

RADIO JAMAICA LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2022



KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Radio Jamaica Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 10 to 84, which comprise the Group's and Company's statement of financial position as at March 31, 2022, the Group's and the Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at March 31, 2022, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and the Jamaican Companies Act.

Basis for Opinion

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

1. Impairment of goodwill

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The carrying value of the Group's intangible assets, including goodwill, may not be recoverable due to changes in the business and economic environment in which the relevant subsidiaries operate. Additionally, the effects of COVID-19 on overall economic activity and deteriorating trading conditions adversely increased the risk of impairment of the associated intangible assets.</p> <p>These factors create increased uncertainty in forecasting, and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability.</p>	<p>Our audit response included:</p> <ul style="list-style-type: none">• Evaluating the design and implementation of controls and effectiveness, or lack thereof.• Evaluating whether there were indicators of impairment for the cash generating units (CGU's), including those which contained goodwill and intangible assets, considering market prices, the economic environment and business performance of each subsidiary.• For the relevant CGUs, we tested the reasonableness of management's forecasts and discounted cash flow calculations, including use of our valuation specialists to evaluate the assumptions and methodologies used by management and to test the mathematical accuracy of the calculations.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. Expected credit losses on trade receivables

Key Audit Matter	How the matter was addressed in our audit
<p>The Group is required to recognise expected credit losses (ECL) on trade receivables, the determination of which is highly subjective and requires management to make significant judgement and estimates including determination of the appropriate variables and assumptions used and the application of forward-looking information.</p> <p>We therefore determined that the impairment of trade receivables has a high degree of estimation uncertainty.</p> <p>The key areas requiring greater management judgement include the identification of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default and the application of forward-looking information.</p>	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of controls and effectiveness, or lack thereof. • Obtaining an understanding of the models used by management for the calculation of expected credit losses on trade receivables, including governance over the determination of key judgements. • Evaluating the appropriateness of economic parameters including the use of forward looking information and management overlay. • Testing the completeness and accuracy of the data used in the ECL models to the underlying accounting records, including the ageing of trade receivables on a sample basis.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

2. *Expected credit losses on trade receivables (continued)*

Key Audit Matter	How the matter was addressed in our audit
<p>Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement.</p> <p>These estimates also involve increased judgment as a result of the economic impact of COVID-19 on the group's trade receivables.</p> <p>Management considered the following:</p> <ul style="list-style-type: none"> • Qualitative factors that create COVID-19-related changes to SICR. • Increased uncertainty about potential future economic scenarios and their impact on credit losses. <p><i>See notes 23 and 31(a)(i) of the consolidated financial statements.</i></p>	<p>Our audit procedures in this area included the following (continued):</p> <ul style="list-style-type: none"> • Involving our financial risk modelling specialists to evaluate the appropriateness of: <ul style="list-style-type: none"> - the group's impairment methodologies, including the SICR criteria used and independently assessing the assumptions for probability of default, loss given default and exposure at default; and - the group's methodology for determining the economic scenarios used and the probability weightings applied to them. We also tested to external sources, a sample of economic variables used. • Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 8 to 9, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

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

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

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

A handwritten signature of the KPMG firm, written in blue ink, with a stylized 'KPMG' and a horizontal line underneath.

Chartered Accountants
Kingston, Jamaica

July 14, 2022



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Appendix to the Independent Auditors' Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
RADIO JAMAICA LIMITED

Appendix to the Independent Auditors' Report (continued)

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

RADIO JAMAICA LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income
 Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
Revenue		5,711,158	5,192,392
Direct expenses	6	(2,509,381)	(2,287,408)
Gross profit		3,201,777	2,904,984
Other operating income	5	130,813	81,124
Selling expenses	6	(844,609)	(688,914)
Administrative expenses	6	(1,290,286)	(1,397,528)
Other operating expenses	6	(728,749)	(616,144)
Operating profit		468,946	283,522
Finance costs	8	(47,899)	(51,054)
Share of net loss of associates	30	(12,285)	(779)
Profit before taxation		408,762	231,689
Taxation	9	(67,071)	(61,031)
Net profit	10	<u>341,691</u>	<u>170,658</u>
Other comprehensive (loss)/income, net of taxes:			
Item that will not be reclassified to profit or loss:			
Re-measurements of post-employment benefits	9	(26,997)	52,470
Items that will be reclassified to profit or loss:			
Currency translation differences		(6,726)	7,951
Total other comprehensive (loss)/income		(33,723)	60,421
Total comprehensive income		<u>307,968</u>	<u>231,079</u>
Earnings per ordinary stock unit attributable to stockholders of the Company	12	\$ <u>0.14</u>	<u>0.07</u>

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

RADIO JAMAICA LIMITED

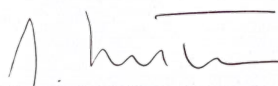
Consolidated Statement of Financial Position

March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	1,984,825	1,340,525
Investment properties	14	80,918	82,260
Intangible assets	15	452,652	422,251
Retirement benefit assets	16	91,906	148,766
Deferred tax assets	17	142,890	232,498
Long-term receivables		-	349
Investment securities	19	24,268	14,738
Investments accounted for using the equity method	30	<u>121,957</u>	<u>125,831</u>
		<u>2,899,416</u>	<u>2,367,218</u>
CURRENT ASSETS:			
Inventories	20	118,494	142,171
Receivables	23	1,182,340	1,209,492
Taxation recoverable		42,566	34,136
Cash and short-term investments	24	<u>750,871</u>	<u>725,305</u>
		<u>2,094,271</u>	<u>2,111,104</u>
TOTAL ASSETS		<u>4,993,687</u>	<u>4,478,322</u>
EQUITY AND LIABILITIES			
STOCKHOLDER'S EQUITY:			
Share capital	25	2,041,078	2,041,078
Foreign currency translation		(13,601)	(6,875)
Retained earnings		<u>760,509</u>	<u>494,264</u>
		2,787,986	2,528,467
Non-controlling interests		<u>1,948</u>	<u>1,948</u>
		<u>2,789,934</u>	<u>2,530,415</u>
NON-CURRENT LIABILITIES:			
Lease obligations	26	3,056	11,207
Long-term loans	26	408,717	499,760
Deferred tax liabilities	17	94,519	205,912
Retirement benefit obligations	16	<u>250,224</u>	<u>209,816</u>
		<u>756,516</u>	<u>926,695</u>
CURRENT LIABILITIES:			
Payables	27	1,397,368	928,076
Taxation payable		<u>49,869</u>	<u>93,136</u>
		<u>1,447,237</u>	<u>1,021,212</u>
TOTAL EQUITY AND LIABILITIES		<u>4,993,687</u>	<u>4,478,322</u>

The financial statements on pages 10 to 84 were approved for issue by the Board of Directors on July 14, 2022, and signed on its behalf by:


 _____ Director
 Joseph M. Matalon, C.D.


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

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

RADIO JAMAICA LIMITED

Consolidated Statement of Changes in Equity

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Number of stock units</u> '000	<u>Share capital</u> \$'000 (note 25)	<u>Foreign currency translation</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Equity owners</u> \$'000	<u>Non- controlling interests</u> \$'000	<u>Total</u> \$'000
Balance at March 31, 2020	2,397,683	2,041,078	(14,826)	(7,135)	278,271	2,297,388	1,948	2,299,336
Total comprehensive income	-	-	7,951	-	223,128	231,079	-	231,079
Transfer to retained earnings	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,135</u>	<u>(7,135)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at March 31, 2021	2,397,683	2,041,078	(6,875)	-	494,264	2,528,467	1,948	2,530,415
Total comprehensive income	-	-	(6,726)	-	314,694	307,968	-	307,968
Transaction with owners:								
Dividends paid (note 11)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,449)</u>	<u>(48,449)</u>	<u>-</u>	<u>(48,449)</u>
Balance at March 31, 2022	<u>2,397,683</u>	<u>2,041,078</u>	<u>(13,601)</u>	<u>-</u>	<u>760,509</u>	<u>2,787,986</u>	<u>1,948</u>	<u>2,789,934</u>

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

RADIO JAMAICA LIMITED

Consolidated Statement of Cash Flows

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*

	<u>2022</u> \$'000	<u>2021</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	341,691	170,658
Adjustments for:		
Depreciation and amortisation	293,122	291,103
Gain on disposal of property, plant and equipment	(26,934)	(19,940)
Interest income	(6,122)	(3,102)
Interest expense	30,374	50,288
Income tax charge	67,071	61,031
Exchange losses on foreign currency balance	(24,724)	(9,994)
Retirement benefits	61,272	59,857
Share of net loss of associates	<u>12,285</u>	<u>779</u>
	748,035	600,680
Changes in operating assets and liabilities:		
Inventories	23,677	(5,779)
Accounts receivable	26,473	(185,040)
Accounts payable	<u>330,804</u>	<u>171,692</u>
	1,128,989	581,553
Income tax paid	<u>(131,554)</u>	<u>(42,039)</u>
Net cash provided by operating activities	<u>997,435</u>	<u>539,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of property, plant and equipment	53,079	43,081
Purchase of property, plant and equipment and intangibles	(992,626)	(175,931)
(Payments)/proceeds from long-term investments	(9,530)	10,985
Investment in associates	(8,411)	(56,177)
Interest received	<u>7,150</u>	<u>3,102</u>
Net cash used in investing activities	<u>(950,338)</u>	<u>(174,940)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans repaid	(542,864)	(26,588)
Loan acquired	593,350	150,000
Principal lease repayments	(11,192)	(12,154)
Interest paid	(30,374)	(50,288)
Dividends paid	<u>(48,449)</u>	<u>-</u>
Net cash (used in)/provided by financing activities	<u>(39,529)</u>	<u>60,970</u>
Increase in cash and cash equivalents	7,568	425,544
Exchange gains on cash and cash equivalents	17,998	17,945
Net cash and cash equivalents at beginning of year	<u>725,305</u>	<u>281,816</u>
Net cash and cash equivalents at end of year	<u>750,871</u>	<u>725,305</u>
Comprised of:		
Cash and short-term investments	<u>750,871</u>	<u>725,305</u>

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

RADIO JAMAICA LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
Revenue		718,745	597,785
Direct expenses	6	(279,322)	(240,381)
Gross profit		439,423	357,404
Other operating income	5	87,387	71,031
Selling expenses	6	(119,384)	(97,871)
Administrative expenses	6	(269,291)	(193,390)
Other operating expenses	6	(122,773)	(100,696)
Operating profit		15,362	36,478
Finance costs	8	(8,643)	(2,952)
Profit before taxation		6,719	33,526
Taxation	9	<u>4,794</u>	(<u>10,701</u>)
Net profit	10	<u>11,513</u>	<u>22,825</u>
Other Comprehensive Income, net of taxes:			
Item that will not be reclassified to profit or loss:			
Re-measurements of post-employment benefits, being total other comprehensive (loss)/income	9	(23,004)	<u>22,741</u>
Total comprehensive (loss)/income		(<u>11,491</u>)	<u>45,566</u>

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

RADIO JAMAICA LIMITED

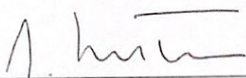
Company Statement of Financial Position

March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

	<u>Notes</u>	<u>2022</u> \$'000	<u>2021</u> \$'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	448,062	316,375
Intangible assets	15	932	3,166
Retirement benefit assets	16	91,906	148,766
Deferred tax asset	17	34,495	18,261
Investment in subsidiaries	18	1,824,854	1,824,854
Investment securities	19	24,067	14,537
		<u>2,424,316</u>	<u>2,325,959</u>
CURRENT ASSETS:			
Inventories	20	4,405	4,842
Due from subsidiaries	21	442,294	651,469
Receivables	23	220,885	175,630
Taxation recoverable		21,780	8,168
Cash and short-term investments	24	436,535	466,186
		<u>1,125,899</u>	<u>1,306,295</u>
TOTAL ASSETS		<u>3,550,215</u>	<u>3,632,254</u>
EQUITY AND LIABILITIES			
STOCKHOLDER'S EQUITY:			
Share capital	25	2,041,078	2,041,078
Retained earnings		293,450	353,390
		<u>2,334,528</u>	<u>2,394,468</u>
NON-CURRENT LIABILITIES:			
Long-term loans	26	408,717	332,357
Retirement benefit obligations	16	77,503	69,947
		<u>486,220</u>	<u>402,304</u>
CURRENT LIABILITIES:			
Payables	27	429,548	237,069
Due to subsidiaries	21	299,919	598,413
		<u>729,467</u>	<u>835,482</u>
TOTAL EQUITY AND LIABILITIES		<u>3,550,215</u>	<u>3,632,254</u>

The financial statements on pages 10 to 84 were approved for issue by the Board of Directors on July 14, 2022, and signed on its behalf by:


 _____ Director
 Joseph M. Matalon, C.D.


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

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

RADIO JAMAICA LIMITED

Company Statement of Changes in Equity

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*

	<u>Number of Stock units</u> '000	<u>Share capital</u> \$'000 (note 25)	<u>Fair value reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Balance at March 31, 2020	2,397,683	2,041,078	(7,135)	314,959	2,348,902
Total comprehensive income	-	-	-	45,566	45,566
Transfer to retained earnings	<u>-</u>	<u>-</u>	<u>7,135</u>	<u>(7,135)</u>	<u>-</u>
Balance at March 31, 2021	2,397,683	2,041,078	-	353,390	2,394,468
Total comprehensive income	-	-	-	(11,491)	(11,491)
Transactions with owners:					
Dividends paid (note 11)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,449)</u>	<u>(48,449)</u>
Balance at March 31, 2022	<u>2,397,683</u>	<u>2,041,078</u>	<u>-</u>	<u>293,450</u>	<u>2,334,528</u>

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

RADIO JAMAICA LIMITED

Company Statement of Cash Flows

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*

	<u>2022</u> \$'000	<u>2021</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	11,513	22,825
Adjustments for:		
Depreciation and amortisation	37,748	31,599
(Gain)/loss on disposal of property, plant and equipment	(1,008)	420
Interest income	(6,122)	(2,907)
Interest expense	7,871	2,610
Income tax charge	(4,794)	10,701
Exchange gain on foreign currency balances	(5,533)	(196)
Retirement benefits	<u>33,744</u>	<u>38,871</u>
	73,419	103,923
Changes in operating assets and liabilities:		
Inventories	437	(407)
Due from subsidiaries	209,175	(163,580)
Accounts receivable	(43,934)	(11,812)
Accounts payable	52,166	21,261
Due to subsidiaries	<u>(298,494)</u>	<u>418,835</u>
	(7,231)	368,220
Taxation paid	<u>(17,384)</u>	<u>(6,299)</u>
Net cash (used in)/provided by operating activities	<u>(24,615)</u>	<u>361,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of property, plant and equipment	5,178	-
Purchase of property, plant and equipment	(171,371)	(45,714)
Payments/(proceeds) from investments	(9,530)	10,985
Interest received	<u>4,801</u>	<u>2,907</u>
Net cash used in investing activities	<u>(170,922)</u>	<u>(31,822)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans repaid	(376,677)	4,808
Loan received	593,350	-
Interest paid	(7,871)	(2,610)
Dividends paid	<u>(48,449)</u>	<u>-</u>
Net cash provided in financing activities	<u>160,353</u>	<u>2,198</u>
(Decrease)/increase in cash and cash equivalents	(35,184)	332,297
Exchange gains on cash and cash equivalents	5,533	196
Cash and cash equivalents at beginning of year	<u>466,186</u>	<u>133,693</u>
Cash and cash equivalents at end of year	<u>436,535</u>	<u>466,186</u>
Comprised of:		
Cash and short-term investments	<u>436,535</u>	<u>466,186</u>

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

1. Identification

Radio Jamaica Limited (“the Company”) is incorporated and domiciled in Jamaica. The Company is listed on the Jamaica Stock Exchange, and has its registered office at 32 Lyndhurst Road, Kingston 5.

These financial statements present the results of operations and financial position of the Company and its subsidiaries, which are collectively referred to as “the Group”.

The Group’s primary activities are the operation of a ‘free-to-air’ television station, cable television stations, radio stations and the publication of news in print and digital media.

The Company’s subsidiaries are as follows:

	<u>Domicile of incorporation</u>	<u>2022 and 2021</u>
Television Jamaica Limited	Jamaica	100%
Multi-Media Jamaica Limited	Jamaica	100%
Media Plus Limited	Saint Lucia	100%
Reggae Entertainment Television Limited	Jamaica	100%
Jamaica News Network Limited	Jamaica	100%
The Gleaner Company (Media) Limited	Jamaica	100%
The Gleaner Company (USA) Limited	United States of America	100%
Independent Radio Company Limited	Jamaica	100%
A-Plus Learning Limited	Jamaica	50%
The Gleaner Online Limited	Jamaica	100%
The Gleaner Company (UK) Limited	United Kingdom	100%
Gleaner Media (Canada) Inc.	Canada	100%

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

The Group’s associates are as follows:

	<u>Domicile of incorporation</u>	<u>2022 and 2021</u>
Jamaica Holding, LLC. (i)	Puerto Rico	50.00%
SiFi Studios Jamaica Limited (ii)	Jamaica	17.29%

(i) Jamaica Holding, LLC., trades as “Gustazos.” Based on management’s assessment, the group’s holding in Gustazos does not translate to control.

(ii) During 2021, based on the subscription agreement with the investee, the Group increased its ownership in SiFi Studios Jamaica Limited (Sifi), a technology company, to 17.29%, rights to board representation. Additionally, two directors of the Company own, in aggregate, 5.95% of the issued shares of SiFi. Consequently, Sifi is accounted for as an associate.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

2. Statement of compliance and basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment securities to fair value.

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

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

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

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

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs - e.g. direct labour and materials; and an allocation of other direct costs -e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual periods beginning on or after January 1, 2022. The amendments applicable to the Group are:
 - (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf
 - (ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

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

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

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

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

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

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

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued)

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

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

Developing an accounting estimate includes both:

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

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

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

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

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

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

2. Statement of compliance and basis of preparation (continued)

(b) Basis of consolidation

(i) Business combinations:

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

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

(ii) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group “controls” an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The subsidiary companies are listed in (Note 1) and are referred to as “subsidiaries” or “subsidiary” in these financial statements. The Company and its subsidiaries are collectively referred to as “the Group”.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

2. Statement of compliance and basis of preparation (continued)

(b) Basis of consolidation (continued)

(iii) Subsidiaries:

The consolidated financial statements comprise the financial results of the Company and its subsidiaries prepared to March 31, 2022.

All significant inter-company transactions are eliminated.

(iv) Loss of control:

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

(v) Joint arrangements:

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

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

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

The Group does not have any interest in joint arrangements.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

2. Statement of compliance and basis of preparation (continued)

(b) Basis of consolidation (continued)

(vi) Associates:

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights including voting rights generally exercised together with related parties. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, including transaction costs.

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

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

(vii) Non-controlling interests (NCI):

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

(viii) Transactions eliminated in consolidation:

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

(c) Functional and presentation currency:

Items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates, referred to as the functional currency. The consolidated financial statements are presented in Jamaica dollars, which is the Company's functional and presentation currency.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)***3. Significant accounting policies****(a) Revenue and income recognition**

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

(b) Performance obligations and revenue recognition policies

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

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

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

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)***(3) Significant accounting policies (continued)****(b) Performance obligations and revenue recognition policies (continued):**

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

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

Rental income

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

2. Significant accounting policies (continued)

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

Interest income

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

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

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

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

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

(c) Financial instruments

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

Financial assets

(i) Measurement methods

Initial recognition and measurement

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(i) Measurement methods (continued)

Initial recognition and measurement (continued)

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

Amortised cost and effective interest rate

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

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

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

Classification

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

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(i) Measurement methods (continued)

Classification (continued)

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

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

(ii) Derecognition of financial assets

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

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

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(iii) Impairment of financial assets

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

Forward looking information

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

For trade receivables, the Group applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected losses. The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

Financial liabilities

(i) Recognition

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

(ii) Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

(iii) Derecognition

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

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

3. Significant accounting policies (continued)

(d) Income taxes

Taxation expense in the statement of profit or loss and other comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at reporting date.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited to profit or loss and other comprehensive income, except where it relates to items charged or credited to equity, in which case, deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

(e) Property, plant and equipment

Freehold land and buildings are stated at deemed cost less subsequent depreciation for buildings. All other fixed assets are carried at historical cost less accumulated depreciation.

Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to profit or loss during the financial period in which they were incurred.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

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

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

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

No depreciation is charged on work-in-progress.

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

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

(f) Investment properties

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

(g) Intangible assets

Goodwill

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

3. Significant accounting policies (continued)

(g) Intangible assets (continued)

Broadcast rights

Broadcast rights acquired are recognised and measured at cost. These represent the exclusive rights to broadcast FIFA events for the period 2016 to 2022. Broadcast rights have a finite useful life. Amortisation is calculated using the straight-line method to allocate the cost of the rights over their estimated contractual lives. Amortisation will commence once the first event under the rights have been broadcast.

Computer software

This represents acquired computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

Brand and lease

The brand and lease arising on acquisition of The Gleaner Company (Media) Limited are shown at historical cost less amortisation and impairment and are deemed to have a finite useful life. The lease is in respect of the rental of properties at rates below market rate for a period of 15 years. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives of 15 years.

(h) Investment securities

Investment securities are classified as financial assets at fair value through profit (FVTPL) or fair value through other comprehensive income (FVOCI). Realised and unrealised gains and losses arising from changes in the fair value of investments classified as financial assets at fair value through profit or loss are included in the determination of profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as FVOCI are recognised in other comprehensive income. When debt securities classified as FVOCI are sold or impaired, the accumulated fair value adjustments are included in profit or loss.

The fair values of quoted investments are based on current bid prices. If the market for an investment is not active, the Group establishes fair value by using valuation techniques.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

3. Significant accounting policies (continued)

(i) Retirement benefits

Defined Pension plans

Radio Jamaica Limited operates defined benefit pension plans, the assets of which are generally held in separate trustee-administered funds. A defined benefit pension plan is one that defines an amount of benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The asset or liability in respect of defined benefit plans is the difference between present value of the defined benefit obligation at the reporting date and the fair value of plan assets. Where a pension asset arises, the amount recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged in arriving at profit or loss so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year.

The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Defined Contribution Plans

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

Other retirement benefits

The Group provides retirement health care and life insurance to its retirees. The entitlement for these benefits is usually based on the employee remaining in services up to retirement age and the completion of a minimum period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. Valuations for these benefits are carried out annually by independent actuaries.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

3. Significant accounting policies (continued)

(j) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready for use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Inventories

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

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

(l) Trade receivables

Trade and other receivables are measured at amortised cost, less impairment losses.

(m) Cash and cash equivalents

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

(n) Trade payables

Trade payables are measured at amortised cost.

(o) Leases

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(o) Leases (continued)

As a lessee

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

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

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

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

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

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

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

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

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(o) Leases (continued)

As a lessee (continued)

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

- i) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- ii) Variable lease payments that are based on an index or a rate;
- iii) Amounts expected to be payable by the lessee under residual value guarantees;
- iv) The exercise price of purchase option if the lessee is reasonably certain to exercise that option; and
- v) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses existing borrowing rates obtained from its bankers.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or a rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*3. Significant accounting policies (continued)

(o) Leases (continued)

As a lessee (continued)

The lease term is determined as the non-cancellable period of the lease and takes account of extension and termination options if it is reasonably certain to be exercised. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

As a lessor

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

(p) Foreign currencies

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation of foreign currency monetary assets and liabilities at the year-end exchange rates are recognised in arriving at net profit or loss.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at exchange rates ruling at the reporting date.
- (ii) Income and expenses for each income statement are translated at average exchange rates.

(q) Segment reporting

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

3. Significant accounting policies (continued)

(r) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in arriving at profit or loss over the period of the borrowings.

(s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group entity purchases the Company's equity (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable transaction costs and income taxes) is included in equity attributable to the Company's equity holders.

(t) Dividends

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

4. Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognised in the financial statements.

(i) Income taxes

Estimates are required in determining the loss allowance for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax loss allowances in the period in which such determination is made.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*4. Critical accounting judgements and key sources of estimation uncertainty (continued)

(a) Critical judgements in applying the Group's accounting policies (continued)

(ii) Recognition of deferred tax assets

Deferred tax assets have not been recognised on tax losses carried forward in respect of certain subsidiaries based on management's expectation that the subsidiaries will not generate sufficient taxable profits to utilise the tax losses carried forward (Note 17). At March 31, 2022, unrecognised deferred tax assets in respect of tax losses carried forward amounted to \$32,831,000 (2021: \$41,407,000).

(b) Key sources of estimation uncertainty

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

(i) Retirement benefit obligations

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate, and, in the case of health benefits, the expected rate of increase in health costs. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns.

The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Group considered the interest rates of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. The expected rate of increase of health costs has been determined by comparing the historical relationship of the actual health cost increases with the rate of inflation. Other key assumptions for the retirement benefits are based on current market conditions.

The principal actuarial assumptions used in valuing retirement benefits are disclosed in Note 16.

(ii) Assessment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3(g). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and the discount rate. Any changes in these variables would impact the value in use calculations.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*4. Critical accounting judgements and key sources of estimation uncertainty(continued)

(b) Key sources of estimation uncertainty (continued)

(iii) Expected credit losses

(1) Classification of financial assets:

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

(2) Impairment of financial assets:

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

(3) Allowance for impairment losses:

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

Management also estimates the likely amount of cash flows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such estimates [see notes 23 and 31(a)(i)].

5. Other operating income

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Interest income	6,122	3,102	6,122	2,907
Net foreign exchange gain/(loss)	5,537	(2,043)	5,533	196
Unrealised gain on revaluation of investment securities classified as financial assets at fair value through profit or loss	-	4,045	-	4,045
Gain/(loss) on disposal of property, plant and equipment	26,934	19,940	1,008	(420)
Rental income	61,499	46,658	72,060	58,677
Compensation for damages	-	648	-	648
Other income	<u>30,721</u>	<u>8,774</u>	<u>2,664</u>	<u>4,978</u>
	<u>130,813</u>	<u>81,124</u>	<u>87,387</u>	<u>71,031</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*6. Expenses by nature

Total direct, selling, administrative and other operating expenses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Auditors' remuneration	18,119	29,405	4,580	11,569
Bad debts expense	54,822	152,613	23,593	24,942
Commissions	433,835	447,990	52,547	47,869
Depreciation and amortisation	293,122	291,103	37,748	31,599
Distribution costs	357,961	301,948	53	7,222
Insurance	116,681	154,222	14,203	13,588
Production expenses	344,564	235,247	15,750	15,499
Programming expenses	135,421	80,865	26,389	19,176
Publicity	36,315	26,447	18,091	7,418
Repairs and maintenance	306,254	193,130	56,520	45,668
Security expense	48,284	51,290	5,254	5,232
Special events	346,994	43,584	4,434	(6,778)
Staff costs (Note 7)	2,250,536	2,174,963	424,085	274,589
Travelling expenses	80,585	76,398	23,518	17,293
Utilities	349,207	339,206	48,245	45,000
Website development	124,528	164,579	26,248	26,441
Others	<u>75,797</u>	<u>227,004</u>	<u>9,512</u>	<u>46,011</u>
	<u>5,373,025</u>	<u>4,989,994</u>	<u>790,770</u>	<u>632,338</u>

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

Expenses have been analysed by nature as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Direct expenses	2,509,381	2,287,408	279,322	240,381
Selling expenses	844,609	688,914	119,384	97,871
Administrative expenses	1,290,286	1,397,528	269,291	193,390
Other operating expenses	<u>728,749</u>	<u>616,144</u>	<u>122,773</u>	<u>100,696</u>
	<u>5,373,025</u>	<u>4,989,994</u>	<u>790,770</u>	<u>632,338</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*7. Staff costs

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Wages and salaries	1,852,604	1,496,745	264,835	159,530
Statutory contributions	174,635	141,876	50,940	34,312
Pension benefits (Note 16)	56,585	57,771	28,020	34,282
Other retirement (defined benefit scheme) benefits (Note 16)	14,006	18,164	9,125	7,623
Redundancy costs	-	183,543	-	7,920
Others, including contribution to defined contribution schemes	<u>152,706</u>	<u>276,864</u>	<u>71,165</u>	<u>30,922</u>
	<u>2,250,536</u>	<u>2,174,963</u>	<u>424,085</u>	<u>274,589</u>

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

8. Finance costs

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest expense:				
Bank borrowings	28,670	29,287	7,871	2,610
Leases	1,704	1,891	-	-
Others	<u>17,525</u>	<u>19,876</u>	<u>772</u>	<u>342</u>
	<u>47,899</u>	<u>51,054</u>	<u>8,643</u>	<u>2,952</u>

9. Taxation expense

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current tax	79,857	99,219	3,772	11,449
Prior year under accrual	-	(329)	-	-
Deferred tax (Note 17)	<u>(12,786)</u>	<u>(37,859)</u>	<u>(8,566)</u>	<u>(748)</u>
	<u>67,071</u>	<u>61,031</u>	<u>(4,794)</u>	<u>10,701</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

9. Taxation expense (continued)

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Profit before taxation	<u>408,762</u>	<u>231,689</u>	<u>6,719</u>	<u>33,526</u>
Tax calculated at a tax rate of 25%	102,191	57,922	1,680	8,382
Adjusted for the effects of:				
Expenses not deductible for tax purposes	96	78	96	78
Income not subject to tax	-	50	-	50
Employment tax credit	(26,504)	-	-	-
Tax losses utilised	20,132	(15,508)	2,852	(11,449)
Disallowed expenses and other capital adjustments	(28,844)	<u>18,489</u>	(9,422)	<u>13,640</u>
	<u>67,071</u>	<u>61,031</u>	<u>(4,794)</u>	<u>10,701</u>

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

		<u>Group</u>		
		<u>Before tax</u>	<u>Tax effect</u>	<u>After tax</u>
		\$'000	\$'000	\$'000
Remeasurement of post-employment benefit liabilities (Note 16)	<u>2022</u>	<u>(35,996)</u>	<u>8,999</u>	<u>(26,997)</u>
Remeasurement of post-employment benefit liabilities (Note 16)	<u>2021</u>	<u>69,966</u>	<u>(17,496)</u>	<u>52,470</u>
		<u>Company</u>		
		<u>Before tax</u>	<u>Tax effect</u>	<u>After tax</u>
		\$'000	\$'000	\$'000
Remeasurement of post-employment benefit liabilities (Note 16)	<u>2022</u>	<u>(30,672)</u>	<u>7,668</u>	<u>(23,004)</u>
Remeasurement of post-employment benefit liabilities (Note 16)	<u>2021</u>	<u>30,322</u>	<u>(7,581)</u>	<u>22,741</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*10. Net profit and retained earnings attributable to stockholders of the Company

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

	<u>2022</u> \$'000	<u>2021</u> \$'000
The Company	11,513	22,825
The subsidiaries and associates	<u>330,178</u>	<u>147,833</u>
	<u>341,691</u>	<u>170,658</u>

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

	<u>2022</u> \$'000	<u>2021</u> \$'000
The Company	293,450	353,390
The subsidiaries and associates	<u>467,059</u>	<u>140,874</u>
	<u>760,509</u>	<u>494,264</u>

11. Ordinary dividends

	<u>2022</u> \$'000	<u>2021</u> \$'000
Interim dividends \$0.02 (2021: \$Nil) per stock unit	<u>48,449</u>	<u>-</u>

12. Earnings per ordinary stock unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year.

	<u>2022</u>	<u>2021</u>
Net profit attributable to stockholders \$'000	<u>341,691</u>	<u>170,658</u>
Weighted average number of ordinary stock units in issue ('000)	<u>2,397,683</u>	<u>2,397,683</u>
Basic earnings per ordinary stock unit	<u>0.14</u>	<u>0.07</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

13. Property, plant and equipment

	The Group								
	Freehold <u>land</u> \$'000	Freehold <u>buildings</u> \$'000	Improvements to leasehold <u>property</u> \$'000	Furniture fixtures & <u>equipment</u> \$'000	Motor <u>vehicles</u> \$'000	<u>Spares</u> \$'000	Leased operating <u>assets</u> \$'000	Work in <u>progress</u> \$'000	<u>Total</u> \$'000
Cost:									
March 31, 2020	17,231	393,245	134,580	2,625,326	209,265	27,934	35,178	62,553	3,505,312
Additions	-	54	997	32,653	25,641	222	-	33,805	93,372
Disposals	-	-	-	(342)	(7,186)	-	-	(4,940)	(12,468)
Utilisation	-	-	-	-	-	(430)	-	-	(430)
Transfers	-	<u>3,161</u>	-	<u>9,654</u>	<u>3,263</u>	-	<u>(3,411)</u>	<u>(14,639)</u>	<u>(1,972)</u>
March 31, 2021	17,231	396,460	135,577	2,667,291	230,983	27,726	31,767	76,779	3,583,814
Additions	-	392	13,464	257,201	68,677	108	-	532,328	872,170
Disposals	-	(3,764)	-	(72,167)	(25,015)	(294)	(6,820)	-	(108,060)
Transfers/adjustments	-	<u>2,702</u>	-	<u>46,170</u>	-	-	-	<u>(48,872)</u>	-
March 31, 2022	<u>17,231</u>	<u>395,790</u>	<u>149,041</u>	<u>2,898,495</u>	<u>274,645</u>	<u>27,540</u>	<u>24,947</u>	<u>560,235</u>	<u>4,347,924</u>
Depreciation:									
March 31, 2020	-	149,634	30,878	1,696,795	136,037	15,333	12,304	-	2,040,981
Charge for the year	-	27,422	9,412	130,042	22,106	3,966	8,487	-	201,435
Relieved on disposals/ utilisation	-	-	-	-	<u>2,426</u>	<u>(189)</u>	<u>(1,364)</u>	-	<u>873</u>
March 31, 2021	-	177,056	40,290	1,826,837	160,569	19,110	19,427	-	2,243,289
Charge for the year	-	9,267	11,620	134,591	35,165	4,395	6,687	-	201,725
Relieved on disposals/ utilisation	-	<u>(2,393)</u>	-	<u>(47,594)</u>	<u>(25,014)</u>	<u>(94)</u>	<u>(6,820)</u>	-	<u>(81,915)</u>
March 31, 2022	-	<u>183,930</u>	<u>51,910</u>	<u>1,913,834</u>	<u>170,720</u>	<u>23,411</u>	<u>19,294</u>	-	<u>2,363,099</u>
Net book value:									
March 31, 2022	<u>17,231</u>	<u>211,860</u>	<u>97,131</u>	<u>984,661</u>	<u>103,925</u>	<u>4,129</u>	<u>5,653</u>	<u>560,235</u>	<u>1,984,825</u>
March 31, 2021	<u>17,231</u>	<u>219,404</u>	<u>95,287</u>	<u>840,454</u>	<u>70,414</u>	<u>8,616</u>	<u>12,340</u>	<u>76,779</u>	<u>1,340,525</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

13. Property, plant and equipment (continued)

	The Company						
	Freehold <u>land</u> \$'000	Freehold <u>buildings</u> \$'000	Furniture fixtures & <u>equipment</u> \$'000	Motor <u>vehicles</u> \$'000	<u>Spares</u> \$'000	Work in <u>progress</u> \$'000	<u>Total</u> \$'000
Cost:							
March 31, 2020	5,516	316,912	447,527	17,894	8,897	30,982	827,728
Additions	-	54	9,675	8,420	222	25,958	44,329
Disposals	-	-	(19)	(7,318)	-	(8,658)	(15,995)
Transfers	-	3,160	6,840	-	-	-	10,000
Utilisations	-	-	-	-	(322)	-	(322)
March 31, 2021	5,516	320,126	464,023	18,996	8,797	48,282	865,740
Additions	-	392	29,971	21,391	108	119,509	171,371
Disposals	-	(3,754)	(2,971)	(1,668)	(294)	-	(8,687)
Transfers	-	2,624	-	-	-	(2,624)	-
March 31, 2022	<u>5,516</u>	<u>319,388</u>	<u>491,023</u>	<u>38,719</u>	<u>8,611</u>	<u>165,167</u>	<u>1,028,424</u>
Depreciation:							
March 31, 2020	-	121,283	387,596	9,780	8,623	-	527,282
Charge for the year	-	7,736	19,157	2,402	94	-	29,389
Relieved on disposals/ utilisation	-	-	-	(7,167)	(139)	-	(7,306)
March 31, 2021	-	129,019	406,753	5,015	8,578	-	549,365
Charge for the year	-	7,720	19,385	8,343	66	-	35,514
Relieved on disposals/ utilisation	-	(2,315)	(449)	(1,668)	(85)	-	(4,517)
March 31, 2022	-	<u>134,424</u>	<u>425,689</u>	<u>11,690</u>	<u>8,559</u>	-	<u>580,362</u>
Net book value:							
March 31, 2022	<u>5,516</u>	<u>184,964</u>	<u>65,334</u>	<u>27,029</u>	<u>52</u>	<u>165,167</u>	<u>448,062</u>
March 31, 2021	<u>5,516</u>	<u>191,107</u>	<u>57,270</u>	<u>13,981</u>	<u>219</u>	<u>48,282</u>	<u>316,375</u>

14. Investment properties

	The Group	
	<u>2022</u> \$'000	<u>2021</u> \$'000
Cost at the beginning and end of year	<u>93,000</u>	<u>93,000</u>
Depreciation:		
At the beginning of year	10,740	9,398
Charge for the year	<u>1,342</u>	<u>1,342</u>
At end of year	<u>12,082</u>	<u>10,740</u>
Carrying value	<u>80,918</u>	<u>82,260</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*14. Investment properties (continued)

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

	<u>The Group</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Income earned from investment properties	<u>5,522</u>	<u>4,261</u>
Expense incurred on the investment properties	<u>-</u>	<u>-</u>

This represents the cost of a property owned by the Group and is being held for investment purposes and therefore classified as investment properties. As at the reporting date, the Directors estimate the fair value of the property to be approximately \$110,000,000 (2021: \$110,000,000) and has been categorised as Level 3 in the fair value hierarchy. The Directors' estimate as at March 31, 2022 was informed by a formal valuation conducted by an independent property appraiser as at May 12, 2020, using the sales comparison approach. This approach compares the property valued with recent sales of comparable properties adjusted for specific circumstances.

Future lease income expected to be received under a five-year lease term commencing in June 2019, within one year from the reporting date is US\$36,315 (2021: US\$36,315). The next rate increase is in discussion.

15. Intangible assets

	<u>The Group</u>						<u>The Company</u>
	<u>Goodwill</u>	<u>Broadcasting rights</u>	<u>Brand</u>	<u>Leases</u>	<u>Computer software</u>	<u>Total</u>	<u>Computer Software</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cost:							
March 31, 2020	75,002	263,949	221,100	141,800	227,237	929,088	15,955
Additions	-	-	-	-	82,559	82,559	-
March 31, 2021	75,002	263,949	221,100	141,800	309,796	1,011,647	15,955
Additions	-	-	-	-	120,456	120,456	-
March 31, 2022	<u>75,002</u>	<u>263,949</u>	<u>221,100</u>	<u>141,800</u>	<u>430,252</u>	<u>1,132,103</u>	<u>15,955</u>
Amortisation:							
March 31, 2020	-	263,949	58,960	37,812	132,951	493,672	10,555
Amortisation charge	-	-	24,192	8,733	62,799	95,724	2,234
March 31, 2021	-	263,949	83,152	46,545	195,750	589,396	12,789
Amortisation charge	-	-	14,740	9,453	65,862	90,055	2,234
March 31, 2022	<u>-</u>	<u>263,949</u>	<u>97,892</u>	<u>55,998</u>	<u>261,612</u>	<u>679,451</u>	<u>15,023</u>
Net book value:							
March 31, 2022	<u>75,002</u>	<u>-</u>	<u>123,208</u>	<u>85,802</u>	<u>168,640</u>	<u>452,652</u>	<u>932</u>
March 31, 2021	<u>75,002</u>	<u>-</u>	<u>137,948</u>	<u>95,255</u>	<u>114,046</u>	<u>422,251</u>	<u>3,166</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

15. Intangible assets (continued)

Broadcast rights

The Company acquired exclusive rights to broadcast FIFA events for the period 2016 to 2022.

Brand/Leases:

These arose on the acquisition of GCML and represents the Gleaner brand as well as rental of properties at rental rates below market value for a period of 15 years, from 1834 Investments Limited, a company considered related by means of common directors.

Goodwill:

This arose on the acquisition of GCML and is attributable to the years of creation and maintenance of internal and external business relationships, operational contracts, operating systems and general business operations. Goodwill is allocated to the print and other segment.

Impairment tests for goodwill:

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows

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

The recoverable amount of a CGU is determined based on value in use. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The impairment testing indicated that there was no significant risk of impairment.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Amounts recognised in the				
Statement of financial position:				
Pension schemes	91,906	148,766	91,906	148,766
Other retirement benefits	(250,224)	(209,816)	(77,503)	(69,947)
Amounts recognised in profit or loss:				
Pension schemes	48,285	57,771	28,020	34,282
Other retirement benefits	14,006	18,164	9,125	7,623
Amounts recognised in other				
comprehensive income:				
Pension schemes	35,721	(59,525)	30,437	(26,256)
Other retirement benefits	275	(10,441)	235	(4,066)
Deferred tax	(8,999)	<u>17,496</u>	(7,668)	<u>7,581</u>

Pension schemes:

The Company operates a defined benefit pension scheme covering all permanent employees of Radio Jamaica Limited, Multi-Media Jamaica Limited and Television Jamaica Limited. The Trustees of the pension fund are required by law and the Trust deed to act in the interest of the fund and all relevant stakeholders. The Trustees of the fund are responsible for the investment policy with regard to the assets of the fund. The fund is managed by Proven Wealth Limited which has responsibilities for the general management of the portfolio of investments and the administration of the fund. The scheme is funded at 15% of pensionable salaries, being 5% by members and 10% by the sponsoring entity. Members may contribute up to an additional 5%. The scheme is valued annually by independent actuaries using the projected unit credit method. The latest actuarial valuation, for accounting purposes, was done as at February 28, 2022, with the movement to March 31, 2022 deemed insignificant to the financial statements.

The Gleaner Company (Media) Limited and its subsidiaries including Independent Radio Company Limited operate a defined contribution pension fund for all permanent employees who satisfy certain minimum service requirements. The fund is managed and administered by JN Fund Managers Limited. Total contributions by the subsidiaries to this defined contribution scheme during the year aggregated \$17,599,000 (2021: \$17,284,000).

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Pension schemes (continued):

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Fair value of plan assets	1,678,790	1,518,131	1,232,130	1,137,813
Present value of funded obligation	(1,586,884)	(1,369,365)	(1,140,224)	(989,047)
Asset in the statement of financial position	<u>91,906</u>	<u>148,766</u>	<u>91,906</u>	<u>148,766</u>

The movement in the present value of the funded obligation was as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Balance at start of year	1,369,365	1,416,604	989,047	1,025,157
Current service cost	51,711	56,611	34,222	37,325
Interest cost	<u>122,327</u>	<u>92,352</u>	<u>82,591</u>	<u>66,650</u>
	1,543,403	1,565,567	1,105,860	1,129,132
Remeasurements:				
Experience (gains)/losses	(15,872)	(673)	(5,814)	5,960
Losses/(gains) from change in financial assumptions	<u>39,029</u>	<u>(196,939)</u>	<u>27,107</u>	<u>(137,150)</u>
	<u>1,566,560</u>	<u>1,367,955</u>	<u>1,127,153</u>	<u>997,942</u>
Employee contributions	63,410	41,335	41,790	25,895
Benefits paid	(43,086)	(39,925)	(28,719)	(34,790)
	<u>1,586,884</u>	<u>1,369,365</u>	<u>1,140,224</u>	<u>989,047</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

16. Retirement benefits (continued)

Pension schemes (continued):

The movement in the fair value of plan assets was as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at start of year	1,518,131	1,549,090	1,137,813	1,180,647
Employee contributions	96,378	53,805	41,790	25,895
Employer contributions	2,478	2,058	1,597	1,302
Interest income on plan assets	127,682	100,765	96,143	76,608
Benefits paid	(43,086)	(39,925)	(28,719)	(34,790)
Administrative fees	(10,229)	(9,573)	(7,350)	(6,915)
Remeasurements of plan assets	(12,564)	(138,089)	(9,144)	(104,934)
Balance at end of year	<u>1,678,790</u>	<u>1,518,131</u>	<u>1,232,130</u>	<u>1,137,813</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current service cost	51,711	56,611	34,222	37,325
Interest cost	122,327	92,352	82,591	66,650
Interest income on plan assets	(127,682)	(100,765)	(96,143)	(76,608)
Administrative fees	<u>10,229</u>	<u>9,573</u>	<u>7,350</u>	<u>6,915</u>
Total included in staff costs (Note 7)	<u>56,585</u>	<u>57,771</u>	<u>28,020</u>	<u>34,282</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Remeasurements of the defined benefit obligation	23,157	(197,614)	21,293	(131,190)
Remeasurements of the plan assets	<u>12,564</u>	<u>138,089</u>	<u>9,144</u>	<u>104,934</u>
Total	<u>35,721</u>	<u>(59,525)</u>	<u>30,437</u>	<u>(26,256)</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Pension schemes (continued):

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

	<u>The Group & Company</u>	
	<u>2022</u>	<u>2021</u>
	%	%
Equities	46	47
Government of Jamaica securities	31	23
Certificate of deposits	2	1
US\$ Investments	1	2
Corporate bonds	15	21
Other	<u>5</u>	<u>6</u>
	<u>100</u>	<u>100</u>

Expected employer contributions to the defined benefit plan for the year ending March 31, 2023, amount to \$2,627,000 for the Group and \$1,692,000 for the Company.

Principal actuarial assumptions used in valuing retirement benefits:

	<u>The Group & Company</u>	
	<u>2022</u>	<u>2021</u>
	Increase assumption <u>by one year</u>	Decrease in assumption <u>by one year</u>
Discount rate	8.0%	8.5%
Inflation rate	5.0%	5.5%
Future salary increases	6.0%	6.5%
Future pension increases	3.25%	3.5%
Long-term increase in health cost	6.5%	7.5%

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Pension schemes (continued):

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

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

	<u>The Group</u>		
	<u>2021</u>		
	<u>Impact on post employment obligations</u>		
	<u>Change in</u>	<u>Increase in</u>	<u>Decrease in</u>
	<u>assumption</u>	<u>assumption</u>	<u>assumption</u>
		<u>\$'000</u>	<u>\$'000</u>
Discount rate	1%	(159,931)	203,732
Future salary increases	1%	54,680	(49,121)
Pension increases	<u>1%</u>	<u>130,306</u>	<u>(108,492)</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Pension schemes (continued):

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

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

<u>The Company</u>			
<u>2021</u>			
<u>Impact on post employment obligations</u>			
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
		<u>\$'000</u>	<u>\$'000</u>
Discount rate	1%	(110,099)	138,836
Future salary increases	1%	36,023	(32,598)
Pension increases	<u>1%</u>	<u>89,944</u>	<u>(75,533)</u>

<u>The Group</u>			
		<u>Increase assumption by one year</u>	<u>Decrease in assumption by one year</u>
		<u>\$'000</u>	<u>\$'000</u>
Life expectancy	2022	<u>38,200</u>	<u>(38,600)</u>
Life expectancy	2021	<u>35,300</u>	<u>(36,100)</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Pension schemes (continued):

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

		<u>The Company</u>	
		<u>Increase assumption by one year \$'000</u>	<u>Decrease in assumption by one year \$'000</u>
Life expectancy	2022	<u>28,900</u>	<u>(29,200)</u>
Life expectancy	2021	<u>26,800</u>	<u>(27,400)</u>

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

Other retirement benefits:

In addition to pension benefits, the Group offers retiree medical and life insurance benefits that contribute to the health care and life insurance coverage of employees after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

16. Retirement benefits (continued)

Other retirement benefits (continued):

The movement in the present value of unfunded obligations was as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at start of year	209,816	198,229	69,947	68,123
Current service cost	24,613	5,537	3,256	3,252
Interest cost	<u>17,078</u>	<u>12,627</u>	<u>5,870</u>	<u>4,371</u>
	251,507	216,393	79,073	75,746
Remeasurements:				
Experience losses/(gains)	2,389	(9,692)	761	(407)
Gains on settlement	-	(1,800)	-	-
Gains from change in demographic assumptions	(2,067)	(5,937)	(739)	(3,086)
(Gains)/losses from change in financial assumptions	(<u>47</u>)	<u>6,988</u>	<u>213</u>	(<u>573</u>)
	<u>275</u>	(<u>10,441</u>)	<u>235</u>	(<u>4,066</u>)
Benefits paid	(<u>1,558</u>)	<u>3,864</u>	(<u>1,805</u>)	(<u>1,733</u>)
Balance at end of year	<u>250,224</u>	<u>209,816</u>	<u>77,503</u>	<u>69,947</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current service cost	5,126	5,537	3,256	3,252
Interest service cost	<u>8,880</u>	<u>12,627</u>	<u>5,869</u>	<u>4,371</u>
Total included in staff costs (Note 7)	<u>14,006</u>	<u>18,164</u>	<u>9,125</u>	<u>7,623</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Remeasurements of the defined benefit obligation	<u>275</u>	(<u>10,441</u>)	<u>235</u>	(<u>4,066</u>)

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Other retirement benefits (continued):

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

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

The Group			
2021			
Impact on post employment obligations			
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
		\$'000	\$'000
Discount rate	0.5-1%	(100,731)	114,304
Health inflation rate	0.5-1%	<u>114,478</u>	<u>(101,080)</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Other retirement benefits (continued):

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

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

The Company			
2021			
Impact on post-employment obligations			
	<u>Change in assumption</u>	<u>Increase in assumption</u> \$'000	<u>Decrease in assumption</u> \$'000
Discount rate	1%	(8,947)	11,136
Health inflation rate	<u>1%</u>	<u>11,251</u>	<u>(9,173)</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Other retirement benefits (continued):

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

		<u>The Group</u>	
		<u>Increase assumption by one year \$'000</u>	<u>Decrease in assumption by one year \$'000</u>
Life expectancy	2022	<u>91,511</u>	<u>(84,383)</u>
Life expectancy	2021	<u>99,111</u>	<u>(84,178)</u>

		<u>The Company</u>	
		<u>Increase assumption by one year \$'000</u>	<u>Decrease in assumption by one year \$'000</u>
Life expectancy	2022	<u>2,335</u>	<u>(2,312)</u>
Life expectancy	2021	<u>2,260</u>	<u>(2,260)</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

16. Retirement benefits (continued)

Risks associated with pension plans and post-employment plans

Through its defined benefit pension plan and post-employment medical plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds represent investments in Government of Jamaica securities.

The Group believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plan efficiently. See below for more details on the Group's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

Asset-liability matching framework

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2022 consists of bonds and equities.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

*(Expressed in Jamaica dollars unless otherwise stated)*16. Retirement benefits (continued)

Risks associated with pension plans and post-employment plans (continued)

Funding levels are monitored on an annual basis and the current agreed contribution rate is 10% of pensionable salaries. The next triennial valuation is due to be completed as at December 31, 2022. The Group considers the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

17. Deferred taxation

The movement in the deferred tax liabilities and assets (prior to appropriate offsetting of balances) during the year is as follows:

	Group					
	2020	Recognised in	Recognised in	2021	Recognised in	Recognised in
	\$'000	income	other comprehensive income	\$'000	income	other comprehensive income
		\$'000	\$'000		\$'000	\$'000
		(note 9)	(note 9)		(note 9)	(note 9)
Deferred tax assets:						
Accelerated tax depreciation	11,398	6,969	-	18,367	9,922	-
Retirement benefits	54,128	261	(1,598)	52,791	11,906	(2,850)
Accrued vacation	39,206	2,395	-	41,601	3,318	-
Unrealised foreign exchange losses	-	-	-	-	306	-
Tax losses	36,603	48,006	-	84,609	(29,148)	-
Others	57,264	(22,134)	-	35,130	(83,062)	-
Total deferred tax assets	198,599	35,497	(1,598)	232,498	(86,758)	(2,850)
Deferred tax liabilities:						
Accelerated tax depreciation	52,014	8,460	-	60,474	-	-
Retirement benefits	42,348	(14,946)	15,898	43,300	(900)	(11,849)
Unrealised foreign exchange gains	5,223	(4,617)	-	606	-	-
Intangible assets	94,977	-	-	94,977	-	-
Interest receivable	(2,186)	(26)	-	(2,212)	330	-
Others	-	8,767	-	8,767	(98,974)	-
Total deferred tax liabilities	192,376	(2,362)	15,898	205,912	(99,544)	(11,849)
Net deferred tax assets	6,223	37,859	(17,496)	26,586	12,786	8,999

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

17. Deferred taxation (continued)

	Company					
	2020	Recognised in	Recognised in	2021	Recognised in	2022
	\$'000	income	other comprehensive income	\$'000	income	\$'000
		(note 9)	(note 9)		(note 9)	(note 9)
Deferred tax assets:						
Accelerated tax depreciation	-	1,698	-	1,698	421	2,119
Retirement benefit obligation	17,031	456	-	17,487	1,889	19,376
Accrued vacation	4,917	1,480	-	6,397	1,701	8,098
Unrealised foreign exchange losses	-	185	-	185	(403)	(218)
Tax losses	39,623	(8,727)	-	30,896	(6,486)	24,410
Other	8,422	(8,232)	-	190	5,227	5,417
Total deferred tax assets	69,993	(13,140)	-	56,853	2,349	59,202
Deferred tax liabilities:						
Accelerated tax depreciation	145	(145)	-	-	-	-
Retirement benefit assets	38,872	(9,261)	7,581	37,192	(6,547)	22,977
Unrealised foreign exchange gains	4,456	(4,456)	-	-	-	-
Interest receivable	1,426	(26)	-	1,400	330	1,730
Total deferred tax liabilities	44,899	(13,888)	7,581	38,592	(6,217)	24,707
Net deferred tax assets	25,094	748	(7,581)	18,261	8,566	34,495

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. Subject to agreement with the Taxpayer Audit and Assessment Department, tax losses available for offset against future taxable profits amounted to \$393,891,000 (2021: \$415,883,000) for the Group and \$97,640,000 (2021: \$123,584,000) for the Company, and these losses may be carried forward indefinitely. Deferred income tax assets have not been recognised for tax losses carried forward in respect of certain subsidiaries. These tax losses amounted to \$131,325,00 (2021: \$165,628,000).

18. Investment in subsidiaries

	2022	2021
	\$'000	\$'000
Multi-Media Jamaica Limited	50	50
Television Jamaica Limited	20,002	20,002
The Gleaner Company (Media) Limited	1,392,930	1,392,930
Media Plus Limited:		
Reggae Entertainment Television Limited	174,930	174,930
Jamaica News Network Limited	236,942	236,942
	<u>1,824,854</u>	<u>1,824,854</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*19. Investment securities

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
At fair value through profit or loss (FVTPL):				
One Caribbean Media Limited, quoted	4,565	5,085	4,565	5,085
Other	19,696	9,646	19,495	9,445
At fair value through other comprehensive Income (FVOCI):				
Caribbean News Agency, unquoted	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
	<u>24,268</u>	<u>14,738</u>	<u>24,067</u>	<u>14,537</u>

20. Inventories

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Spares	1,646	1,908	1,394	1,324
Film	16,333	26,358	-	-
Newsprint	49,966	27,929	-	-
Goods in transit	4,887	38,242	-	589
Books, stationery and general supplies	31,878	37,298	2,579	2,591
Consumable stores	11,272	6,519	-	-
Other	<u>2,512</u>	<u>3,917</u>	<u>432</u>	<u>338</u>
	<u>118,494</u>	<u>142,171</u>	<u>4,405</u>	<u>4,842</u>

Inventories expensed to direct production expenses during the year amounted to \$232,111,000 (2021: \$213,377,000) for the Group.

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

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Multi-Media Jamaica Limited	27,677	94,214
Media Plus Limited	134,390	70,849
The Gleaner Company (USA) Limited	35,138	23,539
The Gleaner Company (Media) Limited	244,179	182,819
Reggae Entertainment Television Limited	-	96,298
Jamaica News Network Limited	<u>910</u>	<u>183,750</u>
	<u>442,294</u>	<u>651,469</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*21. Due from/to subsidiaries (continued)

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

Due to subsidiaries:

	<u>2022</u> \$'000	<u>2021</u> \$'000
Reggae entertainment Television Limited	356	-
Television Jamaica Limited	209,149	557,108
Independent Radio Company Limited	<u>90,414</u>	<u>41,305</u>
	<u>299,919</u>	<u>598,413</u>

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

22. Related party transactions

(a) Sale of services

The Company did not have any sale of services to its subsidiaries.

(b) Purchase of services

	<u>2022</u> \$'000	<u>2021</u> \$'000
Purchases	46,136	45,052
Rental expense	<u>175</u>	<u>2,100</u>
	<u>46,311</u>	<u>47,152</u>

(c) Income from subsidiaries

	<u>2022</u> \$'000	<u>2021</u> \$'000
Rental	16,083	16,280
Lease income	<u>1,620</u>	<u>1,669</u>
	<u>17,703</u>	<u>17,949</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

22. Related party transactions (continued)

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

	<u>The Group & Company</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Wages and salaries	75,670	74,898
Statutory contributions	4,450	4,446
Post-employment benefits	<u>8,816</u>	<u>7,427</u>
	<u>88,936</u>	<u>86,771</u>

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Directors' emoluments:				
Fees	10,712	8,862	9,505	7,906
Management remuneration (included in staff costs)	<u>47,301</u>	<u>50,783</u>	<u>47,301</u>	<u>50,783</u>

23. Receivables

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables	1,365,396	1,431,375	225,151	176,074
Prepayments	72,808	68,625	28,627	27,279
Others	<u>147,368</u>	<u>104,723</u>	<u>45,591</u>	<u>27,168</u>
	1,585,572	1,604,723	299,369	230,521
Less: Loss allowance for impairment [note 31(a)(i)]	(403,232)	(395,231)	(78,484)	(54,891)
	<u>1,182,340</u>	<u>1,209,492</u>	<u>220,885</u>	<u>175,630</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*24. Cash and cash equivalents

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents (a)	546,282	607,637	231,946	413,289
Short-term investments (b)	<u>204,589</u>	<u>117,668</u>	<u>204,589</u>	<u>52,897</u>
	<u>750,871</u>	<u>725,305</u>	<u>436,535</u>	<u>466,186</u>

- (a) Cash comprises amounts held in current accounts, which currently attract interest at a rate of 0.25% - 0.40% per annum.
- (b) Short term investments comprise securities purchased under resale agreements and are classified as financial assets at fair value through profit or loss.

The weighted average effective interest rate on these instruments was as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	%	%	%	%
Jamaica dollar	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>

The fair value of the underlying securities approximates cost.

- (c) The Group has unsecured bank overdraft facilities. The effective interest rate on account overdrafts is 17.75%.

25. Share Capital

Authorised:

50,000 (2021: 50,000) 5% Cumulative participating preference shares
 3,633,731,481 (2021: 3,633,731,481) Ordinary shares

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Issued and fully paid:		
2,422,487,654 (2021: 2,422,487,654) Ordinary shares of no par value, issued as stock units	2,046,117	2,046,117
24,804,577 Treasury shares (2021: 24,804,577) Ordinary shares of no par value	(5,039)	(5,039)
	<u>2,041,078</u>	<u>2,041,078</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*25. Share Capital (continued)

The treasury shares are held pursuant to the RJR Employee Share Scheme.

At the general meeting of the stockholders held on October 28, 2020, the following resolutions were passed:

- That the authorised number of ordinary shares be increased from 2,422,487,654 to 3,633,731,481; and
- That, subject to approval by the Minister of Education, Youth and Information (the Minister), the maximum percentage of ordinary shares which one person may hold in the Company be increased from 10% to 21% of issued shares.

On March 11, 2021, the Minister signified approval of the appropriate amendments in the company's primary operating licences to give effect to the above resolution.

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(a) Sagicor Bank Jamaica Limited Loan 1	-	313,333	-	313,333
(b) Sagicor Bank Jamaica Limited Loan 2	-	20,860	-	20,860
(c) Jamaica Money Market Brokers	-	47,103	-	-
(d) First Global Bank Limited Loan 1	428,372	146,590	428,372	27,506
(e) First Global Bank Limited Loan 2	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
	578,372	527,886	578,372	361,699
Less: Current portion(Note 27)	<u>(169,655)</u>	<u>(28,126)</u>	<u>(169,655)</u>	<u>(29,342)</u>
	<u>408,717</u>	<u>499,760</u>	<u>408,717</u>	<u>332,357</u>

- (a) This loan was repayable on a monthly basis, maturing September 2032, and attracted interest at 7%. It was secured by a first mortgage over commercial properties owned by the Company. This loan was fully settled during the year.
- (b) This loan was repayable on a monthly basis, maturing February 2023, and attracted interest at 7%. It was secured by a first mortgage over a commercial property owned by the Company. This loan was fully settled during the year.
- (c) The loan was repayable over 7 years, commencing February 2019, and attracted interest at 8.75%. This loan was fully settled during the year.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*26. Long-term loans & leases (continued)*Long-term loans (continued)*

- (d) This loan is repayable on a monthly basis, maturing on July 19, 2036, and attracts interest at 6%. It is secured by a first mortgage over commercial properties owned by the Company.
- (e) This loan is repayable on a monthly basis, maturing in June 2022 and attracts interest at 5%. It is secured by a first mortgage over a commercial property owned by the Company.

Leases

- (a) Undiscounted cash flows of lease liabilities

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Less than one year	9,166	12,094	-	-
One to five years	<u>3,146</u>	<u>12,407</u>	-	-
	12,312	24,501	-	-
Future finance interest expense	(803)	(1,800)	-	-
Carrying value of lease obligations	<u>11,509</u>	<u>22,701</u>	<u>-</u>	<u>-</u>

The minimum lease payments are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Current (Note 27)	8,453	11,494	-	-
Non-current	<u>3,056</u>	<u>11,207</u>	-	-
	<u>11,509</u>	<u>22,701</u>	<u>-</u>	<u>-</u>

- (b) Amounts recognised in profit or loss

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Interest on lease liabilities	1,704	1,891	-	-
Depreciation on right-of-use assets	<u>6,687</u>	<u>8,487</u>	<u>-</u>	<u>-</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*26. Long-term loans & leases (continued)*Leases (continued)*

(c) Amounts recognised in the statement of cash flows

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Total cash outflows for leases	<u>11,192</u>	<u>12,154</u>	<u>-</u>	<u>-</u>

27. Payables

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Trade	605,535	368,010	109,317	71,241
Accrued vacation leave	32,898	26,209	32,393	25,586
Other accruals	411,632	346,950	48,146	35,105
Current portion of leases (Note 26)	8,453	11,494	-	-
Current portion of long-term loans (Note 26)	169,655	28,126	169,655	29,342
Statutory deductions	9,550	11,456	-	-
Deferred revenue	4,264	66,763	-	23,493
General Consumption Tax payable	42,702	48,936	-	-
Others	<u>112,679</u>	<u>20,132</u>	<u>70,037</u>	<u>52,302</u>
	<u>1,397,368</u>	<u>928,076</u>	<u>429,548</u>	<u>237,069</u>

28. Segment reporting

Management has determined the Group's operating segments based on the reports reviewed by the Company's Board of Directors that are used to make strategic decisions. The Group is organised and managed in three main business segments based on its business activities. Operating results for each segment are used to measure performance, as management deems that information to be the most relevant in evaluating segments relative to other entities that operate within these industries.

The designated segments are:

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

28. Segment reporting (continued)

	2022					
	Audio visual \$'000	Audio \$'000	Print & others \$'000	Sub-total \$'000	Eliminations \$'000	Total \$'000
Revenues	2,695,492	832,563	2,306,276	5,834,331	(123,173)	5,711,158
Operating profit	392,856	44,583	55,699	493,138	(24,192)	468,946
Assets	2,860,189	3,907,542	1,504,456	8,272,187	(3,278,500)	4,993,687
Liabilities	1,432,554	1,471,304	841,771	3,745,629	(1,541,876)	2,203,753
Capital expenditure	680,530	176,811	135,285	992,626	-	992,626
Depreciation and amortisation	151,802	43,732	73,396	268,930	24,192	293,122
Finance costs	(29,176)	(10,336)	(8,387)	(47,899)	-	(47,899)

	2021					
	Audio visual \$'000	Audio \$'000	Print & others \$'000	Sub-total \$'000	Eliminations \$'000	Total \$'000
Revenues	2,358,227	723,033	2,255,763	5,337,023	(144,631)	5,192,392
Operating profit	478,807	95,414	(266,506)	307,715	(24,193)	283,522
Assets	2,720,721	3,831,307	1,536,543	8,088,571	(3,610,249)	4,478,322
Liabilities	1,547,276	1,340,567	959,381	3,847,224	(1,899,317)	1,947,907
Capital expenditure	39,546	45,714	90,671	175,931	-	175,931
Depreciation and amortisation	178,688	38,719	73,696	291,103	-	291,103
Finance costs	(31,159)	(3,788)	(16,107)	(51,054)	-	(51,054)

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

29. Contingencies

The Company and its subsidiaries are subject to various claims, disputes and legal proceedings, in the normal course of business. Loss allowance is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated. In respect of claims asserted against the Group which have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both its financial position and results of operations.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*30. Investments in associates

	<u>The Group</u>	
	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Associated companies:		
Jamaica Holdings, LLC		
Investment at cost	75,334	53,658
Advances	8,061	22,362
Share of net loss	(7,748)	(686)
	<u>75,647</u>	<u>75,334</u>
SiFi Studios Jamaica Limited		
Investment at cost	50,497	16,775
Advances	350	33,815
Share of net loss	(4,537)	(93)
	<u>46,310</u>	<u>50,497</u>
	<u>121,957</u>	<u>125,831</u>

The summarised information for associates that were accounted for using the equity method for the year ended March 31, 2022, is as presented in the tables below.

Summarised statement of financial position

	<u>2022</u>	<u>2022</u>		<u>2021</u>	2021	
	Jamaica	SiFi	2022	Jamaica	SiFi	2021
	<u>Holding</u>	<u>Studios</u>	<u>Total</u>	<u>Holding</u>	<u>Studios</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	20,687	4,438	25,125	47,220	24,595	71,815
Current liabilities	(18,073)	(8,310)	(26,383)	(30,058)	(2,907)	(32,965)
Net current assets/(liabilities)	2,614	(3,872)	(1,258)	17,162	21,688	38,850
Non-current assets	<u>120</u>	<u>1,021</u>	<u>1,141</u>	<u>114</u>	<u>1,100</u>	<u>1,214</u>
Net assets/(liabilities) (100%)	<u>2,734</u>	(2,851)	(117)	<u>17,276</u>	<u>22,788</u>	<u>40,064</u>
Percentage of ownership interest	50%	17.29%		50%	17.29%	
Group's share of net assets/(liabilities)	<u>1,367</u>	(493)	<u>874</u>	<u>8,638</u>	<u>3,940</u>	<u>12,578</u>

Summarised statement of comprehensive income

	<u>2022</u>	<u>2022</u>		<u>2021</u>	2021	
	Jamaica	SiFi	2022	Jamaica	SiFi	2021
	<u>Holding</u>	<u>Studios</u>	<u>Total</u>	<u>Holding</u>	<u>Studios</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	<u>266,889</u>	<u>15,780</u>	<u>282,669</u>	<u>106,156</u>	<u>152</u>	<u>106,308</u>
Loss from continuing operations (100%)	(15,496)	(26,241)	(41,737)	(1,372)	(538)	(1,910)
Percentage of ownership interest	50%	17.29%		50%	17.29%	
Group's share of loss	(7,748)	(4,537)	(12,285)	(686)	(93)	(779)

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

31. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. There has been no change to the Group's exposure to financial risks or the manner in which it manages and measures the risks.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board has established committees/departments for managing and monitoring risks, as follows:

Department of Finance and Administration

The Department of Finance and Administration is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group. The department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The credit department is primarily responsible for managing the Group's credit risk. It evaluates monitors and manages credit risks through the close assessment of potential and present clients.

(a) Credit risk

Finance Compliance and Audit Committee

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

An important risk for the Group is credit risk. Other significant risks include liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is the most important financial risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Group's receivables from customers and investment activities. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to industry segments.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022

(Expressed in Jamaica dollars unless otherwise stated)

31. Financial risk management (continued)

(a) Credit risk (continued)

Credit review process

The Department of Finance and Administration has overall responsibility for the ongoing analysis of the ability of customers and other counterparties to meet repayment obligations.

(i) Trade and other receivables

Trade and other receivables relate mainly to the Group's direct customers and advertising agencies. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Department of Finance and Administration reviews monthly all material direct client accounts with balances over 90 days. The Department of Finance and Administration has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Group offering them a credit facility. Credit limits are assigned to each customer and approval is required from the Credit Manager for all direct customer transactions. The Group has procedures in place to restrict customer orders if the order will exceed their credit limits. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Customers' credit risks are monitored according to their credit characteristics, such as whether it is an individual or company, geographic location, industry, aging profile, and previous financial difficulties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The Group addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

The Group's average credit period for airing advertisements is 30 days for direct customers and 60 days for advertising agencies.

The Group has provided for most receivables over 90 days based on historical experience, which indicates that amounts past due beyond 90 days are generally not recoverable.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position without taking into account any collateral or any credit enhancements.

Trade receivables between 60 and 90 days are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*31. Financial risk management (continued)

(a) Credit risk (continued)

Credit review process (continued)

(i) Trade and other receivables (continued)

Trade receivables are primarily receivable from customers in Jamaica. The credit-exposure for trade receivables at their carrying amounts, as categorised by the customer sector, is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Advertising agencies	1,064,749	1,399,745	168,474	162,927
Direct customers	<u>300,647</u>	<u>31,630</u>	<u>56,677</u>	<u>13,147</u>
	1,365,396	1,431,375	225,151	176,074
Less: Loss allowance for impairment	(<u>403,232</u>)	(<u>375,295</u>)	(<u>78,484</u>)	(<u>34,660</u>)
	<u>962,164</u>	<u>1,056,080</u>	<u>146,667</u>	<u>141,414</u>

Trade receivables loss allowance

The loss allowance as at March 31, 2022 and March 31, 2021 was determined as follows for trade receivables:

	<u>2022</u>			
	<u>The Group</u>			
	<u>Current</u>	<u>60-119</u>	<u>Over</u>	<u>Total</u>
	<u>\$'000</u>	<u>days</u>	<u>120 days</u>	<u>\$'000</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Expected loss rate	8%	29%	78%	
Gross carrying amount trade receivables	<u>869,697</u>	<u>109,453</u>	<u>386,246</u>	<u>1,365,396</u>
Loss allowance	<u>70,958</u>	<u>31,231</u>	<u>301,043</u>	<u>403,232</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*31. Financial risk management (continued)

(a) Credit risk (continued)

Credit review process (continued)

(i) Trade and other receivables (continued)

Trade receivables loss allowance (continued)

	2021			
	The Group			
	<u>Current</u> \$'000	<u>60-119</u> <u>days</u> \$'000	<u>Over</u> <u>120 days</u> \$'000	<u>Total</u> \$'000
Expected loss rate	3%	10%	70%	
Gross carrying amount trade receivables	<u>772,497</u>	<u>188,307</u>	<u>470,571</u>	<u>1,431,375</u>
Loss allowance	<u>27,027</u>	<u>18,135</u>	<u>330,133</u>	<u>375,295</u>
	2022			
	The Company			
	<u>Current</u> \$'000	<u>60-119</u> <u>days</u> \$'000	<u>Over</u> <u>120 days</u> \$'000	<u>Total</u> \$'000
March 31, 2022:				
Expected loss rate	3%	67%	87%	
Gross carrying amount trade receivables	<u>131,755</u>	<u>30,628</u>	<u>62,768</u>	<u>225,151</u>
Loss allowance	<u>3,312</u>	<u>20,396</u>	<u>54,776</u>	<u>78,484</u>
	2021			
	The Company			
	<u>Current</u> \$'000	<u>60-119</u> <u>days</u> \$'000	<u>Over</u> <u>120 days</u> \$'000	<u>Total</u> \$'000
March 31, 2021:				
Expected loss rate	2%	9%	54%	
Gross carrying amount trade receivables	<u>92,084</u>	<u>28,427</u>	<u>55,563</u>	<u>176,074</u>
Loss allowance	<u>1,930</u>	<u>2,480</u>	<u>30,250</u>	<u>34,660</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*31. Financial risk management (continued)

(a) Credit risk (continued)

(i) Trade and other receivables (continued)

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
At beginning of year	395,231	287,676	54,891	29,948
Unused amounts reversed/ recovered	(38,500)	-	-	-
Loss allowance for receivables impairment	<u>46,501</u>	<u>107,555</u>	<u>23,593</u>	<u>24,943</u>
At end of year	<u>403,232</u>	<u>395,231</u>	<u>78,484</u>	<u>54,891</u>

The loss allowance includes amounts relating to other receivables of \$Nil (2021: \$19,936,000) and \$Nil (2021: \$20,231,000) for the Group and the Company, respectively.

(ii) Cash, deposits and investments

The Group limits its exposure to credit risk by maintaining cash, deposits and monetary investments with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations. The Finance Compliance and Audit Committee performs quarterly reviews of the investments and securities held as part of their assessment of the Group's credit risk.

(iii) Receivables from group entities

The same principles as those for trade and other receivables were used to test the receivables from group entities for impairment. In addition, the ability of each subsidiary to repay was considered at the reporting date. No impairment was required.

(b) Liquidity risk

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

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*31. Financial risk management (continued)

(b) Liquidity risk (continued)

Liquidity risk management process

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

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

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

	2022				
	The Group				Carrying amount \$'000
	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000	
Lease obligations	9,166	3,146	-	12,312	11,509
Long-term loans	194,914	598,849	-	793,763	578,372
Payables	<u>1,219,260</u>	<u>-</u>	<u>-</u>	<u>1,219,260</u>	<u>1,219,260</u>
	<u>1,423,340</u>	<u>601,995</u>	<u>-</u>	<u>2,025,335</u>	<u>1,809,141</u>
	2021				
	The Group				Carrying amount \$'000
	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000	
Lease obligations	12,094	12,407	-	24,501	22,701
Long-term loans	94,055	555,422	17,027	666,504	527,886
Payables	<u>888,456</u>	<u>-</u>	<u>-</u>	<u>888,456</u>	<u>888,456</u>
	<u>994,605</u>	<u>567,829</u>	<u>17,027</u>	<u>1,579,461</u>	<u>1,439,043</u>

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*31. Financial risk management (continued)

(b) Liquidity risk (continued)

The maturity profile of long-term liabilities at year end based on contractual discounted payments was as follows (continued):

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

	2021				
	The Company				
	Within 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000	Carrying amount \$'000
Long-term loans	53,431	404,976	17,027	475,434	361,699
Payables	207,727	-	-	207,727	207,727
Due to subsidiaries	<u>598,413</u>	<u>-</u>	<u>-</u>	<u>598,413</u>	<u>598,413</u>
	<u>859,571</u>	<u>404,976</u>	<u>17,027</u>	<u>1,281,574</u>	<u>1,167,839</u>

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

(c) Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Department of Finance and Administration which seeks to minimise potential adverse effects on the performance of the Group by applying procedures to identify, evaluate and manage this risk, based on guidelines set by the Board of Directors.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*31. Financial risk management (continued)

(c) Market risk (continued)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The movements in market prices are not expected to have a significant impact on the net results or stockholders' equity as the Group does not hold significant equity securities.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk, arising primarily with respect to the US dollar (USD), the British pound (GBP) and the Canadian dollar (CAD), from commercial transactions such as the purchase of investment securities and station equipment, and the recognised assets and liabilities arising there from as well as in respect of functional currencies of Group companies. The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.

	Group					
	2022			2021		
	USD \$'000	GBP \$'000	CAD \$'000	USD \$'000	GBP \$'000	CAD \$'000
Cash and cash equivalents	524	168	25	856	321	25
Trade and other receivables	319	27	5	1,874	-	4
Accounts payable	(2,110)	-	2	(885)	-	-
Net foreign currency assets	(1,267)	195	32	1,845	321	29
Equivalent to JMD	(194,864)	38,733	3,897	270,598	65,402	3,540

	Company					
	2022			2021		
	USD \$'000	GBP \$'000	CAD \$'000	USD \$'000	GBP \$'000	CAD \$'000
Cash and cash equivalents	524	30	-	543	237	25
Trade and other receivables	52	-	-	467	-	4
Accounts payable	(177)	-	-	(67)	-	-
Net foreign currency assets	399	30	-	943	237	29
Equivalent to JMD	61,208	5,938	-	138,352	48,217	3,540

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*31. Financial risk management (continued)

(c) Market risk (continued)

*Currency risk (continued)**Foreign currency sensitivity*

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

	Group							
	2022				2021			
	<u>Changes in exchange rate</u>		<u>Effect on profit before tax</u>		<u>Changes in exchange rate</u>		<u>Effect on profit before tax</u>	
			\$'000	\$'000			\$'000	\$'000
USD	+2%	-8%	(1,529)	7,076	+2%	-6%	(2,923)	8,060
GBP	+2%	-8%	(856)	1,277	+2%	-6%	(6,638)	5,274
CAD	+2%	-8%	(67)	235	+2%	-6%	(949)	597

	Company							
	2022				2021			
	<u>Changes in exchange rate</u>		<u>Effect on profit before tax</u>		<u>Changes in exchange rate</u>		<u>Effect on profit before tax</u>	
			\$'000	\$'000			\$'000	\$'000
USD	+2%	-8%	(1,217)	(3,650)	+2%	-6%	(2,883)	7,715
GBP	+2%	-8%	119	(356)	+2%	-6%	(344)	1,907
CAD	+2%	-8%	-	-	+2%	-6%	-	-

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group earns interest on its long-term investments at a fixed rate with durations of between 2 and over 5 years for repricing.

The Group earns interest on its short-term investments disclosed in Note 24. As these deposits have a short term to maturity and are constantly reinvested at current market rates, they are not significantly exposed to interest rate risk.

The Group incurs interest on its borrowings disclosed in Note 26. These borrowings are at fixed rates and expose the Group to fair value interest rate risk. Interest rate fluctuations are not expected to have a material effect on the net results or stockholders' equity. The Group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

RADIO JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended March 31, 2022*(Expressed in Jamaica dollars unless otherwise stated)*31. Financial risk management (continued)

(c) Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity

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

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the Group defines as net profit divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

No company within the Group is subject to externally imposed capital requirements.

(e) Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is based on observable inputs.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. Government of Jamaica securities and investments notes are valued using a pricing input and yields from acceptable broker yield curve. At March 31, 2021, these instruments are quoted investment securities, Government of Jamaica securities and investment notes (Note 19).

	The Group			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
As at March 31, 2022				
Financial assets:				
Investment securities	<u>4,565</u>	<u>19,696</u>	<u>7</u>	<u>24,268</u>
As at March 31, 2021				
Financial assets:				
Investment securities	<u>5,085</u>	<u>9,646</u>	<u>7</u>	<u>14,738</u>

RADIO JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year Ended March 31, 202231. Financial risk management (continued)

(e) Fair value estimation (continued)

	<u>The Company</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
As at March 31, 2022				
Financial assets:				
Investment securities	<u>4,565</u>	<u>19,495</u>	<u>7</u>	<u>24,067</u>
As at March 31, 2021				
Financial assets:				
Investment securities	<u>5,085</u>	<u>9,445</u>	<u>7</u>	<u>14,537</u>

The following methods and assumptions have been used in determining fair values:

- (i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year, are estimated to approximate their fair values and are not disclosed separately in the fair value analysis. They are included in the Level 2 fair value hierarchy. These financial assets and liabilities include cash and bank balances, short term investments, and trade receivables and payables.
- (ii) The carrying values of long-term loans and lease obligations approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions. These are included in the Level 2 fair value hierarchy and are not separately disclosed.

32. Impact of COVID-19

During the financial year under review, management continued to navigate the effects of COVID-19 on the Group's operations and on the lives of its people. In this financial year, some categories of expenses that were delayed during the crisis period March 2020 to April 2021 had to be undertaken. These expenses were primarily driven by trade union agreements and areas of our operations where further delay would place the organization at a disadvantage.

Management indicated improvements in the payment patterns of debtors towards the end of the financial year. However, revenue streams that were directly related to the spend during the crisis period were ceased as the government and other companies reduced publicity related to the pandemic. There are residual effects on the organization that are due to supply chain issues affecting trade which, in turn, affects the confidence with which clients advertise. At the end of the financial year, management assessed that the country was beginning to adapt to this new way of coping and living with COVID-19 and the Government allowed all orders issued pursuant to the Disaster Risk Management Act, over the last 2 years, to expire.

RADIO JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year Ended March 31, 202232. Impact of COVID-19 (continued)

Management continues to apply cost containment measures aimed at continuing to reduce operating costs. The Group has also made significant investment in digital technology as it continues to pivot towards a more digital infrastructure to conduct its operations.

33. Events after the reporting period

On April 22, 2022, the Company and 1834 Investments Limited (“1834”) entered into a Scheme Implementation Agreement which will lead to the amalgamation of both companies. The amalgamation will be effected by way of a Court-approved Scheme of Arrangement by which the Company would acquire all of the assets and liabilities of 1834 in exchange for stock units in the Company or cash consideration, as the case may be, and is subject to the approval of the stockholders of 1834 and the sanction of the Supreme Court of Jamaica. The first hearing in the process was held on July 5, 2022 and an Explanatory Circular to 1834 stockholders was issued in accordance with the Court’s direction on July 6, 2022.