COMMUNICATIONS (FIJI) LIMITED and Subsidiary company

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Contents

In accordance with a resolution of the Board of Directors of Communications (Fiji) Limited ("the Company"), the directors herewith submit the Consolidated Statement of Financial Position of the company and its subsidiary (collectively as "the group") as at 31 December 2018, 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:

Matthew Wilson (Resigned 30 May 2018)
William Parkinson
Pramesh Sharma
Josephine Yee Joy (Appointed 1 May 2018)
Sufinaaz Dean
Vilash Chand
Thelma Savua

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 cinema entertainment and renting of a property respectively.

Results

The operating group profit for the year was $2,943,789 (2017: $2,922,934) after providing $539,755 (2017: $488,249) for income tax expense.

Dividends

The dividends declared during the year was $1,067,400 (2017: $1,885,740).

Reserves

The directors recommend that no transfer be made to or from reserves except for movements required under International Financial Reporting Standards.

Bad and doubtful debts

Prior to the completion of 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 the 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 group, inadequate to any substantial extent.

Non-current assets

Prior to the completion of the financial statements 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 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 group's financial statements misleading.

Unusual transactions

In the opinion of the directors, the results of the operations 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 group in the current financial year, other than those reflected in the financial statements.

Significant events

During the year, Paradise Cinemas Limited (“PCL”, a joint venture entity of PNG FM Limited) sold its cinema business and related assets. PCL’s principal activity subsequently changed to sub-leasing of a property for which it currently holds a non-cancellable lease.

Events subsequent to balance date

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group as reported in these financial statements.

Other circumstances

As at the date of this report :

(i) no charge on the assets of the 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 group could become liable; and

(iii) no contingent liabilities or other liabilities of 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 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
Thelma Savua	2,000	Nil
Sufinaaz Dean	Nil	940,670
William Parkinson	Nil	940,671

Auditor independence

The directors have obtained an independence declaration from the group’s auditor, Ernst & Young. A copy of the auditor’s independence declaration is set out in the Auditor’s Independence Declaration to the Directors of Communications (Fiji) Limited on page 5.

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

Dated this 14th day of March 2019.

Director: ....

Director: ....

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2018

This Directors' Declaration is required by the Companies Act, 2015.

The Directors of the company have made a resolution that declared:

(i) In the Directors' opinion, the financial statements and notes of the Group for the financial year ended 31 December 2018;

   a) give a true and fair view of the financial position of the Group as at 31 December 2018 and of the performance of the Group for the year ended 31 December 2018;

   b) have been made out in accordance with the Companies Act 2015.

(ii) they have received declarations as required by Section 395 of the Companies Act 2015;

(iii) At the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Dated this 14th day of March 2019.

Director: ....

Director: ....

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Auditor's independence declaration to the Directors of Communications (Fiji) Limited

As lead auditor for the audit of Communications (Fiji) Limited and its subsidiary for the financial year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Companies Act 2015 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Communications (Fiji) Limited and the entity it controlled during the financial year.

Ernst & Young
Chartered Accountants
Suva, Fiji

Steven Pickering
Partner

14 March 2019

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INDEPENDENT AUDIT REPORT

To the Shareholders of Communications (Fiji) Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Communications (Fiji) Limited ("the Company") and its subsidiary (collectively as "the Group"), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion, the accompanying financial statements of the Group give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance, changes in equity and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Other than the provision of assurance services in our capacity as auditor, we have no relationship with, or interest in the Company or its subsidiary. Partners and employees of our firm deal with the Company and the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the matter
Impairment of goodwill: The Group recognised goodwill of $1,137,000 (2017: $1,137,000) in respect to its wholly owned subsidiary, PNG FM Limited, which is considered a separate cash generating unit (CGU). The quantum of the goodwill balance and the current economic environment in Papua New Guinea, in which the company operates, increases the potential for the goodwill balance to be impaired.	We evaluated the impairment calculations including assessing the recoverable amount of the CGU. We reviewed the valuation of the CGU as determined by an independent valuer. We assessed them key assumptions including the future maintainable earnings, forecast growth assumptions and price earnings multiples. We assessed the competence, qualifications, independence and objectivity of the independent valuer.

INDEPENDENT AUDIT REPORT (continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the matter
Impairment of goodwill (continued): The Directors' assessment of impairment of goodwill and other assets within the relevant CGU is disclosed at note 2.4(c). The key assumption in assessing goodwill for impairment is future maintainable earnings from the CGU. The Group's goodwill impairment assessment is included in Note 13.	We evaluated the impairment calculation including assessing the recoverable amount of the CGU calculated by the independent valuer. We considered the "value in use" valuation of the CGU as determined by an independent valuer. We assessed the key assumptions including the future maintainable earnings and price earnings multiples. We performed sensitivity analysis on the key drivers of the independent valuation, being maintainable earnings projections and price earnings multiples. We considered the likelihood of a movement in those key assumptions occurring such that it would result in an impairment. We also evaluated the adequacy of the disclosure included in Notes 2.4(c) and 13.

Information Other than the Financial Statements and Auditor's Report

The directors and management are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2018, but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and management for the Consolidated Financial Statements

The directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as the directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors and management are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless the directors and management either intend to liquidate the Group to cease operations, or have no realistic alternative but to do so.

The directors and management are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDIT REPORT (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2015, in our opinion:

a) Proper books of account have been kept by the group, so far as it appears from our examination of those books; and

b) the accompanying financial statements:

   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, give the information required by the Companies Act, 2015 in the manner so required.

Ernst & Young
Chartered Accountants
Suva, Fiji

Steven Pickering
Partner

14 March 2019

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		$	$
Radio income	4.1	12,286,547	11,609,894
Other revenue	4.2	1,542,626	1,397,361
Salaries and employee benefits	4.3	(3,903,581)	(3,647,622)
Depreciation and amortization	4.4	(1,880,971)	(1,098,119)
Other expenses	4.5	(4,804,491)	(5,494,056)
Profit from operations		3,240,130	2,767,458
Finance costs	4.6	(221,040)	(143,660)
Share of profit of associate or joint	4.7	464,454	128,014
Gain on sale of shares in associate company		-	659,371
Profit before income tax		3,483,544	3,411,183
Income tax (expense)	5	(539,755)	(488,249)
Net profit for the year		2,943,789	2,922,934
Other comprehensive (expense)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operation	20	(71,387)	(210,140)
Other comprehensive (expense) for the year		(71,387)	(210,140)
Total comprehensive income for the year		2,872,402	2,712,794
Earnings per share (cents)	6	82.74	82.15

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 2018

	Notes	2018	2017
Current assets		$	$
Cash and cash equivalents	9(a)	1,069,433	2,055,770
Trade receivables	8	2,032,119	2,200,227
Inventories	10	-	7,805
Prepayments and other assets	11	359,797	382,553
Income tax receivable		14,629	68,668
		3,475,978	4,715,023
Non-current assets			
Investment in associates and joint ventures	12	2,404,097	2,039,643
Intangible assets	13	1,385,009	1,418,142
Property, plant and equipment	14	6,640,334	5,961,133
Right-of-use assets	15	1,792,782	-
Deferred tax assets	5(b)	35,463	95,916
		12,257,685	9,514,834
Total assets		15,733,663	14,229,857
Current liabilities			
Trade and other payables	16	941,585	2,114,849
Employee benefit liabilities	17	104,633	148,658
Interest-bearing borrowings	18	674,036	607,453
		1,720,254	2,870,960
Non-current liabilities			
Interest-bearing borrowings	18	1,132,378	253,732
Employee benefit liabilities	17	139,049	114,663
Deferred tax liability	5(b)	84,182	137,704
		1,355,609	506,099
Total liabilities		3,075,863	3,377,059
Net assets		12,657,800	10,852,798
Shareholders' equity			
Share capital	19	3,619,500	3,619,500
Reserves	20	(587,201)	(515,814)
Retained earnings		9,625,501	7,749,112
Total equity		12,657,800	10,852,798

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

COMMUNICATIONS (FIJI) LIMITED and Subsidiary company

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		$	$
Operating activities			
Receipts from customers		13,812,646	12,746,834
Payments to suppliers and employees		(8,747,545)	(9,510,766)
Interest and bank charges paid		(221,040)	(143,660)
Income tax paid		(478,785)	(270,644)
Net cash provided by Operating Activities		4,365,276	2,821,764
Investing activities			
Proceeds from sale of plant and equipment		85,070	28,370
Acquisition of plant, equipment and intangibles		(1,959,670)	(1,198,763)
Proceeds from sale of shares in associate entity		-	1,251,255
Dividends received		100,000	125,000
Net cash flows (used) in/ provided by Investing Activities		(1,774,600)	205,862
Financing activities			
Dividends paid to equity holders of the parent		(2,241,540)	(711,600)
Prepayment of secured loan		(810,110)	(808,800)
Repayment of secured loan principal		(51,075)	(811,735)
Repayment of lease principal and interest		(492,239)	(64,082)
Net cash flows (used) by in Financing Activities		(3,594,964)	(2,396,217)
Net (decrease)/increase in cash held		(1,004,288)	631,409
Cash and cash equivalents at the beginning of year		2,055,770	1,405,902
Effects of exchange rate changes on opening cash balances		17,951	18,459
Cash and cash equivalents at the end of year	9(a)	1,069,433	2,055,770

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 2018

	Notes	2018	2017
		$	$
Retained earnings			
Balance at the beginning of the year		7,749,112	6,711,918
Operating profit after tax		2,943,789	2,922,934
Dividends paid/proposed	7	(1,067,400)	(1,885,740)
Balance at the end of the year		9,625,501	7,749,112
Reserves			
Foreign currency translation reserve			
Balance at the beginning of the year		(515,814)	(305,674)
Movement arising on translation of the financial statements of foreign subsidiary		(71,387)	(210,140)
Balance at the end of the year	20	(587,201)	(515,814)
Share premium reserve			
Balance at the beginning of the year		-	61,500
Transfer to Share Capital		-	(61,500)
Balance at the end of the year	20	-	-
Share capital			
Balance at the beginning of the year		3,619,500	3,558,000
Transfer from Share Premium Reserve		-	61,500
Balance at the end of the year	19	3,619,500	3,619,500
Total equity		12,657,800	10,852,798

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

1. Corporate information

The consolidated financial statements of Communications (Fiji) Limited and its subsidiary company ("the Group") for the year ended 31 December 2018 were authorized for issue with a resolution of the directors on 12 March 2019. Communications (Fiji) Limited ("the Company") 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 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.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the group and its subsidiary as at 31 December 2018. 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.

2.1 Basis of preparation continued

Basis of consolidation continued

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

On consolidation, the 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 1.5430:1 (2017: 1.5455:1) while the average rate used to translate revenue and expense accounts was 1.461:1 (2017:1.431:1).

2.2 Significant accounting judgments, estimates and assumptions

The preparation of 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 it 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 calculations 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 valuation by an external valuer.

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. Deferred tax assets are also recognised for all temporary differences that are expected to reverse and reduce taxable profit in the future. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing, the probability that temporary differences will reverse and level of future taxable profits together with future tax planning strategies.

2.3 Changes in accounting policy and disclosures

i) New and amended standards and interpretations

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. The Group has also decided to early adopt IFRS 16 Leases as of 1 January 2018.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial Instruments: classification and measurement; impairment; and hedge accounting.

The Group has opted to use the modified retrospective approach when implementing IFRS 9. Relevant balances were recalculated at initial application date of 1 January 2018. As the impact of the standard was immaterial, the impact has been included in current year profit. Consequently, opening retained earnings was not restated.

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group’s business model for managing the assets; and whether the instruments’ contractual cash flows represent ‘solely payments of principal and interest’ on the principal amount outstanding.

The assessment of the Group’s business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. There were no changes in the designation and measurement basis of debt and equity instruments held by the Group which come into the scope of IFRS 9.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group’s accounting for impairment losses for financial assets by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon the adoption of IFRS 9, the Group recognised additional impairment on the Group’s Trade receivables $28,088 which resulted in a decrease in net profit for the year. Impairment losses do not reduce the carrying amount of debt instruments at fair value through OCI in the statement of financial position, which remains at fair value.

i) New and amended standards and interpretations continued

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 31 December 2017	Remeasurment	ECL under IFRS 9 as at 1 January 2018
	$	$	$
Receivables under IAS 39/ IFRS 9	202,498	28,088	230,586

2.3 Changes in accounting policy and disclosures continued

i) New and amended standards and interpretations continued

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies,with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Based on Group's assessment, there is no impact from IFRS 15 in the consolidated statement of financial position as at 1 January 2018 and 31 December 2018 and no impact in the consolidated statement of Financial Statements for the year ended 31 December 2017.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 is mandatory for annual periods beginning on or after 1 January 2019. However, the Group has decided to early-adopt this standard for year ended 31 December 2018, with the effective transition date being 1 January 2018.

Transition to IFRS 16

The Group has adopted IFRS 16 using the modified retrospective approach. The Group has elected to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group has elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

2.3 Changes in accounting policy and disclosures continued

i) New and amended standards and interpretations continued

IFRS 16 Leases continued

During 2018, the Group early adopted IFRS 16 after performing an assessment of the impact. The impact of adopting IFRS 16 on the financial statements of the Group is as follows:

Impact on the statement of financial position (increase/(decrease)) as at 31 December 2018:

	$
Assets	
Right-of-use assets	1,792,782
Liabilities	
Lease liabilities	1,806,414
Deferred tax lliabilities	-
Trade and other payables	-
Net impact on equity	(13,632)

Impact on the statement of profit or loss (increase/(decrease)) for 2018:

	$
Depreciation expense	612,547
Operating lease expense (included in administrative expenses)	(591,133)
Operating profit	(21,414)
Finance costs	(163,705)
Income tax expense	-
Profit for the year	(185,119)

Due to the adoption of IFRS 16, the Group's operating profit decreased. This is due higher notional interest calculated early in the lease term. At the end of the lease term, the impact on profit will effectively be the same as the accounting under IAS 17.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	$
Operating lease commitments as at 31 December 2017	775,229
Weighted average incremental borrowing rate as at 1 January 2018	4.00%
Discounted operating lease commitments at 1 January 2018	691,996
Less:	
Commitments relating to short-term lease	(8,868)
Commitments relating to leases of low-value assets	-
Add:	
Commitments relating to transmitter sites leases previously not disclosed	372,095
Commitments for arrangements assessed as non-cancellable leases	1,350,106
Lease liabilities as at 1 January 2018	2,405,329

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.

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.

2.4 Summary of significant accounting policies continued

(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 subsidiary 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.

(d) Investments and other financial assets

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss or fair value through other comprehensive income, loans and receivables and held to maturity investments, 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.

2.4 Summary of significant accounting policies continued

(d) Investments and other financial assets continued

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.

Assets carried at amortized cost

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.

(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 and other receivables are recognised at face value of amounts due less an allowance for doubtful receivables. Doubtful receivables are determined using the simplified approach whereby trade and other receivables that share the same or similar credit risk characteristics and debt ageing are grouped and then assessed for collectability as a whole. An estimate of the group's expected credit loss for the next 12 months is made and recognised as estimated credit loss. Refer to Note 25(c).

(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.

2.4 Summary of significant accounting policies continued

(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	5% - 30%
Motor vehicles	15% - 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.

The Group has decided to early adopt IFRS 16 Leases which replaces IFRS 17 Leases. IFRS 16 allows recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. As at 1 January 2018, the Group has recognized lease liability to make lease payments and an asset representing the right to use the underlying assets during the lease team. The leases which have been captured under this standard include payments of head office rent, dedicated internet facilities and land leased for transmitter sites.

(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.

For the year ended December 2018, the Group has made an assesment to access and record the impact of IFRS 15 Revenue from contracts with customers. The impact of IFRS 15 was analysed as largely impacting products which are provided to customers in bundled packages and services which are in progress at reporting date. The Group has concluded that the impact of IFRS 15 is immaterial hence there wil be no reallocation in relation to the same.

(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.

2.4 Summary of significant accounting policies continued

(o) Employee benefits

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.

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.

2.4 Summary of significant accounting policies continued

(q) Business combinations and goodwill continued

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 subsidiary, 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 subsidiary, 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.

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.

2.4 Summary of significant accounting policies continued

(r) Taxes continued

Deferred tax continued

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.

2.5 Standards issued but not yet effective

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

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify accounting for long-term interests in an associate or joint venture to which the equity method is not applied. The Group's interest in an associate or joint venture are accounted for under the equity method so there is no impact on the Group when this clarification becomes effective as of 1 January 2019.

IFRS 3 Business Combinations

The amendments clarify the accounting of when an entity obtains control of a business that is a joint operation, requiring it to apply the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. The Group does not have any interest in a joint operation or acquired a business meets that criteria. The clarification will have no impact on the Group when the clarification becomes effective as of 1 January 2019.

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group's policy is in line with these amendments and no impact is anticipated when this becomes effective on 1 January 2019.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group’s current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

3. SEGMENT INFORMATION

The company and its subsidiary operate predominantly in radio broadcasting services industry. The holding company operates in Fiji while its subsidiary operates in Papua New Guinea.

Business segments

The following tables present revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 31 December 2018 and 2017.

Year ended 31 December 2018	PNG	Fiji	Eliminations	Total
	$	$	$	$
Revenue				
External sales	6,408,998	5,877,547	-	12,286,547
	6,408,998	5,877,547	-	12,286,547
Results				
Segment result	1,319,149	1,929,113	(8,132)	3,240,130
Net finance costs	(162,499)	(58,541)	-	(221,040)
Share of profit of joint venture	-	464,454	-	464,454
Profit before income tax	1,156,650	2,335,026	(8,132)	3,483,544
Income (expense)	(378,765)	(160,990)	-	(539,755)
Net profit	777,885	2,174,036	(8,132)	2,943,789

Year ended 31 December 2018	PNG	Fiji	Eliminations	Total
	$	$	$	$
Assets and liabilities				
Segment assets	4,325,584	9,997,695	(993,713)	13,329,566
Investment in joint venture	-	2,404,097	-	2,404,097
Total assets	4,325,584	12,401,792	(993,713)	15,733,663
Segment liabilities	1,687,003	1,615,636	(226,776)	3,075,863
Total liabilities	1,687,003	1,615,636	(226,776)	3,075,863
Other segment information				
Capital expenditure:				
- tangible fixed assets	684,344	1,270,123	-	1,954,467
- intangible assets	-	5,202	-	5,202
Amortization of intangible assets	5,839	32,861	-	38,700
Depreciation	486,879	718,498	-	1,205,377
Doubtful and bad debts	7,368	34,228	-	41,596
Cash flows				
Operating activities	1,436,425	2,928,851		
Investing activities	(661,734)	(1,112,866)		
Financing activities	(2,309,628)	(1,285,336)		

Year ended 31 December 2017	PNG	Fiji	Eliminations	Total
	$	$	$	$
Revenue				
External sales	6,125,647	5,484,247	-	11,609,894
	6,125,647	5,484,247	-	11,609,894

3. SEGMENT INFORMATION continued

Business segments continued

Year ended 31 December 2017 continued	PNG	Fiji	Eliminations	Total
	$	$	$	$
Result				
Segment result	1,005,448	1,759,629	2,381	2,767,458
(Loss)/profit from operating activities	1,005,448	1,759,629	2,381	2,767,458
Net finance costs	(123,439)	(20,221)	-	(143,660)
Gain on sale of shares om associate company	-	659,371	-	659,371
Share of profit of joint venture	-	128,014	-	128,014
Profit before income tax	882,009	2,526,793	2,381	3,411,183
Income tax expense	(269,584)	(218,665)	-	(488,249)
Net profit	612,425	2,308,128	2,381	2,922,934
Assets and liabilities				
Segment assets	3,923,806	9,484,788	(1,218,380)	12,190,214
Investment in joint venture	-	2,039,643	-	2,039,643
Total assets	3,923,806	11,524,431	(1,218,380)	14,229,857
Segment liabilities	2,024,697	1,844,907	(492,545)	3,377,059
Total liabilities	2,024,697	1,844,907	(492,545)	3,377,059
Other segment information				
Capital expenditure:				
- tangible fixed assets	294,147	906,681	-	1,200,828
- intangible assets	-	49,335	-	49,335
Amortization of intangible assets	5,959	40,938	-	46,897
Depreciation	449,331	601,891	-	1,051,222
Doubtful and bad debts	83,847	-	-	83,847

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

4. REVENUE AND EXPENSES

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

	2018	2017
	$	$
4.1 Radio income		
Advertising income	11,320,300	10,647,890
Total Event Company Limited income and other commercial income	966,247	962,004
	12,286,547	11,609,894
4.2 Other revenue		
Other income	620,056	410,124
Gain on disposal of assets	23,526	15,255
Cinema advertising	889,308	954,783
Interest income	9,736	17,199
	1,542,626	1,397,361
4.3 Salaries and employee benefits		
Superannuation and FNU levy	332,067	313,091
Salaries and wages	2,925,299	2,798,545
Staff commission and bonus	609,286	495,812
Staff training	36,929	40,174
	3,903,581	3,647,622

4. REVENUE AND EXPENSES continued

	2018	2017
	$	$
4.4 Depreciation and amortization		
Depreciation	1,842,271	1,051,222
Amortization of intangible assets	38,700	46,897
	1,880,971	1,098,119
4.5 Other expenses		
Auditors remuneration - audit fees	47,255	34,900
- other services	5,250	5,250
Bad debts	16,492	-
Directors' remuneration	224,922	198,107
Doubtful debts	41,596	83,847
Operating leases	-	744,842
Operating leases - short term and low value	170,314	-
Other operating expenses	4,298,662	4,427,110
	4,804,491	5,494,056
4.6 Finance costs		
Bank loans	57,335	143,660
Interest on lease liability	163,705	-
	221,040	143,660
4.7 Share of profit of associate or joint venture		
Share of profit from 231 Waimanu Rd Holdings Limited	464,454	128,014
	464,454	128,014

5. INCOME TAX

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

A reconciliation between tax expense and the product of accounting profit/(loss) multiplied by Fiji's domestic tax rate for the years ended 31 December 2018 and 2017 is as follows:

	$	$
Accounting profit before income tax	3,483,544	3,411,183
Prima facie tax thereon at the Fiji rate of 10%	348,354	341,118
Effect of higher tax rates in PNG	232,143	176,869
(Recognition) of previously unrecognised tax losses	-	(713)
Tax effect of non-deductible items	(38,236)	(68,750)
Share of profit of associate or joint venture non-deductible/non-taxable	46,445	12,801
Other	(57,508)	29,949
Under/(over) provision from prior year	8,557	(3,025)
Income tax expense attributable to operating profit	539,755	488,249
(a) Consolidated income statement		
Current income tax:		
Current income tax charge	596,752	487,902
Adjustments in respect of previous year	8,557	(3,025)
Origination and reversal of temporary differences	(65,554)	3,372
Income tax expense	539,755	488,249

5. INCOME TAX continued

	2018	2017
	$	$
(b) Deferred tax		
Deferred tax assets/liabilities at 31 December relates to the following:		
Provision for doubtful debts	78,312	75,862
Employee entitlements	59,928	57,816
Accelerated depreciation for tax purposes and	(210,405)	(239,650)
Accruals and prepayments	23,446	64,184
Net deferred tax liability	(48,719)	(41,788)
Represented on the consolidated Statement of Financial Position as:		
Deferred income tax asset	35,463	95,916
Deferred tax liability	(84,182)	(137,704)
	(48,719)	(41,788)

6. EARNINGS PER SHARE

	$	$
Operating profit after income tax	2,943,789	2,922,934
Weighted average number of shares outstanding	3,558,000	3,558,000
Basic earnings per share (cents)	82.74	82.15

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 2016: 8 cents	-	426,960
Interim dividend for 2017: 8 cents	-	284,640
Final dividend for 2017: 12 cents	426,960	-
1st Interim dividend for 2018: 8 cents	284,640	-
2nd Interim dividend for 2018: 10 cents	355,800	-
Dividends declared and paid	1,067,400	711,600
Declared but not paid:		
Special dividend for 2017: 33 cents	-	1,174,140
Total dividend declared	1,067,400	1,885,740

8. TRADE RECEIVABLES

	$	$
Trade receivables	2,335,485	2,402,725
Estimated credit loss	(303,366)	(202,498)
	2,032,119	2,200,227
	2,032,119	2,200,227

Trade receivables are non-interest bearing and are generally on 30-90 day terms. At 31 December 2018, trade receivables of the group at nominal value of $303,366 (2017: $202,498) were impaired and fully provided for. Movements in the Estimated Credit Loss for receivables were as follows:

8. TRADE RECEIVABLES continued

	2018	2017
	$	$
At 1 January	202,498	142,370
Charge for the year	13,508	83,847
Utilized	-	(13,130)
Translation adjustment	59,272	(10,589)
Estimated credit losses due to implementation of IFRS 9	28,088	-
At 31 December	303,366	202,498

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

			Past due but not impaired		
	Total	< 30 days	30 - 60 days	60 - 90 days	> 90 days
2018	2,032,119	1,218,898	646,112	146,266	20,843
2017	2,200,227	1,420,529	554,679	148,944	76,075

9. CASH AND CASH EQUIVALENTS

(a) For the purpose of the consolidated Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December:

	$	$
Cash at bank	1,069,433	855,770
Short term deposit	-	1,200,000
	1,069,433	2,055,770

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.

10. INVENTORIES

	$	$
Merchandise	-	7,805

The amount of write-down of inventories recognized as an expense was Nil (2017: Nil).

11. PREPAYMENTS AND OTHER ASSETS

	$	$
Current		
Refundable deposits	168,255	178,413
Prepayments	119,076	139,127
Other receivables	72,466	65,013
	359,797	382,553

12. INVESTMENT IN JOINT VENTURE

(a) Investment 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 property 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 financial statements, and reconciliation with the carrying amount of the investment are set out below:

12. INVESTMENT IN JOINT VENTURE continued

(a) Investment in 231 Waimanu Rd Holdings Limited (continued)

	2018 $	2017 $
Current assets, including cash and cash equivalents and prepayments	77,744	82,296
Non-current assets	5,842,606	4,684,671
Current liabilities, including tax payable	(31,682)	(31,592)
Non-current liabilities, including deferred tax liabilities	(1,080,475)	(656,090)
Net assets	4,808,193	4,079,285
Proportion of the group's ownership	50%	50%
Carrying amount of investment - 231 Waimanu Rd Holdings Limited	2,404,097	2,039,643
Summarized statement of profit or loss of 231 Waimanu Rd Holdings Limited:		
Revenue	451,332	409,332
Expenses	(97,668)	(87,946)
Change in fair value of investment property	1,070,019	-
Profit before tax	1,423,683	321,386
Income tax expense	(494,775)	(63,215)
Profit for the year	928,908	258,171
Group's share of profit for the year	464,454	128,014

231 Waimanu Rd Holdings Limited had no contingent liabilities or capital commitments as at 31 December 2018 and 2017.

(b) Investment in Paradise Cinemas (PNG) Limited

The subsidiary, PNG FM Limited has a 43.87% (2017: 43.87%) 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. The Group has entered into an agreement to sell its investment in Paradise Cinemas. At the date of this report, the settlement of the sale has not been completed. Summarized financial information of Paradise Cinemas (PNG) Limited are set out below:

	2018 $	2017 $
Current assets, including cash and cash equivalents and prepayments	622,774	387,480
Non-current assets	-	6,435,777
Current liabilities, including tax payable	(342,713)	(2,035,060)
Non-current liabilities, including deferred tax liabilities	-	(448,024)
Net assets	280,061	4,340,173
Original investment - Paradise Cinemas (PNG) Limited		
- At 1 January	4,720,155	4,997,260
- Translation adjustments	7,648	(277,105)
	4,727,803	4,720,155
Less: Cumulative share of losses		
- At 1 January	(2,460,422)	(2,604,865)
- Translation adjustments	(3,986)	144,443
	(2,464,408)	(2,460,422)
Less: Impairment loss		
- At 1 January	(2,259,733)	(2,392,395)
- Translation adjustments	(3,662)	132,662
	(2,263,395)	(2,259,733)
Net Carrying amount of investment - Paradise Cinemas (PNG) Limited	-	-

12. INVESTMENT IN JOINT VENTURE continued

(b) Investment in Paradise Cinemas (PNG) Limited continued

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

	2018	2017
	$	$
Revenue	2,071,448	5,555,287
Expenses	(5,982,682)	(6,280,961)
Loss for the year	(3,911,234)	(725,674)
Unrecognised Group's share of loss for the year	(1,715,909)	(318,363)

PNG FM Limited had written down its investment in PCL to Nil and had settled all guarantees and legal obligations in regards to this investment. Therefore, the Group has not recorded any further share of loss resulting from the operations of PCL. Total share of losses not recorded at 31 December 2018 was K2,171,552 (2017: K455,643).

	2018	2017
Total investment in joint ventures	2,404,097	2,039,643

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

13. INTANGIBLE ASSETS

Group	Goodwill	Software	Total
Cost:	$	$	$
At 1 January 2018	1,507,569	491,026	1,998,595
Additions	-	5,202	5,202
Disposal	-	(9,477)	(9,477)
Translation adjustment	-	90	90
At 31 December 2018	1,507,569	486,841	1,994,410
Depreciation and impairment:			
At 1 January 2018	370,569	209,884	580,453
Depreciation charge for the year	-	38,700	38,700
Disposal	-	(9,477)	(9,477)
Translation adjustment	-	(275)	(275)
At 31 December 2018	370,569	238,832	609,401
Net written down value:			
At 31 December 2018	1,137,000	248,009	1,385,009
At 1 January 2018	1,137,000	281,142	1,418,142

(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 and 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 an independent valuation provided to the company. The independent valuation used the future maintainable earnings method to value the subsidiary. Based on the valuation which determine the value in use of the subsidiary, the Group concluded that Goodwill is not impaired.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Plant and equipment	Motor vehicles	Total
	$	$	$	$
Cost:				
At 1 January 2018	513,168	11,912,133	1,025,624	13,450,925
Additions	2,631	1,671,362	280,474	1,954,467
Disposals	-	(126,599)	(336,993)	(463,592)
Translation adjustment	56	9,218	660	9,934
At 31 December 2018	515,855	13,466,115	969,765	14,951,735
Depreciation and impairment:				
At 1 January 2018	332,754	6,553,157	603,881	7,489,792
Depreciation charge for the year	16,480	1,004,082	184,814	1,205,377
Disposals	-	(72,415)	(294,804)	(367,218)
Translation adjustment	(180)	(14,372)	(1,998)	(16,550)
At 31 December 2018	349,054	7,470,453	491,894	8,311,400
Net written down value:				
At 31 December 2018	166,801	5,995,662	477,871	6,640,334
At 1 January 2018	180,414	5,358,976	421,743	5,961,133

Total non-cash addition during the year amounted to Nil (2017: Nil).

As at 31 December 2018, the gross carrying amount of fully depreciated property, plant and equipment that is still in use is $2,767,057 (2017: $3,168,151).

15. RIGHT-OF-USE ASSETS

Land and Building

Group	2018	2017
Cost:	$	$
At 1 January 2018	2,405,329	-
At 31 December 2018	2,405,329	-
Depreciation and impairment:		
At 1 January 2018	-	-
Depreciation charge for the year	612,547	-
At 31 December 2018	612,547	-
Net written down value:		
At 31 December 2018	1,792,782	-
At 1 January 2018	2,405,329	-

The Group early adopted IFRS 16 as of 1 January 2018. The above represent assets under lease contracts which have been recognized as an asset in accordance with IFRS 16. The assets are written down over the terms of their contracts. The Group elected to use the modified restrospective approach in transition to IFRS 16. Consequently, there are no prior period comparatives.

16. TRADE AND OTHER PAYABLES

	2018	2017
	$	$
Trade payables	250,634	114,761
Other payables	690,951	825,948
Dividends payable	-	1,174,140
	941,585	2,114,849

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30 to 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.

17. EMPLOYEE BENEFIT LIABILITIES

	2018	2017
i) Current liability	$	$
Annual leave		
At 1 January	148,658	156,183
Movement during the year	(44,025)	(7,525)
At 31 December	104,633	148,658
ii) Non-current liability		
Long service leave		
At 1 January	114,663	113,964
Movement during the year	24,386	699
At 31 December	139,049	114,663
Total employee benefit liabilities	243,682	263,321

18. INTEREST-BEARING BORROWINGS

Current	Effective interest	$	$
Secured loan	4%	-	607,453
Lease liabilities	4%	674,036	-
		674,036	607,453

Non-current	Effective interest	$	$
Secured loan	4%	-	253,732
Lease liability	4%	1,132,378	-
		1,132,378	253,732

Details of interest bearing borrowings are:

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

Holding company

The loan from Westpac Banking Corporation was secured by a first registered mortgage debenture over the assets of the company and undertakings including its uncalled and called but unpaid capital. Interest on loan accounts are charged at the rate of 4.00% per annum. This loan was settled in June 2018.

PNG FM Limited

PNG FM Limited's loan is secured by all PNG FM Limited assets and undertaking including its called and uncalled capital. Interest on loan accounts are charged at the rate of 9.5% per annum. This was settled in December 2018.

(b) Lease liabilities

The group early adopted IFRS 16 using the modified retrospective approach as of 1 January 2018. The adoption of IFRS 16 resulted in the recognition of lease liabilities arising from contracts which were previously accounted for as operating leases. The leases include lease of office space, transmitter sites and dedicated communications connections and have been presented as current and non-current based on the present value of future outflows under the lease contracts.

19. SHARE CAPITAL

As at the end of the financial year, the number of fully paid ordinary shares was 3,558,000. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote. Ordinary shares have no par value.

Issued and paid up capital	$	$
3,558,000 ordinary shares	3,619,500	3,558,000
Transfer from Share Premium Reserve	-	61,500
	3,619,500	3,619,500

The group’s capital comprises ordinary shares only and these carry the same rights, preferences and restrictions. In addition, under the provisions of the sec 196 (a) and sec 737 of the Fiji Companies Act 2015, the Share Premium Reserve has been reclassified as part of the Company’s existing total issued share capital.

20. RESERVES

	$	$
Foreign currency translation reserve		
At 1 January	(515,814)	(305,674)
Currency translation differences	(71,387)	(210,140)
At 31 December	(587,201)	(515,814)
Share premium reserve		
At 1 January	-	61,500
Transfer to share capital	-	(61,500)
At 31 December	-	-
Total reserves	(587,201)	(515,814)

20. RESERVES continued

Foreign currency translation reserve

Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiary. It is also used to record the effect of hedging net investment in foreign operation outside Fiji.

Share premium reserve

Under the provisions of the sec 196 (a) and sec 737 of the Fiji Companies Act 2015, the share premium reserve has been reclassified as part of the Company's existing total issued share capital.

21. EXPENDITURE COMMITMENTS	2018 $	2017 $
Capital expenditure commitments - Nil (2017: Nil)	-	-

22. CONTINGENT LIABILITIES	$	$
Guarantees	17,227	17,227

23. RELATED PARTY DISCLOSURES

(a) Directors

Directors at anytime during the year were as follows:
Matthew Wilson (resigned 30 May 2018), William Parkinson, Pramesh Sharma, Sufinaaz Dean, Vilash Chand, Thelma Savua Josephine Yee Joy (appointed 1 May 2018).

(b) Ownership interest in related parties	Ownership interest	
PNG FM Limited	100%	100%
Total Event Company Limited	100%	100%
231 Waimanu Holdings Limited	50%	50%
Paradise Cinemas (PNG) Limited	43.9%	43.9%

(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	1,034	8,044
Management and administrative fees	286,500	285,420

(ii) Transactions with 231 Waimanu Rd Holdings Limited	$	$
Rental of office and studio space	144,597	144,597
Dividends received	100,000	125,000
Management and administrative fees	9,425	6,684

Related party transactions are at normal commercial terms and conditions.

23. RELATED PARTY DISCLOSURES continued

	2018	2017
	$	$
(d) Compensation of key management personnel		
Short-term employee benefits	656,998	662,779
Superannuation contribution	65,700	66,278
	722,698	729,057
(e) Receivables from related entities	$	$
Paradise Cinemas (PNG) Limited	-	80,880
	-	85,628

(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.

24. COMPANY DETAILS

(a) Company incorporation

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

(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 Joint Venture Entity namely 231 Waimanu Rd Holdings Limited operates from 231 Waimanu Road, Suva.

(c) Number of employees

As at balance date, the group employed a total of 190 employees (2017: 195 employees).

25. 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 cash, trade receivables, held to maturity investments, inventory and other assets , which arise directly from its operations.

a) Financial assets		$	$
Cash	Note 9	1,069,433	855,769
Trade and other receivables	Note 8	2,032,119	2,200,227
Held to maturity investments	Note 9	-	1,200,000
Inventories	Note 10	-	7,805
Other assets	Note 11	359,797	382,553
Total financial assets		3,461,349	4,646,354

Held to maturity investments includes 3 months Term deposit with Kontiki Finance Limited at an interest rate of 3.75%.

Trade and other receivables are non-derivative financial assets carried at amortised cost which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

b) Financial liabilities

		2018	2017
Interest-bearing borrowings:		$	$
Secured bank loan	Note 18	-	861,185
Finance lease	Note 18	1,806,414	-
Other financial liabilities at amortised cost, other than interest bearing borrowings:			
Trade and other payables	Note 16	941,585	2,114,849
Total financial liabilities		2,747,999	2,976,034

c) Financial risk management objective and policies

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 $
2018	-100bp	(4,075)
	+100bp	4,075
2017	-100bp	(13,767)
	+100bp	13,767

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. As part of its risk control procedures, an assessment of the credit quality of a new customer, taking into account its financial position, past experience and other factors is carried out prior to management approval. Individual credit risk limits are then set based on the assessments done. The utilisation of credit limits is regularly monitored.

Liquidity risk

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

	$	$	$	$	$
31 December 2018	Total	On demand	< 1 year	1 - 5 years	> 5 years
Interest-bearing borrowings	674,036	-	674,036		-
Trade and other payables	941,585	250,634	690,951	-	-
	1,615,621	250,634	1,364,987	-	-
31 December 2017	Total	On demand	< 1 year	1 - 5 years	> 5 years
Interest-bearing borrowings	861,185	-	607,453	253,732	-
Trade and other payables	2,114,849	114,761	2,000,088	-	-
	2,976,034	114,761	2,607,541	253,732	-

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

d) Changes in liabilities arising from financing activities

	1 January 2018	Change in fair value	Cash flows	Additions	31 December 2018
	$	$	$	$	$
Interest-bearing borrowings	861,185	-	(861,185)	-	-
Obligation under finance leases	-	-	(492,239)	2,298,653	1,806,414
Dividend payables	1,174,140	-	(2,241,540)	1,067,400	-
Total liabilities arising from financing activities	2,035,325	-	(3,594,964)	3,366,053	1,806,414

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, polices or processes during the year 31 December 2018 and 31 December 2017.

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.

	2018	2017
	$	$
Interest-bearing borrowings	1,806,414	861,185
Trade and other payables	941,585	2,114,849
Less: cash and short term deposits	(1,069,433)	(855,770)
Net debt	1,678,566	2,120,264
Equity	12,657,800	10,852,798
Total capital	12,657,800	10,852,798
Capital and net debt	14,336,366	12,973,062
Gearing ratio	12%	16%

26. Significant events

During the year, Paradise Cinemas Limited (“PCL”, a joint venture entity of PNG FM Limited) sold its cinema business and related assets. PCL’s principal activity subsequently changed to sub-leasing of a property for which it currently holds a non-cancellable lease.

27. Events subsequent to balance date

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group as reported in these financial statements.