



Fiji  
Broadcasting  
Corporation



# FIJI BROADCASTING CORPORATION LIMITED ANNUAL REPORT 2011



## 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





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 DOMOVITI  
NA VOQA NI VEI YANUYANU

**RADIO  
FIJI TWO**  
*Desh ki Dhadkan*



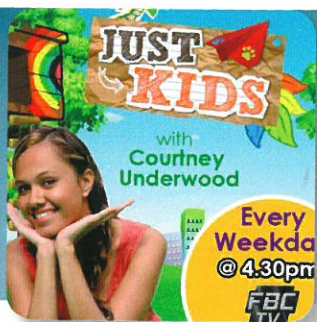
### Radio:

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 2011



# 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

23 December 2013

The Chairman of the Board  
Fiji Broadcasting Corporation Ltd  
P O Box 334  
Suva

Dear Sir

### AUDITED FINANCIAL STATEMENTS OF FIJI BROADCASTING CORPORATION LIMITED FOR THE YEARS ENDED 31 DECEMBER 2010 and 2011

Audited financial statements of the Fiji Broadcasting Corporation Limited accounts for the years ending 31 December 2010 and 2011 together with my audit reports on them are enclosed.

Particulars of the errors and omissions arising from the audit have been forwarded to the Management of the Company for its action.

Yours sincerely

Tevita Bolanavanua  
**AUDITOR GENERAL**

cc: Chief Executive Officer, Fiji Broadcasting Corporation Limited, P O Box 334, Suva.

Encl.



# FIJI BROADCASTING CORPORATION LIMITED

## FINANCIAL STATEMENTS

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**FIJI BROADCASTING CORPORATION LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**  
**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 2011, the related statement of comprehensive income, statement of changes in equity and statement of cash flows 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 Baca (appointed: 20/02/2013)

**Principal Activities**

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

**Results**

The loss after income tax for the financial year was \$1,137,589 (2010: loss after income tax of \$516,943).

**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 2011

#### 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

In November 2011, the company launched its free-to-air television broadcasting network in Fiji, FBC TV. Being a national broadcaster, FBC TV provides both public service and as well as commercial broadcasts to its viewers.

#### Events Subsequent to Balance Date

- a) 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.
- b) 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 \$2,530,434 received for the year ended 31 December 2011 from 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
- (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.

**FIJI BROADCASTING CORPORATION LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**  
**DIRECTORS' REPORT (CONT'D)**

**Other Circumstances - Continued**

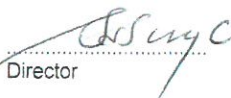
As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

**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 2011**  
**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 2011;
- ii) 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 2011;
- iii) 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 2011;
- iv) the accompanying statement of cash flows 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 2011;
- 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 2011**  
**INDEPENDENT AUDIT REPORT**



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**REPUBLIC OF FIJI**  
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Excellence in Public Sector Auditing

I have audited the accompanying financial statements of Fiji Broadcasting Corporation Limited which comprise, the statement of financial position as at 31 December 2011, 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 27.

***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.

**Qualification**

- The company has not transferred the cost of capital works completed from work-in progress to appropriate classes of assets. The capital work totaling \$22,292,400 is stated as work-in progress in Note 14 relates to the establishment of FBC TV. No depreciation has accordingly been recorded on the assets in use at year end as required under International Accounting Standards 16 – Property, Plant and Equipment.





**FIJI BROADCASTING CORPORATION LIMITED**  
**AUDIT OPINION**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

Qualified Audit Opinion

In my opinion, except for the effects on the financial statements of the matters referred to in the qualification paragraphs, the accompanying financial statements present fairly in accordance with the International Financial Reporting Standards and statutory provisions, the financial position of the Company as at 31 December 2011, and of the results of its operations and its cash flows for the year then ended.

Without further qualifying the opinion expressed above, attention is drawn to the following matters:

- a) The capitalization of borrowing cost had not ceased upon completion of the capital works as required under International Financial Reporting Standards 23 – Borrowing Costs. Note 14 stated that the borrowing costs capitalized as \$206,284. Subsequently, financial costs have been understated while property, plant and equipment are over stated.
- b) Note 3 (p) outlines 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 \$2,530,434 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.

*T Bolan*

Tevita Bolanavanua  
AUDITOR GENERAL

Suva, Fiji

23 December 2013



**FIJI BROADCASTING CORPORATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 \$	2010 \$
Revenue	6	3,663,514	3,207,057
Other operating revenue	7	<u>153,494</u>	<u>154,380</u>
		3,817,008	3,361,437
Administration and operating expenses		(4,402,945)	(3,670,361)
Marketing expenses		(447,238)	(296,689)
Finance costs		<u>(30,690)</u>	<u>(36,512)</u>
<b>Profit / (loss) before income tax</b>	8	(1,063,865)	(642,125)
Income tax benefit / (expense)	9(a)	<u>(73,724)</u>	<u>125,182</u>
<b>Profit / (loss) for the year</b>		<b>(1,137,589)</b>	<b>(516,943)</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income / (loss) for the year</b>		<b><u>(1,137,589)</u></b>	<b><u>(516,943)</u></b>

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



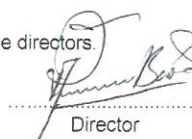
**FIJI BROADCASTING CORPORATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	Notes	2011 \$	2010 \$
<b>Current assets</b>			
Cash and cash equivalents	22	319,975	405,998
Restricted cash	23	1,008,375	973,107
Trade and other receivables	10	1,162,232	953,229
Other assets	11	756,892	232,547
Inventories	12	52,652	10,809
Held-to-maturity term deposit	13	136,773	536,773
Advance tax	9(b)	258,991	258,991
<b>Total current assets</b>		<b>3,695,890</b>	<b>3,371,454</b>
<b>Non-current assets</b>			
Property, plant and equipment	14	23,942,724	16,895,099
Deferred tax assets	15	110,269	152,362
<b>Total non-current assets</b>		<b>24,052,993</b>	<b>17,047,461</b>
<b>Total assets</b>		<b>27,748,883</b>	<b>20,418,915</b>
<b>Current liabilities</b>			
Trade and other payables	16	1,200,086	925,681
Employee entitlements	18	88,498	66,893
Deferred income	19	4,000	4,526
Current tax liability	9(b)	-	-
<b>Total current liabilities</b>		<b>1,292,584</b>	<b>997,100</b>
<b>Non-current liabilities</b>			
Interest bearing borrowings	17	19,897,803	14,252,810
Deferred income	19	25,276	28,630
Deferred tax liability		-	-
<b>Total non-current liabilities</b>		<b>19,923,079</b>	<b>14,281,440</b>
<b>Total liabilities</b>		<b>21,215,663</b>	<b>15,278,540</b>
<b>Net assets</b>		<b>\$ 6,533,220</b>	<b>\$ 5,140,375</b>
<b>Shareholders' equity</b>			
Share capital	20	200,002	200,002
Share premium reserve	21	3,913,355	3,913,355
Capital contribution	28(b)	5,117,101	2,586,667
Accumulated losses		(2,697,238)	(1,559,649)
<b>Total shareholders' equity</b>		<b>\$ 6,533,220</b>	<b>\$ 5,140,375</b>

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 2011**

	Issued Capital	Share Premium Reserve	Accumulated Losses	Capital Contribution	Total
	\$	\$	\$	\$	\$
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)
Other comprehensive income for the year	-	-	-	-	-
Capital contribution by the shareholders, Government of Fiji. (Note 28(b))	-	-	-	2,586,667	2,586,667
Balance as at 31 December 2010	200,002	3,913,355	(1,559,649)	2,586,667	5,140,375
Loss for the year	-	-	(1,137,589)	-	(1,137,589)
Other comprehensive income for the year	-	-	-	-	-
Capital contribution by the shareholders, Government of Fiji. (Note 28(b))	-	-	-	2,530,434	2,530,434
Balance as at 31 December 2011	200,002	3,913,355	(2,697,238)	5,117,101	6,533,220

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 2011**

	Note	2011 \$	2010 \$
<b>Cash flow from operating activities</b>			
Receipts from customers and grant income		3,559,973	3,155,738
Payments to suppliers and employees		(4,893,377)	(3,396,219)
Cash generated from / (used in) operations		(1,333,404)	(240,481)
Interest paid		(30,690)	(36,512)
Income tax paid		(31,631)	(387,740)
Net cash provided by / (used in ) operating activities		(1,395,725)	(664,733)
<b>Cash flow from investing activities</b>			
Proceeds from sale of plant and equipment		-	8,589
Term Deposits (invested) / matured		400,000	400,000
Interest received		8,780	36,752
Payments for property, plant and equipment		(7,062,693)	(9,147,030)
Net cash provided by / (used in ) investing activities		(6,653,913)	(8,701,689)
<b>Cash flows from financing activities</b>			
Proceeds from term loans		5,468,448	2,062,668
Amounts transferred from / (to) escrow accounts		(35,267)	4,615,966
Proceeds from capital contribution by the shareholders	28(b)	2,530,434	2,586,667
Net cash provided by / (used in ) financing activities		7,963,615	9,265,301
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		(86,023)	(101,121)
Cash and cash equivalents at the beginning of the year		405,998	507,119
<b>Cash and cash equivalents at the end of the year</b>	22	319,975	405,998

The statement of cash flows 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 2011

#### 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 NEW, AMENDED AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The following standards and amendments to existing standards have been published and are mandatory for accounting periods beginning 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 1 January 2015).
- IFRS 13 - Disclosures of Fair Value Measurement (effective 1 January 2013).
- IAS 1 (Amendment) - Presentation of Items of Other Comprehensive Income (effective 1 July 2013).
- IAS 12 (Amendment) - Income taxes: Deferred tax (effective 1 January 2012).
- IAS 36 (Amendment) - 'Impairment of assets' on recoverable amount disclosures (effective 1 January 2014).
- IAS 19 (Revised) - Employee Benefits (effective 1 January 2013).
- IFRS 7 (Amendments) - Financial instruments asset and liability offsetting (effective 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 circumstance, the results of which form the basis of making the judgments. 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 2011

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

##### b) Basis of Preparation - Continued

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the 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 recognised 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 2011**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**f) Cash and Cash Equivalents**

For the purpose of statement of cash flows, 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 recognised 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 loans and receivable and 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.

*Loans and Receivable*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

*Held-to-maturity*

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. The company's held-to-maturity investments comprise of 'held-to-maturity term deposits'.

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



## FIJI BROADCASTING CORPORATION LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

##### 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 recognised in the statement of comprehensive income 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 are 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. Cost is determined on a first-in, first-out (FIFO) method.

## FIJI BROADCASTING CORPORATION LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

##### 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:

Leasehold land	Term of lease
Building	2%
Plant and equipment	10 - 50%
Furniture and fittings	10%
Motor vehicles	15 - 20%
Computer equipment	24%

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

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 recognised upon paying of respective commercials and programs. Revenue from special events is recognised 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.



## FIJI BROADCASTING CORPORATION LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### 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.

##### 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 recognised 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.

**FIJI BROADCASTING CORPORATION LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**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

**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 fixed 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. Ongoing 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.



## FIJI BROADCASTING CORPORATION LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 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.

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

The 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 recognised 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 recognised 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 recognised, 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 property, plant and equipment*

The company assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, 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 2011, no provision for impairment has been made as the management reasonably believes that no indicators for impairment exist.

# FIJI BROADCASTING CORPORATION LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

6	REVENUE	2011 \$	2010 \$
	Income from advertising, programs and special events	3,663,514	3,207,057
	Total revenue	3,663,514	3,207,057
7	OTHER OPERATING INCOME		
	Gain on sale of plant and equipment	-	8,589
	Income from gifted assets	3,881	14,858
	Interest income	8,780	36,752
	Other income	140,833	94,181
	Total other operating revenue	153,494	154,380

### 8 PROFIT / (LOSS) BEFORE INCOME TAX

Profit / (loss) before income tax has been determined after charging the following expenses:

Auditors' remuneration for audit fees	10,933	15,523
Accounting and taxation fees	9,950	8,348
Consultancy fees	44,162	16,266
Depreciation	187,732	201,620
Depreciation of gifted asset	3,880	14,858
Directors' fees	14,650	29,589
Entertainment	5,941	10,075
FNPF (employer's contribution)	164,953	131,841
Interest expenses	30,690	36,512
Wages, salaries, and training levy	1,995,320	1,765,298

### 9 INCOME TAX

#### (a) Income tax expense / (benefit)

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

Profit / (loss) before income tax	(1,063,865)	(642,125)
Prima facie tax expense / (benefit) thereon at 28%	(297,882)	(179,795)
Prior year (under)/ over accrual of temporary difference	-	(124,198)
Prior year adjustment	31,631	-
Tax effect of tax losses not brought to account	296,235	179,671
Tax effect of employee taxation scheme	(368)	(860)
Effect on deferred tax balances due to the change in income tax rate from 28% to 20%	44,108	-
Income tax expense / (benefit) attributable to operating profit	73,724	(125,182)



**FIJI BROADCASTING CORPORATION LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**9 INCOME TAX- Continued**

	2011 \$	2010 \$
Income tax expense comprises movements in:		
Current tax liability	31,631	-
Deferred tax assets	42,093	(39,111)
Deferred tax liability	-	(86,071)
	<u>73,724</u>	<u>(125,182)</u>
<b>(b) Current tax liability / (advance tax)</b>		
Opening balance	(258,991)	128,750
Income tax paid	(31,631)	(387,741)
Current tax liability	31,631	-
	<u>(258,991)</u>	<u>(258,991)</u>

**10 TRADE AND OTHER RECEIVABLES**

Trade accounts receivable	1,160,375	888,314
Provision for impairment of trade receivables	<u>(145,103)</u>	<u>(163,674)</u>
	<u>1,015,272</u>	<u>724,640</u>
Other receivables	321,703	339,394
Provision for impairment of other receivables	<u>(174,743)</u>	<u>(110,805)</u>
	<u>146,960</u>	<u>228,589</u>
Total trade and other receivables, net	<u>1,162,232</u>	<u>953,229</u>

As of 31 December 2011, trade receivables of \$787,141 (2010: \$551,374) were fully performing.

As of 31 December 2011, trade receivables of \$228,131 (2010: \$173,266) 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	49,271	47,680
60 to 90 days	34,917	33,950
Over 90 days	143,943	91,636

As of 31 December 2011, trade receivables of \$145,103 (2010: \$163,674) 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.

**FIJI BROADCASTING CORPORATION LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**10 TRADE AND OTHER RECEIVABLES - Continued**

The aging of the impaired receivables is as follows:

	2011 \$	2010 \$
Over 90 days	145,103	163,674

Movements on the company provision for impairment of trade receivables are as follows:

At 1 January	163,674	99,693
Allowance for impairment of receivables / (Unused amount reversed)	(18,571)	63,981
At 31 December	145,103	163,674

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.

**11 OTHER ASSETS**

Prepayments	414,140	121,525
VAT receivable	336,373	101,696
Deposits	6,379	9,326
	<u>756,892</u>	<u>232,547</u>

**12 INVENTORIES**

Fuel	<u>52,652</u>	<u>10,809</u>
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**13 HELD-TO-MATURITY INVESTMENT**

Term deposits	<u>136,773</u>	<u>536,773</u>
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**14 PROPERTY, PLANT AND EQUIPMENT**

Leasehold land and buildings – <i>at deemed cost</i>	1,413,490	1,413,490
Less: accumulated depreciation	(332,107)	(305,887)
	<u>1,081,383</u>	<u>1,107,603</u>
Plant and equipment, and vehicles – <i>at deemed cost</i>	4,053,659	3,561,776
Less: accumulated depreciation	(3,509,595)	(3,361,719)
	<u>544,064</u>	<u>200,057</u>
Furniture and fittings – <i>at deemed cost</i>	160,063	153,495
Less: accumulated depreciation	(135,186)	(117,670)
	<u>24,877</u>	<u>35,825</u>
Capital work in progress – plant and equipment	<u>22,292,400</u>	<u>15,551,614</u>
Total property, plant and equipment, net	<u>23,942,724</u>	<u>16,895,099</u>



# FIJI BROADCASTING CORPORATION LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

### 14 PROPERTY, PLANT AND EQUIPMENT – Continued

#### 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 2011	Total 2010
	\$	\$	\$	\$	\$	\$
Balance as at 1 January	1,107,603	200,057	35,825	15,551,614	16,895,099	7,639,786
Additions	-	491,883	6,568	6,740,786	7,239,237	9,471,791
Disposals/ write offs	-	-	-	-	-	-
Depreciation expense	(26,220)	(147,876)	(17,516)	-	(191,612)	(216,478)
Balance as at 31 December	1,081,383	544,064	24,877	22,292,400	23,942,724	16,895,099

The capital work in progress includes amounts spent on refurbishment of the broadcasting house, purchase of studio equipments and setting up transmission towers for the television broadcasting operations. The capital works was completed prior to the commencement of the television operations which were launched in November 2011. As at year end the costs relating to the capital works were not transferred to the respective classes of assets as the company was unable to identify the different types of cost incurred. No depreciation has been booked on these assets subsequent to the completion of capital works.

The company has capitalised borrowing costs amounting to \$2,036,041 (2010: \$1,667,940). In 2011, the company has continued to capitalise borrowing costs subsequent to the completion of capital works. IAS 23 – 'Borrowing Cost' requires that the capitalisation of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing cost capitalised subsequent to completion of capital work amounted to \$206,284.

The company plans to carry out fixed asset verification in order to identify the assets relating to the capital works completed at the various transmitting sites, linking sites and the broadcasting house. Once completed, the balances in capital work in progress will be transferred to the respective asset categories and reflected in the 2012 accounts.

### 15 DEFERRED TAX ASSETS

Attributable to temporary differences for allowance for doubtful debts, employee entitlements and difference in net carrying value of property, plant and equipment for accounting and income tax purposes.

	2011 \$	2010 \$
	110,269	152,362

### 16 TRADE AND OTHER PAYABLES

Trade accounts payable  
Other payables and accrued liabilities

Total trade and other payables

	130,281	215,998
	1,069,805	709,683
	1,200,086	925,681

**FIJI BROADCASTING CORPORATION LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**17 INTEREST BEARING BORROWINGS**

2011  
\$

2010  
\$

**Non-Current**

Secured borrowings:

Term loan- Fiji Development Bank (a)

19,897,803

14,252,810

(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 February 2012 and \$ 288,590 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 \$21,594,693.00

**18 EMPLOYEE ENTITLEMENTS**

Employee entitlements

88,498

66,893

Provision for employee entitlements relate to annual leave. 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.



# FIJI BROADCASTING CORPORATION LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

<b>19 DEFERRED INCOME</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Deferred income relating to computers donated by Chinese Embassy	8,422	8,422
Less: accumulated amortisation	(4,380)	(2,357)
	<u>4,042</u>	<u>6,065</u>
Deferred income relating to generators and switchboard donated by Japanese Government	77,495	77,495
Deferred income relating to upgrading of library by UNESCO	39,610	39,610
	<u>117,105</u>	<u>117,105</u>
Less: accumulated amortisation	(91,871)	(90,014)
	<u>25,234</u>	<u>27,091</u>
Total deferred income, net	<u>29,276</u>	<u>33,156</u>
Represented by:		
Current	4,000	4,526
Non-current	25,276	28,630
	<u>29,276</u>	<u>33,156</u>
<b>20 SHARE CAPITAL</b>		
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>
<b>21 RESERVES</b>		
Share premium reserve	<u>3,913,355</u>	<u>3,913,355</u>

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.

**FIJI BROADCASTING CORPORATION LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**22 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:

	2011 \$	2010 \$
Cash on hand	3,000	3,000
Cash at bank	316,975	402,998
	<u>319,975</u>	<u>405,998</u>

**23 RESTRICTED CASH**

Restricted cash	<u>1,008,375</u>	<u>973,107</u>
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Restricted cash relates to cash set aside in off-shore Escrow account for capital expenditure.

**24 COMMITMENTS**

(a) Capital expenditure		
- Approved by the board and committed	<u>2,979,721</u>	<u>5,680,131</u>
(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	17,800	14,800
Later than one year but not later than two years	17,800	14,800
Later than two years but not later than five years	53,400	44,400
Later than five years	<u>1,138,816</u>	<u>874,419</u>
	<u>1,227,816</u>	<u>948,419</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.

**25 CONTINGENT LIABILITIES**

Contingent liabilities in respect of security bonds and guarantees amounted to \$38,000 as at 31 December 2011 (2010: \$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.



**FIJI BROADCASTING CORPORATION LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**26 RELATED PARTY TRANSACTIONS - Continued**

(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

	2011 \$	2010 \$
Directors' fees	14,650	29,589

(a) Transactions with Related Parties

The company received \$2,530,434 VEP (2010: \$2,586,667) as Public Service Broadcast grant from the Ministry of Finance during the year.

(b) 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>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:

Short-term benefits	240,556	205,700
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(c) All transactions with related parties are conducted on commercial terms and conditions.

**27 SIGNIFICANT EVENTS DURING THE YEAR**

In November 2011, the company launched its free-to-air television broadcasting network in Fiji, FBC TV. Being a national broadcaster, FBC TV provides both public service and as well as commercial broadcasts to its viewers.

## FIJI BROADCASTING CORPORATION LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2011

#### 28 EVENTS SUBSEQUENT TO BALANCE DATE

- a) 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.
- b) 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 \$2,530,434 received for the year ended 31 December 2011 from 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.

#### 29 PRINCIPAL ACTIVITIES

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

#### 30 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**  
**DETAILED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

Revenue	2011 \$	2010 \$
Income from advertising, programs and special events	<u>3,663,514</u>	<u>3,207,057</u>
	<u>3,663,514</u>	<u>3,207,057</u>
<b>Add: Other Operating Revenue</b>		
Gain on sale of plant & equipment	-	8,589
Income from gifted assets	3,881	14,858
Interest Income	8,780	36,752
Other income	<u>140,833</u>	<u>94,181</u>
	<u>153,494</u>	<u>154,380</u>
<b>Total revenue</b>	<u>3,817,008</u>	<u>3,361,437</u>
<b>Less: Expenses</b>		
Administration and operating expenses	(4,402,945)	(3,670,361)
Marketing expenses	(447,238)	(296,689)
Finance costs	<u>(30,690)</u>	<u>(36,512)</u>
	<u>(4,880,873)</u>	<u>(4,003,562)</u>
<b>Operating profit / (loss) before income tax</b>	<u>(1,063,865)</u>	<u>(642,125)</u>

**FIJI BROADCASTING CORPORATION LIMITED**  
**DETAILED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

<b>Administration and Operating Expenses</b>	<b>2011 \$</b>	<b>2010 \$</b>
Accounting and taxation fees	9,950	8,348
Audit fees	10,933	15,523
Bad debts	-	-
Bank charges	3,351	12,327
Cleaning services	5,434	4,539
Computer charges	131,584	75,664
Consultancy fees	44,162	16,266
Copyright fee	42,151	35,409
Depreciation	187,732	201,620
Depreciation – gifted asset	3,880	14,858
Directors' fees	14,650	29,589
Doubtful debts	63,938	116,368
Entertainment	5,941	10,075
Fiji National Provident Fund (FNPF expenses)	164,953	131,841
Training levy	22,742	18,053
General expenses	35,751	27,833
Insurance	58,869	57,152
Legal fees	11,432	7,616
Licences and permits	89,711	77,664
Library resources	3,836	3,688
Local travelling	14,370	6,539
Motor vehicle expenses	97,396	221,808
Overseas travelling	12,731	1,063
Power and transmission	467,754	349,537
Program expenses	295,804	5,146
Production expenses	60	2,987
Printing and stationery	29,895	30,863
Rent and rates (includes land rental)	70,509	81,396
Repairs and maintenance	159,903	50,156
Sports coverage expenses	123,448	94,604
Staff costs	10,662	7,277
Subscriptions	11,919	15,369
Telephone	164,564	141,347
Training	56,750	45,377
Wages and salaries	1,972,578	1,747,245
Water	3,602	5,214
<b>Total administration and operating expenses</b>	<b>4,402,945</b>	<b>3,670,361</b>

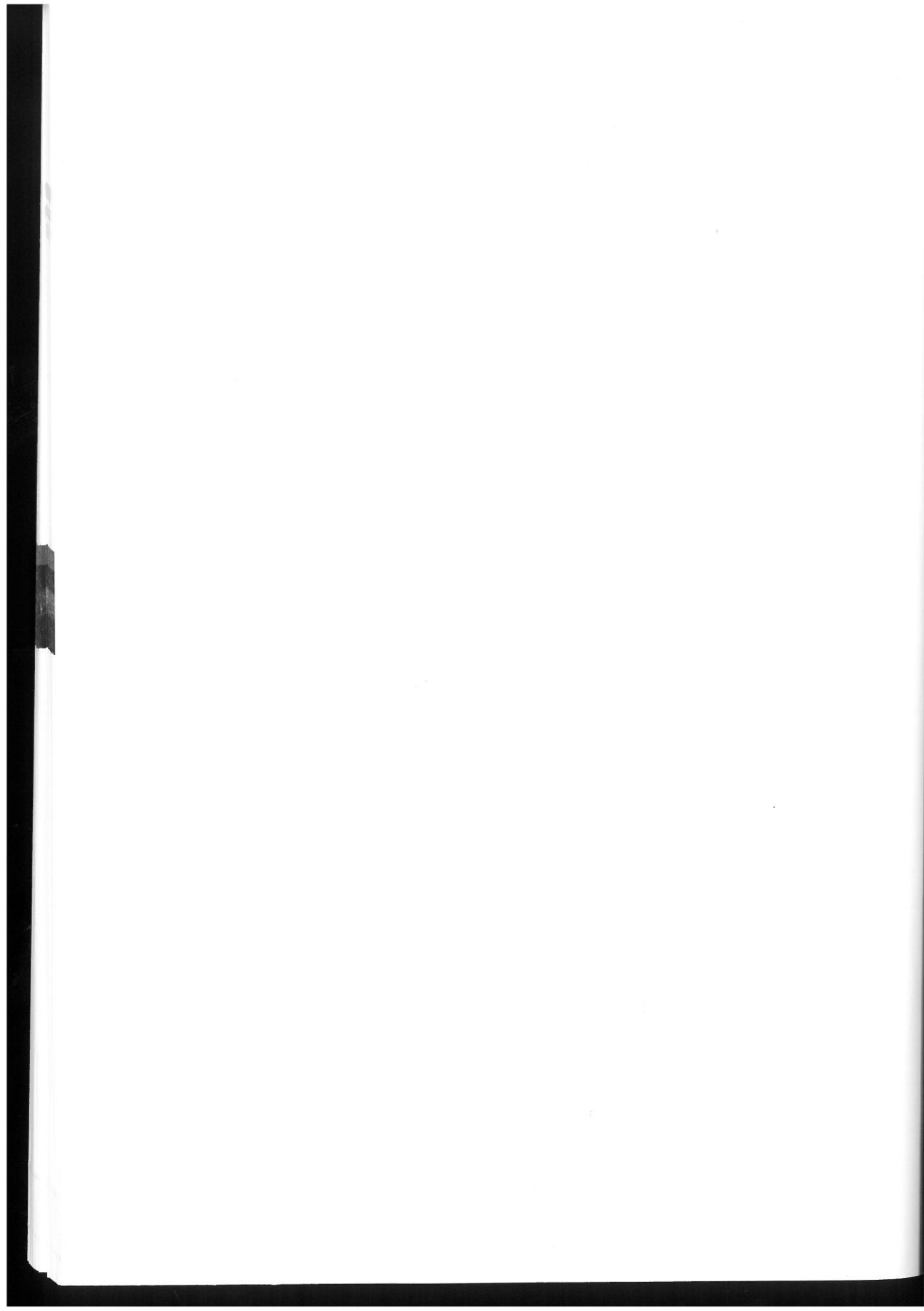


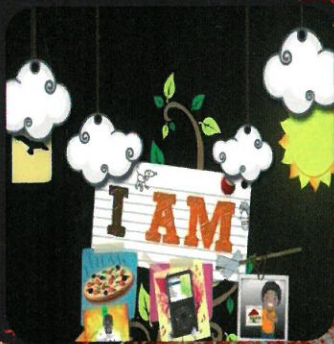
**FIJI BROADCASTING CORPORATION LIMITED**  
**DETAILED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 \$	2010 \$
<b>Marketing Expenses</b>		
Advertising campaign expenses	630	-
Special event expenses	224,450	104,984
Promotion and public relations	59,870	5,405
Commercial Outside Broadcast expenses	10,938	10,683
SMS promotion expenses	4,147	10,000
Public Service Broadcast expenses	7,449	7,268
Commission and discount	<u>139,754</u>	<u>158,349</u>
<b>Total marketing expenses</b>	<u>447,238</u>	<u>296,689</u>
<b>Finance Costs</b>		
Interest expenses	<u>30,690</u>	<u>36,512</u>
<b>Total finance costs</b>	<u>30,690</u>	<u>36,512</u>

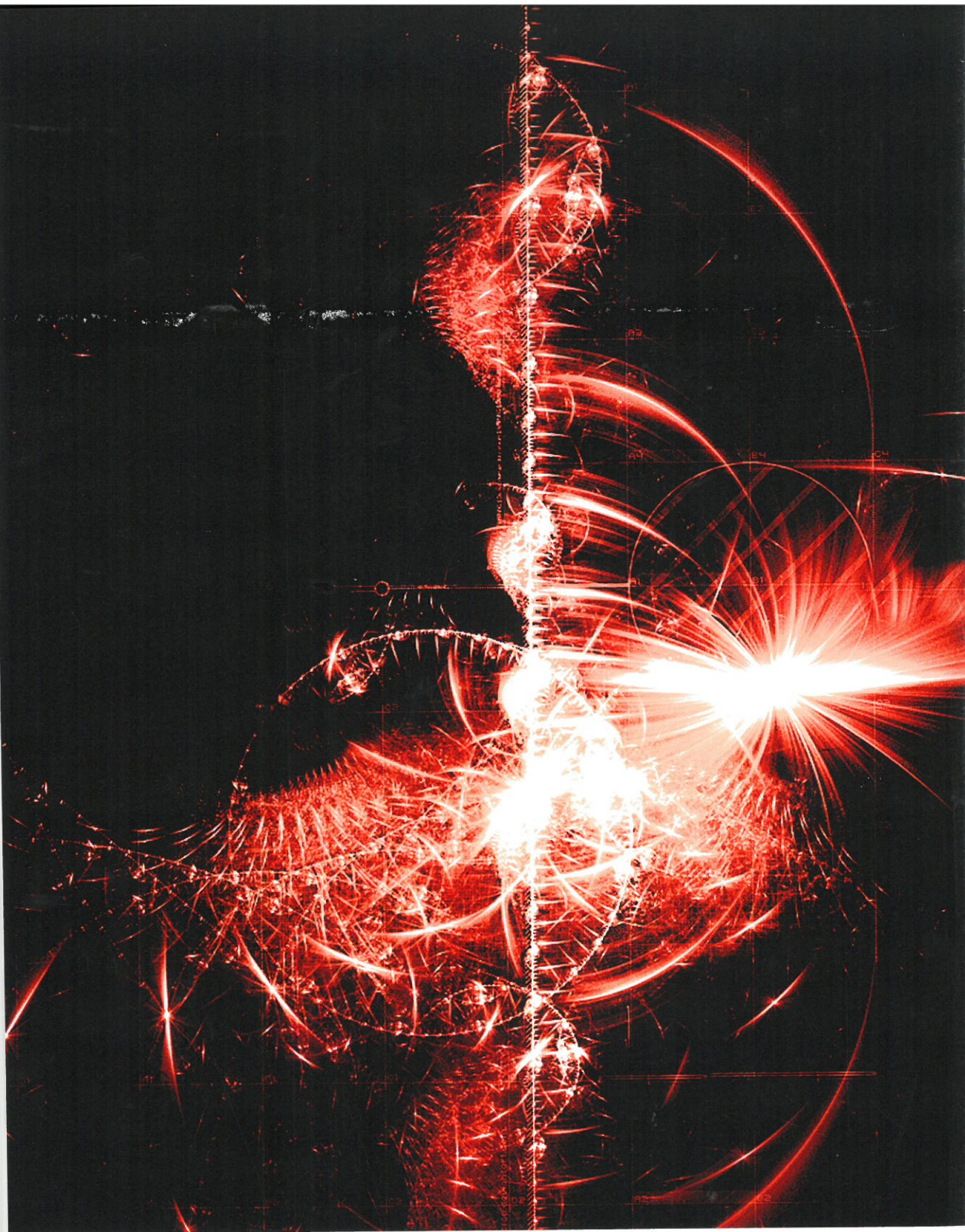












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