into account in determining profit or loss for the year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognized in the statement of comprehensive income.

##### (m) *Leases*

Finance leases, which transfer to the group substantially all the risks and benefits incidental to the ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Capitalized leased assets are depreciated over the period the benefit is expected to be realized from their use.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight line basis over the lease term.

## COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 2.4 Summary of significant accounting policies *continued*

##### **(n) Revenue**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

##### *Rendering of services*

Radio revenue is recognized when commercials are played or service is delivered. Proceeds from advance deposits are not recognized as revenue until the subsequent playing of commercials or delivery of service is performed.

##### *Dividends*

Revenue is recognized when the shareholders' right to receive the payment is established.

##### *Rental income*

Rental income is accounted for on a straight line basis over the lease term on ongoing leases.

##### **(o) Employee benefits**

##### *Annual leave*

Provision is made for annual leave to be payable to employees on the basis of statutory requirement on employment contract.

##### *Long service leave*

The liability for employees' entitlements to long service leave represents the amount payable to employees, based on current wage and salary rates, for services provided up to balance date. The liability for long service leave increases according to the number of years of service completed by the employee.

##### **(p) Foreign currencies**

The consolidated financial statements are presented in Fiji dollars, which is the holding company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at balance date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognized in comprehensive income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

The assets and liabilities of foreign operations are translated into Fiji dollars at the rate of exchange ruling at balance date and its income statement is translated at the weighted average exchange rate for the year. The exchange difference arising on translation are taken directly to a separate component of equity. On disposal of the foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the statement of comprehensive income.

##### **(q) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

## COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

### FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 2.4 Summary of significant accounting policies *continued*

##### (q) *Business combinations and goodwill continued*

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. It is then considered in the determination of goodwill.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

##### (r) *Taxes*

###### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at balance date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in comprehensive income.

###### *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that it is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.



# COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 2.4 Summary of significant accounting policies *continued*

##### (r) Taxes *continued*

###### *Deferred tax continued*

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Deferred tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

###### *Sales tax*

Revenue, expenses and assets are recognized net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of sales tax included.

The net amount of sales taxes recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

##### (s) Comparatives

Where necessary, amounts relating to prior year have been reclassified to conform with presentation in the current year.

#### 3. SEGMENT INFORMATION

The company and its subsidiary operate predominantly in the commercial radio services industry. The holding company operates in Suva, Fiji while its subsidiary operates in Port Moresby, Papua New Guinea.

##### (a) Geographical segments

The following tables present revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 31 December 2013 and 2012.

###### Year ended 31 December 2013

###### Revenue

External sales

###### Results

Segment result

Unallocated expenses

Profit from operating activities

Net finance costs

Share of (loss)/profit of associate or joint venture

Profit before income tax

Income tax expense

Net profit

	PNG \$	Fiji \$	Eliminations \$	Total \$
External sales	7,763,084	4,431,703	-	12,194,787
	7,763,084	4,431,703	-	12,194,787
Segment result	1,467,975	960,048	(175,425)	2,252,598
Unallocated expenses	-	-	-	-
Profit from operating activities	1,467,975	960,048	(175,425)	2,252,598
Net finance costs	(9,724)	(105,636)	-	(115,360)
Share of (loss)/profit of associate or joint venture	(199,695)	111,906	-	(87,789)
Profit before income tax	1,258,556	966,318	(175,425)	2,049,449
Income tax expense	(521,683)	(12,757)	-	(534,440)
Net profit	736,873	953,561	(175,425)	1,515,009

**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued-**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**3. SEGMENT INFORMATION continued**

Year ended 31 December 2013

Assets and liabilities

	<b>PNG \$</b>	<b>Fiji \$</b>	<b>Eliminations \$</b>	<b>Total \$</b>
Segment assets	6,359,423	7,045,576	(1,240,280)	12,164,719
Investment in associate or joint venture	251,433	1,444,746	-	1,696,179
Total assets	6,610,856	8,490,322	(1,240,280)	13,860,898
Segment liabilities	1,510,807	2,807,108	(682,009)	3,635,906
Total liabilities	1,510,807	2,807,108	(682,009)	3,635,906

Other segment information

Capital expenditure:

- tangible fixed assets	455,562	604,136	-	1,059,698
- intangible assets	57,500	44,075	-	101,575
Amortization of intangible assets	2,519	70,436	-	72,955
Depreciation	506,273	477,786	-	984,059
Doubtful and bad debts	31,789	50,000	-	81,789

Cash flows

Operating activities	400,758	1,372,834		
Investing activities	(680,673)	(544,298)		
Financing activities	(124,440)	(1,213,369)		

Year ended 31 December 2012

Revenue

	<b>PNG Restated \$</b>	<b>Fiji \$</b>	<b>Eliminations \$</b>	<b>Total \$</b>
External sales	9,503,806	4,617,951	-	14,121,757
	9,503,806	4,617,951	-	14,121,757

Result

Segment result	2,816,929	1,155,644	-	3,972,573
Unallocated expenses	-	-	-	-
Profit from operating activities	2,816,929	1,155,644	-	3,972,573
Net finance costs	(12,353)	(141,628)	-	(153,981)
Share of (loss)/profit of associate or joint venture	(674,092)	135,148	-	(538,944)
Profit before income tax	2,130,484	1,149,164	-	3,279,648
Income tax expense	(848,653)	(211,374)	-	(1,060,027)
Net profit	1,281,831	937,790	-	2,219,621

Assets and liabilities

Segment assets	6,819,108	7,231,876	(936,558)	13,114,426
Investment in associate or joint venture	258,153	1,432,840	-	1,690,993
Total assets	7,077,261	8,664,716	(936,558)	14,805,419
Segment liabilities	2,060,319	3,152,303	(374,608)	4,838,014
Total liabilities	2,060,319	3,152,303	(374,608)	4,838,014

# COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued-*

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 3. SEGMENT INFORMATION *continued*

##### (a) Geographical segments *continued*

Year ended 31 December 2012 *continued*

##### Other segment information

Capital expenditure:

- tangible fixed assets

- intangible assets

Amortization of intangible assets

Depreciation

Doubtful and bad debts

PNG Restated \$	Fiji \$	Eliminations \$	Total \$
2,120,118	524,979	-	2,645,097
-	274,633	-	274,633
-	69,133	-	69,133
519,529	476,514	-	996,043
153,405	7,188	-	160,593

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

##### (b) Business segments

The company and its subsidiary both operate predominantly in the commercial radio services industry. Revenue, expenditure and certain asset information regarding business segments for the years ended 31 December 2013 and 2012 are the same as that disclosed for geographical segments above.

#### 4. REVENUE AND EXPENSES

Group		Holding Company	
2013	2012	2013	2012
	Restated		
\$	\$	\$	\$

Revenue, expenses and finance costs for the year include the following:

##### 4.1 Radio income

Advertising income

Total Event Company Limited income and other commercial income

10,535,151	12,510,432	3,937,565	4,107,346
1,659,636	1,611,325	494,138	510,605
12,194,787	14,121,757	4,431,703	4,617,951

##### 4.2 Other revenue

Other income

Gain on disposal of assets

Cinema advertising

Dividend income

Recovered expenses

291,978	292,136	218,839	252,990
18,101	31,905	3,913	19,884
926,977	631,902	510,530	371,367
-	-	159,719	-
-	-	286,719	286,700
1,237,056	955,943	1,179,720	930,941

##### 4.3 Salaries and employee benefits

FNPF and FNU levy

Salaries and wages

Staff commission and bonus

Staff training

295,393	316,103	168,061	167,651
2,406,286	2,346,737	1,584,419	1,516,208
337,053	698,015	120,709	167,530
64,961	72,915	13,187	28,643
3,103,693	3,433,770	1,886,376	1,880,032

##### 4.4 Depreciation and amortization

Depreciation

Amortization of intangibles assets

984,059	996,043	477,786	476,514
72,955	69,133	70,436	69,133
1,057,014	1,065,176	548,222	545,647



**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continue**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**4. REVENUE AND EXPENSES continued**

	Group		Holding Company	
	2013	2012	2013	2012
		Restated		
	\$	\$	\$	\$
<b>4.5 Other expenses</b>				
Auditors remuneration - audit fees	79,847	79,847	12,900	12,900
- other services	21,849	21,849	1,750	1,750
Bad debts	6,011	2,275	-	-
Managing Director's emoluments	185,000	185,000	92,500	92,500
Directors' fees	27,355	33,564	18,688	24,000
Doubtful debts	81,789	144,849	50,000	7,188
Operating lease rentals	741,608	658,367	220,619	210,757
Other operating expenses	5,875,079	5,480,430	1,820,320	1,618,474
	<b>7,018,538</b>	<b>6,606,181</b>	<b>2,216,777</b>	<b>1,967,569</b>
<b>4.6 Finance costs</b>				
Finance charges payable under finance leases	687	(3,128)	-	-
Bank loans and overdrafts	114,673	157,109	105,636	141,628
	<b>115,360</b>	<b>153,981</b>	<b>105,636</b>	<b>141,628</b>
<b>4.7 Share of loss/(profit) of associate or joint venture</b>				
Share of profit from 231 Waimanu Rd Holdings Limited	(111,906)	(135,148)	(111,906)	(135,148)
Share of loss from Paradise Cinemas (PNG) Limited	199,695	674,092	-	-
	<b>87,789</b>	<b>538,944</b>	<b>(111,906)</b>	<b>(135,148)</b>

**5. INCOME TAX**

\$	\$	\$	\$
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The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

A reconciliation between tax expense and the product of accounting profit multiplied by Fiji's domestic tax rate for the years ended 31 December 2013 and 2012 is as follows:

Accounting profit before income tax	2,049,449	3,279,648	966,318	1,149,164
Prima facie tax thereon at the Fiji rate of 18.5% (2012: 20%)	379,148	655,930	178,769	229,833
Effect of higher tax rates in PNG	167,699	214,250	-	-
Tax effect of non-deductible items	119,546	19,707	5,791	19,707
Share of loss/(profit) of associate or joint venture non-deductible/non-taxable	16,241	107,788	(20,703)	(27,030)
Effect of change in Fiji tax rate	(152,687)	-	(152,687)	-
Other	3,691	2,403	785	-
Under/(over) provision from prior year	802	59,949	802	(11,136)
Income tax attributable to operating profit	<b>534,440</b>	<b>1,060,027</b>	<b>12,757</b>	<b>211,374</b>
<b>(a) Consolidated income statement</b>				
<i>Current income tax:</i>				
Current income tax charge	666,393	892,290	136,950	222,510
Adjustments in respect of previous year	802	59,949	802	(11,136)
Effect of change in tax rate	(152,687)	-	(152,687)	-
Origination and reversal of temporary differences	19,932	107,788	27,692	-
Income tax expense	<b>534,440</b>	<b>1,060,027</b>	<b>12,757</b>	<b>211,374</b>

**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continue**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**5. INCOME TAX continued**

Group		Holding Company	
2013	2012	2013	2012
	Restated		
\$	\$	\$	\$

(b) Deferred tax

Deferred tax assets/liabilities at 31 December relates to the following:

Provision for doubtful debts	54,564	18,724	6,924	3,848
Employee entitlements	40,733	37,974	6,461	14,991
Accelerated depreciation for tax purposes and other	(191,033)	(324,213)	(173,896)	(324,213)
Net deferred tax liability	(95,736)	(267,515)	(160,511)	(305,374)

Represented on the consolidated balance sheet as:

Deferred tax liability	(95,736)	(267,515)	(160,511)	(305,374)
	(95,736)	(267,515)	(160,511)	(305,374)

**6. EARNINGS PER SHARE**

	\$	\$	\$	\$
Operating profit after income tax	1,515,009	2,219,621	953,561	937,790
Weighted average number of shares outstanding	3,558,000	3,558,000	3,558,000	3,558,000
Basic earnings per share (cents)	42.58	62.38	26.80	26.36

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of shares outstanding during the year.

There are no convertible redeemable preference shares for the group. There have been no transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

**7. DIVIDENDS PAID AND PROPOSED**

*Declared and paid in year:*

Final dividend for 2012: 12 cents (2011: 5 cents)	426,960	177,900	426,960	177,900
Interim dividend for 2013: 6 cents (2012: 12 cents)	213,480	426,960	213,480	426,960
Dividends declared and paid	640,440	604,860	640,440	604,860

*Declared but not paid:*

Interim dividend for 2013: 4 cents	142,320	-	142,320	-
Final dividend for 2013: Nil (2012: 12 cents)	-	426,960	-	426,960

**8. TRADE RECEIVABLES**

	\$	\$	\$	\$
Trade receivables	2,591,935	2,471,849	978,779	1,009,021
Provision for doubtful debts	(228,042)	(181,415)	(69,242)	(19,242)
Receivable from related entities	299,473	240,511	429,309	348,443
	2,663,366	2,530,945	1,338,846	1,338,222

For terms and conditions relating to related party receivable, refer Note 24.

Trade receivables are non-interest bearing and are generally on 30-90 day terms. At 31 December 2013, trade receivables of the group at nominal value of \$228,042 (2012: \$181,415) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**8. TRADE RECEIVABLES continued**

	Group		Holding Company	
	2013	2012	2013	2012
	\$	Restated \$	\$	\$
At 1 January	181,415	72,945	19,242	45,800
Charge for the year	81,789	144,849	50,000	7,188
Utilized	(20,154)	(33,746)	-	(33,746)
Translation adjustment	(15,008)	(2,633)	-	-
At 31 December	228,042	181,415	69,242	19,242

At 31 December, the ageing analysis of trade receivables for the group is as follows:

	Total	< 30 days	Past due but not impaired		
			30 - 60 days	60 - 90 days	> 90 days
2013	2,363,893	1,803,871	319,012	96,895	144,115
2012	2,290,434	1,281,125	831,936	166,212	11,161

At 31 December, the ageing analysis of trade receivables for the company is as follows:

	Total	< 30 days	Past due but not impaired		
			30 - 60 days	60 - 90 days	> 90 days
2013	909,537	524,366	243,765	56,572	84,834
2012	989,779	625,422	175,605	35,065	153,687

**9. CASH AND CASH EQUIVALENTS**

**(a) Reconciliation of net cash provided by operating activities to operating profit after income tax:**

	\$	\$	\$	\$
Profit after income tax	1,515,009	2,219,621	953,561	937,790
Adjustment to reconcile profit after income tax to net cash flows:				
Adjustments:				
Depreciation and amortization	1,057,014	1,065,176	548,222	545,647
(Gain) on sale of plant and equipment	(18,101)	(31,905)	(3,913)	(19,884)
Share of loss/(profit) of associate or joint venture	87,789	538,944	(111,906)	(135,148)
Bad debts	6,011	2,275	-	-
Movement in provision for doubtful debts	81,789	108,470	50,000	7,188
(Decrease)/increase in deferred tax liability	(171,779)	(30,245)	(144,863)	16,114
Movement in provision for employee entitlements	27,283	43,339	(10,347)	5,310
Movement in translation reserve	(34,387)	(63,243)	-	-
Dividend income	-	-	(159,719)	-
Working capital adjustments:				
(Increase)/decrease in receivables and inventories	(92,718)	(966,531)	114,886	(87,238)
(Decrease)/increase in other liabilities and accruals	(83,788)	410,486	209,724	331
(Decrease)/increase in income tax payable	(600,530)	35,801	(72,811)	(120,186)
<b>Net cash flows provided by Operating Activities</b>	<b>1,773,592</b>	<b>3,332,188</b>	<b>1,372,834</b>	<b>1,149,924</b>

**(b) For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December:**

Cash at bank	325,776	1,080,685	450	281,572
Bank overdraft (Note 19)	(103,711)	-	(103,711)	-
	<b>222,065</b>	<b>1,080,685</b>	<b>(103,261)</b>	<b>281,572</b>



**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**9. CASH AND CASH EQUIVALENTS continued**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate requirements of the group, and earn interest at the respective short-term deposit rates.

At 31 December 2013, the group had available \$200,000 (2012: \$200,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

**10. INVENTORIES**

	<b>Group</b>		<b>Holding Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
		<b>Restated</b>		
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total Event Company Limited merchandise	38,920	47,727	7,343	2,539

The amount of write-down of inventories recognized as an expense was \$Nil (2012: \$Nil).

**11. PREPAYMENTS AND OTHER ASSETS**

Current

	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Refundable deposits	138,044	126,844	46,395	46,050
Prepayments	154,184	155,290	29,682	41,176
Other receivables	199,460	313,242	2,850	2,296
	<b>491,688</b>	<b>595,376</b>	<b>78,927</b>	<b>89,522</b>

**12. INVESTMENT IN SUBSIDIARIES**

Shares in subsidiary companies:

	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
- Total Event Company Limited	-	-	2	2
- PNG FM Pty Limited	-	-	1,725,115	1,725,115
	<b>-</b>	<b>-</b>	<b>1,725,117</b>	<b>1,725,117</b>

Communications (Fiji) Limited holds 100% of the ordinary shares of PNG FM Pty Limited. The results of PNG FM Pty Limited have been consolidated in these financial statements. The results of Total Event Company Limited is included in the results of the holding company.

**13. INVESTMENT IN ASSOCIATE OR JOINT VENTURE**

(a) Investment of Communications (Fiji) Limited in 231 Waimanu Rd Holdings Limited

The holding company has a shareholding of 50% interest in 231 Waimanu Rd Holdings Limited, a company involved in events management. The company's investment in 231 Waimanu Rd Holdings Limited is accounted for using the equity method. Summarized financial information of 231 Waimanu Rd Holdings Limited, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment are set out below:

Current assets, including cash and cash equivalents and prepayments	352,756	356,968
Non-current assets	2,859,620	2,887,636
Current liabilities, including tax payable	(14,284)	(66,066)
Non-current liabilities, including deferred tax liabilities	(308,600)	(312,858)
Equity	<b>2,889,492</b>	<b>2,865,680</b>
Proportion of the group's ownership	50%	50%
Carrying amount of investment - 231 Waimanu Rd Holdings Limited	<b>1,444,746</b>	<b>1,432,840</b>

**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**13. INVESTMENT IN ASSOCIATE AND JOINT VENTURE continued**

*Summarized statement of profit or loss of 231 Waimanu Rd Holdings Limited:*

	2013 \$	2012 \$
Revenue	358,622	414,692
Expenses	(78,778)	(75,586)
<b>Profit before tax</b>	<b>279,844</b>	<b>339,106</b>
Income tax expense	(56,033)	(68,811)
<b>Profit for the year</b>	<b>223,811</b>	<b>270,295</b>
Group's share of profit for the year	<b>111,906</b>	<b>135,148</b>

231 Waimanu Rd Holdings Limited had no contingent liabilities or capital commitments as at 31 December 2012 and 2013.

**(b) Investment of PNG FM Limited in Paradise Cinemas (PNG) Limited**

The subsidiary, PNG FM Limited has a 33.3% shareholding in Paradise Cinemas (PNG) Limited, a company involved in cinema entertainment in Papua New Guinea. The group's investment in Paradise Cinemas (PNG) Limited is accounted for using the equity method in the consolidated financial statements. Summarized financial information of Paradise Cinemas (PNG) Limited, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment are set out below:

Current assets, including cash and cash equivalents and prepayments	338,034	881,356
Non-current assets	5,432,764	5,816,266
Current liabilities, including tax payable	(2,797,750)	(2,674,455)
Non-current liabilities, including deferred tax liabilities	(2,269,036)	(3,248,709)
Equity	704,012	774,458
Proportion of the group's ownership	36%	33%
Carrying amount of investment - Paradise Cinemas (PNG) Limited	<b>251,433</b>	<b>258,153</b>

*Summarized statement of profit or loss of Paradise Cinemas (PNG) Limited:*

Revenue	5,990,577	5,296,562
Expenses	(6,589,661)	(7,318,839)
<b>Profit before tax</b>	<b>(599,084)</b>	<b>(2,022,277)</b>
Income tax expense	-	-
<b>Profit for the year</b>	<b>(599,084)</b>	<b>(2,022,277)</b>
Group's share of profit for the year	<b>(199,695)</b>	<b>(674,092)</b>

Paradise Cinemas (PNG) Limited has provided a bank guarantee amounting to \$127,775 as at 31 December 2013. Paradise Cinemas (PNG) Limited had no capital commitments as at 31 December 2012 and 2013.

Total investment in associate or joint venture	1,696,179	1,690,993
--	-----------	-----------

231 Waimanu Rd Holdings Limited and PNG FM Limited are not listed on any stock exchange.

**14. FINANCIAL ASSETS**

Shares in i-Pac Communications Limited

Group		Holding Company	
2013 \$	2012 \$	2013 \$	2012 \$
591,884	591,884	591,884	591,884

**15. INTANGIBLE ASSETS**

Holding company

Software

Cost:

At 1 January

Additions

At 31 December

2013 \$	2012 \$
824,824	792,223
44,075	32,601
<b>868,899</b>	<b>824,824</b>

**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**15. INTANGIBLE ASSETS continued**

*Holding company continued*

*Depreciation and impairment:*

At 1 January

Depreciation charge for the year

At 31 December

Net book value

2013	2012
\$	\$
321,537	252,404
70,436	69,133
391,973	321,537
476,926	503,287

*Group*

*Cost:*

At 1 January 2013

Additions

At 31 December 2013

*Depreciation and impairment:*

At 1 January 2013

Depreciation charge for the year

Translation adjustment

At 31 December 2013

Net written down value:

At 31 December 2013

At 1 January 2013

Goodwill	Software	Total
\$	\$	\$
1,507,569	824,824	2,332,393
-	101,575	101,575
1,507,569	926,399	2,433,968
370,569	321,537	692,106
-	72,955	72,955
-	(199)	(199)
370,569	394,293	764,862
1,137,000	532,106	1,669,106
1,137,000	503,287	1,640,287

(a) Impairment testing of goodwill and intangibles with indefinite useful lives

Goodwill acquired through business combination with indefinite life has been allocated to the subsidiary acquired which is an individual cash generating unit, which is also a reportable segment, for impairment testing as follows:

	\$	\$
Carrying amount of goodwill	1,137,000	1,137,000

The recoverable amount of the subsidiary has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period. The pre-tax discount rate applied to cash flow projection is 19% (2012: 19%) and cash flows beyond the 5-year period are extrapolated using a 5% growth rate (2012: 5%) that is the same as the long term average growth rate for the industry in PNG.

*Key assumptions used in value in use calculations*

The calculation of value in use are most sensitive to the following assumptions:

- Discount rates;
- Market share during budget period;
- Growth rates used to extrapolate cash flows beyond the budget period;
- Political stability; and
- Capital expenditure.

*Discount rates*

Discount rates reflect management's estimate of the risks specific to the unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining the appropriate discount rate, regard has been given to the yield on a ten-year government bond at the beginning of the budgeted year.

*Market share during budget period*

These assumptions are important, because, as well as using industry data for growth rates management assess how the unit's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the PNG market to be stable over the budget period.



**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**15. INTANGIBLE ASSETS continued**

(a) Impairment testing of goodwill and intangibles with indefinite useful lives continued

*Growth rate estimates*

Rates are based on published industry research.

*Political stability*

Management expect the political environment to be stable over the budget period.

*Capital expenditure*

There are no significant capital expenditure adjusted in the budgeted period. The capital expenditure used in this calculation is assumed to be equal to depreciation.

**16. PROPERTY, PLANT AND EQUIPMENT**

Holding company

*Cost:*

At 1 January 2013

Additions

Disposals

At 31 December 2013

*Depreciation and impairment:*

At 1 January 2013

Depreciation charge for the year

Disposals

At 31 December 2013

Net written down value:

At 31 December 2013

At 1 January 2013

Group

*Cost:*

At 1 January 2013

Additions

Disposals

Translation adjustment

At 31 December 2013

*Depreciation and impairment:*

At 1 January 2013

Depreciation charge for the year

Disposals

Translation adjustment

At 31 December 2013

Net written down value:

At 31 December 2013

At 1 January 2013

	Land and buildings	Plant and equipment	Motor vehicles	Total
	\$	\$	\$	\$
At 1 January 2013	486,026	9,547,575	554,316	10,587,917
Additions	-	524,545	79,591	604,136
Disposals	-	(699)	(54,573)	(55,272)
At 31 December 2013	486,026	10,071,421	579,334	11,136,781
At 1 January 2013	247,175	7,278,051	362,958	7,888,184
Depreciation charge for the year	22,032	402,546	53,208	477,786
Disposals	-	(699)	(54,573)	(55,272)
At 31 December 2013	269,207	7,679,898	361,593	8,310,698
At 31 December 2013	216,819	2,391,523	217,741	2,826,083
At 1 January 2013	238,851	2,269,524	191,358	2,699,733
	\$	\$	\$	\$
At 1 January 2013	486,026	15,515,639	851,894	16,853,559
Additions	25,410	873,254	161,034	1,059,698
Disposals	-	(4,029)	(135,239)	(139,268)
Translation adjustment	-	(117,756)	287,911	170,155
At 31 December 2013	511,436	16,267,108	1,165,600	17,944,144
At 1 January 2013	247,175	9,419,800	559,062	10,226,037
Depreciation charge for the year	23,030	780,615	180,414	984,059
Disposals	-	(699)	(120,720)	(121,419)
Translation adjustment	(76)	342,836	128,728	471,488
At 31 December 2013	270,129	10,542,552	747,484	11,560,165
At 31 December 2013	241,307	5,724,556	418,116	6,383,979
At 1 January 2013	238,851	6,095,839	292,832	6,627,522

The carrying amount of plant and equipment held under finance leases and hire purchase contracts for the group at 31 December 2013 was \$8,701 (2012: \$70,231). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**16. PROPERTY, PLANT AND EQUIPMENT continued**

Land and buildings with a carrying amount of \$241,310 (2012: \$238,851) are subject to a first mortgage charge to secure all of the group's bank loans (Note 19).

As at 31 December 2013, the gross carrying amount of fully depreciated property, plant and equipment that is still in use is \$6,089,722.

**17. TRADE AND OTHER PAYABLES**

	Group		Holding Company	
	2013	2012	2013	2012
		Restated		
	\$	\$	\$	\$
Trade payables	267,620	188,580	46,972	59,158
Other payables	894,085	1,020,477	330,941	344,380
Dividend payable	142,320	230,834	142,320	230,834
Payable to related entity	-	-	252,703	-
	<b>1,304,025</b>	<b>1,439,891</b>	<b>772,936</b>	<b>634,372</b>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.
- Interest payable is normally settled monthly throughout the financial year.
- For terms and conditions relating to related parties, refer to Note 24.

**18. EMPLOYEE BENEFIT LIABILITIES**

	\$	\$	\$	\$
Annual leave	101,119	107,469	64,606	74,953
Long service leave	77,726	44,093	-	-
	<b>178,845</b>	<b>151,562</b>	<b>64,606</b>	<b>74,953</b>

**19. INTEREST-BEARING BORROWINGS**

			\$	\$	\$	\$
Current	Maturity	Effective interest rate %				
Bank overdraft	On demand	4.75%	103,711	-	103,711	-
Secured loan	Note 26	4.75%	376,778	814,178	376,778	814,178
Lease liabilities	Note 22	14%	-	65,478	-	-
			<b>480,489</b>	<b>879,656</b>	<b>480,489</b>	<b>814,178</b>
Non-current						
Secured loan	Note 26	4.75%	1,392,402	1,314,451	1,392,402	1,314,451
			<b>1,392,402</b>	<b>1,314,451</b>	<b>1,392,402</b>	<b>1,314,451</b>

Details of interest bearing borrowings are:

(a) *Bank overdraft and secured loan are secured as follows:*

Holding company

The bank overdraft facility and loan from Westpac Banking Corporation are secured by a first registered debenture over the assets of the company. Interest on bank overdrafts and loan accounts are charged at the rate of 4.75%.

(b) *Lease liabilities*

Lease liabilities were secured by a Master Lease agreement and a charge over leased assets.

**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**20. SHARE CAPITAL**Authorised capital

5,000,000 ordinary shares of \$1 each

Issued and paid up capital

3,558,000 ordinary shares of \$1 each

	Group		Holding Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Authorised capital				
5,000,000 ordinary shares of \$1 each	5,000,000	5,000,000	5,000,000	5,000,000
Issued and paid up capital				
3,558,000 ordinary shares of \$1 each	3,558,000	3,558,000	3,558,000	3,558,000
<b>21. RESERVES</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<u>Foreign currency translation reserve</u>				
At 1 January	895,861	(53,077)	-	-
Currency translation differences	(474,662)	948,938	-	-
At 31 December	421,199	895,861	-	-
<u>Share premium reserve</u>				
At 1 January	61,500	61,500	61,500	61,500
Issue of additional shares - at a premium	-	-	-	-
At 31 December	61,500	61,500	61,500	61,500
Total reserves	482,699	957,361	61,500	61,500

Nature and purpose of reservesForeign currency translation reserve

Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

Share premium reserve

The share premium reserve arises from the issue of shares at a premium.

**22. EXPENDITURE COMMITMENTS**

## (a) Capital expenditure commitments

## (b) Finance lease commitments

Future commitments in respect of finance lease are as follows:

Within one year

Total minimum lease payments

Deduct future finance charges

Present value of minimum lease payments

Analyzed as:

Current

## (c) Operating lease commitments

Future commitments in respect of operating lease are as follows:

Within one year

After one year but not more than five years

More than five years

Minimum lease payments

	\$	\$	\$	\$
(a) Capital expenditure commitments	-	-	-	-
(b) Finance lease commitments				
Future commitments in respect of finance lease are as follows:				
Within one year	-	67,976	-	-
Total minimum lease payments	-	67,976	-	-
Deduct future finance charges	-	(2,498)	-	-
Present value of minimum lease payments	-	65,478	-	-
Analyzed as:				
Current	-	65,478	-	-
	-	65,478	-	-
(c) Operating lease commitments				
Future commitments in respect of operating lease are as follows:				
Within one year	558,615	146,112	146,114	146,112
After one year but not more than five years	586,788	588,303	586,788	588,303
More than five years	621,764	766,361	621,764	766,361
Minimum lease payments	1,767,167	1,500,776	1,354,666	1,500,776

The group has lease agreements for office space. The annual lease rentals are recognized as an expense in the current year.



**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**23. CONTINGENT LIABILITIES**

Fiji Electricity Authority  
 Telecom Fiji Limited  
 Letter of credit for PNG FM Limited

Group		Holding Company	
2013	2012	2013	2012
\$	\$	\$	\$
8,660	8,660	8,660	8,660
8,567	8,567	8,567	8,567
-	582,000	-	582,000
17,227	849,227	17,227	849,227

**24. RELATED PARTY DISCLOSURES****(a) Directors**

Directors at anytime during the year were as follows:  
 Mathew Wilson, William Parkinson, Pramesh Sharma and Shaenaz Voss.

**(b) Ownership interest in related parties**

PNG FM Limited  
 Total Event Company Limited  
 231 Waimanu Holdings Limited  
 Paradise Cinemas (PNG) Limited

Ownership interest		Ownership interest	
-	-	100%	100%
-	-	100%	100%
50%	50%	50%	50%
33.3%	33.3%	-	-

**(c) The following related party transactions occurred during the financial year:****(i) Transactions with consolidated subsidiary - PNG FM Limited**

Costs incurred on behalf of the subsidiary and recovered  
 Management fees

\$	\$
216,702	288,971
36,000	36,000

**(ii) Transactions with 231 Waimanu Rd Holdings Limited**

Rental of office and studio space  
 Dividends received

\$	\$
137,712	133,662
100,000	125,000

Related party transactions are at normal commercial terms and conditions.

**(d) Compensation of key management personnel**

Short-term employee benefits  
 Superannuation contribution

479,357	496,802	293,460	301,276
38,349	39,744	23,477	24,102
517,706	536,546	316,937	325,378

**(e) Owings from related entities**

Paradise Cinemas (PNG) Limited  
 PNG FM Limited

\$	\$	\$	\$
299,473	240,511	-	-
-	-	429,309	348,443
299,473	240,511	429,309	348,443

**(f) Owing to related entity**

PNG FM Limited

\$	\$	\$	\$
-	-	252,703	-
-	-	252,703	-

**(g) Directors' interests in an employee-share incentive plan**

No share options have been granted to staff, executives and the non-executive members of the Board of Directors under this scheme.

# COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 25. COMPANY DETAILS

(a) Company incorporation

The legal form of the company is a public company, domiciled and incorporated in the Republic of the Fiji under the Companies Act, 1983.

(b) Registered office/Company operation

The company's operations and registered office is located at 231 Waimanu Road, Suva while the subsidiary is in Papua New Guinea. The associate company namely 231 Waimanu Rd Holdings Limited operate from 231 Waimanu Road, Suva.

(c) Number of employees

As at balance date, the company employed a total of 164 employees (Group: 269 employees - 2012: 274 employees).

#### 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's principal financial liabilities comprises bank overdrafts, finance leases, hire purchase contracts, trade payables and loans. The main purpose of these financial liabilities is to raise finance for the group's operations. The group has various financial assets such as trade receivables and cash, which arise directly from its operations.

The main risk arising from the company's financial statements are interest rate and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

##### Interest rate risk

The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates. The group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date:

	Increase / (decrease) in interest rate	Effect on profit before tax \$
2013	+10%	(11,536)
	-10%	11,536
2012	+10%	(15,398)
	-10%	15,398

##### Foreign currency risk

The group has an investment in Papua New Guinea. The movement in the Kina/Fiji dollar exchange rates are recorded in equity and will be realized on disposal of the investment.

The group has transactional currency exposures. Such exposures arises from purchases by the group in currencies other than Fijian dollars.

##### Credit risk

It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the group.

**COMMUNICATIONS (FIJI) LIMITED and Subsidiary company**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued**

Liquidity risk

The table below summarizes the maturity profile of the Group's liabilities at 31 December based on contractual undiscounted payments:

<b>31 December 2013</b>	<b>Total</b>	<b>\$ On demand</b>	<b>\$ &lt; 1 year</b>	<b>\$ 1 - 5 years</b>	<b>\$ &gt; 5 years</b>
Interest-bearing borrowings	1,872,891	103,711	376,778	1,021,204	371,198
Trade and other payables	1,304,025	267,620	1,036,405	-	-
	<b>3,176,916</b>	<b>371,331</b>	<b>1,413,183</b>	<b>1,021,204</b>	<b>371,198</b>

<b>31 December 2012</b>	<b>Total</b>	<b>\$ On demand</b>	<b>\$ &lt; 1 year</b>	<b>\$ 1 - 5 years</b>	<b>\$ &gt; 5 years</b>
Interest-bearing borrowings	2,128,629	-	814,178	943,253	371,198
Lease liabilities	65,478	-	65,478	-	-
Trade and other payables	1,439,891	188,580	1,251,311	-	-
	<b>3,633,998</b>	<b>188,580</b>	<b>2,130,967</b>	<b>943,253</b>	<b>371,198</b>

Capital management

The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximize shareholder value.

The group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year 31 December 2012 and 31 December 2013.

The group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The group's policy is to keep the gearing ratio below 40%. The group includes net debt, interest-bearing borrowings, trade and other payables less cash and cash equivalents, excluding discounted operations. Capital includes any preference shares, equity attributable to equity holders of the parent less any unrealized gains reserve.

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Interest-bearing borrowings	1,872,891	2,194,107
Trade and other payables	1,304,025	1,439,891
Less: cash and short term deposits	(325,776)	(1,080,685)
Net debt	<b>2,851,140</b>	<b>2,553,313</b>
Equity	10,224,992	10,250,542
Total capital	<b>10,224,992</b>	<b>10,250,542</b>
<b>Capital and net debt</b>	<b>13,076,132</b>	<b>12,803,855</b>
Gearing ratio	22%	20%

**27. SUBSEQUENT EVENTS**

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company and the Group, the results of those operations or the state of affairs of the company and the Group in the subsequent financial year.

**COMMUNICATIONS (FIJI) LIMITED** *and Subsidiary company*  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**28. RESTATEMENT OF 2011 AND 2012 FINANCIAL STATEMENT**

The statements of financial position in 2011 and 2012 were restated on the basis of discrepancies in trade debtors in the subsidiary company, PNG FM Limited. These discrepancies were the direct result of rapid expansion and development of the business in 2011. Continuous efforts are made to strengthen the management capacity to handle this sudden growth. The discrepancies in 2011 were material to the subsidiary's comprehensive income and the impact on 2012 has also been recorded. The correction of prior period discrepancies have resulted in increases/(decreases) in the following accounts in the statements of financial position and the statements of comprehensive income:

	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Kina</b>	<b>Kina</b>	<b>\$</b>	<b>\$</b>
Increase/(decrease):				
<i>Statement of financial position</i>				
Receivables	(12,561)	(311,181)	(10,986)	(203,400)
Reserves	(12,561)	(311,181)	(10,986)	(203,400)
Total assets	(12,561)	(311,181)	(10,986)	(203,400)
Net assets	(12,561)	(311,181)	(10,986)	(203,400)
<i>Statement of comprehensive income</i>				
Other operating expenses	12,561	311,181	12,013	234,183
Total operating expenses	12,561	311,181	12,013	234,183
Net profit for the year	(12,561)	(311,181)	(12,013)	(234,183)



## COMMUNICATIONS (FIJI) LIMITED

### DISCLAIMER ON ADDITIONAL INFORMATION

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#### **Disclaimer on additional Information**

The additional financial information, being the detailed SPSE disclosure requirements and detailed Income Statement has been compiled by the management of Communications (Fiji) Limited.

To the extent permitted by law, Ernst & Young does not accept liability for any loss or damage which any person, other than Communications (Fiji) Limited may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

## COMMUNICATIONS (FIJI) LIMITED *and Subsidiary company*

### SOUTH PACIFIC STOCK EXCHANGE DISCLOSURE REQUIREMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

#### STOCK EXCHANGE LISTING DISCLOSURES

Disclosure requirements of the South Pacific Stock Exchange (not included elsewhere in this report) are as follows:

- (a) Statement of interest of each Director in the share capital of the Company or in a related corporation as at 31 December 2013 in compliance with Listing Requirements :

Mathew Wilson (Direct interest) 112,736 shares in Communications (Fiji) Limited.

William Parkinson (Indirect interest - Parkinson Holdings Limited) 1,881,341 shares in Communications (Fiji) Limited.

- (b) Distribution of shareholding

#### Holding

Less than 500 Shares  
501 to 5,000 Shares  
5,001 to 10,000 Shares  
10,001 to 20,000 Shares  
20,001 to 30,000 Shares  
30,001 to 40,000 Shares  
40,001 to 50,000 Shares  
50,001 to 100,000 Shares  
100,001 to 1,000,000 Shares  
Over 1,000,000 Shares

No. of holders	% Holding
38	0.52%
85	4.38%
11	2.42%
7	3.07%
6	3.92%
2	1.91%
-	-
3	6.22%
4	24.68%
1	52.88%
157	100%

- (c) Share register, registered and principal administrative office and company secretary

SPSE Central Share Registry  
Level 2, Provident Plaza 1  
Suva  
Fiji

The company is incorporated in Fiji with limited liability and is listed on the South Pacific Stock Exchange. The company secretary is Ms Jyoti Solanki, Financial Controller, Communications (Fiji) Limited.

## COMMUNICATIONS (FIJI) LTD

### LISTING REQUIRMENTS OF SOUTH PACIFIC STOCK EXCHANGE

**(A) Schedule of each class of shares held by Directors and Senior Management under listing rule 6.31(iv) as at 31st December 2013**

Names	No of Shares
Parkinson Holdings Ltd	1,881,341
Unit Trust of Fiji (Trustee Company) Ltd	386,327
BSP Life(Fiji) Ltd	275,855
Matt Wilson	112,736
Ian Jackson	14,500
Loretta Jackson	9,500
Adrian Au	2,000
Malakai Fredrick Veisamasama	2,000
Doris King	1,500
Charles Taylor	1,500
Ateca Toganivalu	1,000
Vijay Narayan	1,000
Vijay Varma	500

**(B) Shareholdings of those persons holding twenty largest blocks of shares under listing rule 6.31(iv)**

	Shareholder Name	No. of Shares	Total % Holdings
1	Parkinson Holdings Ltd	1,881,341	52.88
2	Unit Trust of Fiji (Trustee Company) Ltd	386,327	10.86
3	BSP Investments (Fiji) Ltd	275,855	7.75
4	Matt Wilson	112,736	3.17
5	JP Bayly Trust	103,300	2.90
6	Deborah Keola Yasmeen Dean	95,262	2.68
7	Praful & Anita Patel superannuation Fund	64,068	1.80
8	FHL Trustees Limited ATF Fijiam Holdings Unit Trust	62,000	1.74
9	Lautoka Stevedoring (Fiji) Company Ltd	34,100	0.96
10	Amy Lynn Bergquist	34,000	0.96
11	Aequi-Libria Associates Ltd	26,700	0.75
12	Erik Larson and Karla Larson –Wadd,JTwros	24,400	0.69
13	Ian & Loretta Jackson	24,000	0.67
14	Kontiki Fund Limited	22,385	0.63
15	Eta & Radike Qereqeretabua	21,200	0.60
16	Patel Khatri Investments (Fiji) Ltd	20,670	0.58
17	Reddy's Enterprises Ltd	20,000	0.56
18	Fijicare Insurance Ltd	20,000	0.56
19	Roland F Schultz	15,000	0.42
20	Graham Eden	14,891	0.42

**(C) Disclosure under listing rule 6.31 (viii)**

	PNG FM LTD(PNG)	PARADISE CINEMAS (PNG)	231 WAIMANU RD (FIJI)
Percentage of Shareholding	100%	33.33%	50%
	\$	\$	\$
Turnover	8,192,536	2,812,959	349,490
Other Income	74,320	574,357	9,132
	<b>8,266,856</b>	<b>3,387,316</b>	<b>358,622</b>
Depreciation and amortization	508,792	863,090	28,014
Interest Expense	-	9225	-
Other Expenses	6,299,808	3,114,084	50,763
Income Tax Expense	521,683		56,033
	<b>7,330,283</b>	<b>3,986,399</b>	<b>134,810</b>
Net Profit/(loss) after Tax	<b>936,573</b>	<b>(599,083)</b>	<b>223,812</b>
Total Assets	7,435,363	5,621,435	2,287,581
Total Liabilities	1,588,499	5,066,786	322,883
Shareholders Fund	5,846,864	554,649	1,964,698

**(D) Disclosure under Listing Rule 6.31 (ix)**

There were no contracts existing which had director's material interest in it.

**(E) Disclosure under listing Rule 6.31(xii)****Summary of key Financial Results for the previous five years (Consolidated)**

	2013	2012 * Restated	2011* Restated	2010	2009	2008
<b>Net Profit After Tax</b>	<b>1,515,009</b>	<b>2,219,621</b>	<b>642,379</b>	<b>1,318,038</b>	<b>1,412,000</b>	<b>864,220</b>
Current Assets	3,519,750	4,254,733	2,916,787	2,227,503	1,674,925	1,907,507
Non- Current Assets	10,341,148	10,550,686	9,453,014	8,064,207	7,697,295	6,530,164
<b>Total Assets</b>	<b>13,860,898</b>	<b>14,805,419</b>	<b>12,369,801</b>	<b>10,291,710</b>	<b>9,372,220</b>	<b>8,437,671</b>
Current Liabilities	2,147,768	3,256,048	2,314,050	1,842,070	1,411,133	1,173,985
Non- Current Liabilities	1,488,138	1,581,966	2,652,045	1,592,517	1,954,625	2,336,172
<b>Total Liabilities</b>	<b>3,635,906</b>	<b>4,838,014</b>	<b>4,966,095</b>	<b>3,434,587</b>	<b>3,365,758</b>	<b>3,510,157</b>
<b>Shareholders' Equity</b>	<b>10,224,992</b>	<b>9,967,405</b>	<b>7,403,706</b>	<b>6,857,123</b>	<b>6,006,462</b>	<b>4,927,514</b>

**(F) Disclosure under listing Rule 6.31(xiii)(a) (Consolidated)**

	2013 Cents	2012 Cents	2011 Cents	2010 Cents	2009 Cents	2008 Cents
Dividend Declared per share	0.15	0.24	0.10	0.08	0.08	0.08
Earnings per share	42.58	62.38	24.64	37.04	39.69	24.29
Net tangible assets per share	240.00	234.00	160.96	151.62	127.28	96.10

**(G) Disclosure under listing Rule 6.31(xiii) (d)**

Share price during the year (cents per share)	2013
Highest	2.94
Lowest	2.21
On 31st December 2013	2.94



## Communications (Fiji) LTD

Minutes of the Twenty Eighth Annual General Meeting of Shareholders held on the 26th of April 2013, at 231 Waimanu Road, at 3.00pm.

### Present:

Mr. Matthew Wilson Chairman  
 Mr. William Parkinson  
 Mr Pramesh Sharma  
 Mr Vilash Chand  
 Mr. Ian Jackson  
 Ms. Jyoti Solanki Company Secretary  
 Ms. Sufi Dean  
 Mr. Vijay Narayan  
 Mrs. Ateca Toganivalu  
 Mrs. Doris Southwick  
 Mr. Peni Tora  
 Mr Steve Pickering  
 Ms. Siale  
 Ms Misau  
 Mr. Philip Wilikibau  
 Ms Rowena Fong  
 Mr. Nirenjeev (SPSE)

### Apologies:

Shaenaz Voss

### Quorum:

The Quorum required was met and recorded.

### Opening of AGM

The Chairman welcomed the shareholders and attendees.

### Note of Thanks by Chairman:

I extend a cordial welcome to you to the 28th annual meeting of Communications (Fiji) Ltd. You have copies of the printed annual report that has been released to the South Pacific Stock Exchange. The report contains the meeting agenda that I shall address shortly.

2012 was another of those years that will stand out as a major landmark in the history of CFM.

Our principal achievement was a Group profit that easily surpassed all our previous performances.

This was despite severe flooding in Fiji which had a negative effect on the economy. Thanks to the exemplary efforts of management and our talented employees, we recovered quickly from this difficult situation. We once again helped to keep the people of Fiji up-to-date with crucial information, damage assessments and the Government's relief efforts.

As the country, showing its customary resilience, started to recover and the economy got back into gear, our sales graph soon began moving upwards. We were on course for success.

At \$2,231,636 after tax, profit for the Group increased by 155 per cent over 2011.

In Fiji we posted a result of \$937,000 after tax.

It was the after tax profit of \$1,293,846 in Papua New Guinea, that pushed us to our new high.

You can read about the financial details in the printed report.

I will just touch on a few key points that illustrate the 2012 outcome and the strength and quality of CFM's balance sheet.

Group sales went up to \$14,121,757. That was a 27 per cent improvement.

Of this amount \$4,610,303 came from Fiji and \$9,511,454 from PNG.

The reduction in the gearing ratio to 18 per cent reflects your Board's focus on ensuring that we do not become weighed down by debt.

Group earnings per share, which is of central interest to all shareholders, jumped from 24.64c to 62.72c. There was a steady rise in our share price. During the year it moved from \$2.10c to \$2.21c. The rise continued in 2013 and presently stands at a record level of \$2.26c.

Many factors contribute to the accomplishments of CFM. But today I wish to once more single out the staff for the part they play. We commend them for their zeal, their drive, their passion, creativity and willingness to innovate. Every time I walk into the building I get a very real sense of the buzz, the vibrancy and restless spirit that animates this company.

In the CFM Group we ensure that the employees benefit directly from our performance through a long-established profit sharing scheme. Each month, 10 per cent of the Group's profit goes into a fund. This is divided between staff on the basis of their pay as a percentage of the total salary bill.

I am pleased to report that in the last five years we have paid out across the Group approximately \$2 million to employees through this scheme.

Ladies and gentlemen, CFM never stands still; it takes nothing for granted; it constantly re-energises itself and ensures it stays close to its markets.

The audience ratings that place it in a dominant position are the product of all the qualities I have outlined. I have explained to you why 2012 was exceptional for the company, particularly in Papua New Guinea, where rapid economic growth and a general election helped contribute to record sales.

2013 is at this stage difficult to read.

In Fiji we have experienced a much better start to the year than in 2012 and look forward to an enhanced performance from important revenue centres such as Fiji Showcase.

In Papua New Guinea, we do not expect the same scale of high growth we experienced in 2012, mainly because the economy is temporarily slowing in line with predictions. We have an opportunity now to consolidate while maintaining and capitalizing on the strong gains we made last year. We will further strengthen some of our operational and management systems.

I should mention that the figures from our PNG Paradise Cinemas associate company are more positive, which reaffirms our belief that this new investment will produce excellent returns when it is out of the start-up phase.

Ladies and gentlemen and colleagues, I close by reiterating our new dividend policy, based on 40 per cent of after-tax profit. This will of course be dependent on circumstances.

Although this will give shareholders better returns than previously, it is still conservative in comparison to the dividend ratios of some of the other companies on the South Pacific Stock Exchange.

Thank you for your support. I express my thanks also for the support I have received from board members.

#### **Confirmation of Minutes:**

The Minutes of the twenty seventh Annual General Meeting held on the 23rd of April 2012 were read and approved.

The motion to adopt the minutes was moved by Mr Ian Jackson and seconded by Mrs. Doris Southwick and approved unanimously.

**Matters arising from the Minutes:**

No Matters Arising

**Audited Accounts:**

The Chairman went through Audited Financials page by page and highlighted on major information and disclosures.

Auditors were present to answer any technical questions raised by shareholders, however, there were no major issue or questions were asked by shareholders.

The Audited Balance Sheet, Profit and loss and Directors reports were received and adopted. The motion was moved by Pramesh Sharma and seconded by Mr. Vijay Narayan.

**Election of Director:**

Semi Leweniqila's removal was approved by all the shareholders unanimously. Mr Ian Jackson has moved the motion and Mr Pramesh Sharma seconded.

Ms Shaenaz Voss and Mr Pramesh Sharma were re-appointed to the board. William proposed their re-appointment and seconded by Ms Rowena.

**Appointment of Auditors:**

The meeting resolved to re appoint M/s Ernst & Young as auditors.

The motion was proposed by Mr. Vilash Chand, seconded by Mr. Pramesh Sharma.

**Dividends:**

The meeting noted that a 3rd Interim Dividend of \$426,960 (12cents per share) has been adopted as the final Dividend for the year 2012.

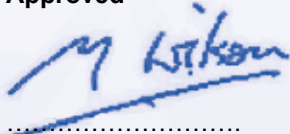
The motion was moved by Mr. Parkinson, seconded by Mr. Pramesh Sharma and passed unanimously.

**Other Matters:**

There were no other matters noted.

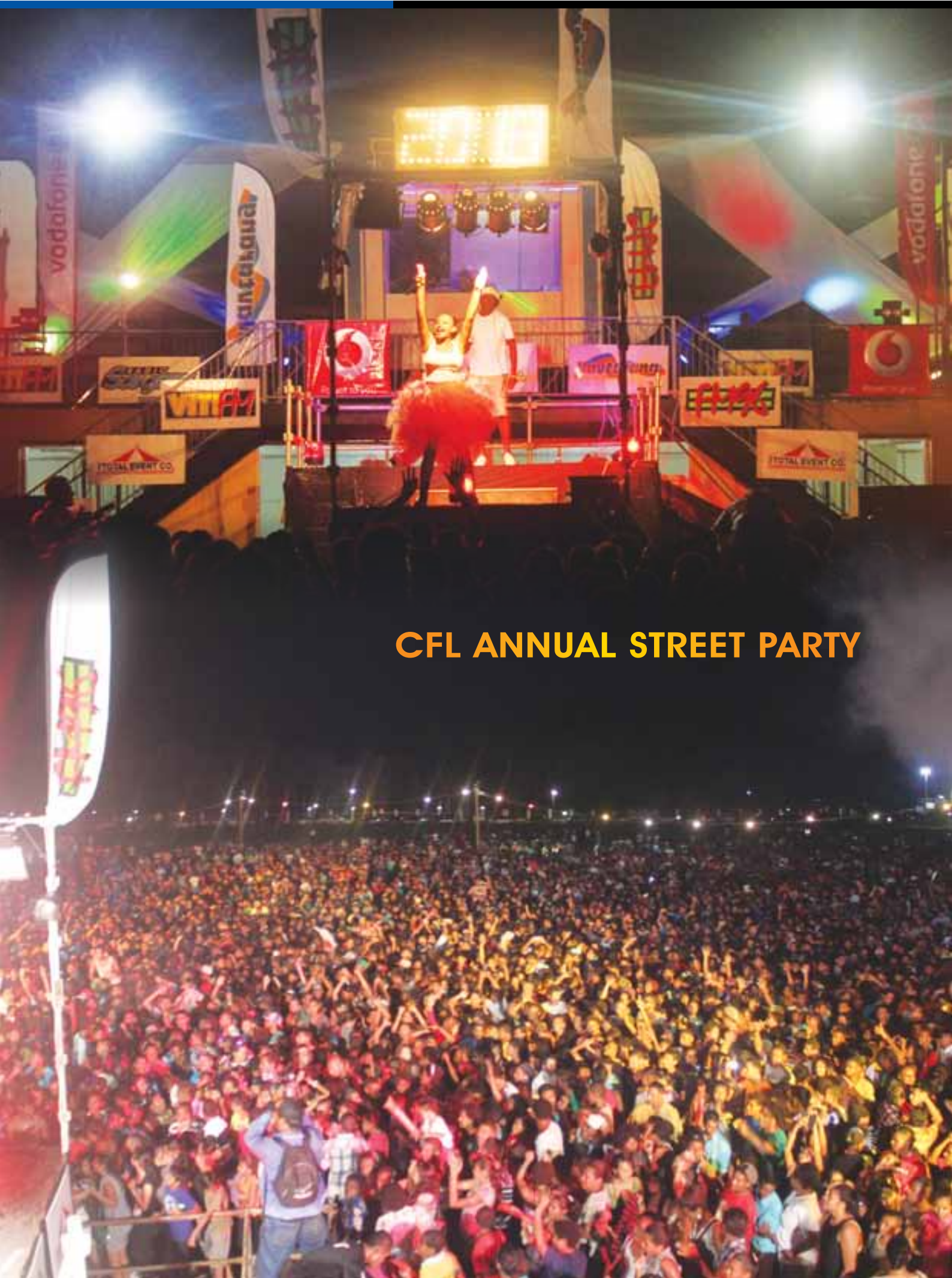
**There being no other business Chairman Mr. Matt Wilson closed the meeting at 3.30 pm.**

Approved



Chairman





## CFL ANNUAL STREET PARTY



## COMMUNICATIONS FIJI LTD

Private Mail Bag, Suva, Fiji. Phone: 3 314 766 Fax: 3 303 748 e-mail: [jyoti@cfl.com.fj](mailto:jyoti@cfl.com.fj)



### APPOINTMENT OF PROXY

#### THE COMPANY SECRETARY,

I/We \_\_\_\_\_ of \_\_\_\_\_

being a member of Communications Fiji Limited, hereby appoint,

\_\_\_\_\_ of \_\_\_\_\_

or failing him/her \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy, to vote for me/us and on my/our behalf at the Annual General Meeting of Communications Fiji Limited to be held on 7th of May, 2014 and at any adjournment thereof

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Member: \_\_\_\_\_

Name of Member: \_\_\_\_\_

Signature of Witness: \_\_\_\_\_

In case of a body corporate, this form should be under its Seal or be signed by an Officer or an Attorney duly authorized by it.

This form is to be used in favour of/against\* the resolution.

\*Strike out which ever is not applicable. Unless otherwise instructed, the proxy may vote as he/she thinks fit.

This proxy form, to be effective, must reach the registered office of the Company, 231 Waimanu Road, Suva, no less than 48 hours before the time of holding the meeting.

**CFL:** FM96, Legend FM, Navtarang, Radio Sargam, Viti FM, Total Event Company,  
fijivillage.com & CFL CinemADs,  
**PNG FM:** Nau FM, YUMI FM & Legend FM  
231 Waimanu Rd LTD  
Unwired Fiji.

