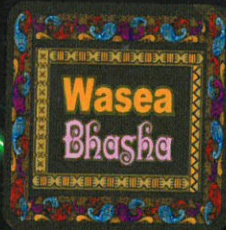




Fiji
Broadcasting
Corporation



FIJI BROADCASTING CORPORATION LIMITED ANNUAL REPORT 2010

OUR VISION

To be the premier Broadcaster in Fiji and the region

OUR MISSION

To inform, educate and entertain our audience through the highest standards of Radio and Television service.

To be the most responsible, dynamic and widest covering Broadcaster providing free quality content to achieve complete audience and customer satisfaction.

OUR VALUES

- We understand our audience and put them at the core of everything we do
- We strive for excellence in the development and presentation of our programs
- We are responsible, respectful, honest and accountable to one another and to our audience and customers
- Our driving force and success factors are our professional and dedicated staff, united by common values and a strong corporate culture

CHAIRMANS REPORT



As Fiji's number one National broadcaster, Fiji Broadcasting Corporation is responsible for providing radio and TV programmes in three languages.

The Fiji Broadcasting Corporation today operates a network of six radio stations; two in each of the three major languages (i-Taukei, Hindustani and English). The stations are Radio Fiji One and Bula FM (i-Taukei), Radio Fiji Two and Mirchi FM (Hindustani) and Gold FM and 2Day FM (English).

In addition to these radio services, FBC is also responsible for producing educational and local programmes in all three languages. Although most of the current English and Hindi programmes are purchased, all of the Itaukei programmes are written and produced by FBC in house. Whilst the PSB grant that we receive offsets some of the costs in such generative production, the continuously increasing costs associated with production, broadcast and transmission is currently being offset with income generated from commercial advertising.

Though the country now has very advanced mobile and fixed line phone systems, there is still a significant Fijian population living in the outer islands who are totally reliant on news and messages on our AM transmission service. Our reach to this population is

critical especially during times of natural disasters.

FBC TV was set up in November 2011 and funding was in form of a government guaranteed loan acquired from FDB. Only a handful staff were hired and radio staff were trained in-house to run this TV Station. Considering these humble beginnings I must commend the CEO, management and entire FBC team on their adaptability and focus shown in operating such a great organisation. A further testament to this team's strength is that within 5 years FBC TV has become the number one 'Free to Air' TV station in Fiji and furthermore, a recent survey indicates that FBC TV and Radio now reaches 93.33% of the population in Fiji.

We believe that it is because of the recent high standards achieved by FBC, the level of competition in the industry has increased. The acquisition cost of programmes of national interest is getting extremely high whilst advertising rates are being slashed drastically by our competitors. FBC remains very much committed to maintaining high quality programming. As an example, this year we televised IRB Sevens Series and World Cup Soccer for Fijians who never had the opportunity of viewing such tournaments live and free.





CHAIRMANS REPORT (cont'd)

Staff training is another priority, we make a special effort to train and retain our staff, as we would very much like to be recognised as employer of choice.

You are invited to read our audited financials which is self-explanatory, clearly showing all of our annual financial transactions and our projected losses and increasing revenues.

The Chief Executive Officer, Mr. Riyaz Sayed-Khaiyum with his dedicated executive and management team has worked very hard to deliver high quality services for the people of Fiji.

I take this opportunity to thank our dedicated board members, Ms Malini Raghwan, Mr Aren Baoa and Mr Sitiveni Raturala for their commitment and sound advice. The board's decisions has been enhanced by diversity of views they have brought to the table. We look forward to a much brighter year 2015.

Vinaka.

MR. SASHI SINGH
CHAIRMAN

BOARD OF DIRECTORS



Fiji
Broadcasting
Corporation



MR. SASHI SINGH
CHAIRMAN



MR. AREN BAOA
DIRECTOR



MR SITIVENI RATORALA
DIRECTOR



MS. MALINI RAGHWAN
DIRECTOR



MR VIMLESH SAGAR
COMPANY SECRETARY

EXECUTIVE MANAGEMENT TEAM



MR RIYAZ SAYED-KHAIYUM
CHIEF EXECUTIVE OFFICER



MR VIMLESH SAGAR
CHIEF FINANCIAL OFFICER



MS JANICE SINGH
DIRECTOR HUMAN
RESOURCES



MR VINAL RAJ
MANAGER TELEVISION
OPERATIONS



MS SHAMMI LOCHAN LAL
MANAGER RADIO
PROGRAMS



MR JACK TEDRICK
DIRECTOR SALES
& MARKETING



MR NITENDRA PRASAD
ACTING DIRECTOR
TECHNICAL OPERATIONS



MS RITA NARAYAN
DIRECTOR NEWS
& SPORTS



ENTITY PROFILE



Fiji Broadcasting Commission was first established in 1954 as a public service broadcast radio station. In January 1998, it was corporatized under the Government's public sector reform programme and renamed Island Network Corporation Limited. In June 1999, the change in Government also led to another change in name; this time to the Fiji Broadcasting Corporation Limited.

From its humble beginnings, the Fiji Broadcasting Corporation today operates a network of six radio stations; two in each of the three major languages (i-Taukei, Hindustani and English). The stations are Radio Fiji One and Bula FM (i-Taukei), Radio Fiji Two and Mirchi FM (Hindustani) and Gold FM and 2Day FM (English).

Radio Fiji One and Radio Fiji Two are classified as public service broadcast stations governed under a contract

between the government and the Fiji Broadcasting Corporation. Under this contract the Government "buys" airtime on the two stations and contributes towards its operations. The other arm of the FBC is its commercial operations under which fall four radio stations namely Bula FM, Gold FM, Mirchi FM and 2day FM.

The FBC also provides a free to air television service (FBC TV). Our programs focus on issues faced by the people of Fiji on a daily basis. As the national broadcaster, FBC TV carries immense community service responsibility which is reflected in the content of the network. Along with our commercial TV programs, we also have high quality local and international programs such as documentaries, social and religious programs and more. These not only inform and educate the masses, but also mould the younger generation for the future.

ENTITY PROFILE



The FBC Pledge

At the Fiji Broadcasting Corporation we believe every Fijian has the right to the best Radio and Television service; to be informed, entertained and educated.

At the Fiji Broadcasting Corporation we give every advertiser the countries best broadcasting service, to reach the widest audience, to showcase their products, service and themselves.

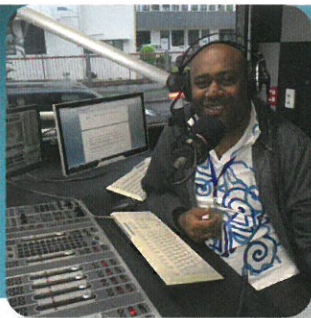
At the Fiji Broadcasting Corporation we always provide the best for all Fijians.

Commercial Radio

FBC operates four commercial radio stations. These stations are Mirchi FM (Hindustani), Gold FM (English), Bula FM (i-Taukei) and 2Day FM (English).

Gold FM is aimed specifically for 35 to 60 age group while, Mirchi FM and Bula FM are aimed specifically for 18 to 40 age groups. These stations are mainly music based with popular programmes and lots of competitions and they generate the bulk of the advertising revenue. The fourth commercial station is 2Day FM which targets the 18 to 35 year age group. This station is designed to attract younger listeners who want the latest music delivered with a mature and responsible approach.

9



PUBLIC SERVICE BROADCASTS



**RADIO
FIJI ONE**
NA DOMQIVITI
NA VOQA NI YEI TANUYANU

**RADIO
FIJI TWO**
Desh ki Dhadkan

**FBC
TV**

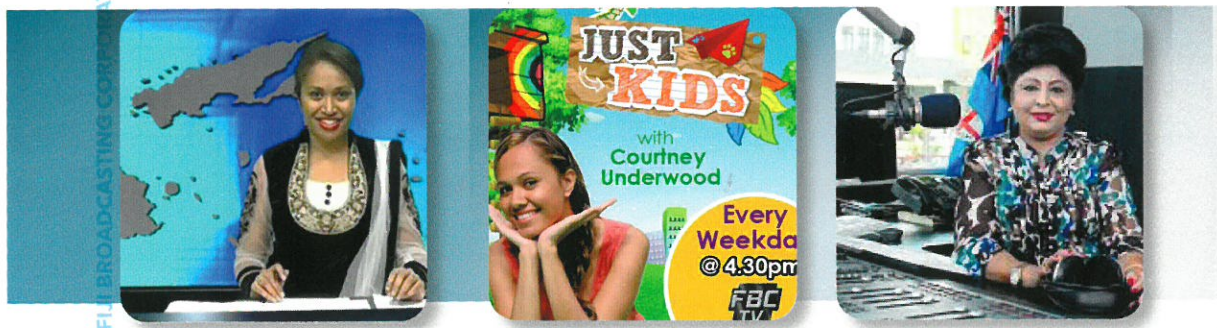
Radio:

Currently FBC has two radio stations that broadcast programmes targeting mainly national development taking into consideration ethnic, cultural and religious diversity. These programmes are sold to Government under the Public Service Broadcast (PSB) contract which is tendered every three years. These stations are Radio Fiji One (i-Taukei Language) and the Radio Fiji Two (Hindustani Language). These stations have national coverage via AM transmitters and supplemented in some areas by FM transmitters. The company is required to comply with requirements of the terms as stipulated under the PSB contract.

FBCTV:

The objective of TV public broadcasting is to provide and promote local talent and varied programming and wider public service viewing choices. In general term, as a PSB broadcaster, FBC undertakes to promote standards of quality, unbiased information, and diverse programming taking into account the special characteristics of Fiji.

Services are performed with all intents and purpose to entertain, inform and educate the public with the emphasis on income generation to return profit to the government on its investment and repayment of startup moneys borrowed to ensure maintenance of high quality of programming, transmission and public service broadcast by the government-owned corporation.



FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2010



FIJI BROADCASTING CORPORATION LIMITED

FINANCIAL STATEMENTS

REPUBLIC OF FIJI

OFFICE OF THE AUDITOR GENERAL



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Excellence in Public Sector Auditing

File: 1248

21 November 2013

Riyaz Sayed-Khaiyum
Chief Executive Officer
Fiji Broadcasting Corporation Ltd
P O Box 334
Suva.

Dear Mr. Khaiyum

FIJI BROADCASTING CORPORATION LIMITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

The audit of the Fiji Broadcasting Corporation Limited financial statements for the year ended 31 December 2010 has been completed. The audited accounts are forwarded for signing by the Directors.


Enclosed also are the Management Representation Letter, Summary of Audit Adjustments, the audit fees payable for the 2011 accounts and the draft copy of the independent audit report.

We would appreciate if you could retype the attached Management Representation Letter on the Company's letterhead, sign and return with the signed accounts.

The Summary of the Audit Adjustments is to be recorded in the system and a copy of the adjusted Trial Balance forwarded accordingly to facilitate the issue of the signed audit report.

For any clarifications, please do not hesitate to contact Audit Manager, Ilaitia Varani, on 3309032 ext 140 or the undersigned.

Yours sincerely


Kuruwara Tunisalevu
for AUDITOR GENERAL

Encl.

FIJI BROADCASTING CORPORATION LIMITED

FINANCIAL STATEMENTS

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FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company as at 31 December 2010, the related statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended on that date and report as follows:

Directors

The names of the directors in office at the date of this report are:

Sashi Singh – Chairman (appointed: 20/02/2013)
Sitiveni Raturala
Malini Raghwan (appointed: 20/02/2013)
Aren Baoa (appointed: 20/02/2013)

Principal Activities

The principal activities of the company during the year were that of providing commercial and public broadcasting services.

There were no significant changes in the nature of these activities during the financial year.

Results

The loss after income tax for the financial year was \$516,943 (2009: profit after income tax of \$117,917).

Dividends

No dividends were declared or paid during the year.

Reserves

It is proposed that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

Bad and Doubtful Debts

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

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

Non-Current Assets

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

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

FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
DIRECTORS' REPORT (CONT'D)

Unusual Transactions

In the opinion of the directors, the results of the operations of the company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the company in the current financial year.

Significant Events during the Year

During the year the government promulgated the Media Industry Development Decree 2010 for the development and regulation of the Media Industry.

The decree is expected to have an impact on the operations of the company.

Events Subsequent to Balance Date

Subsequent to the balance date:

- a) In November 2011, the company launched its free-to-air television broadcasting network in Fiji by the name FBC TV. Being a national broadcaster, FBC TV provides both public service and as well as commercial broadcasts to its viewers.
- b) Under the Income Tax (Amendments) (No. 5) Decree 2012 (Decree No. 33 of 2012), with effect from 1 January 2012, any loss incurred prior to 1 January 2012 shall only be carried forward for a period of 4 years in succession, provided that the total period, including any period prior to or after 1 January 2012, shall not exceed 4 years in succession.
- c) In October 2012, the Government of Fiji declared that grants and / or special funding to the State Owned Enterprises by the Government of Fiji, as the shareholder, would be treated as capital contribution rather than revenue of the respective State Owned Enterprises. As such, grants and / or special funding by the Government of Fiji would be treated as additions to equity rather than additions to the operating revenue of the respective State Owned Enterprises.

Accordingly, cash grant of \$2,586,667 received during the year by the Government of Fiji have been treated as additions to the shareholders' equity.

Apart from the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Other Circumstances

As at the date of this report:

- (i) no charge on the assets of the company has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the company could become liable; and

FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
DIRECTORS' REPORT (CONT'D)

Other Circumstances - Continued

- (iii) no contingent liabilities or other liabilities of the company have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

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


Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those disclosed in the financial statements) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Dated this 23rd day of December 2013.


Director


Director

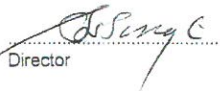
FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
STATEMENT BY DIRECTORS (CONT'D)

In accordance with a resolution of the board of directors of Fiji Broadcasting Corporation Limited, we state that in the opinion of the directors:

- (i) the accompanying statement of comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 December 2010;
- (ii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31 December 2010;
- (iii) the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2010;
- (iv) the accompanying statement of cash flow of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 December 2010;
- (v) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due; and
- (vi) all related party transactions have been adequately recorded in the books of the company.

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

Dated this 23rd day of December 2013.


Director


Director

FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010



8th Floor, Ratu Sukuna House
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REPUBLIC OF FIJI
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Excellence in Public Sector Auditing

FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010
INDEPENDENT AUDIT REPORT

I have audited the accompanying financial statements of Fiji Broadcasting Corporation Limited which comprise, the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information as set out on pages 11 to 26.

Directors and Management Responsibility for the Financial Statements

The directors and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Fiji Companies Act, 1983. These responsibilities include; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material mis-statements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.


FIJI BROADCASTING CORPORATION LIMITED
AUDIT OPINION
FOR THE YEAR ENDED 31 DECEMBER 2010

Audit Opinion

In my opinion:

- a) proper books of account have been kept by the Fiji Broadcasting Corporation Limited, so far as it appears from my examination of those books, and
- b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards:
 - i) are in agreement with the books of account; and
 - ii) to the best of my information and according to the explanations given to me:
 - give a true and fair view of the state of affairs of the Fiji Broadcasting Corporation Limited as at 31 December 2010 and of its financial performance, changes in equity and its cash flows for the year ended on that date; and
 - give the information required by the Fiji Companies Act 1983 in the manner so required.

Without qualifying the opinion expressed above, attention is drawn to Note 3 (p) to the financial statements which outline the new accounting policy adopted by the company following Cabinet's approval for all grants and/or special funding by Government to state owned enterprises to be treated as capital contribution. Thus the grant of \$2,586,667 received from the Government of Fiji has been recorded as capital contribution by the shareholder in the Statement of Changes in Equity rather than operating revenue as previously practiced. Subsequently, income available for tax purposes has been reduced by the same amount.



Tevita Bolanavanua
AUDITOR GENERAL

Suva, Fiji

23 December 2013



FIJI BROADCASTING CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 \$	2009 \$
Revenue	6	3,207,057	4,068,444
Other operating revenue	7	<u>154,380</u>	<u>217,280</u>
		3,361,437	4,285,724
Administration and operating expenses		(3,670,361)	(3,578,728)
Marketing expenses		(296,689)	(477,863)
Finance costs		<u>(36,512)</u>	<u>(18,420)</u>
Profit / (loss) before income tax	8	(642,125)	210,713
Income tax benefit / (expense)	9(a)	<u>125,182</u>	<u>(92,796)</u>
Profit / (loss) for the year		(516,943)	117,917
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the year		<u>(516,943)</u>	<u>117,917</u>

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements.

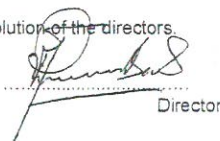
FIJI BROADCASTING CORPORATION LIMITED
STATEMENT FINANCIAL POSITION FOR THE
AS AT 31 DECEMBER 2010

	Notes	2010 \$	2009 \$
Current assets			
Cash and cash equivalent	23	405,998	507,119
Restricted cash	24	973,107	5,589,073
Trade and other receivables	10	953,229	838,861
Other assets	11	232,547	118,566
Inventories	12	10,809	7,365
Held-to-maturity term deposit	13	536,773	936,773
Advance tax	9(b)	258,991	-
Total current assets		3,371,454	7,997,757
Non-current assets			
Property, plant and equipment	14	16,895,099	7,639,786
Deferred tax assets	15	152,362	56,473
Total non-current assets		17,047,461	7,696,259
Total assets		20,418,915	15,694,016
Current liabilities			
Trade and other payables	16	925,681	512,911
Employee entitlements	18	66,893	39,016
Deferred income	19	4,526	14,858
Current tax liability	9(b)	-	128,750
Total current liabilities		997,100	695,535
Non-current liabilities			
Interest bearing borrowings	17	14,252,810	11,865,381
Deferred income	19	28,630	33,156
Deferred tax liability	20	-	29,293
Total non-current liabilities		14,281,440	11,927,830
Total liabilities		15,278,540	12,623,365
Net assets		5,140,375	3,070,651
Shareholders' equity			
Share capital	21	200,002	200,002
Share premium reserve	22	3,913,355	3,913,355
Capital contribution	29(c)	2,586,667	-
Accumulated losses		(1,559,649)	(1,042,706)
Total shareholders' equity		5,140,375	3,070,651

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements.

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


 Director


 Director

FIJI BROADCASTING CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2010

	Issued Capital	Share Premium Reserve	Accumulated Losses	Capital Contribution	Total
	\$	\$	\$	\$	\$
Balance as at 31 December 2008	200,002	3,913,355	(1,160,623)	-	2,952,734
Profit for the year	-	-	117,917	-	117,917
Other comprehensive income for the year	-	-	-	-	-
Balance as at 31 December 2009	200,002	3,913,355	(1,042,706)	-	3,070,651
Loss for the year	-	-	(516,943)	-	(516,943)
Capital contribution by the shareholders, Government of Fiji. (Note 29(c))	-	-	-	2,586,667	2,586,667
Other comprehensive income for the year	-	-	-	-	-
Balance as at 31 December 2010	200,002	3,913,355	(1,559,649)	2,586,667	5,140,375

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements.

FIJI BROADCASTING CORPORATION LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$	2009 \$
Cash flow from operating activities			
Receipts from customers and grant income		3,155,738	4,394,875
Payments to suppliers and employees		(3,396,219)	(3,397,282)
Cash generated from / (used in) operations		(240,481)	997,593
Interest paid		(36,512)	(18,420)
Income tax paid		(387,740)	-
Net cash provided by / (used in) operating activities		(664,733)	979,173
Cash flow from investing activities			
Proceeds from sale of plant and equipment		8,589	4,444
Term Deposits (invested) / matured		400,000	(893,000)
Interest received		36,752	-
Payments for property, plant and equipment		(9,147,030)	(6,126,879)
Net cash used in investing activities		(8,701,689)	(7,015,435)
Cash flows from financing activities			
Proceeds from term loans		2,062,668	11,495,299
Amounts transferred from / (to) escrow accounts		4,615,966	(5,589,073)
Proceeds from capital contribution by the shareholders	29(c)	2,586,667	-
Net cash provided by financing activities		9,265,301	5,906,226
Net increase / (decrease) in cash and cash equivalents during the year		(101,121)	(130,036)
Cash and cash equivalents at the beginning of the year		507,119	637,155
Cash and cash equivalents at the end of the year	23	405,998	507,119

The cash flow statement is to be read in conjunction with the notes to and forming part of the financial statements.

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 GENERAL INFORMATION

Fiji Broadcasting Corporation Limited (the company) is a government owned entity incorporated under the Companies Act, 1983 and a Government Commercial Company under the Public Enterprises Act of 1996, domiciled in Fiji. The address of the Company's registered office and the principal place of business is 69 Gladstone Rd Suva, Fiji. The significant accounting policies, which have been adopted in the preparation of these financial statements, are noted below.

The principal activities of the company during the year were that of providing commercial and public broadcasting services.

The financial statements were approved by the board of directors and authorised for issue on 23 December 2013.

2 ADOPTION OF REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The following standards and amendments to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2011 or later periods, but the company has not early adopted them. No significant impact is expected to arise out of these standards and amendments, however, the following standards and amendments are relevant to the company:

- IFRS 9 - Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2015).
- IFRS 13 - Disclosures of Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013).
- IAS 1 (Amendment) - Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2013).
- IAS 12 (Amendment) - Income taxes: Deferred tax (effective for annual periods beginning on or after 1 January 2012).
- IAS 16 (Amendment) - Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2013).
- IAS 19 (Revised) - Employee Benefits (effective for annual periods beginning on or after 1 January 2013).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance

The financial statements of the Company have been drawn up in accordance with the Companies Act, 1983 and International Financial Reporting Standards ("IFRS").

b) Basis of Preparation

The financial statements have been prepared on the basis of historical cost convention, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. In the application of IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the

FIJI BROADCASTING CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

b) Basis of Preparation - Continued

circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 5.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

c) Foreign Currency Transactions

Functional and presentation currency

The company operates in Fiji and hence its financial statements are presented in Fiji dollars, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the Fijian currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

d) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

e) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized as expenses in the period in which they are incurred.

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

f) **Cash and Cash Equivalents**

For the purpose of statement of cash flow, cash and cash equivalents comprise of cash on hand, cash in banks and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

g) **Restricted Cash**

Restricted balance of cash, which are shown under current financial assets as restricted cash, relate to funds set aside in foreign escrow account to settle committed capital expenditure.

The current/ non-current classification is based on the expected timing of the release of the funds of the company.

h) **Employee Benefits**

Wages and salaries

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are accrued up to the reporting date.

Annual leave

The liability for annual leave is recognized in the provision for employee entitlements. These benefits are expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of the settlement.

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

i) **Financial Assets**

The company classifies its financial asset as held-to-maturity investments. The classification depends on the nature and purpose for which the financial assets were acquired and is determined at the time of initial recognition.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at amortised cost.

j) **Impairment of Non-Financial Assets**

At each reporting date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized in the statement of comprehensive income

FIJI BROADCASTING CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2010

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

k) Income Tax

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

l) Inventories

Inventories comprising of fuel is valued at the lower of cost and net realisable value.

m) Property, Plant and Equipment

Property, plant and equipment are stated at deemed cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives using the following rates:

	Term of lease
Leasehold land and building	10 - 50%
Plant and equipment	10%
Furniture and fittings	15 - 20%
Motor vehicles	24%
Computer equipment	

Profits and losses on disposal of property, plant and equipment are taken into account in determining the results for the year.

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital work in progress principally relates to costs and expenses incurred for capital work in the nature of property, plant and equipment. Capital work in progress is stated at historical cost and is not depreciated.

n) Provisions

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

o) Revenue Recognition

Revenue represents income earned from advertising, programs and special events.

Revenue from advertising and programs is recognized upon paying of respective commercials and programs. Revenue from special events is recognized upon performance of the respective events.

p) Capital Contribution by the Government of Fiji

Based on the Cabinet's approval in 2012, grants and / or special funding from the Government of Fiji, as the shareholder, is treated as capital contribution. As such, grants and / or special funding by the Government of Fiji are treated as additions to equity rather than additions to the operating revenue of the company.

q) Deferred Income

The cost of assets gifted by foreign Government has been capitalised to plant and equipment and the corresponding credit has been taken up as deferred income. These plant and equipment are being depreciated over their estimated useful lives and the benefit arising from the grant being the recoupment of depreciation is credited to revenue.

r) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

FIJI BROADCASTING CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2010

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

s) Issued 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.

t) Trade and Other Payables

Payables are recognized when the company becomes obliged to make future payments resulting from the purchase of goods and services.

u) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administration and operating expenses.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to other revenue in the statement of comprehensive income.

v) Comparatives

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

4 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Objectives

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Company is also exposed to credit risk, liquidity risk and regulatory risk.

The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units.

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

4. FINANCIAL RISK MANAGEMENT - Continued

(b) Forward foreign exchange contracts

During the year the company did not enter into forward foreign exchange contracts.

(c) Interest Rate Risk Management

The company is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed closely by the executive management within the approved policy parameters.

(d) Interest rate swap contracts

The company did not enter into any interest rate swap contracts.

(e) Credit risk management

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

Trade accounts receivable consists of a few customers with good credit ratings. On going credit evaluations is performed on the financial condition of accounts receivables.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

(f) Liquidity risk management

The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

(g) Regulatory risk

The company's operating environment is regulated by the Media Industry Development Decree 2010 (Fiji Media Decree) which came into effect on 28 June 2010.

The salaries and wages payable to workers are subject to relevant wages regulations and employment legislation.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

FIJI BROADCASTING CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2010

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS - Continued

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

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

Critical Judgments in Applying the Company's Accounting Policies

(a) *Allowance for doubtful debts*

Allowance for doubtful debts is assessed at an individual level. All debtors in the 90+ days category are considered for impairment and provided for on a specific basis after detailed review of individual account balances.

(b) *Deferred income tax assets*

Deferred income tax assets are recognized for all unused tax losses and benefits arising from temporary differences to the extent that taxable profits will be available against which the losses can be utilized. However, deferred tax asset on tax losses has not been recognized given that the realization of tax losses in foreseeable future is not considered to be probable. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely and level of future taxable profits together with future planning strategies. Further details are contained in Note 15.

(c) *Impairment of plant and equipment*

The company assesses whether there are any indicators of impairment of all plant and equipment at each reporting date. Plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable provision for impairment is created. The management's assessment of recoverable amount involves making a judgment, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

For the year ended 31 December 2010, no provision for impairment has been made as the management reasonably believes that no indicators for impairment exist.

6 REVENUE	2010	2009
	\$	\$
Income from advertising, programs and special events	3,207,057	3,081,777
Public service broadcasts – Radio	-	986,667
Total revenue	3,207,057	4,068,444
7 OTHER OPERATING INCOME		
Gain on sale of plant and equipment	8,589	4,444
Income from gifted assets	14,858	53,169
Interest income	36,752	7,635
Other income	94,181	152,032
Total other operating revenue	154,380	217,280

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

8	PROFIT / (LOSS) BEFORE INCOME TAX	2010 \$	2009 \$
	Profit / (loss) before income tax has been determined after charging the following expenses:		
	Auditors' remuneration for audit fees	15,523	66,468
	Accounting and taxation fees	8,348	16,292
	Consultancy fees	16,266	55,052
	Depreciation	201,620	289,805
	Depreciation of gifted asset	14,858	53,169
	Directors' fees	29,589	15,337
	Entertainment	10,075	7,522
	FNPF (employer's contribution)	131,841	114,337
	Interest expenses	36,512	18,420
	Wages, salaries, and training levy	1,765,298	1,691,097

9 INCOME TAX

(a) Income tax expense / (benefit)

The expense / (benefit) on profit / (loss) is reconciled as follows:

Profit / (loss) before income tax	(642,125)	210,713
Prima facie tax expense / (benefit) thereon at 28% (2009: 29%)	(179,795)	61,107
Prior year (under)/ over accrual of temporary difference	(124,198)	17,730
Tax effect of tax losses not brought to account.	179,671	
Non-deductible expenses	(860)	1,728
Effect on deferred tax balances due to the change in income tax rate (2009: 29% to 28%)	-	12,231

Income tax expense / (benefit) attributable to operating profit	(125,182)	92,796
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Income tax expense comprises movements in:

Current tax liability	-	128,750
Deferred tax assets	(39,111)	(5,621)
Deferred tax liability	(86,071)	(30,333)
	(125,182)	92,796

(b) Current tax liability / (advance tax)

Opening balance	128,750	-
Income tax paid	(387,741)	-
Tax liability for the current period	-	128,750
	(258,991)	128,750

FIJI BROADCASTING CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2010

10 TRADE AND OTHER RECEIVABLES	2010	2009
	\$	\$
Trade accounts receivable	888,314	728,368
Provision for impairment of trade receivables	(163,674)	(99,693)
	<u>724,640</u>	<u>628,675</u>
Other receivables	339,394	353,840
Provision for impairment of other receivables	(110,805)	(143,654)
	<u>228,589</u>	<u>210,186</u>
Total trade and other receivables, net	<u>953,229</u>	<u>838,861</u>

As of 31 December 2010, trade receivables of \$551,374 (2009: \$505,124) were fully performing.

As of 31 December 2010 trade receivables of \$173,266 (2009: \$123,551) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

30 to 60 days	47,680	54,990
60 to 90 days	33,950	23,431
Over 90 days	91,636	45,130

As of 31 December 2010, trade receivables of \$163,674 (2009: \$99,693) were impaired and provided for. The individually impaired receivables mainly relate to balances that were over 3 months past due and in dispute. It was assessed that a portion of the receivables is expected to be recovered.

The aging of the impaired receivables is as follows:

Over 90 days	163,674	99,693
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Movements on the company provision for impairment of trade receivables are as follows:

At 1 January	99,693	78,733
Allowance for impairment of receivables / (written off during the year as uncollectible)	<u>63,981</u>	<u>20,960</u>
At 31 December	<u>163,674</u>	<u>99,693</u>

The creation and release of provision for impaired receivables have been included in 'Administration and Operating expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above. The company does not hold any collateral as security.

11 OTHER ASSETS

Prepayments	121,525	53,932
VAT receivable	101,696	58,568
Deposits	<u>9,326</u>	<u>6,066</u>
	<u>232,547</u>	<u>118,566</u>

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

12 INVENTORIES	2010	2009
	\$	\$
Fuel	10,809	7,365
13 HELD-TO-MATURITY INVESTMENT		
Term deposits	536,773	936,773
14 PROPERTY, PLANT AND EQUIPMENT		
Leasehold land and buildings – <i>at deemed cost</i>	1,413,490	1,413,490
Less: accumulated depreciation	(305,887)	(279,666)
	1,107,603	1,133,824
Plant and equipment, and vehicles – <i>at deemed cost</i>	3,561,776	3,561,703
Less: accumulated depreciation	(3,361,719)	(3,196,222)
	200,057	365,481
Furniture and fittings – <i>at deemed cost</i>	153,495	153,369
Less: accumulated depreciation	(117,670)	(103,643)
	35,825	49,726
Capital work in progress – plant and equipment	15,551,614	6,090,755
Total property, plant and equipment, net	16,895,099	7,639,786

Movements in Carrying Amounts:

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

	Leasehold land and buildings	Plant and equipment, and vehicles	Furniture and fittings	Capital work in progress	Total 2010	Total 2009
	\$	\$	\$	\$	\$	\$
Balance as at 31 December	1,133,824	365,481	49,726	6,090,755	7,639,786	1,894,802
Additions	-	10,806	126	9,460,859	9,471,791	6,126,879
Disposals/ write offs	-	-	-	-	-	(38,921)
Depreciation expense	(26,221)	(176,230)	(14,027)	-	(216,478)	(342,974)
Balance as at 31 December	1,107,603	200,057	35,825	15,551,614	16,895,099	7,639,786

15 DEFERRED TAX ASSETS

Attributable to temporary differences for allowance for doubtful debts, employee entitlements and tax losses carried forward

152,362 56,473

FIJI BROADCASTING CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2010

16	TRADE AND OTHER PAYABLES	2010 \$	2009 \$
	Trade accounts payable	215,998	98,669
	Other payables and accrued liabilities	709,683	414,242
	Total trade and other payables	<u>925,681</u>	<u>512,911</u>

17 INTEREST BEARING BORROWINGS

Non-Current

Secured borrowings:		
Term loan- Fiji Development Bank (a)	<u>14,252,810</u>	<u>11,865,381</u>

(a) The loan from Fiji Development Bank is subject to interest at the rate of 12% and only interest is paid from March 2010 till March 2011 and monthly repayment of principal plus interest thereafter. The loan from Fiji Development Bank is secured by:

- (i) Registered mortgage debenture by company over all its assets and undertakings including its uncalled and unpaid capital.
- (ii) Registered first party mortgage by company over crown lease no CL 2748 situated at 69 Gladstone Road with improvements thereon.
- (iii) Registered first party mortgage by company over native lease no NL 10575 situated at Naulu, Nasinu with improvements thereon.
- (iv) Bill of Sale over entire radio and TV equipment to be purchased
- (v) Adequate insurance cover over mortgaged securities with the Bank's interest noted thereon.
- (vi) Government Guarantee for \$17,846,315.00 (Seventeen million eight hundred forty six thousand three hundred and fifteen dollars).

18 EMPLOYEE ENTITLEMENTS

Employee entitlements	<u>66,893</u>	<u>39,016</u>
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19 DEFERRED INCOME

Deferred income relating to computers donated by Chinese Embassy	8,422	8,422
Less: accumulated amortisation	<u>(2,357)</u>	<u>(337)</u>
	6,065	8,085
Deferred income relating to generators and switchboard donated by Japanese Government	77,495	77,495
Deferred income relating to upgrading of library by UNESCO	<u>39,610</u>	<u>39,610</u>
	117,105	117,105
Less: accumulated amortisation	<u>(90,014)</u>	<u>(77,176)</u>
	27,091	39,929
Total deferred income, net	<u>33,156</u>	<u>48,014</u>

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FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

19 DEFERRED INCOME- Continued

Represented by:	2010 \$	2009 \$
Current	4,526	14,858
Non-current	28,630	33,156
	<u>33,156</u>	<u>48,014</u>

20 DEFERRED TAX LIABILITY

Deferred tax liabilities comprises the estimated deferred expense at future income tax rates of the following item:

Difference in net carrying value of property, plant and equipment for accounting and income tax purpose	-	29,293
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21 SHARE CAPITAL

Authorised capital 10,000,000 ordinary shares of \$1.00 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued and paid up capital 200,002 ordinary shares of \$1.00 each	<u>200,002</u>	<u>200,002</u>

22 RESERVES

Share premium reserve	\$ <u>3,913,355</u>	\$ <u>3,913,355</u>
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In accordance with the Public Enterprise Regulations, 1997 and 1998, effective from 1 January 1998, Fiji Broadcasting Corporation Limited took over the business and assets and liabilities of Fiji Broadcasting Commission. Hence share premium reserve represents the value of net assets amounting to \$3,913,355 that was vested in the company.

23 CASH AND CASH EQUIVALENTS

Cash consist of cash on hand and balances with banks. Cash included in the statement of cash flows comprise of the following:

Cash on hand	3,000	3,000
Cash at bank	<u>402,998</u>	<u>504,119</u>
	<u>405,998</u>	<u>507,119</u>

FIJI BROADCASTING CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2010

24 RESTRICTED CASH

	2010 \$	2009 \$
Restricted cash	<u>973,107</u>	<u>5,589,073</u>

Restricted cash relates to cash set aside in off-shore Escrow account for capital expenditure.

25 COMMITMENTS

(a)	Capital expenditure		
	- Approved by the board and committed	5,680,131	7,852,807
(b)	Operating lease commitments contracted for support services fees for radio networking and broadcasting and lease rentals for crown and native lease properties is payable as follows:		
	Not later than one year	14,800	40,300
	Later than one year but not later than five years	14,800	14,800
	Later than two years but not later than five years	44,400	44,400
	Later than five years	<u>874,419</u>	<u>889,600</u>
		<u>948,419</u>	<u>989,100</u>

Annual lease rentals in relation to its crown and native lease properties stated above do not include fee and interest charges as these are variable.

26 CONTINGENT LIABILITIES

Contingent liabilities in respect of security bonds and guarantees amounted to \$38,000 as at 31 December 2010 (2009: \$38,000).

The company is subject to certain claims and legal actions in the ordinary course of business. On the basis of advice received from solicitors representing the company, it is the opinion of the directors that the disposition or ultimate determination of such claims and legal actions will not have a material effect on the financial position of the company.

27 RELATED PARTY TRANSACTIONS

(a) Directors

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

Yaminiasi Gaunavou (deceased: 16/10/2012)

Sitiveni Raturala

Divyesh Damodar (resigned: 11/11/2010)

Directors' fees	\$ <u>29,589</u>	\$ <u>15,337</u>
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(b) Transactions with Related Parties

The company received \$2,586,667 VEP (2009: \$986,667) as Public Service Broadcast grant from the Ministry of Finance during the year.

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

27 RELATED PARTY TRANSACTIONS – Continued

(c) Key management personnel

Details of compensation

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

During the year the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the Company.

<u>Name</u>	<u>Current title</u>
Riyaz-Sayed Khaiyum	Chief Executive Officer
Veronika Singh	Chief Financial Officer

The aggregate compensation of the key management personnel comprises only short-term benefits and is set out below:

	2010 \$	2009 \$
Short-term benefits	\$ 205,700	\$ 207,133

(d) All transactions with related parties are conducted on commercial terms and conditions.

28 SIGNIFICANT EVENTS DURING THE YEAR

During the year the government promulgated the Media Industry Development Decree 2010 for the development and regulation of the Media Industry.

The decree is expected to have an impact on the operations of the company in the areas of advertising, enforcement and compliance.

29 EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the balance date:

- In November 2011, the company launched its free-to-air television broadcasting network in Fiji by the name FBC TV. Being a national broadcaster, FBC TV provides both public service and as well as commercial broadcasts to its viewers.
- Under the Income Tax (Amendments) (No. 5) Decree 2012 (Decree No. 33 of 2012), with effect from 1 January 2012, any loss incurred prior to 1 January 2012 shall only be carried forward for a period of 4 years in succession, provided that the total period, including any period prior to or after 1 January 2012, shall not exceed 4 years in succession.
- In October 2012, the Government of Fiji declared that grants and / or special funding to the State Owned Enterprises by the Government of Fiji, as the shareholder, would be treated as capital contribution rather than revenue of the respective State Owned Enterprises. As such, grants and / or special funding by the Government of Fiji would be treated as additions to equity rather than additions to the operating revenue of the respective State Owned Enterprises.

Accordingly, cash grant of \$2,586,667 received during the year by the Government of Fiji have been treated as additions to the shareholders' equity.

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

30 PRINCIPAL ACTIVITIES

The principal activities of the company during the year were that of providing commercial and public broadcasting services.

There were no significant changes in the nature of these activities during the financial year.

31 COMPANY DETAILS

Company Incorporation

The company was incorporated in Fiji under the Companies Act, 1983.

Registered and Principal Place of Office

The address of the Company's registered office and the principal place of business is 69 Gladstone Rd Suva, Fiji.

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2010

The following additional information, being the detailed statement of comprehensive income has been compiled by the management of Fiji Broadcasting Corporation Limited and does not form part of the statutory financial statements.



FIJI BROADCASTING CORPORATION LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 \$	2009 \$
Revenue		
Income from advertising, programs and special events	3,207,057	3,081,777
Public Service Broadcast	-	986,667
	<u>3,207,057</u>	<u>4,068,444</u>
Add: Other Operating Revenue		
Gain on sale of plant & equipment	8,589	4,444
Income from gifted assets	14,858	53,169
Interest Income	36,752	7,635
Other income	94,181	152,032
	<u>154,380</u>	<u>217,280</u>
Total revenue	<u>3,361,437</u>	<u>4,285,724</u>
Less: Expenses		
Administration and operating expenses	(3,670,361)	(3,578,728)
Marketing expenses	(296,689)	(477,863)
Finance costs	(36,512)	(18,420)
	<u>(4,003,562)</u>	<u>(4,075,011)</u>
Operating profit / (loss) before income tax	<u>(642,125)</u>	<u>210,713</u>

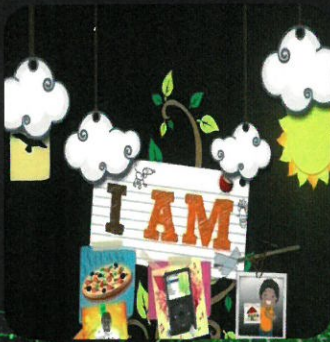
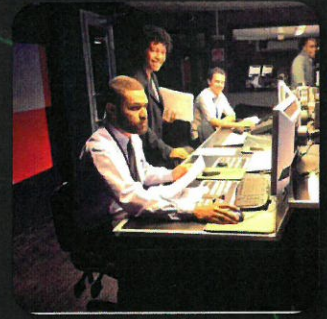
FIJI BROADCASTING CORPORATION LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2010

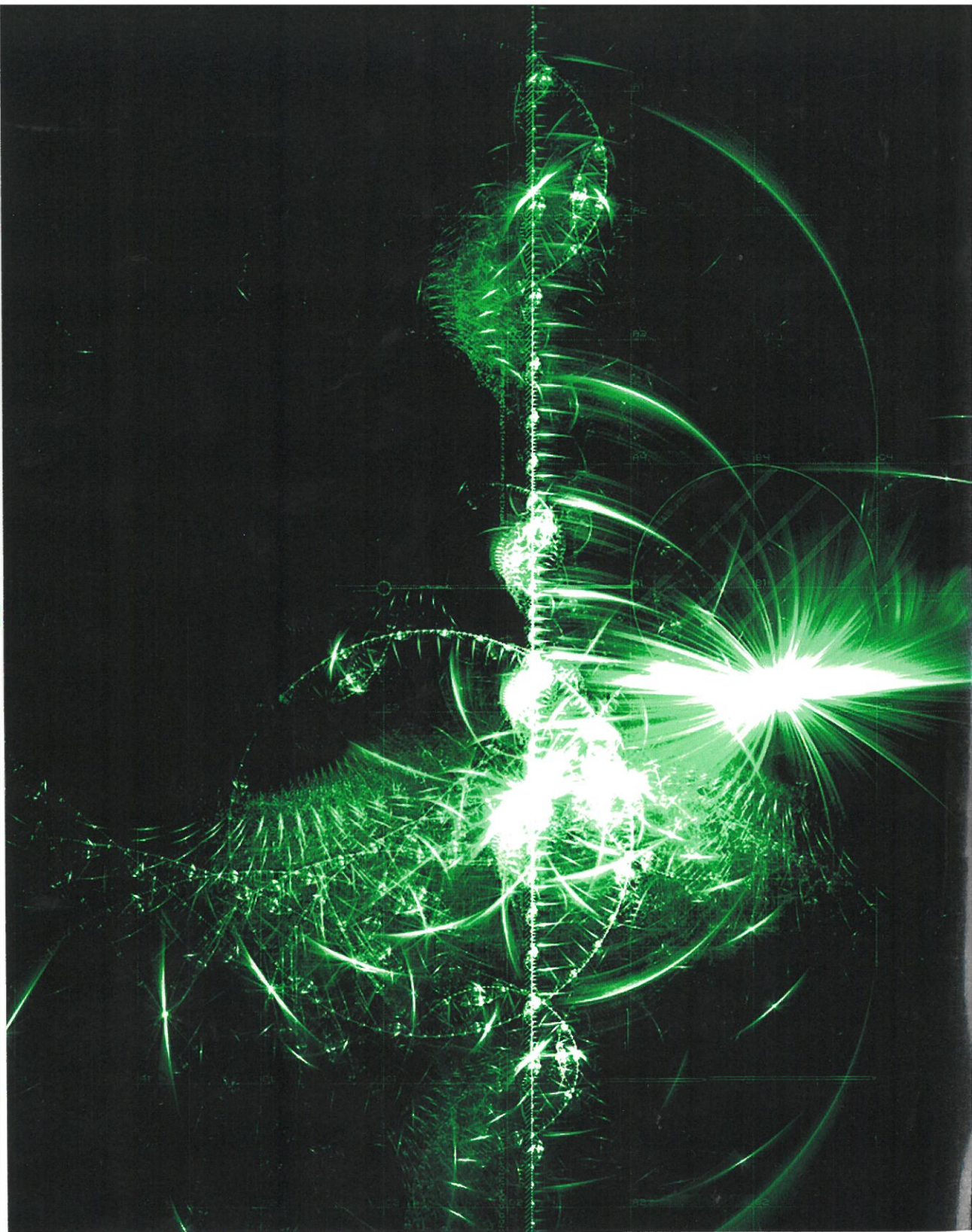
Administration and Operating Expenses	2010 \$	2009 \$
Accounting and taxation fees	8,348	16,292
Audit fees	15,523	66,468
Bad debts	-	1,000
Bank charges	12,327	4,568
Cleaning services	4,539	1,562
Computer charges	75,664	96,237
Consultancy fees	16,266	55,052
Copyright fee	35,409	42,536
Depreciation	201,620	289,805
Depreciation – gifted asset	14,858	53,169
Directors' fees	29,589	15,337
Doubtful debts	116,368	164,614
Entertainment	10,075	7,522
Fiji National Provident Fund (FNPf expenses)	131,841	114,337
Training levy	18,053	14,776
General expenses	27,833	26,129
Insurance	57,152	70,842
Legal fees	7,616	16,833
Licences and permits	77,664	22,195
Library resources	3,688	5,455
Local travelling	6,539	4,609
Motor vehicle expenses	221,808	105,510
Overseas travelling	1,063	10,004
Power and transmission	349,537	270,672
Program expenses	5,146	16,051
Production expenses	2,987	192
Printing and stationery	30,863	30,762
Rent and rates(includes land rental)	81,396	70,090
Repairs and maintenance	50,156	75,569
Sports coverage expenses	94,604	48,430
Staff costs	7,277	3,407
Subscriptions	15,369	26,042
Telephone & internet chargers	141,347	123,225
Training	45,377	31,468
Wages and salaries	1,747,245	1,676,321
Water	5,214	1,647
Total administration and operating expenses	<u>3,670,361</u>	<u>3,578,728</u>

FIJI BROADCASTING CORPORATION LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 \$	2009 \$
Marketing Expenses		
Advertising campaign expenses	-	576
Special event expenses	104,984	215,888
Promotion and public relations	5,405	48,912
Commercial Outside Broadcast expenses	10,683	28,434
SMS promotion expenses	10,000	12,705
Public Service Broadcast expenses	7,268	8,433
Commission and discount	158,349	162,915
Total marketing expenses	296,689	477,863
Finance Costs		
Interest expenses	36,512	18,420
Total finance costs	36,512	18,420







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