COMMUNICATIONS FIJI LIMITED

ANNUAL REPORT 2021

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CFL DIRECTORS & EXECUTIVE COMMITTEE

William Parkinson
Chairman

Sufinaaz Dean
Director

Pramesh Sharma
Director

Josephine Yee Joy
Director

Thelma Savua
Director

Emily King
Director

Maciu Lumelume
Director

Charles Taylor
General Manager

Seini Tinaikoro
Company Secretary

Vijay Narayan
News Director

Doris King - Southwick
Group Sales Director

Yvette Samson
Group HR Team Leader

Jyoti Khatri
Chief Financial Officer

Satya Nand
Snr. Content Director

BDO	Siwatibau & Sloan Barristers & Solicitors	Westpac	231 Waimanu Road Suva	Central Share Registry
Auditors	Solicitors	Bankers	Registered Office	Share Registry

FIJI

PNGFM DIRECTORS & EXECUTIVE COMMITTEE

Peter Aitsi
Chairman

Sundar Ramamurthy
Director

Pramesh Sharma
Director

William Parkinson
Director

Rosemarie Botong
General Manager PNGFM

Yvette Samson
Group HR Team Leader

Clezy Rakole
Chief Engineer

Genesis Ketan
Director News/ Company Secretary PNGFM

Julie Opu
Financial Controller

Michelle Lai
Snr Content Director

PNG

MANAGEMENT TEAM

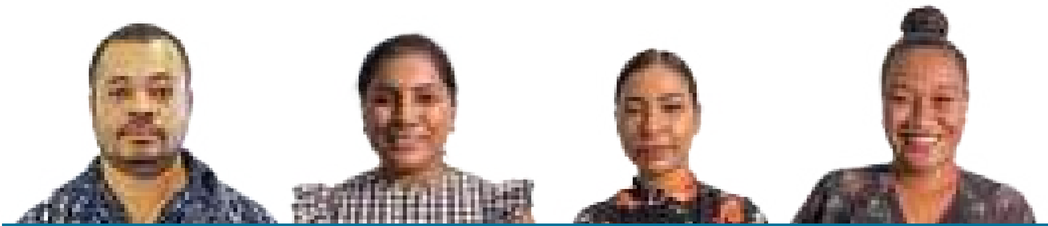
Fiji

Joana Ravono
Content Director
FM96

Victoria Vollmer
Content Director
Legend FM

Sneh Chaudhry
Content Director
RADIO Sargam

Litia Daugunu
Content Director
VITI FM

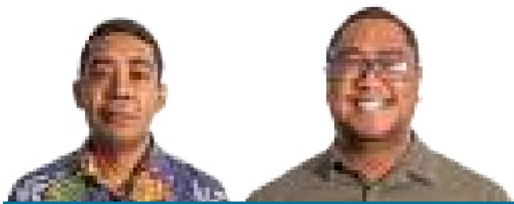


Philip Smith
Chief Engineer

Pratika Kumar
Financial Controller - Fiji

Mahjabeen Khan
Event Coordinator

Nanise Waqa
Administration Manager



Aaron Ah Yuk
Digital Director

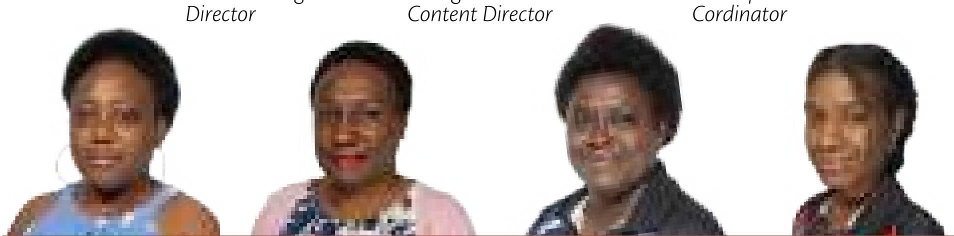
Tikiko Korocowiri
Manager Creative & Prod

PNG

Mary Korau
Sales & Marketing
Director

John Jr ToGuata
Legend FM
Content Director

Kepiniu Manuai
Admin & Operations
Cordinator



Talitha Ligo
Social Media Manager

Marisca Korerua
Total Event Company
Manager

Vivian Dumit
Content Director
Yumi FM

Marion Taule
Asst. Content Director
NAU FM

CHAIRMAN'S REPORT

In our last Annual Report, I opened my comments with "2020 what a year".

Let me repeat 2021 WHAT A YEAR!

I suspect I will be repeating the statement in even larger font for 2022.

The last two years have proven to be a "coming of age" for both our Communications Fiji Ltd (CFL) and PNG FM Ltd teams. In the lead up to Covid 19 we completed a lengthy leadership transition centred around my move, as founder, from active management to company Chair.

Shareholders will recall that this involved significant restructuring of both organisations at board and management level.

From the beginning of the pandemic our primary focus has been keeping our team and listeners safe. We have included a presentation by our two General Managers on how we responded to the challenges presented by Covid 19 in each market.

I can proudly report that our teams delivered on all fronts a testament to the success of our development efforts.

In financial terms PNG FM led the way recording an after-tax profit of $451,937 (2020 $727,715). The decline in profit resulted from the arrival of the third wave of Covid late in the year. This also impacted on the first two months of 2022, but we are confident they will bounce back strongly.

CFL Fiji recorded an improved performance delivering an after-tax profit of $364,350 (2020 $96,679). This performance was significantly stronger than the previous year as the 2020 result was boosted by a substantial increase in the valuation of CFL's 50% subsidiary 231 Waimanu Rd ltd, (CFL share in 2020 $283,730).

Our 50% subsidiary 231 Waimanu Rd ltd remains fully tenanted and continues to make a steady contribution to our CFL bottom line.

This resulted in a final group after tax profit of $797,336 (2021 $824,394). A growth in "actual" performance after considering the 231 Waimanu Rd 2020 valuation adjustment.

In summary, a good performance in tough circumstances indicative of the resilience of the Communications Fiji Ltd group.

Despite the distractions our teams kept in mind the need to prepare for a post Covid 19 world. In Papua New Guinea this centred on the purchase and development of a block of land suitable for the construction of our new home. As reported, purchase of the land is complete, and the PNG FM team are finalising design with the hope that construction will begin later in the year.

CHAIRMAN'S REPORT *(continued)*

In Fiji focus was on continuing to build our online presence via news website fijivillage and online social media content supporting our radio stations. This is reflected in the $100,000 increase in digital media revenue in 2021.

Fijivillage is widely recognised as Fiji's premier online news source a fact supported by regular mentions in parliamentary debate. On average about 500,000 users visit the site per month peaking close to one million in busy months. Fijivillage has just released its phone app version that will further boost traffic and provide additional revenue opportunities. PNG Hausbung, PNG FM's equivalent, is showing steady growth and we expect this will accelerate once internet speeds and pricing improves.

I want to acknowledge and thank the directors on both our Communications Fiji Ltd and PNG FM boards. It was unfortunate that our long-time director Pramesh Sharma was forced, due to residency requirements under Fiji media legislation, to resign from our CFL group board but he has continued to serve on our PNG FM board. The good news is that he was replaced by Emily King General Manager Legal and Compliance for BSP Life. She brings considerable legal and risk experience to the board

Our teams under the leadership of Charles Taylor in Fiji and Rosemarie Botong in PNG continue to impress with their passion and commitment. We were able to add the position of Group Human Resources manager in 2021 and were delighted to welcome Yvette Samsom to the organisation.

This sets us up strongly for the future, but 2022 looks like it will be a particularly challenging year. Internationally, as one commentator put it, "the black swans are flying in every direction" so it is impossible to predict what the implications will be for both markets.

In addition, we face elections in both Fiji and Papua New Guinea. It is always difficult to predict how these will impact on our bottom line. This usually depends on spending by electoral authorities and for differing reasons in each market this is hard to forecast.

Whatever the outcome shareholders can rest assured we are prepared.

William Parkinson
Chairman

GENERAL MANAGER'S REPORT

When the second wave of Covid-19 struck, our teams in Fiji and Papua New Guinea responded with their respective Prevention and Outbreak Plans taking onboard learnings from the first wave to "keep the show on the road." Having had a dress rehearsal during the first wave our teams snapped back into safety protocols quickly and efficiently.

A Work from Home strategy was implemented with only on-air personalities, news team, receptionists and drivers working at the radio station but restricted to their bubbles. When on-air personalities were unable to make it to the radio station, using new technology they hosted their shows from home. PNG which has internet issues housed a team of essential staff at an offsite location broadcasting from there.

As Fiji had gone through the first wave of the pandemic before PNG, CFL was able to share its challenges with the team at PNG FM to give them the heads up. The two teams also supported each other via regular meetings and chat groups to exchange experiences, discuss sales strategies and expenditure control tactics etc.

Unfortunately, we lost a Fiji team member Maree Stewart to the Covid mid-year, which was a reminder to both teams about following safety protocols. Part of our strategy was to get each member of the team fully vaccinated and that was successfully achieved last year. PNG FM is one of a few companies in PNG to have 100% of our team members and over 50% of their home bubbles fully vaccinated.

Of the two, CFL faced the largest reduction in revenue. Income from Live Client Events, Total Event Company and the Magic Factory was non-existent while radio advertising budgets were slashed. To counter this, the team focused on selling our most affordable advertising package Pot of Gold and programs and features to help businesses "keep the light on." Both teams focused on growing revenue from the Not-for-Profit sector, most of which was coming through the governments Covid awareness messages. In PNG, Total Event Company continued to receive work and most major radio clients maintained their advertising spend. They managed to stage the YUMI FM Musik Awards on-air while Fiji Showcase did not go ahead.

The Risk Committee in both countries worked around the clock to help mitigate many of the big issues we encountered during the year. With our mantra being "the show must go on," a lot of forward planning helped us achieve this whilst always keeping the team as safe as possible. Members of both boards were kept abreast with regular updates from their respective GM's.

In PNG we managed to purchase a block of land in Port Moresby for the purposes of building our "own home." The plan is to move into the new two floor premises by mid-2023.

Overall, both companies posted a profit despite projecting a loss due to Covid-19. We managed to do this by keeping tight control on expenditure, fully utilizing our own resources and by using new technology. We fulfilled our responsibility to our listeners and online users by ensuring they were entertained, upbeat and informed about Covid-19 or anything that might jeopardize the wellbeing of them or their families. Both teams were kept safe and in relatively good spirits throughout by using and keeping the lines of communication open 24/7. Moving forward most have also received training during the downtime last year that will bode well for them when the business environment fully normalizes, and new opportunities come up.

Charles Taylor
CFL General Manager

Rosemarie Botong
PNG FM General Manager


96FM
NAU FM
LOCKIM NA LUSIM
VITI FM
FM96
your #1
Legend
"the songs you know, love and singalong to"
YUMI FM
MAGIC FACTORY
LEGEND 101.1
RADIO
Sargam
suro ka sangam
Nautarang

CORPORATE GOVERNANCE

Communications Fiji Limited

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Principle	Requirement	Compliance Status
1. Establish clear responsibilities for board oversight	Separation of duties: Clear separation of duties between Board and Senior Management. Board Charter: Adopt a Board charter detailing functions and responsibilities of the Board.	The role of the Board is to set corporate strategies and strategic direction to enhance shareholder's value. Decisions made by the Board should safeguard the interests of the shareholders by overseeing Management and regularly assessing controls and accountability systems. The Board is also responsible for establishing the organization's strategic goals, monitoring organisational performance and evaluating the achievement of the strategic and business plans. The two board sub-committees, Audit, Risk & Compliance and Remuneration & Human Resources, chaired by independent directors, are in place as part of good corporate governance and best practice. In addition, the Board of Communications Fiji Ltd adopted the Board Charter in early 2019. Charters are reviewed annually and updated as appropriate. Policies and procedures on whistle blowing, shareholder grievances and the preservation of documents are in place.
2. Constitute an effective Board	Board Composition: Balanced Board Composition with Executive and Non-Executive directors of which 1/3rd of total number of directors to be independent directors.	The CFL Board comprises of six directors two of which are independent and four representing significant shareholders. All Directors are qualified individuals with wide experience in the media industry and the commercial sector. Appointments are based on qualification, skill, experience, knowledge and integrity of the individual. All appointments and removal of directors are confirmed at the Annual General Meeting.
	Gender Diversity: Do you have a policy for promoting gender diversity at Board level and have you achieved your policy goals?	The Board adopted a Diversity Policy to ensure that the Board comprises men and women with the relevant blend of differing skills, experience and perspectives. Current board composition has 4 female and 2 male Directors.

CORPORATE GOVERNANCE

Communications Fiji Limited

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 *(continued)*

Principle	Requirement	Compliance Status
	Nomination Committee: Selection, approval, renewal and succession of Directors to be conducted by Nomination Committee in accordance with Articles of Association of the Company and Fit and Proper Policy of Reserve Bank.	The Human Resources sub-committee acts where necessary as the nomination sub-committee
	Board Evaluation: Process of evaluation of performance of the Board, its Committees and individual directors. Evaluation to be linked to key performance indicators of the listed entity.	The planned Board Evaluation in 2021 was delayed by the pandemic. This is an immediate priority and will take place in 2022
	Directors Training: Directors' training and induction procedure to be in place to allow new directors to participate fully and effectively.	The Company supports ongoing directors' training. All board members have completed AICD training. An induction program is in place for new directors.
	Board Sub-committees: Board must have sub-committees which must at a minimum include - • Audit Committee; • Risk Management Committee; and • Nomination Committee/Recruitment Committee.	The two sub-committees in place are Audit, Risk & Compliance sub-committee which is chaired by Ms. Josephine Yee Joy and Remuneration & Human Resources sub-committee which is chaired by Ms. Thelma Savua. The chairs of these committees are Independent Directors.
3. Appointment of General Manager	To appoint a suitably qualified and competent General Manager	The General Manager for CFL and PNGFM are in place to oversee operations. Both are highly experienced and long term members of our organisation.
4. Appointment of a Board and Company Secretary	Company Secretary: Board to appoint a suitably qualified and competent Company Secretary, who is accountable to the Board, through Chair, for all compliance and governance issues.	In recognition of the increasing demands arising from corporate governance, the Board contracted Siwatibau and Sloan, solicitors, to provide company secretarial services since 2019. They in turn nominated Ms. Seini Tinaikoro who continues to serve as Company Secretary.

CORPORATE GOVERNANCE

Communications Fiji Limited

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 *(continued)*

Principle	Requirement	Compliance Status
5. Timely and balanced disclosure	Annual Reports: Timely and accurate disclosures are made in Annual reports as per Rule 51 of Listing Rules. Other disclosures are made in accordance with SPX Compliance.	Board meetings are held on a quarterly basis where the company's performance, strategies and operating results are discussed. Major decisions are deliberated and approved by the Board. Board sub-committee meetings are currently scheduled for 2-3 times per year. All the required material information is released periodically to the public through market announcements, as required under the rules of the South Pacific Stock Exchange. In between meetings, the Board is kept informed by management on all the relevant matters transacting during the period.
	Payment to Directors and Senior management: Sufficient information to be provided to shareholders on remuneration paid to Directors and Senior management.	Annual Report discloses all payments made to directors and senior management.
	Continuous Disclosure: General disclosures or company announcements to be made in a timely manner. The disclosures should be factual without omitting material information and to be expressed in a clear and objective manner to shareholders.	All the disclosures are made in timely manner and are available on CFL's corporate website and SPX website.
6. Promote ethical and responsible decision-making	Code of Conduct: To establish a minimum Code of Conduct of the listed entity applicable to directors, senior management and employees and conduct regular trainings on the same.	The Board realizes that no organization can flourish if there is an absence of ethical and responsible decision making. Therefore, the Board has placed strong emphasis on encouraging management to engage in discussions and training that would foster improved ethical and responsible decision making. The Board has established a Code of Conduct which is posted on CFL's website

CORPORATE GOVERNANCE

Communications Fiji Limited

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 *(continued)*

Principle	Requirement	Compliance Status
7. Register of Interests	Conflicts of Interest: Transactions with related parties resulting in conflict of interest are disclosed and a register is maintained for this purpose.	The declarations of interests of directors are noted during Board meetings, as and when a situation arises.
8. Respect the rights of shareholders	Communication with shareholders: To design communication strategy to promote effective communication with shareholders and encourage their participation. Examples: Communication through Annual Reports, Annual General Meetings, or any other means of electronic communication.	The shareholders of CFL are well informed through market announcements, media briefings and the Annual General Meeting. Shareholders are invited to participate in AGM and are given an opportunity to communicate with the Board of Directors in that forum. The Company also has an official website **https://cfl.com.fj** which is updated on a regular basis.
	Website: To create and maintain a Website of the listed entity to communicate effectively with shareholders and other stakeholders. All matters of importance to be updated regularly on the Website.	CFL has a corporate website **https://cfl.com.fj** where all the information related to the entity is published for the benefit of our shareholders.
	Grievance Redressal Mechanism: To establish a Grievance Redressal Mechanism for Shareholders to address shareholders complaints and grievances.	Company Secretary and Compliance Officer are the first point of contact for grievance redressal.
	Shareholders' Complaints: To provide the number of shareholders' complaints received and attended to during the year. Provide reasons if any complaint is unresolved or unattended.	There were no complaints received during the year.
	Corporate Sustainability: To adopt a business approach that creates long-term shareholder value by embracing opportunities, managing risks, maximising profits and minimising negative social, economic, and environmental impacts.	This remains at the heart of all discussions and decision making. In 2019 the Company adopted a new vision statement and values that are widely distributed throughout the organisation.

Communications Fiji Limited

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 *(continued)*

Principle	Requirement	Compliance Status
9. Accountability and audit	Internal Audit: To appoint an internal auditor or an alternative mechanism to achieve the objectives of risk management, control and governance.	Each subsidiary is audited annually by an external auditor and an Independent audit report is presented to the Board. This report also forms part of the Annual Report. External auditors are appointed every year by shareholders in the Annual General Meeting. The Company does not have an internal audit team. Special projects relating to Audit are performed by the Finance team and reports are presented to Management, Audit, Risk & Compliance sub-committee and the Board. The establishment of the Board Audit, Risk & Compliance sub-committee in 2019 has enhanced the oversight role in the internal controls process.
	External Audit: To appoint an external auditor who reports directly to the Board Audit Committee.	The appointment of an external auditor is done in the AGM by shareholders.
	Rotation of External Auditor: To appoint the external auditor for a fixed term requiring senior partner of the audit firm to rotate once in every three or less financial years.	As part of good governance and best practice, CFL appointed BDO as our new external auditors in 2019 for a 3 year term . Tenders will be called as and when required and will be reviewed by the Audit, Risk & Compliance sub- committee and approved by the board and then shareholders in the AGM.
	Audit Committee: To establish an Audit Committee comprising of at least 3 members of which majority are independent and Chair is not Chair of the Board.	We have Audit, Risk & Compliance sub-committee which is spearheaded by independent director Ms Josephine Yee Joy, who has wide experience in Finance and corporate governance.
10. Risk Management	Risk Management Policy: To establish a Risk Management Policy to address risk oversight, risk management and internal control. The Policy to clearly define the roles and responsibilities of the Board, Audit committee, management and internal audit function.	The Board Audit, Risk & Compliance sub-committee has strengthened risk management initiatives. Both Fiji and Papua New Guinean operations have internal risk management committees in place that report directly to the Executive Committee, GM and ultimately to their respective Boards.
	Whistle Blower Policy: As part of risk management strategy, establish a Whistle Blower Policy by creating a mechanism of reporting concerns of unethical behavior, actual or suspected fraud or violation of the listed entity's code of conduct or ethics policy, SPX Rules or Companies Act. [Refer Rule 68 of the Listing Rules]	The Company Secretary is appointed as the Whistle Officer under the Whistle Blower Policy and is appointed to receive Protected Disclosures from Whistle Blowers and handle investigations of the Protected Disclosures in accordance with the Whistle Blower Policy.

DIRECTORS' REPORT

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 2021, the related consolidated statement of profit or loss and other 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	Thelma Savua
Emily King	Sufinaaz Dean
Josephine Yee Joy	Maciu Lumelume

Principal activity

The principal business activity of the holding Company and its subsidiaries in the course of the year was theoperation 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 $797,336 (2020: $824,394) after providing for income tax expense of $278,811 (2020: $422,006).

Dividends

The dividends declared during the year was $284,640 (2020: $Nil).

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.

Impact of COVID-19 pandemic on the Group

The coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus continue to have a significant impact on global markets and economic activity. Fiji is still feeling the impact with business disruption and levels of activity reducing in several market sectors.

The Group has remained operational since this declaration and continues to engage in its principal activity. We have seen a significant impact on our business to date, with major loss of revenue from the Fiji Showcase for both current and prior year. In July 2021 the Fijian Government ramped up its vaccination drive with a national target of 80 percent of the target population to be fully vaccinated by 31 October 2021. The Government was able to attain 90 percent in November and as a result the current containment measures with restrictions are easing as the fully vaccinated percentage increases. Furthermore, Fiji's borders were opened in December 2021 increasing economic activity. The duration and extent of the pandemic and related financial, social and public health impacts of the COVID-19 pandemic are uncertain. The Directors confirm that they have considered all known impacts of COVID-19 when preparing the financial statements and applying the going concern concept.

The Directors and management believe the Group has sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak.

Events Subsequent to Balance Date

The effects of COVID-19 have manifested in the interval between the end of the financial year and the date of this report, and will continue to affect significantly the operations of the Group in the subsequent financial year.

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

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' REPORT *(continued)*

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	928,145.50
William Parkinson	Nil	928,145.50

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* on page 18.

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

Dated this 24th day of March 2022.

....
Director Director

Communications Fiji Limited & Subsidary Companies

DIRECTORS' DECLARATION

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 2021;

(a) give a true and fair view of the financial position of the Group as at 31 December 2021 and of the performance of the Group for the year ended 31 December 2021;

(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 24th day of March 2022.

....
Director

....
Director

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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

Communications Fiji Limited & Subsidiary Companies

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 2021, 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
24 March 2022

BDO

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Email: info@bdo.com.fj
Offices in Suva and Lautoka

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Chartered Accountants
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GPO Box 855
Suva, Fiji

INDEPENDENT AUDITOR'S REPORT
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 2021, 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 2021, 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 2021 was $1,137,000 (2020: $1,137,000). Management is required to carry out an annual impairment test for goodwill being an asset with an indefinite useful life. This process is complex and highly judgmental given the involvement of complex calculations, judgements, estimates and assumptions. A risk exists that goodwill is overstated in the books should any judgments or assumptions be considered inappropriate. Group has used an external valuer to assess the recoverable value of the subsidiary entity for assessment of impairment of Goodwill. Primarily, Future Maintainable Earnings method has been used by the external valuer for the purpose of determining the recoverable amount of the business of the subsidiary in the absence of long term reliable cash flow projections given the current pandemic environment.	We have: • assessed the design and implementation of the Group's practice and methodology around the impairment assessment process; • performed a detailed review of the valuation methodology used including, the key assumptions used; • assessed the reasonableness of forecasted 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);

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Communications Fiji Limited & Subsidiary Companies

To the Shareholders of Communications Fiji Limited *(continued)*

Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the matter
Goodwill (Refer Disclosure Note 16) *(continued)*	
Future Maintainable Earnings method is based on assumptions about future maintainable earnings and earnings multiples which is based on forecasted results for future and earnings multiples of comparable similar businesses which involves uncertainties, estimates and judgements. Refer to the goodwill impairment critical accounting judgment and note 3(c) of the financial statements for further details.	• performed sensitivity analysis on key assumptions, including multiples used; and • performed a detailed review of the disclosures made in the financial statements in respect of testing of goodwill for impairment in line with the requirements of applicable accounting standards.
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 2021, the Group's trade and other receivables balance amounted to $2,293,949 of which $272,615 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 forwardlooking 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.

INDEPENDENT AUDITOR'S REPORT *(continued)*
To the Shareholders of Communications Fiji Limited *(continued)*

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 2021 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.

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.

INDEPENDENT AUDITOR'S REPORT *(continued)*
To the Shareholders of Communications Fiji Limited *(continued)*

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

- 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.

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 onsequences 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
CHARTERED ACCOUNTANTS
24 March 2022

Wathsala Suraweera
Partner
Suva, Fiji

Communications Fiji Limited & its Subsidiary Companies

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 $	2020 $
Radio income	7(a)	9,393,331	9,719,608
Other revenue	7(b)	681,587	593,102
Salaries and employee benefits	7(c)	(3,519,505)	(3,635,031)
Depreciation and amortisation	7(d)	(2,171,989)	(2,400,133)
Impairment loss on trade receivables		(369)	(177,865)
Other expenses	7(e)	(3,251,400)	(3,278,848)
Profit from operations		**1,131,655**	**820,833**
Finance costs	7(f)	(207,379)	(204,925)
Share of profit of associate or joint venture	15(a)	151,871	630,492
Profit before income tax		1,076,147	1,246,400
Income tax expense	8	(278,811)	(422,006)
Net profit for the year		**797,336**	**824,394**
Other comprehensive income			
Other comprehensive expense to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operation	25	(172,153)	(357,355)
Other comprehensive expense for the year		(172,153)	(357,355)
Total comprehensive income for the year		**625,183**	**467,039**
Earnings per share - cents	9	22.41	23.17

The accompanying notes form an integral part of this Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Communications Fiji Limited & its Subsidiary Companies

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 $	2020 $
Current assets			
Cash and cash equivalents	12	1,760,700	1,986,939
Trade receivables	11	2,021,334	2,104,367
Inventories - capital spares	14	-	107,113
Prepayments and other assets	13	318,338	269,742
Current tax asset	8(b)	299,165	116,993
Other investments	22	284,462	593,584
Total current assets		**4,683,999**	**5,178,738**
Non-current assets			
Investment in associates and joint ventures	15(a)	3,387,979	3,336,108
Intangible assets	16	1,305,001	1,345,358
Property, plant and equipment	17	8,438,332	6,019,559
Right-of-use assets	18	1,495,696	1,585,371
Deferred tax assets	8(c)	133,474	150,426
Total non-current assets		**14,760,482**	**12,436,822**
Total assets		**19,444,481**	**17,615,560**
Current liabilities			
Trade and other payables	20	909,788	987,573
Employee benefit liabilities	24	194,692	153,810
Interest-bearing borrowings	21	123,112	-
Lease liability	19	509,399	692,540
Total current liabilities		**1,736,991**	**1,833,923**
Non-current liabilities			
Employee benefit liabilities	24	20,494	33,735
Interest-bearing borrowings	21	1,441,615	-
Deferred tax liability	8 (c)	180,501	194,219
Lease liability	19	1,086,930	916,276
Total non-current liabilities		**2,729,540**	**1,144,230**
Total liabilities		**4,466,531**	**2,978,153**
Net assets		**14,977,950**	**14,637,407**
Shareholders' equity			
Share capital	23	3,619,500	3,619,500
Foreign currency translation reserve	25	(1,126,551)	(954,398)
Retained earnings		12,485,001	11,972,305
Total equity		**14,977,950**	**14,637,407**

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 & its Subsidiary Companies

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 $	2020 $
Operating activities			
Receipts from customers		10,754,202	10,597,730
Payments to suppliers and employees		(7,194,405)	(7,029,719)
Interest and bank charges paid		(207,379)	(204,925)
Income tax paid		(449,694)	(387,508)
Net cash from operating activities		**2,902,724**	**2,975,578**
Investing activities			
Proceeds from sale of plant and equipment		163,231	53,408
Acquisition of plant and equipment		(3,797,813)	(1,017,721)
Interest income received		38,608	9,285
Net proceeds for other investments		337,328	226,689
Dividends received		100,000	200,000
Net cash flows used in investing activities		**(3,158,646)**	**(528,339)**
Financing activities			
Dividends paid to equity holders of the parent		(284,640)	-
Loan proceeds		1,623,355	-
Loan repayments		(58,628)	-
Repayment of lease liability		(822,826)	(947,902)
Net cash flows from/(used) in financing activities		**457,261**	**(947,902)**
Net increase in cash held		201,339	1,499,337
Cash and cash equivalents at the beginning of year		1,986,939	611,169
Effects of exchange rate changes on opening cash balances		(427,578)	(123,567)
Cash and cash equivalents at the end of year	12	**1,760,700**	**1,986,939**

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

Communications Fiji Limited & its Subsidiary Companies

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 $	2020 $
Retained earnings			
Balance at the beginning of the year		11,972,305	11,147,911
Operating profit after tax		797,336	824,394
Dividends paid	10	(284,640)	-
Balance at the end of the year		12,485,001	11,972,305
Foreign currency translation reserve			
Balance at the beginning of the year		(954,398)	(597,043)
Movement arising on translation of the financial statements of foreign subsidiary		(172,153)	(357,355)
Balance at the end of the year	25	**(1,126,551)**	**(954,398)**
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		**14,977,950**	**14,637,407**

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 2021 were authorised for issue with a resolution of the Directors on 24 March, 2022 . Communications Fiji Limited (the Holding 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 holding 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 holding company and its subsidiaries as at 31 December 2021.Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other 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 and FM Haus Ples 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 was 1.7778:1 (2020: 1.7145:1) while the average rate used to translate revenue and expense accounts was 1.6307:1 (2020: 1.4985:1).

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 standards, interpretations and amendments effective during the year

New and amended standards that have been adopted in the annual financial statements for the year ended 31 December 2021, but have not had a significant effect on the Group are:

· Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 4 Interest Rate Benchmark Reform – IBOR 'phase 2'.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB thatare effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

· Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use ;
· Amendments to IFRS 1 and IFRS 9; and
· Amendments to IFRS 3 References to Conceptual Framework.

The following amendments are effective for the period beginning 1 January 2023:

· Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies;
· Amendments to IAS 8 Definition of Accounting Estimates; and
· Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities arising from a Single Transaction.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on 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.

a) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated 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 and other comprehensive income 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.

3. Summary of significant accounting policies *(continued)*

b) Investment in Associate or Joint Venture *(continued)*

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.

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 and other comprehensive income.

c) Impairment of non-financial assets

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

Impairment losses of continuing operations are recognised in the statement of profit or loss and other 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.

3. Summary of significant accounting policies *(continued)*

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

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 profit or loss and other 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 profit or loss and other 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.

3. Summary of significant accounting policies *(continued)*

d) Financial Instruments *(continued)*

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.

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. No impairment loss is recognised on equity investment.

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 Group in accordance with the contract and the cash flows that the Group 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 Group would not consider
- 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.

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.

3. Summary of significant accounting policies *(continued)*

f) Finance income and finance costs *(continued)*

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% - 25%

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

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

3. Summary of significant accounting policies *(continued)*

i) Property, plant and equipment *(continued)*

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-ofuse 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 profit or loss and other 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 for 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 profit or loss and other 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 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 tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred 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.

Deferred 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:

3. Summary of significant accounting policies *(continued)*

o) Taxes *(continued)*

Deferred tax *(continued)*

- where the deferred 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 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 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 tax assets and deferred 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.

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.

Net impairment loss on financial assets amounting to $369 (2020: $177,865) 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 2021.

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 2021:

	Weighted-average loss rate %	Gross carrying amount $	Loss allowance $
31 December 2021			
Current (not past due)	3.51%	1,076,756	37,844
30 days past due	4.49%	579,551	26,048
60 days past due	11.58%	269,480	31,209
More than 90 days past due	17.32%	86,502	14,984
		2,012,289	110,085
Debtors specifically assessed		281,660	162,530
		2,293,949	**272,615**

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.

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:

	2021 $	2020 $
Balance at 1 January	345,818	293,974
Charge for the year	214,604	177,865
Debtors written off against allowance	(67,273)	(94,539)
Reversed during the year	(214,235)	(10,000)
Translation adjustment	(6,299)	(21,482)
Balance at 31 December	**272,615**	**345,818**

4. Risk management *(continued)*

a) Financial risks *(continued)*

ii. Credit risk *(continued)*

Cash at bank

The Group held cash and cash equivalents of $1,760,700 at 31 December 2021 (2020: $1,986,939). It also held term deposits of $284,462 (2020: $593,584) 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.

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			
	Carrying amount $	Total $	Less than a year $	1 to 5 years $	5+ years $
At 31 December 2021					
Trade and other payables	909,788	909,788	909,788	-	-
Interest-bearing borrowings	1,564,727	2,101,346	221,194	884,777	995,375
Lease liability	1,596,329	2,635,447	598,013	824,461	1,212,973
	4,070,844	5,646,581	1,728,995	1,709,238	2,208,348
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

4. Risk management *(continued)*

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 and reconciliation 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 instruments
Note 3(i) - Depreciation of property, plant and equipment
Note 3(l) - Provision for employee entiltements
Note 3(o) - Deferred taxes

6. Segment information

The holding company and its subsidiary, PNG FM Limited operate predominantly in radio broadcasting services industry. FM Haus Pleas Limited owns a property in PNG. The holding company operate in Fiji while its subsidiaries 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 2021 and 2020.

Year ended 31 December 2021	PNG $	Fiji $	Eliminations $	Total $
Revenue				
External sales	5,250,001	4,143,330	-	9,393,331
Results				
Segment result	843,411	307,195	(18,951)	1,131,655
Net finance costs	(155,469)	(51,910)	-	(207,379)
Share of profit of joint venture	-	151,871	-	151,871
Profit / (loss) before income tax	687,942	407,156	(18,951)	1,076,147
Income tax expense	(236,005)	(42,806)	-	(278,811)
Net profit/ (loss)	**451,937**	**364,350**	**(18,951)**	**797,336**

6. Segment information *(continued)*

Year ended 31 December 2021	PNG $	Fiji $	Eliminations $	Total $
Assets and liabilities				
Segment assets	10,933,704	9,297,850	(4,175,052)	16,056,502
Investment in joint venture	-	3,387,979	-	3,387,979
Total assets	10,933,704	12,685,829	(4,175,052)	19,444,481
Segment Liabilities	6,888,776	1,089,740	(3,511,985)	4,466,531
Total liabilities	6,888,776	1,089,740	(3,511,985)	4,466,531
Other segment information				
Capital expenditure:				
- tangible fixed assets	2,963,480	834,333	-	3,797,813
- intangible fixed assets	-	2,004	-	2,004
Amortisation of intangible assets	5,230	37,062	-	42,292
Depreciation - property, plant and equipment	396,290	836,711	-	1,233,001
Depreciation - right-of-use assets	668,142	228,554	-	896,696
Allowance for imapirment loss - receivables	(5,396)	5,765	-	369
Cash flows				
Operating activities	1,569,823	1,332,901		
Investing activities	(2,574,928)	(583,718)		
Financing activities	972,674	(515,413)		

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	462,354	842,484	-	1,304,838
Depreciation - right-of-use assets	737,332	317,029	-	1,054,361
Allowance for imapirment loss - receivables	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)		

7. Revenue and expenses

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

	2021 $	2020 $
a) Radio income		
Advertising income	8,981,721	9,301,945
Total Event Company Limited income and other commercial income	358,282	417,663
Special events	53,328	-
	9,393,331	**9,719,608**
b) Other revenue		
Other income	586,426	437,203
Gain on disposal of assets	56,553	8,544
Cinema advertising	-	138,070
Interest income	38,608	9,285
	681,587	**593,102**

7. Revenue and expenses *(continued)*

	2021 $	2020 $
c) Salaries and employee benefits		
Superannuation and Fiji National University levy	164,827	198,157
Salaries and wages	2,725,925	2,802,689
Staff commission and bonus	165,756	201,525
Staff training	83,600	82,151
Other staff cost	379,397	350,509
	3,519,505	**3,635,031**
d) Depreciation and amortisation		
Depreciation	1,233,001	1,304,838
Amortisation of right-of-use assets	896,696	1,054,361
Amortisation of intangible assets	42,292	40,934
	2,171,989	**2,400,133**
e) Other expenses		
Auditors remuneration - audit fees	43,000	40,500
Other professional services	19,632	22,132
Directors' remuneration	164,545	140,480
Leases payments - short term and low value	43,692	39,844
Other operating expenses	2,980,531	3,035,892
	3,251,400	**3,278,848**
f) Finance costs		
Bank charges	10,626	12,344
Interest on bank loan	56,658	-
Interest on lease liability	140,095	192,581
	207,379	**204,925**

8. Income tax

		2021 $	2020 $
a) Income tax expense			
The prima facie income tax payable on profit is reconciled to the income tax expense as follows:			
Accounting profit before income tax		1,076,147	1,246,400
Prima facie tax thereon:	- Fiji rate of 10%	40,716	16,940
	- PNG rate of 30%	206,383	323,039
Tax effect of non-deductible items		17,463	592
Share of profit of associate or joint venture non-deductible/non-taxable		(15,187)	(63,049)
Under provision of income tax expense in prior year		29,436	144,484
Income tax expense attributable to operating profit		**278,811**	**422,006**
b) Current tax asset			
Opening balance		116,993	151,818
Income tax / withholding tax paid		449,694	387,508
Withholding tax payable - current year and prior years		-	(117,289)
Tax liability for the year		(232,260)	(269,477)
Over/(under) provision of current tax in prior year		-	13,826
Translation adjustment		(35,262)	(49,393)
Total current tax asset		**299,165**	**116,993**
c) Deferred tax			
Deferred tax assets/liabilities at 31 December relates to the following:			
Allowance for impairment loss		63,006	72,813
Employee entitlements		50,398	41,908
Accelerated depreciation for tax purposes		(180,501)	(194,219)
Difference between right to use asset and lease liabilities		19,059	12,422
Tax losses		-	15,852
Unrealised loss		1,011	7,431
Net deferred tax liability		**(47,027)**	**(43,793)**
Represented on the consolidated statement of financial position as:			
Deferred tax asset		133,474	150,426
Deferred tax liability		(180,501)	(194,219)
		(47,027)	**(43,793)**

9. Earnings per share

	2021 $	2020 $
Operating profit after income tax	797,336	824,394
Weighted average number of shares outstanding	3,558,000	3,558,000
Basic earnings per share - cents	**22.41**	**23.17**

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 2020: 4 cents	142,320	-
1st Interim dividend for 2021: 4 cents	142,320	-
Dividends declared and paid	**284,640**	-

11. Trade receivables

	$	$
Trade receivables	2,293,949	2,450,185
Allowance for expected credit loss	(272,615)	(345,818)
	2,021,334	**2,104,367**

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

12. Cash and cash equivalents

	$	$
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 December:		
Cash at bank (i)	979,454	902,294
Short term deposits (ii)	781,246	1,084,645
	1,760,700	**1,986,939**

(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	167,030	168,261
Prepayments	88,564	98,768
Other receivables	62,744	2,713
	318,338	**269,742**

14. Inventories

	2021 $	2020 $
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	75,187	15,677
Non-current assets	7,632,130	7,608,538
Current liabilities, including tax payable	(28,010)	(50,941)
Non-current liabilities, including deferred tax liabilities	(903,349)	(901,058)
Net assets	6,775,958	6,672,216
Proportion of the group's ownership	50%	50%
Carrying amount of investment - 231 Waimanu Rd Holdings Pte Limited	**3,387,979**	**3,336,108**

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

Revenue	472,581	472,581
Expenses	(92,747)	(72,756)
Change in fair value of investment property	-	567,460
Profit before tax	379,834	967,285
Income tax (expense)/benefit	(76,092)	286,150
Profit for the year	**303,742**	**1,253,435**
Group's share of profit for the year	151,871	626,718
Adjustment on Group's share of profit from prior year	-	3,774
Total share of profit from associate	**151,871**	**630,492**

231 Waimanu Rd Holdings Pte Limited had no contingent liabilities or capital commitments as at 31 December 2021 and 2020.

15. Investment in associate and joint venture *(continued)*

b) Investment in Paradise Cinemas (PNG) Limited

The subsidiary, PNG FM Limited has a 43.87% (2020:43.87%) 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:

	2021 $	2020 $
Current assets, including cash and cash equivalents and prepayments	337,016	349,459
Current liabilities, including tax payables	(320,051)	(331,867)
Net assets	**16,965**	**17,592**
Original investment - Paradise Cinemas (PNG) Limited		
- At 1 January	4,254,884	4,616,796
- Translation adjustments	(151,499)	(361,912)
	4,103,385	**4,254,884**
Less: Cumulative share of losses		
- At 1 January	(2,217,895)	(2,406,545)
- Translation adjustments	78,970	188,650
	(2,138,925)	**(2,217,895)**
Less: Impairment loss		
- At 1 January	(2,036,989)	(2,210,251)
Translation adjustments	72,529	173,262
	(1,964,460)	**(2,036,989)**
Net carrying amount of investment - Paradise Cinemas (PNG) Limited	-	-
Summarised statement of profit or loss of Paradise Cinemas (PNG) Limited:		
Revenue	560,194	609,619
Expenses	(592,982)	(645,300)
Loss for the year	(32,788)	(35,681)
Unrecognised Group's share of loss for the year	**(14,384)**	**(15,653)**

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 2021 was K2,300,387 (2020: K2,286,003).

	2021	2020
	$	$
Total investment in associates and joint ventures	**3,387,979**	**3,336,108**

16. Intangible assets

	Goodwill	Software	Total
Gross carrying amount	$	$	$
Balance at 1 January 2021	1,507,569	494,143	2,001,712
Additions	-	2,004	2,004
Translation adjustment	-	(1,787)	(1,787)
At 31 December 2021	**1,507,569**	**494,360**	**2,001,929**
Accumulated amortisation and impairment			
Balance at 1 January 2021	370,569	285,785	656,354
Amortisation charge for the year	-	42,292	42,292
Translation adjustment	-	(1,718)	(1,718)
At 31 December 2021	**370,569**	**326,359**	**696,928**
Net written down value:			
At 31 December 2021	**1,137,000**	**168,001**	**1,305,001**
At 31 December 2020	**1,137,000**	**208,358**	**1,345,358**

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:

	2021	2020
	$	$
Carrying amount of goodwill	**1,137,000**	**1,137,000**

An external expert valuation was obtained to value the PNG FM Limited business. The Future Maintainable Earnings methodology indicated a value of approximately FJD4.5M based on the mid range earnings multiple of 8. The current Net Worth of PNG FM Limited is approximately FJD4M. The Group has considered this valuation assessment and concluded that there is no goodwill impairment as at balance date.

17. Property, plant and equipment

	Land and buildings $	Plant and equipment $	Motor vehicles $	Work in progress $	Total $
Gross carrying amount					
At 1 January 2021	512,154	13,461,653	894,414	340,147	15,208,368
Additions	2,687,631	821,807	288,375	-	3,797,813
Disposals	-	(3,242,464)	(295,250)	-	(3,537,714)
Transfers	340,147	-	-	(340,147)	-
Translation adjustment	(1,185)	(212,466)	(10,175)	-	(223,826)
At 31 December 2021	3,538,747	10,828,530	877,364	-	15,244,641
Accumulated depreciation					
At 1 January 2021	379,700	8,237,715	571,394	-	9,188,809
Depreciation charge for the year	16,278	1,070,623	146,100	-	1,233,001
Disposals	-	(3,141,996)	(282,788)	-	(3,424,784)
Translation adjustment	(1,033)	(177,474)	(12,210)	-	(190,717)
At 31 December 2021	394,945	5,988,868	422,496	-	6,806,309
Net written down value:					
At 31 December 2021	**3,143,802**	**4,839,662**	**454,868**	**-**	**8,438,332**
At 31 December 2020	**132,454**	**5,223,938**	**323,020**	**340,147**	**6,019,559**

As at 31 December 2021, the gross carrying amount of fully depreciated property, plant and equipment that is still in use is $374,201 (2020: $2,655,282)

18. Right-of-use assets

	Office premises $	Dedicated internet service line $	Transmission sites $	Total $
Gross carrying amount				
At 1 January 2021	601,226	203,798	780,347	1,585,371
Additions	10,707	-	778,233	788,940
Other adjustments	(4,148)	-	(8,743)	(12,891)
Depreciation charge for the year	(484,092)	(85,479)	(327,125)	(896,696)
Translation adjustment	17,492	-	13,480	30,972
At 31 December 2021	**141,185**	**118,319**	**1,236,192**	**1,495,696**

19. Leases

	2021 $	2020 $
Lease liabilities		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	598,013	795,778
One to five years	824,461	611,585
More than five years	1,212,973	1,239,860
Total undiscounted lease liabilities at 31 December	**2,635,447**	**2,647,223**
Lease liabilities included in the statement of financial position at 31 December		
Balance as at 1 January	1,608,816	2,041,721
Additions	788,940	544,039
Accretion of interest for the year	140,095	192,581
Less: payments made during the year	(962,921)	(1,140,483)
Other adjustments	7,943	-
Translation adjustment	13,456	(29,042)
	1,596,329	**1,608,816**
Current	509,399	692,540
Non-current	1,086,930	916,276
	1,596,329	**1,608,816**
Amounts recognised in profit or loss		
Depreciation on right-of-use assets	896,696	1,054,361
Interest on lease liabilities	140,095	192,581
Short term / variable lease payments	43,692	71,230
	1,080,483	**1,318,172**
Amounts recognised in the statement of cash flows		
Total cash outflow for leases (principal and interest)	**962,921**	**1,140,483**

20. Trade and other payables

	2021 $	2020 $
Trade payables	187,082	208,126
Other payables	722,706	779,447
	909,788	**987,573**

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. Interest bearing borrowings

	2021 $	2020 $
Business loan - Westpac Banking Corporation Limited	1,564,727	-
Disclosure in the Statement of Financial Position:		
Current	123,112	-
Non-current	1,441,615	-
	1,564,727	**-**

Reconciliation of movement of liabilities to cash flows from financing activities

	Borrowings $	Lease liabilities $	Total $
Balance at 1 January 2021	-	1,608,816	1,608,816
Changes from financing cashflows			
Proceeds from borrowing	1,623,355	-	1,623,355
Repayment of borrowing	(58,628)	-	(58,628)
Payment of lease liabilities, net	-	(822,826)	(822,826)
Total changes from financing cash flows	1,564,727	(822,826)	741,901
Other changes - liability related			
Interest expense	56,658	140,095	196,753
Interes paid	(56,658)	(140,095)	(196,753)
New lease liabilities	-	788,940	788,940
Other adjustments and translation	-	21,399	21,399
Total liability related other charges	-	810,339	810,339
Balance at 31 December 2021	**1,564,727**	**1,596,329**	**3,161,056**

The subsidiary company, PNG FM Limited had obtained a loan from Westpac Banking Corporation Limited of $1,623,355 to assist with the purchase of commercial property by its subsidiary FM Haus Ples Limited. The loan repayments are based on a facility term of 10 years. The loan is subject to an interest rate of 6.50% p.a with agreed monthly repayments of $18,431 and is secured by the following:

i) Guarantee and indemnity unlimited as to the amount given by FM Haus Ples Limited on account of PNG FM Limited.
ii) Registered mortgage given by FM Haus Ples Limited over Allotment 9, Section 225 Hohola, Port Moresby, National Capital District of State Lease Volume 27 Folio 6677.
iii)Guarantee and indemnity unlimited as to the amount given by Communications Fiji Limited on account of
iv) General security agreement between the lender and PNG FM Limited over all its assets, undertaking, called and uncalled capital.

21. Interest bearing borrowings *(continued)*

(v) General security agreement between the lender and FM Haus Ples Limited over all its assets, undertaking, called and uncalled capital.

Bank overdraft facility

(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

	2021 $	2020 $
Current		
Term deposits		
- Credit Corporation Finance Limited (PNG)	**284,462**	**593,584**

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

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**

24 .Employee benefit liabilities

	$	$
Current		
Annual leave	112,941	117,618
Long service leave	81,751	36,192
Total current employee benefit liabilities	194,692	153,810
Non-current		
Long service leave	20,494	33,735
Total non-current employee benefit liabilities	20,494	33,735
	215,186	**187,545**

25. Foreign currency translation reserve

	2021 $	2020 $
Balance as at 1 January	(954,398)	(597,043)
Currency translation difference	(172,153)	(357,355)
Balance as at 31 December	**(1,126,551)**	**(954,398)**

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

	$	$
Capital expenditure commitments	1,318,415	5,341,954

(i) 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
Pramesh Sharma (Resigned 3rd November 2021)
Josephine Yee Joy
Vilash Chand (Retired 26th March 2021)
Thelma Savua
Sufinaaz Dean
Emily King (Appointed 3rd November 2021)
Maciu Lumelume (Appointed 26th March 2021)

b) Ownership interest in related parties

	2021 Ownership Interest	2020
FM Haus Ples Limited (a)	100%	100%
PNG FM Limited	100%	100%
231 Waimanu Rd Holdings Pte Limited	50%	50%
Paradise Cinema (PNG) Limited	44%	44%

(a)The consolidated financial statements includes subsidiary, PNG FM Limited and FM Haus Ples Limited.

28. Related party disclosures *(continued)*

c) Transactions with related parties

Transactions with related parties during the year ended 31 December 2021 and 2020 with approximate transaction values are summarized as follows:

Relationship	Nature of Transaction	$	$
Shareholder related entities	Sales	37,757	102,234
	Medical insurance	43,880	47,168
Associate company	Rental expense	155,441	155,441
	Dividend	100,000	200,000
	Management and administrative fees	10,407	10,115

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 2021 and 2020 were:

	$	$
Salaries and short-term employee benefits	710,311	796,695

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 holding 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 subsidiaries are in Papua New Guinea. The Joint Venture Entity namely 231 Waimanu Rd Holdings Pte Limited operates from 231 Waimanu Road, Suva.

30. Impact of COVID-19 pandemic on the Group

The coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus continue to have a significant impact on global markets and economic activity. Fiji is still feeling the impact with business disruption and levels of activity reducing in several market sectors.

The Group has remained operational since this declaration and continues to engage in its principal activity. We have seen a significant impact on our business to date, with major loss of revenue from the Fiji Showcase for both current and prior year. In July 2021 the Fijian Government ramped up its vaccination drive with a national target of 80 percent of the target population to be fully vaccinated by 31 October 2021. The Government was able to attain 90 percent in November and as a result the current containment measures with restrictions are easing as the fully vaccinated percentage increases. Furthermore, Fiji's borders were opened in December 2021 increasing economic activity. The duration and extent of the pandemic and related financial, social and public health impacts of the COVID-19 pandemic are uncertain. The Directors confirm that they have considered all known impacts of COVID-19 when preparing the financial statements and applying the going concern concept.

The Directors and management believe the Group has sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak.

31. Events subsequent to balance date

The effects of COVID-19 have manifested in the interval between the end of the financial year and the date of this report, and will continue to affect significantly the operations of the Group in the subsequent financial year.

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


96FM
NAU FM
LOCKIM NA LUSIM
VITI FM
E KAMICA GAI NACHI
FM96
your #1
Legend FM
"the songs you know, love and singalong to"
YUMI FM
PNG
PENNY IS OFFICIALLY ON MATERNITY LEAVE!
WE HOPE YOUR MATERNITY LEAVE IS FILLED WITH NOTHING BUT LOVE AND LAUGHTER.
RADIO
Sargam
sure ka sangam
Navtarang
96FM
NAU FM
LOCKIM NA LUSIM

LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE

(IV) Schedule of each class of shares held by Directors and Senior Management under listing rule 51.2(iv) as at 31st December 2021

Names	No. of Shares
Parkinson Holdings Ltd	1,856,291
Unit Trust of Fiji (Trustee Company) Ltd	388,627
BSP Life (Fiji) Ltd	275,855
Charles Taylor	4,000
Doris King	4,000
Jyoti Khatri	3,000
Pratika Kumar	2,100
Thelma Florence Kuini Savua	2,000
Philip Wilikibau	1,500
Vijay Narayan	1,000
Ratu Irinale Soqeta Aaron Ah Yuk	1,000
Victoria Louisa Franchesca Vollmer	1,000
Rosemarie Ellie Botong	1,000
Sneh Chaudhry	500
Dhan Jay Deo	500
Litia Daugunu	500

(V) Shareholdings of those persons holding twenty largest blocks of shares

Names	No. of Shares	Total % Holdings
Parkinson Holdings Ltd	1,856,291	52.17
Unit Trust of Fiji (Trustee Company) Ltd	388,627	10.92
FHL Trustees Ltd ATF Fijian Holdings Unit Trust	292,553	8.22
BSP Life (Fiji) Ltd	275,855	7.75
JP Bayly Trust	167,333	4.70
Deborah Keola Yasmeen Dean	95,262	2.68
Carlisle (Fiji) Ltd	51,780	1.46
FijiCare Insurance Ltd	35,000	0.98
Amy Lynn Bergquist	34,000	0.96
Aequi-Libria Associates Insurance Broker Ltd	26,700	0.75
Erik Larson and Karla Larson –Wadd,JTwros	24,400	0.69
Ian & Loretta Jackson	24,000	0.67
Graham Eden	21,624	0.61
Tony Singh	14,973	0.42
Arthur John Reynolds & Julian Reynolds	12,400	0.35
Frazine Dutta	10,000	0.28
Jimaima T Schultz	10,000	0.28
Jitendra Thakorlal Narsey	8,800	0.25
Krishna Nair & Manorma Nair	8,000	0.22
Tutanekai Investments Limited	6,500	0.18

LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE *(continued)*

(VI) Distribution of shareholding (Annexure E)

Holding	No. of holders	% Holding
Less than 500 Shares	47	0.54%
501 to 5,000 Shares	94	4.57%
5,001 to 10,000 Shares	7	1.56%
10,001 to 20,000 Shares	2	0.77%
20,001 to 30,000 Shares	4	2.72%
30,001 to 40,000 Shares	2	1.94%
50,001 to 100,000 Shares	2	4.13%
100,001 to 1,000,000 Shares	4	31.60%
Over 1,000,000 Shares	1	52.17%
TOTAL	**163**	**100%**

(VII/ VIII) Composition of Board Directors & Committee Members with attendance

Directors	No. of meetings held during the year	No. of meetings attended	Apologies
William Parkinson (Chairman)	4	4	
Maciu Lumelume	4	4	
Sufinaaz Dean	4	4	
Thelma Savua	4	4	
Pramesh Sharma (resigned 3.11.21)	4	3	
Emily King (appointed 3.11.21)	4	1	
Josephine Yee Joy	4	4	
ARSC Committee			
Josephine Yee Joy (Chair)	3	3	
William Parkinson	3	3	
Pramesh Sharma	3	2	
Emily King	3	1	
HRSC Committee			
Thelma Savua (Chair)	2	2	
Sufinaaz Dean	2	2	
Maciu Lumelume	2	2	

LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE *(continued)*

X) Statement of Financial Details - Subsidiary Companies

Holding	PNG FM LTD (PNG) FJD	231 WAIMANU RD (FIJI)
Percentage of Shareholding	**100%**	**50%**
	$	**$**
Turnover	5,250,056	472,581
Other Income	56,283	-
	5,306,339	**472,581**
Depreciation and amortization	(1,069,674)	(1,799)
Interest Expense	(155,469)	-
Other Expenses	(3,381,025)	(90,948)
Income Tax (Expense)	(236,008)	(76,092)
	(4,842,176)	**168,839**
Net Profit after Tax	**464,163**	**303,742**
Total Assets	7,795,914	7,707,317
Total Liabilities	(3,739,812)	(931,359)
Shareholders Fund	4,056,102	6,775,958

(XIV) Summary of key Financial Results for the previous five years (Consolidated)

	2021	2020	2019	2018	2017	2016
Net (Loss)/Profit After Tax	**797,336**	**824,394**	**2,234,010**	**2,943,789**	**2,922,934**	**(1,335,445)**
Current Assets	4,683,999	5,178,738	4,809,300	3,475,978	4,715,023	4,141,605
Non- Current Assets	14,760,482	12,436,822	12,923,007	12,257,685	9,514,834	10,129,496
Total Assets	**19,444,481**	**17,615,560**	**17,732,307**	**15,733,663**	**14,229,857**	**14,271,101**
Current Liabilities	1,736,991	1,833,923	2,207,727	1,720,254	2,870,960	2,313,238
Non- Current Liabilities	2,729,540	1,144,230	1,354,212	1,355,609	506,099	1,932,119
Total Liabilities	**4,466,531**	**2,978,153**	**3,561,939**	**3,075,863**	**3,377,059**	**4,245,357**
Shareholders' Equity	**14,977,950**	**14,637,407**	**14,170,368**	**12,657,800**	**10,852,798**	**10,025,744**

LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE *(continued)*

(XV) Information Related to the Equity shares

	2021	2020	2019	2018	2017	2016
	Cents	**Cents**	**Cents**	**Cents**	**Cents**	**Cents**
Dividend Declared per share	0.08	0.00	0.20	0.30	0.53	0.12
Earnings per share	22.41	23.17	62.79	82.74	82.15	(37.53)
Net tangible assets per share	3.84	3.74	3.60	3.17	2.65	2.40

Share price during the year (cents per share)	2021
Highest	6.95
Lowest	6.22
On 31st December 2021	6.95

(XVI) The company secretary for 2021 was Ms Seini Tinaikoro.

(XVII) Registered Office Details

Communications Fiji Limited
231 Waimanu Rd
Suva
PH: +679 3314766

PNGFM Limited (Subsidiary)
Pacific Palms Property
Unit 1 (Bldg B)
Ahuia Street, National Capital District
Port Moresby
PNG
Contact: (675)7373 8806

(XVIII) Share register, registered and principal administrative office

Central Share Registry Pte Limited (CSRL)
Shop 1 and 11, Sabrina Building
Victoria Parade, Suva
Fiji
Contact: (679)3304 130
Email: registry@spx.com.fj

MINUTES OF THE 2020
36TH ANNUAL GENERAL MEETING

Minutes of the Thirty Sixth Annual General Meeting of Shareholders held on the 30th June 2021, at via Zoom at 12.00pm.

Present
Mr. William Parkinson (Chairperson)
Ms. Sufinaaz Dean (Director)
Mr. Pramesh Sharma (Director)
Ms. Thelma Savua (Director)
Ms. Josephine Yee Joy (Director)
Ms. Maciu Lumelume (Director)
Ms. Seini Tinaikoro (Company Secretary)
Ms. Wathsala Suraweera (Partner, BDO)
Ms. Archana Chandra (Director, BDO)
Mr. Nalin Patel (Partner, BDO)
Ms. Rosemarie Botong (PNGFM)
Mr. Charles Taylor (CFL)
Ms. Jyoti Khatri (CFL)
Mr. Vijay Narayan (CFL)
Ms. Doris Southwick (CFL)
Mr. Satya Nand (CFL)
Ms. Litia Daugunu (CFL)
Mr. Tikiko Korocawiri (CFL)
Ms. Pratika Kumar (CFL)
Mr. Alipate Narawa (CFL)
Mr. Aaron Ahyuk (CFL)
Ms. Maria Solomone (CFL)
Mr. Gyanesh Rueben (BSP Life)
Mr. Mahi Priya Meddepola (UTOF)
Mr. Varun Deo (UTOF)
Mr. Philip Wilikibau

Apologies
Mr. Peter Aitsi (PNGFM)

Quorum
The Quorum required was met and recorded.

Opening of AGM
The Chairperson welcomed the shareholders and attendees to the 36th AGM for the Company.

The Chairperson opened the meeting by taking moment for a CFL team member Ms. Maree Stewart who passed away from COVID-19. A moment was taken for Ms. Maree Stewart and her family.

Confirmation of Minutes

- The minutes of the thirty fifth Annual General Meeting held on 17th June 2020 were read and approved.
- The minutes were unanimously adopted by shareholders and was moved by Mr. Gyanesh Rueben (BSP Life) and seconded by and Ms. Sufinaaz Dean.

MINUTES OF THE 2020 36TH ANNUAL GENERAL MEETING *(continued)*

Matters arising from the Minutes

- No matters arising.

Ordinary Business

1. <u>Adoption of Financial Statements</u>

- The Chair shared his remakes that were earlier circulated to the Board and the participants.
- The Chairperson's report was noted and taken as read and particularly address the COVID-19 situation in Fiji and PNG. One such result was the passing of a CFL staff. Both teams at CFL and PNG have taken an innovative approach in addressing operations of the radio stations. Safety of the teams has been a priority for PNG and CFL.
- The Chairperson tabled the Annual Report and the Audited Financials. The Auditors were present to answer technical questions on the financial statements, however, no major issues were raised.
- Ms. Mahi Priya Meddepola (UTOF) requested for clarification sought on the management fees adjustment and withholding tax relating to the management fees. Ms. Jyoti Khatri provided clarification, this was management fees paid by PNGFM to CFL but withholding tax was not being paid on the fees. Withholding tax has been paid this year, which has been now reflected in the 2020 Audited Financials.
- The Audited Financials, Balance Sheet, Profit and Loss and Directors reports were received and adopted. The motion was moved by Mr. Gyanesh Rueben (BSP Life) and seconded by Ms. Mahi Priya Meddepola (UTOF).

2. <u>Election of Directors</u>

Appointment of a Director to fill in casual vacancy as Director of the Company

(a) Appointment of Mr. Maciu Lumelume

To appoint, pursuant to Article 50 of Articles of Association of the Company, Mr. Maciu Lumelume, who was appointed to fill in the casual vacancy caused by the resignation of Mr. Vilash Chand on 26 March 2021, and whose term of office expires at this Annual General Meeting be and is hereby appointed as a Director of the Company. There being no objections the motion was moved by Ms. Mahi Priya Meddepola (UTOF) and seconded by Mr. Gyanesh Rueben (BSP Life).

Re-appointment of a Directors retiring by rotation

(a) Re-appointment of Ms. Thelma Savua

Ms. Thelma Savua, an independent Director, who is due for re-appointment by rotation under article 108 of the Company's Article of Association offered herself for re-appointment. The motion was moved by Mr. William Parkinson and seconded by Mr. Pramesh Sharma.

MINUTES OF THE 2020 36TH ANNUAL GENERAL MEETING *(continued)*

(b) Reappointment of Ms. Sufinaaz Dean

Ms. Sufinaaz Dean who is due for re-appointment by rotation under article 108 of the Company's Article of Association offered herself for re-appointment. There being no objections the motion was moved by Mr. Pramesh Sharma and seconded by Ms. Thelma Savua.

3. <u>Re- Appointment of Retiring Auditors</u>

- Ms. Josephine Yee Joy the Chairperson of the Audit Risk Sub-Committee provided that the appointment of M/s.BDO, Charted Accountants, has been positive and there has been a good working relationship between the Auditors and Management.

- It was decided and recommended by the Board that the retiring M/s. BDO, Charted Accountants, be and are hereby re-appointed as the Auditors of the Company to hold office, from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the company as a remuneration as authorized by the Board.

- There being no objections the motion was moved by Mr. William Parkinson and seconded by Ms. Mahi Priya Meddepola (UTOF).

4. <u>Declaration of Dividend</u>

- The meeting noted the Board's recommendation that the Company adopt a dividend of $142,320.00 (4 cents per share) as a final dividend for the year 2020.

The motion was unanimously adopted by the Shareholders. The motion was moved by William Parkinson and seconded by Mr. Gyanesh Rueben (BSP Life).

Special Business:

- The Chair requested a quick update from the GM of CFL and PNGFM.

- Mr. Charles Taylor provided an update, since the recent outbreak, essential team members have been working and have been set up to work remotely. Despite the Company's efforts to adhere to strict COVID-19 protocols, Ms. Maree Stewart passed away on Monday (28 June 2021) afternoon.

- The Executive Team begun contact tracing last week from the time that Ms. Maree Stewart tested positive.

MINUTES OF THE 2020 36TH ANNUAL GENERAL MEETING *(continued)*

- With regard to vaccination, the majority of the team has received their second vaccination injection. The Company aims to have all employees fully vaccinated by September 2021.

- Revenue, the loss in revenue in April was the direct result of the onset of the pandemic and the market's reaction to the second wave. Revenue picked up in May and June where budgets were met and profits were recorded. The Company continues to focus on keeping the public informed and to look for new revenue streams. The Chair, on behalf of the Shareholders and the Directors, thanked the CFL Management team for their work during this time.

- PNGFM reports that the property acquisition is in its final stages and Management is in the process of engaging architects for the buildings plans.

- The floor was open to all present for further discussion, there were no questions raised.

- Mr. Gyanesh Rueben (BSP Life) queried the level of capital expenditure involved in the acquisition of the PNG property. Ms. Jyoti Khatri provided clarification on the cost of the acquisition and total project cost and funding is being sought for the acquisition but funds have also been raised internally for this.

- The Chairperson, thanked all attendees, the directors and auditors for their attendances and reassured the Shareholders that the management teams are doing their best efforts to continue operations during this difficult time

- There being no other business the Chairperson closed the meeting at 12.38pm.

Approved

William Parkinson

Chairperson