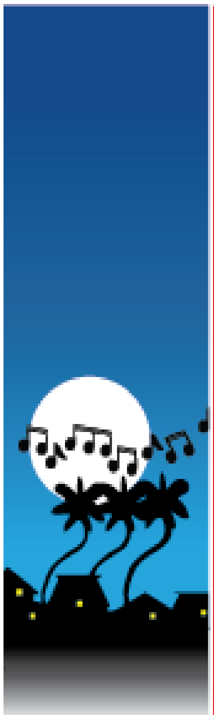

Statement to the South Pacific Stock Exchange

March 26, 2021

Communications Fiji Ltd announces profit and final dividend for year ended December 31st 2020

The South Pacific's largest broadcaster, Communications Fiji Ltd announced today that the company recorded an after profit tax of $824,394 (2019 $2,234,010) and declared a 4 cent final dividend for the financial year ended December 31st 2020.

"Needless to say it has been a very tough year, especially in the Fiji market" said Chairman William Parkinson "I am very proud of the way in which our teams in both Fiji and Papua New Guinea have responded to this crisis. Not only have they delivered an amazing product but also a final profit AND we have successfully avoided any pay cuts".

"We entered into this crisis in a very strong financial position debt free and with strong cash reserves and we have strengthened that position over 2020".

In addition, Communications Fiji Ltd's 100% subsidiary PNG FM LTD recently announced the purchase of a block of land in Port Moresby for K 5 million. "We are waiting on final regulatory approvals and are already working on plans for our brand new studios that we hope will open early 2023".

The boards of Communications Fiji Ltd and PNG FM LTD remain cautiously optimistic about the coming year "We are primarily concerned about the health of our team and our listeners and so are particularly worried about the recent increase in Covid 19 cases in Papua New Guinea but our results in both markets for the first quarter are ahead of last year. We have been very careful with provisioning and we remain committed to maintaining healthy balance sheets through this period" said Mr Parkinson

Communications Fiji Ltd shares will go ex-benefit on April 14th. The record date will be April 19th and the dividend will be paid out April 27th.

William Parkinson
Chairman

Seini Tinaikoro
Company Secretary

Communications Fiji Limited
The parent company of;
Fiji: FM96, Legend FM, Navtarang, Radio Sargam, Viti FM, The Total Event Company, Fijivillage CFL CinemADs, Magic Factory, Fijivillage.

SUVA
231 Waimanu Road, Suva, Fiji
Private Mail Bag Suva
T (679) 331 4766
F (679) 330 3748

NADI
Shop 26 Westpoint Arcade
Main Street, Nadi
T (679) 666 4966
F (679) 666 4996

COMMUNICATIONS FIJI LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

COMMUNICATIONS FIJI LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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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 subsidiaries (collectively "the Group") as at 31 December 2020, the related consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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:

William Parkinson (Chairman)
Pramesh Sharma
Josephine Yee Joy
Vilash Chand
Thelma Savua
Sufinaaz Dean

Principal activity

The principal business activity of the Company and its subsidiaries in the course of the year was the operation of commercial radio stations and owners of property. 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 profit of the Group for the year was $824,394 (2019: $2,234,010) after providing for income tax expense of $422,006 (2019: $450,749).

Dividends

The dividends declared during the year was $Nil (2019: $711,600).

Basis of Accounting - Going Concern

The financial statements of the Group have been prepared on a going concern basis. The Directors consider the application of the going concern principle to be appropriate in the preparation of these financial statements as they believe that the Group has plans and strategies, together with the support of its principal shareholders and lenders to generate required funding to meet its liabilities as and when they fall due over the next twelve months. Accordingly, the Directors believe that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

Bad Debts and Allowance for Impairment Loss

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 the writing off of bad debts and the making of allowance for impairment loss. In the opinion of the Directors, adequate allowance has been made for impairment loss.

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

Unusual Transactions

In the opinion of the directors, other than the impact on the business activities resulting from novel coronavirus outbreak, 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 unusual nature, nor has there arisen between the end of the financial year and the date of this report, any item, transaction or event of a material 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.

Events Subsequent to Balance Date

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

Significant Events During the Year

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

The Group has remained operational since this declaration and continues to engage in operation of radio stations. We have seen a significant impact of the pandemic on our business to date which has resulted in a decline in revenue and profit. The outbreak and the initiative of the Government in dealing with the pandemic is impacting the general activity levels within the community, the economy and the operations of our business.

The scale and duration of these developments remain uncertain as at the date of this report, however they are having an impact on our earnings and cash flow. The Directors confirm that they have considered all known impacts of COVID-19 when preparing the financial statements and applying the going concern concept.

Furthermore, the Group is in the process of formalising its shareholding structure for investment in subsidiary FM Haus Ples Limited. During the year, the Group paid a deposit amounting to $340,147 for purchase of property. Apart from this transaction, this subsidiary did not have any operations or transactions during the year.

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 Group's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Group 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 Group or of a related corporation) by reason of a contract made by the Group or by a related corporation with the Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

Directors' Interests

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

	Direct interest	**Indirect interest**
Thelma Savua	2,000	Nil
Sufinaaz Dean	Nil	934,170
William Parkinson	Nil	934,170

Auditor Independence

The Directors have obtained an independence declaration from the Group's auditor, BDO. A copy of the auditor's independence declaration is set out in the *Auditor's Independence Declaration to the Directors of Communications Fiji Limited and its subsidiary companies* on page 6.

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

Dated this 26 day of March 2021.

Director

Director

COMMUNICATIONS FIJI LIMITED AND ITS SUBSIDIARY COMPANIES

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020;

a) give a true and fair view of the financial position of the Group as at 31 December 2020 and of the performance of the Group for the year ended 31 December 2020;

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 26 day of March 2021.

....
Director

....
Director

Tel: +679 331 4300
Fax: +679 330 1841
Email: info@bdo.com.fj
Offices in Suva and Lautoka

BDO
Chartered Accountants
Level 10, FNPF Place
343 Victoria Parade
GPO Box 855
Suva, Fiji

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF COMMUNICATIONS FIJI LIMITED

As group auditor for the audit of Communications Fiji Limited and Subsidiary Companies for the financial year ended 31 December 2020, 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.

Wathsala Suraweera
Partner
Suva, Fiji

BDO
CHARTERED ACCOUNTANTS

26 March 2021

Tel: +679 331 4300
Fax: +679 330 1841
Email: info@bdo.com.fj
Offices in Suva and Lautoka

BDO
Chartered Accountants
Level 10, FNPF Place
343 Victoria Parade
GPO Box 855
Suva, Fiji

To the Shareholders of Communications Fiji Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Communications Fiji Limited and its subsidiary companies (the group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the group as at 31 December 2020, and of its consolidated financial performance and its 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 (ISA). 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)*, together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the matter
Goodwill (Refer Disclosure Note 16)	
The net goodwill balance at 31 December 2020 was \$1,137,000 (2019: \$1,137,000). Management is required to carry out an annual impairment test. This process is complex and highly judgmental given the indefinite nature of the goodwill and complex calculations involved. It is based on assumptions about future maintainable earnings and earnings multiples which is based on forecasted results for future and earnings multiples of similar businesses which involved uncertainties, estimates and judgements. Therefore, a risk exists that goodwill is overstated on the balance sheet should any judgments or assumptions be considered inappropriate. Refer to the goodwill impairment critical accounting judgment and note 3(c) to the financial statements for further detail.	We have: - assessed the design and implementation of key controls around the impairment review process; - performed a detailed review of the models used including the assumptions used; - assessed the reasonableness of forecast future cash flows by comparison to historical performance and future outlook considering future uncertainties as a result of COVID 19 pandemic; - assessed the reasonability of key assumptions (including future maintainable earnings and earnings multiples); - performed sensitivity analysis on key assumptions, including multiples used; and - performed a detailed review of the disclosures in respect of impairments and impairment testing adopted by management.

To the Shareholders of Communications Fiji Limited (Cont'd)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
Valuation of trade and other receivable (Refer to Disclosure Notes 3(d), 4(a)(ii) and Note 11)	
The Group's trade and other receivables portfolio consists of amounts due from customers for advertising and other commercial income. At 31 December 2020, the Group's trade and other receivables balance amounted to $2,450,185 of which $345,818 was provided for. The Group's trade and other receivables are subject to Expected Credit Loss (ECL) impairment assessment. The ECL model used by the Group is based on various assumptions and estimates and is a forward-looking model. The COVID-19 outbreak has impacted the Group's exposure to credit risk and involved further estimation uncertainty in the determination of ECLs, particularly in relation to forward-looking factors. The trade and other receivables balance is relatively significant. Since there is judgement surrounding estimates and assumptions incorporated in the ECL model, together with uncertainty from COVID-19 crisis and the resulting change in credit risk, valuation of trade receivables have been identified as a key audit matter.	Our audit procedures included the following: in response to valuation of trade and other receivables: - Understanding the Group's process for trade receivable collection and impairment loss provisioning. - Assessing the methodology developed by management to assess the collective expected credit losses ensuring the model is consistent with the requirements of IFRS 9 Financial Instruments. - Inquiring with management their views of the current and future market conditions that may impact expected customer defaults and ensuring that they have been factored into the model. - Considered these factors to ensure they were consistent with available economic data and consistent with our understanding. - Agreeing the model inputs to underlying records of the Group for a sample of inputs and tested on a sample basis the accuracy of the ageing classes of receivables. - Testing the mathematical accuracy of the model by re-performing calculations. - Inquiring with management of any disputes with customers or collection concerns that might require further consideration. - For those receivables subject to individual assessment of impairment allowances, reviewing management's information used to assess the impairment allowance, including subsequent settlements and correspondence. - Reviewing the financial statement disclosures in relation to credit risk and expected credit losses and determining if they were in accordance with the requirements of IFRS 9.

Other Information

The Management and Directors are responsible for the other information. The other information that we received comprise of the information included in the directors report and the Annual Report of the group for the year ended 31 December 2020 but does not include the financial statements and the auditor's report thereon. The Annual Report is expected to be made available to us after the date of the auditor's report.

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 we have 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.

To the Shareholders of Communications Fiji Limited (Cont'd)

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements

The management and directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the Companies Act, 2015 and for such internal control as the management and directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management and directors 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 management and directors either intend to liquidate the companies in the group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 consolidated financial statements.

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

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

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

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

- Conclude on the appropriateness of the management's and directors' 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 material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 companies in the group to cease to continue as a going concern.

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

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

To the Shareholders of Communications Fiji Limited (Cont'd)

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

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

We also provide the management and directors 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 the management and directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 our opinion, the consolidated financial statements have been prepared in accordance with the requirements of the Companies Act, 2015 in all material respects, and;

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the group has kept financial records sufficient to enable the consolidated financial statements to be prepared and audited.

BDO

BDO
CHARTERED ACCOUNTANTS

Wathsala Suraweera
Partner
Suva, Fiji
26 March 2021

COMMUNICATIONS FIJI LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 $	2019 $
Radio income	7(a)	9,719,608	12,361,471
Other revenue	7(b)	593,102	1,171,365
Salaries and employee benefits	7(c)	(3,635,031)	(4,336,036)
Depreciation and amortisation	7(d)	(2,400,133)	(2,145,163)
Impairment loss on trade receivables		(177,865)	(27,632)
Other expenses	7(e)	(3,278,848)	(4,796,300)
Profit from operations		820,833	2,227,705
Finance costs	7(f)	(204,925)	(169,466)
Share of profit of associate or joint venture	15	630,492	626,520
Profit before income tax		1,246,400	2,684,759
Income tax expense	8	(422,006)	(450,749)
Net profit for the year		**824,394**	**2,234,010**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operation	25	(357,355)	(9,842)
Other comprehensive expense for the year		(357,355)	(9,842)
Total comprehensive income for the year		**467,039**	**2,224,168**
Earnings per share (cents)	9	23.17	62.79

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

COMMUNICATIONS FIJI LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 $	2019 $
Current assets			
Cash and cash equivalents	12	1,986,939	813,196
Trade receivables	11	2,104,367	2,674,905
Inventories - capital spares	14	107,113	-
Prepayments and other assets	13	269,742	349,109
Current tax asset	8(b)	116,993	151,818
Other investments	22	593,584	820,272
Total current assets		**5,178,738**	**4,809,300**
Non-current assets			
Investment in associates and joint venture	15	3,336,108	2,905,617
Intangible assets	16	1,345,358	1,360,369
Property, plant and equipment	17	6,019,559	6,496,601
Right-of-use assets	18	1,585,371	2,125,512
Deferred tax assets	8(c)	150,426	34,908
Total non-current assets		**12,436,822**	**12,923,007**
Total assets		**17,615,560**	**17,732,307**
Current liabilities			
Trade and other payables	20	987,573	985,083
Employee benefit liabilities	24	153,810	165,037
Bank overdraft	21	-	202,027
Lease liability	19	692,540	855,580
Total current liabilities		**1,833,923**	**2,207,727**
Non-current liabilities			
Employee benefit liabilities	24	33,735	95,952
Deferred tax liability	8(c)	194,219	72,119
Lease liability	19	916,276	1,186,141
Total non-current liabilities		**1,144,230**	**1,354,212**
Total liabilities		**2,978,153**	**3,561,939**
Net assets		**14,637,407**	**14,170,368**
Shareholders' equity			
Share capital	23	3,619,500	3,619,500
Foreign currency translation reserve	25	(954,398)	(597,043)
Retained earnings		11,972,305	11,147,911
Total equity		**14,637,407**	**14,170,368**

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

For and on behalf of the board and in accordance with a resolution of the board of directors.

Director

Director

COMMUNICATIONS FIJI LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 $	2019 $
Operating activities			
Receipts from customers		10,597,730	12,872,456
Payments to suppliers and employees		(7,029,719)	(9,099,134)
Interest and bank charges paid		(204,925)	(169,466)
Income tax paid		(387,508)	(569,816)
Net cash from operating activities		**2,975,578**	**3,034,040**
Investing activities			
Proceeds from sale of plant and equipment		53,408	130,017
Acquisition of plant, equipment and intangibles		(1,017,721)	(1,310,356)
Interest income received		9,285	11,103
Net proceeds for other investments		226,689	(820,272)
Dividends received		200,000	125,000
Net cash flows used in investing activities		**(528,339)**	**(1,864,508)**
Financing activities			
Dividends paid to equity holders of the parent		-	(711,600)
Repayment of lease liability		(947,902)	(912,478)
Net cash flows used in financing activities		**(947,902)**	**(1,624,078)**
Net increase/(decrease) in cash held		1,499,337	(454,546)
Cash and cash equivalents at the beginning of year		611,169	1,069,433
Effects of exchange rate changes on opening cash balances		(123,567)	(3,718)
Cash and cash equivalents at the end of year	12(a)	**1,986,939**	**611,169**

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

COMMUNICATIONS FIJI LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 $	2019 $
Retained earnings			
Balance at the beginning of the year		11,147,911	9,625,501
Operating profit after tax		824,394	2,234,010
Dividends paid/proposed	10	-	(711,600)
Balance at the end of the year		11,972,305	11,147,911
Foreign currency translation reserve			
Balance at the beginning of the year		(597,043)	(587,201)
Movement arising on translation of the financial statements of foreign subsidiary		(357,355)	(9,842)
Balance at the end of the year	25	(954,398)	(597,043)
Share capital			
Balance at the beginning of the year		3,619,500	3,619,500
Balance at the end of the year	23	3,619,500	3,619,500
Total equity		**14,637,407**	**14,170,368**

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

1. General Information

a) Corporate Information

The consolidated financial statements of Communications Fiji Limited and its subsidiary companies ("the Group") for the year ended 31 December 2020 were authorised for issue with a resolution of the Directors on 26 March 2021. 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.

b) Principal activity

The principal business activity of the Company and its subsidiaries in the course of the year was the operation of commercial radio stations and owners of property. There has been no significant change in this activity during the year. The associate companies provide cinema entertainment and renting of a property respectively.

2. Basis of preparation

a) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except for the valuation of financial assets at fair value through other comprehensive income. Historical cost is based on the fair values of the consideration given in exchange for assets.

In the application of International Financial Reporting Standards (IFRS), management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the future periods are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the financial statements have been disclosed under notes to the financial statements, where applicable.

b) Statement of compliance

The financial statements of the Group have been prepared in accordance with IFRS and in compliance with the requirements of the Companies Act, 2015.

2. Basis of preparation *continued*

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December 2020. 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 off 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:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent’s share of components previously recognised 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 subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

2. Basis of preparation *continued*

c) Basis of consolidation *continued*

On consolidation, the subsidiary company PNG FM Limited'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 Limited was 1.7145 (2019: 1.5801:1) while the average rate used to translate revenue and expense accounts was 1.4985 (2019: 1.4542:1).

d) Comparatives

Where necessary, comparative figures have been re-grouped to conform with changes in presentation in the current year.

e) Changes in accounting policies

New and amended standards and interpretations

Amendments to *IFRS 16 Covid-19 Related Rent Concessions*

On 28 May 2020, the IASB issued *Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases.* The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

f) Basis of accounting - Going concern

The financial statements of the Group have been prepared on a going concern basis. The Directors consider the application of the going concern principle to be appropriate in the preparation of these consolidated financial statements as they believe that the Group has plans and strategies, together with the support of its principal shareholders and lenders to generate required funding to meet its liabilities as and when they fall due over the next twelve months. Accordingly, Directors believe that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

3. Summary of significant accounting policies

The principal accounting policies adopted by the Group are stated to assist in a general understanding of the consolidated financial statements. The accounting policies adopted are consistent with those of the previous year except as stated otherwise.

3. Summary of significant accounting policies *continued*

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 the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss 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 amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation 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 amortisation period or method, as appropriate, and are treated as a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss 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 amortised. 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 derecognising of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

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 recognised at cost. The carrying amount of the investment is adjusted to recognise 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 amortised nor individually tested for impairment.

3. Summary of significant accounting policies *continued*

b) Investment in Associate or Joint Venture *continued*

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 recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised 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 is shown on the face of the Statement of Profit or Loss and Other 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 recognise 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 recognises the loss as 'Share of profit of associate or joint venture' in the Statement of Profit or Loss and Other Comprehensive Income.

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

c) Impairment of non-financial assets

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

3. Summary of significant accounting policies *continued*

c) Impairment of non-financial assets *continued*

Impairment losses of continuing operations are recognised 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 recognised 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 recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised 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 recognised. 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 recognise 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 recognises the amount in the Statement of Comprehensive Income.

3. Summary of significant accounting policies *continued*

d) Financial Instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; (Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

3. Summary of significant accounting policies *continued*

d) Financial Instruments *continued*

(ii) Classification and subsequent measurement *continued*

Financial assets *continued*

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3. Summary of significant accounting policies *continued*

d) Financial Instruments *continued*

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Modifications of financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (3(d)(iii))) and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see (3(e)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income (see (3(f)).

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3. Summary of significant accounting policies *continued*

e) Impairment of financial instruments

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3. Summary of significant accounting policies *continued*

e) Impairment of financial instruments *continued*

Measurement of ECLs

ECLs are a probability-weighted estimates of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive); and

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Companies on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3. Summary of significant accounting policies *continued*

f) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income on term deposits;
- bank administration and interest charges;
- Interest expense on lease liabilities.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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 payables

Liabilities for trade payables and other amounts are carried at cost 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 Group.

i) 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.

3. Summary of significant accounting policies *continued*

i) Property, plant and equipment *continued*

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 recognised in the Statement of Profit or Loss and Other Comprehensive Income.

j) Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - the Group has the right to operate the asset; or
    - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Group as lessee

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

3. Summary of significant accounting policies *continued*

j) Leases *continued*

Group as lessee *continued*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Assets held under other leases were classified as operating leases and were not recognised in the Group's consolidated statement of financial position. Payments made under operating leases were recognised in the consolidated Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

3. Summary of significant accounting policies *continued*

k) Revenue

The Group recognises revenue from selling goods or services to customers at an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Revenue is recognised at an amount that reflects the consideration that the Group is expected to be entitled to in exchange for transferring goods or services to a customer, using a five-step model for each revenue stream as prescribed in IFRS 15. The five-step model is as follows:

(I) Identification of the contract;
(II) Identification of separate performance obligations for each good or service;
(III) Determination of the transaction price;
(Iv) Allocation of the price to performance obligations; and
(v) Recognition of revenue.

Rendering of services

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

Dividends

Revenue is recognised 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.

l) Employee benefits

Annual leave

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

Long service leave

The liability for long-service leave is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect to services provided by employees up to the reporting date. Consideration is given to future wage/salary rates, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date.

3. Summary of significant accounting policies *continued*

m) Foreign currencies

The consolidated financial statements are presented in Fijian 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.

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 Fijian 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 recognised in equity relating to that particular foreign operation is recognised in the Statement of Comprehensive Income.

n) 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 recognised 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 recognised 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 recognised 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 recognised in profit or loss.

3. Summary of significant accounting policies *continued*

n) 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.

o) 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 recognised directly in equity is recognised 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 recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from goodwill amortisation 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.

3. Summary of significant accounting policies *continued*

o) Taxes *continued*

Deferred tax *continued*

Deferred income tax assets are recognised 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 utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that it is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised 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 utilised.

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 utilised. Unrecognised deferred tax assets are reassessed at each balance date and are recognised 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 realised 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 recognised directly in equity is recognised in equity and not in profit or loss.

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

Sales tax

Revenue, expenses and assets are recognised 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 recognised 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.

4. Risk management

The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk), credit risk and liquidity risk.

4. Risk management *continued*

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units. The Board of Directors provide policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk.

a) Financial risks

The main financial risks to the Group are the following:

i. Foreign currency risk

The Group has investments in Papua New Guinea. The movement in the Kina/Fiji dollar exchange rates are recorded in equity and will be realised 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.

ii. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management on a regular basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the group's maximum exposure to credit risk.

Impairment loss on financial assets amounting to $177,865 (2019: $27,632) was recognised in profit or loss for the year.

Trade and other receivables

Expected credit loss assessment for trade and other receivables as at 31 December 2020.

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

4. Risk management *continued*

a) Financial risks *continued*

ii. Credit risk *continued*

Trade and other receivables *continued*

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December 2020:

	Weighted-average loss rate %	Gross carrying amount $	Loss allowance $
31 December 2020			
Current (not past due)	4.40%	1,160,956	51,060
30 days past due	7.48%	633,685	47,411
60 days past due	17.44%	273,304	47,651
More than 90 days past due	30.30%	261,904	79,360
		2,329,849	225,482
Debtors specifically assessed		120,336	120,336
		2,450,185	345,818

	Weighted-average loss rate %	Gross carrying amount $	Loss allowance $
31 December 2019			
Current (not past due)	1.53%	1,366,876	20,895
30 days past due	2.51%	681,157	17,107
60 days past due	7.81%	434,950	33,978
More than 90 days past due	11.94%	275,992	32,961
		2,758,975	104,941
Debtors specifically assessed		209,904	189,033
		2,968,879	293,974

Loss rates are based on actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast GDP.

4. Risk management *continued*

a) Financial risks *continued*

ii. Credit risk *continued*

Trade and other receivables *continued*

Movements in the allowance for impairment loss in respect of trade receivables

The movement in the allowance for impairment loss in respect of trade receivables during the year was as follows:

	2020	**2019**
	$	**$**
Balance at 1 January	293,974	303,366
Charge for the year	177,865	27,632
Debtors written off against allowance	(94,539)	(31,391)
Reversed during the year	(10,000)	-
Translation adjustment	(21,482)	(5,633)
Balance at 31 December	345,818	293,974

Cash at bank

The Group held cash and cash equivalents of $1,986,939 at 31 December 2020 (2019: $813,196). It also held term deposits of $593,584 (2019: $820,272) as at balance date. Cash are held with bank and financial institutions, which have sound credit ratings.

The Group considers that its cash have low credit risk based on the external credit ratings of the counterparties.

iii. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to ensure availability of funding. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

4. Risk management *continued*

a) Financial risks *continued*

iii. Liquidity risk *continued*

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Contractual undiscounted cash flows			
	Gross carrying amount $	**Total $**	**Less than a year $**	**1 to 5 Years $**	**5+ Years $**
At 31 December 2020					
Trade and other payables	987,573	987,573	987,573	-	-
Lease liability	1,608,816	2,647,223	795,778	611,585	1,239,860
	2,596,389	3,634,796	1,783,351	611,585	1,239,860
At 31 December 2019					
Trade and other payables	985,083	985,083	985,083	-	-
Bank overdraft	202,027	202,027	202,027	-	-
Lease liability	2,041,721	2,690,965	997,133	850,938	842,894
	3,228,831	3,878,075	2,184,243	850,938	842,894

b) Other risks

i. Operational risks

Operational risk is the risk of loss arising from systems failure, human error, and fraud. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The Group cannot expect to eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage risks. Controls include effective segregation of duties, access, authorisation, econciliation procedures, staff education and assessment procedures.

ii. Regulatory risks

The Group's profitability can be impacted by regulatory agencies established which govern the business sector in Fiji and Papua New Guinea.

Also, the salaries and wages payable to workers are subject to the wages regulations and employment legislations. Licensing authorities in respective countries regulate the licensing aspects required for operations.

5. Critical accounting estimates and judgements

In application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

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

Note 3(c) - Impairment of non-financial assets
Note 3(e) – Impairment of financial assets
Note 3(i) - Depreciation of property, plant and equipment

6. Segment information

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

Geographical segments

The following tables present revenue and profit information and certain asset and liability information regarding geographical segments for the years ended 31 December 2020 and 2019.

Year ended 31 December 2020	PNG	Fiji	Eliminations	Total
	$	$	$	$
Revenue				
External sales	5,794,073	3,925,535	-	9,719,608
Results				
Segment result	1,220,487	(399,654)		820,833
Net finance costs	(143,792)	(61,133)	-	(204,925)
Share of profit of joint venture	-	630,492	-	630,492
Profit before income tax	1,076,695	169,705	-	1,246,400
Income tax expense	(348,980)	(73,026)	-	(422,006)
Net profit	727,715	96,679	-	824,394

6. Segment information *continued*

Year ended 31 December 2020	PNG	Fiji	Eliminations	Total
	$	$	$	$
Assets and liabilities				
Segment assets	6,187,917	9,548,157	(1,456,622)	14,279,452
Investment in joint venture	-	3,336,108	-	3,336,108
Total assets	6,187,917	12,884,265	(1,456,622)	17,615,560
Segment liabilities	2,423,121	1,367,884	(812,852)	2,978,153
Total liabilities	2,423,121	1,367,884	(812,852)	2,978,153
Other segment information				
Capital expenditure:				
- tangible fixed assets	540,431	450,455	-	990,886
- intangible assets	-	26,835	-	26,835
Amortisation of intangible assets	5,691	35,243	-	40,934
Depreciation - property, plant and equipment	462,354	842,484	-	1,304,838
Depreciation - right-of-use assets	737,332	317,029	-	1,054,361
Doubtful and bad debts	4,111	173,754	-	177,865
Cash flows				
Operating activities	1,993,985	981,593		
Investing activities	(813,742)	285,403		
Financing activities	(705,127)	(242,775)		

Year ended 31 December 2019	PNG	Fiji	Eliminations	Total
	$	$	$	$
Revenue				
External sales	6,603,417	5,758,054	-	12,361,471
Results				
Segment result	1,385,352	842,353	-	2,227,705
Net finance costs	(112,845)	(56,621)	-	(169,466)
Share of profit of joint venture	-	626,520	-	626,520
Profit before income tax	1,272,507	1,412,252	-	2,684,759
Income tax expense	(383,939)	(66,810)	-	(450,749)
Net profit	888,568	1,345,442	-	2,234,010

6. Segment information *continued*

Year ended 31 December 2019	PNG	Fiji	Eliminations	Total
	$	$	$	$
Assets and liabilities				
Segment assets	5,804,437	10,256,383	(1,234,130)	14,826,690
Investment in joint venture	-	2,905,617	-	2,905,617
Total assets	5,804,437	13,162,000	(1,234,130)	17,732,307
Segment liabilities	2,410,010	1,741,999	(590,070)	3,561,939
Total liabilities	2,410,010	1,741,999	(590,070)	3,561,939
Other segment information				
Capital expenditure:				
- tangible fixed assets	235,404	1,059,896	-	1,295,300
- intangible assets	-	15,056	-	15,056
Amortisation of intangible assets	5,864	33,669	-	39,533
Depreciation - property, plant and equipment	482,999	807,577	-	1,290,576
Doubtful and bad debts	-	27,632	-	27,632
Cash flows				
Operating activities	1,869,041	1,164,999		
Investing activities	(537,193)	(1,327,315)		
Financing activities	(673,780)	(950,298)		

7. Revenue and expenses

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

a) Radio income

	2020 $	2019 $
Advertising income	9,301,945	10,579,304
Total Event Company Limited income and other commercial income	417,663	1,782,167
	9,719,608	12,361,471

b) Other revenue

	2020 $	2019 $
Other income	437,203	430,026
Gain on disposal of assets	8,544	16,249
Cinema advertising	138,070	705,323
Interest income	9,285	19,767
	593,102	1,171,365

		2020	2019
7.	**Revenue and expenses *continued***	**$**	**$**
c)	**Salaries and employee benefits**		
	Superannuation and Fiji National University levy	198,157	308,443
	Salaries and wages	2,802,689	3,125,093
	Staff commission and bonus	201,525	387,558
	Staff training	82,151	181,239
	Other staff cost	350,509	333,703
		3,635,031	4,336,036
d)	**Depreciation and amortisation**		
	Depreciation	1,304,838	1,290,576
	Amortisation of right-of-use assets	1,054,361	815,054
	Amortisation of intangible assets	40,934	39,533
		2,400,133	2,145,163
e)	**Other expenses**		
	Auditors remuneration - audit fees	43,000	45,000
	- other services	13,500	12,500
	Directors' remuneration	146,612	145,063
	Operating leases - short term and low value	39,844	60,143
	Other operating expenses	3,035,892	4,533,594
		3,278,848	4,796,300
f)	**Finance costs**		
	Bank interest	12,344	18,023
	Interest on lease liability	192,581	151,443
		204,925	169,466

8. Income tax

	2020 $	2019 $

a) Income tax expense

The prima facie income tax payable on profit is reconciled to the income tax expense as follows:

	2020 $	2019 $
Accounting profit before income tax	1,246,400	2,684,759
Prima facie tax thereon: - Fiji rate of 10%	16,940	141,225
- PNG rate of 30%	323,039	381,752
Tax effect of non-deductible items	592	11,631
Share of profit of associate or joint venture non-deductible/non-taxable	(63,049)	(62,652)
Foreign income tax not recoverable	117,289	-
Under/(over) provision of income tax expense in prior year	27,195	(21,207)
Income tax expense attributable to operating profit	422,006	450,749

b) Current tax asset

	2020 $	2019 $
Opening balance	151,818	14,629
Income tax paid	387,508	569,816
Withholding tax payable - current year and prior years	(117,289)	-
Tax liability for the year	(269,477)	(420,428)
Over/(under) provision of current tax in prior year	13,826	(12,080)
Translation adjustment	(49,393)	(119)
Total current tax asset	116,993	151,818

c) Deferred tax

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

	2020 $	2019 $
Allowance for impairment loss	72,813	73,484
Employee entitlements	41,908	67,255
Accelerated depreciation for tax purposes	(194,219)	(197,818)
Difference between right to use asset and lease liabilities	12,422	19,868
Tax losses	15,852	-
Unrealised loss	7,431	-
Net deferred tax liability	(43,793)	(37,211)

Represented on the consolidated statement of financial position as:

	2020 $	2019 $
Deferred tax asset	150,426	34,908
Deferred tax liability	(194,219)	(72,119)
	(43,793)	(37,211)

9. Earnings per share

	2020 $	2019 $
Operating profit after income tax	824,394	2,234,010
Weighted average number of shares outstanding	3,558,000	3,558,000
Basic earnings per share (cents)	23.17	62.79

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 consolidated financial statements.

10. Dividends paid and proposed

	$	$
Declared and paid in year:		
Final dividend for 2018: 12 cents	-	426,960
1st Interim dividend for 2019: 8 cents	-	284,640
Total dividends declared and paid	-	711,600

11. Trade receivables

	$	$
Trade receivables	2,450,185	2,968,879
Allowance for expected credit loss	(345,818)	(293,974)
	2,104,367	2,674,905

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

12. 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 (i)	902,294	813,196
Short term deposits (ii)	1,084,645	-
	1,986,939	813,196
Bank overdraft	-	(202,027)
Total cash and cash equivalents	1,986,939	611,169

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates.

(ii) Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

13. Prepayments and other assets

	$	$
Current		
Refundable deposits	168,261	170,287
Prepayments	98,768	143,746
Other receivables	2,713	35,076
	269,742	349,109

	2020	2019
14. Inventories	**$**	**$**
Capital spares	107,113	-

15. Investment in associate and joint venture

a) Investment in 231 Waimanu Rd Holdings Pte Limited

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

	$	$
Current assets, including cash and cash equivalents and prepayments	15,677	111,995
Non-current assets	7,608,538	7,000,000
Current liabilities, including tax payable	(50,941)	(32,364)
Non-current liabilities, including deferred tax liabilities	(901,058)	(1,268,397)
Net assets	6,672,216	5,811,234
Proportion of the group's ownership	50%	50%
Carrying amount of investment - 231 Waimanu Rd Holdings Pte Limited	3,336,108	2,905,617

Summarised statement of profit or loss of 231 Waimanu Rd Holdings Pte Limited:

Revenue	472,581	472,598
Expenses	(72,756)	(105,885)
Change in fair value of investment property	567,460	891,463
Profit before tax	967,285	1,258,176
Income tax benefit/(expense)	286,150	(251,670)
Profit for the year	1,253,435	1,006,506
Group's share of profit for the year	626,718	503,253
Adjustment on Group's share of profit from prior year	3,774	123,267
Total share of profit from associate	630,492	626,520

231 Waimanu Rd Holdings Pte Limited had no contingent liabilities or capital commitments as at 31 December 2020 and 2019.

15. Investment in associate and joint venture *continued*

b) Investment in Paradise Cinemas (PNG) Limited

The subsidiary, PNG FM Limited has a 43.87% (2019:43.87%) 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. Summarised financial information of Paradise Cinemas (PNG) Limited are set out below:

	2020 $	2019 $
Current assets, including cash and cash equivalents and prepayments	349,459	411,568
Current liabilities, including tax payables	(331,867)	(358,642)
Net assets	17,592	52,926
Original investment - Paradise Cinemas (PNG) Limited		
- At 1 January	4,616,796	4,727,803
- Translation adjustments	(361,912)	(111,007)
	4,254,884	4,616,796
Less: Cumulative share of losses		
- At 1 January	(2,406,545)	(2,464,408)
- Translation adjustments	188,650	57,863
	(2,217,895)	(2,406,545)
Less: Impairment loss		
- At 1 January	(2,210,251)	(2,263,395)
Translation adjustments	173,262	53,144
	(2,036,989)	(2,210,251)
Net Carrying amount of investment - Paradise Cinemas (PNG) Limited	-	-

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

	2020 $	2019 $
Revenue	609,619	492,203
Expenses	(645,300)	(647,065)
Loss for the year	(35,681)	(154,862)
Unrecognised Group's share of loss for the year	(15,653)	(67,938)

15. Investment in associate and joint venture *continued*

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

PNG FM Limited had written down its investment in Paradise Cinemas (PNG) Limited 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 2020 was K2,286,003 (2019 :K2,270,350).

	2020 $	2019 $
Total investment in associates and joint ventures	3,336,108	2,905,617

16. Intangible assets

	Goodwill	Software	Total
Gross carrying amount	$	$	$
Balance at 1 January 2020	1,507,569	500,587	2,008,156
Additions	-	26,835	26,835
Disposal	-	(29,008)	(29,008)
Translation adjustment	-	(4,271)	(4,271)
At 31 December 2020	1,507,569	494,143	2,001,712
Accumulated amortisation and impairment			
Balance at 1 January 2020	370,569	277,218	647,787
Amortisation charge for the year	-	40,934	40,934
Disposal	-	(29,008)	(29,008)
Translation adjustment	-	(3,359)	(3,359)
At 31 December 2020	370,569	285,785	656,354
Net written down value:			
At 31 December 2020	1,137,000	208,358	1,345,358
At 31 December 2019	1,137,000	223,369	1,360,369

i) 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:

	2020 $	2019 $
Carrying amount of goodwill	1,137,000	1,137,000

The recoverable amount of the subsidiary has been determined based on its assessment provided by the Group. The assessment used the future maintainable earnings method to value the subsidiary. Based on the assessment which determine the value in use of the subsidiary, the Group concluded that goodwill is not impaired.

17. Property, plant and equipment

	Land and buildings $	Plant and equipment $	Motor vehicles $	Work in progress	Total $
Gross carrying amount					
At 1 January 2020	514,985	13,615,740	955,824	-	15,086,549
Additions	-	594,485	56,254	340,147	990,886
Disposals	-	(257,560)	(93,693)	-	(351,253)
Translation adjustment	(2,831)	(491,012)	(23,971)	-	(517,814)
At 31 December 2020	512,154	13,461,653	894,414	340,147	15,208,368
Accumulated depreciation					
At 1 January 2020	365,181	7,741,890	482,877	-	8,589,948
Depreciation charge for the year	16,488	1,129,617	158,733	-	1,304,838
Disposals	-	(255,900)	(48,888)	-	(304,788)
Translation adjustment	(1,969)	(377,892)	(21,328)	-	(401,189)
At 31 December 2020	379,700	8,237,715	571,394	-	9,188,809
Net written down value:					
At 31 December 2020	**132,454**	**5,223,938**	**323,020**	**340,147**	**6,019,559**
At 31 December 2019	**149,804**	**5,873,850**	**472,947**	**-**	**6,496,601**

As at 31 December 2020, the gross carrying amount of fully depreciated property, plant and equipment that is still in use is $2,655,282 (2019: $2,229,831).

18. Right-of-use assets

	Office premises $	Dedicated internet service line $	Transmission sites $	Total $
At 1 January 2020	1,106,967	97,921	920,624	2,125,512
Additions	15,278	252,911	275,850	544,039
Disposals	-	-	(71,328)	(71,328)
Depreciation charge for the year	(512,664)	(163,209)	(378,488)	(1,054,361)
Translation adjustment	(8,355)	16,175	33,689	41,509
At 31 December 2020	601,226	203,798	780,347	1,585,371

The recoverable amount of the subsidiary has been determined based on its assessment provided by the Group. The assessment used the future maintainable earnings method to value the subsidiary. Based on the assessment which determine the value in use of the subsidiary, the Group concluded that goodwill is not impaired.

	2020	2019
19. Leases	**$**	**$**
Lease liabilities		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	795,778	997,133
One to five years	611,585	850,938
More than five years	1,239,860	842,894
Total undiscounted lease liabilities at 31 December	2,647,223	2,690,965
Lease liabilities included in the statement of financial position at 31 December		
Balance as at 1 January	2,041,721	1,806,414
Additions	544,039	1,114,276
Accretion of interest for the year	192,581	151,443
Less: payments made during the year	(1,140,483)	(1,063,921)
Translation adjustment	(29,042)	33,509
	1,608,816	2,041,721
Current	692,540	855,580
Non-current	916,276	1,186,141
	1,608,816	2,041,721
Amounts recognised in profit or loss		
Depreciation on right-of-use assets	1,054,361	815,054
Interest on lease liabilities	192,581	151,443
Short term / variable lease payments	71,230	92,657
	1,318,172	1,059,154
Amounts recognised in the statement of cash flows		
Total cash outflow for leases (principal and interest)	1,140,483	1,063,921

20. Trade and other payables

	2020 $	2019 $
Trade payables	208,126	139,607
Other payables	779,447	845,476
	987,573	985,083

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.

21. Bank overdraft

	$	$
Current		
Bank overdraft – Westpac Banking Corporation Limited (a)	-	202,027

(a) The holding company has an overdraft facility with Westpac Banking Corporation Limited which is secured by a first registered mortgage debenture over the assets of the company and undertakings including its uncalled and called but unpaid capital.

22. Other investments

	$	$
Current		
Term deposits		
– Kontiki Finance Limited	-	500,000
- Credit Corporation Finance Limited (PNG)	593,584	320,272
	593,584	820,272

Term deposits with Credit Corporation Finance Limited (PNG) are held for a period of 6 months at competitive interest rates.

23. 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	3,619,500

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.

	2020	2019
24. Employee benefit liabilities	**$**	**$**
Current		
Annual leave	117,618	102,037
Long service leave	36,192	63,000
Total current employee benefit liabilities	153,810	165,037
Non-current		
Long service leave	33,735	95,952
Total non-current employee benefit liabilities	33,735	95,952
	187,545	260,989

25. Foreign currency translation reserve	**$**	**$**
Balance as at 1 January	(597,043)	(587,201)
Currency translation difference	(357,355)	(9,842)
Balance as at 31 December	(954,398)	(597,043)

Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiary.

26. Commitments	**$**	**$**
a) Capital expenditure commitments		
Approved by the board and committed (i)	2,576,155	-
Approved by the board and not committed (ii)	2,765,799	3,086,730
	5,341,954	3,086,730

(i) The Group is committed for purchase of property by FM Haus Ples Ltd. Deposit amounting to $340,147 has been paid as at balance date in respect to the purchase.

ii) Capital expenditure commitment relates to the purchase of transmitters for various sites, plant and equipment and motor vehicles.

27. Contingent liabilities	**$**	**$**
Contingent liabilities exist with respect to the following:		
Guarantees, bankers undertaking and deed of guarantee	17,227	17,227

28. Related party disclosures

a) Directors

The names of persons who were Directors of the holding company at any time during the financial year are as follows:

William Parkinson (Chairman)	Vilash Chand
Pramesh Sharma	Thelma Savua
Josephine Yee Joy	Sufinaaz Dean

b) Ownership interest in related parties

	2020	2019
	Ownership Interest	
FM Haus Ples Limited (a)	100%	-
PNG FM Limited	100%	100%
Total Event Company Limited	100%	100%
231 Waimanu Rd Holdings Pte Limited	50%	50%
Paradise Cinema (PNG) Limited	44%	44%

(a) The consolidated financial statements includes subsidiary, FM Haus Ples Limited, however, there is no major impact of the consolidated balances at year end since there were no transactions for the year except for payment of deposit amounting to $340,147 for purchase of a property. This transaction is reflected in the Group financial statements.

c) Transactions with related parties

Transactions with related parties during the year ended 31 December 2020 and 2019 with approximate transaction values are summarized as follows:

Relationship	Nature of Transaction	$	$
Shareholder related entities	Sales	102,234	289,667
	Medical insurance	-	42,710
Associate company	Rental expense	155,441	142,488
	Dividend	200,000	125,000
	Management and administrative fees	10,115	9,633

d) Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

During the year, the General Manager, Chief Financial Officer and Head of Departments were identified as key management personnel. The aggregate remuneration to the executives for the year ended 31 December 2020 and 2019 were:

	$	$
Salaries and short-term employee benefits	796,695	911,653

e) Director's 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.

29. Company details

a) Company incorporation - Communications Fiji Limited

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 Pte Limited operates from 231 Waimanu Road, Suva.

30. Events Subsequent to Balance Date

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

31. Significant Events During the Year

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

The Group has remained operational since this declaration and continues to engage in operation of radio stations. We have seen a significant impact of the pandemic on our business to date which has resulted in a decline in revenue and profit. The outbreak and the initiative of the Government in dealing with the pandemic is impacting the general activity levels within the community, the economy and the operations of our business.

The scale and duration of these developments remain uncertain as at the date of this report, however they are having an impact on our earnings and cash flow. The Directors confirm that they have considered all known impacts of COVID-19 when preparing the financial statements and applying the going concern concept.

Furthermore, the Group is in the process of formalising its shareholding structure for investment in subsidiary FM Haus Ples Limited. During the year, the Group paid a deposit amounting to $340,147 for purchase of property. Apart from this transaction, this subsidiary did not have any operations or transactions during the year.

Annexure F: Dividend Declaration

COMMUNICATIONS FIJI LTD (CFL)

Declaration of Dividend

PART A: Basic Details

Sr. No.	Particulars	Answer
1.	Type of dividend/distribution	☑ Final ☐ Interim ☐ Any other (specify) ________________________
2.	The dividend/distribution relates to	☐ a period of one month. ☐ a period of one quarter. ☐ a period of six months. ☑ a period of twelve months. ☐ any other (specify). ________________________
3.	The dividend/distribution relates to the period ended/ending (date)	31st December 2020
4.	Date of dividend declaration/approval	26th March 2021
5.	Record date	19th April 2021
6.	Date of Ex-benefit	14th April 2021
7.	Date of payment of dividend	27th April 2021
8.	Are the necessary approvals as required under the Companies Act 2015, SPX Listing Rules and Articles of Association of the Company obtained?	YES

PART B: Dividend/distribution amounts per type and other details

	Current Dividend/Distribution	Previous Dividend
Dividend per share	4 cents	NA
Amount of dividends ($)	142,320	NA
Turnover	9,719,608	NA
Gross Profit	1,246,400	NA
Income from other sources	593,102	NA
Income tax expense	(422,006)	NA
Net profit after tax	824,394	NA

Comments

There was no Final Dividend paid out for the financial year 2019 due to Covid-19.

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Chairman

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Company Secretary