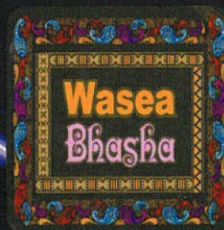
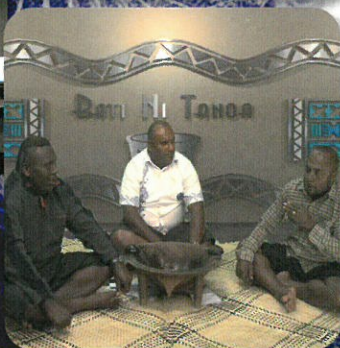




Fiji
Broadcasting
Corporation



FBC
NEWS



FIJI BROADCASTING CORPORATION LIMITED ANNUAL REPORT 2012

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

CHAIRMAN'S 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.



CHAIRMAN'S 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



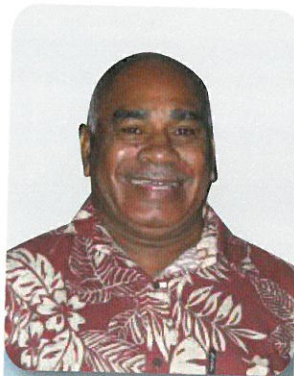
Fiji
Broadcasting
Corporation



MR. SASHI SINGH
CHAIRMAN



MR. AREN BAOA
DIRECTOR



MR SITIVENI RATURALA
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
Corporation

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.

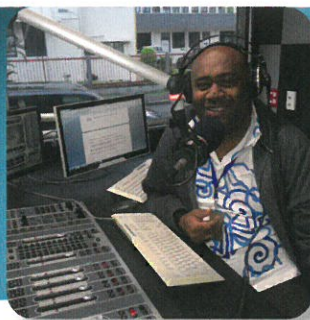
At the Fiji Broadcasting Corporation we always provide the best for all Fijians.

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



Fiji
Broadcasting
Corporation



Radio:

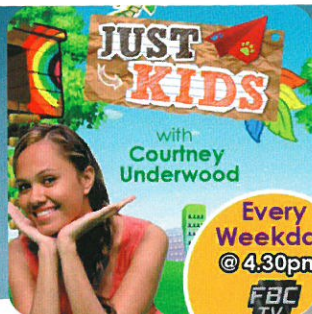
Currently FBC has two radio stations that broadcast programmes targeting mainly national development taking into consideration ethnic, cultural and religious diversity. These programmes are sold to Government under the Public Service Broadcast (PSB) contract which is tendered every three years. These 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.

10



FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2012



FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P.O. Box 2214, Government Buildings
Suva, Fiji



Telephone (679) 330 9032
Fax (679) 330 3812
Email info@auditorgeneral.gov.fj
Website <http://www.oag.gov.fj>



File: 1248

17 November 2014

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 2012 and 2013

Audited financial statements of the Fiji Broadcasting Corporation Limited accounts for the years ending 31 December 2012 and 2013 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

CONTENTS

Directors' report	1 - 3
Statement by directors	4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 28
Disclaimer	29
Supplementary information: detailed income statement	30 - 32

FIJI BROADCASTING CORPORATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012, 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 during the year and at the date of this report are:

Sashi Singh – Chairman (appointed: 20/02/2013)
Sitiveni Raturala (appointed: 20/02/2013)
Malini Raghwan (appointed: 20/02/2013)
Aren Baea (appointed: 20/02/2013)
Yaminiasi Gaunavou (deceased: 16/10/2012)

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 expense of \$110,269 (2011: \$73,724) for the financial year was \$7,103,051 (2011: \$1,137,589).

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.

Current Assets

Prior to the completion of the financial statements of the company, the directors took reasonable steps to ascertain whether any 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.

FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
DIRECTORS' REPORT (CONT'D)

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

Related Party Transactions

All related party transactions have been adequately recorded in the financial statements.

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

- 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 \$2,566,810 (2011: \$2,530,434) received for the year ended 31 December 2012 from the Government of Fiji have been treated as additions to the shareholders' equity.

Events Subsequent to Balance Date

No matters or circumstances have arisen between the end of the financial year and the date of this report 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 subsequent 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.

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.


FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
DIRECTORS' REPORT (CONT'D)

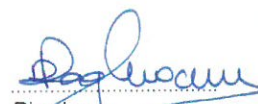
Directors' Benefits

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 17TH day of November 2014.


.....
Director


.....
Director


FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
STATEMENT BY DIRECTORS

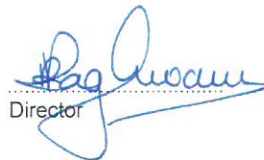
In accordance with a resolution of the board of directors of Fiji Broadcasting Corporation Limited, we state that in the opinion of the directors:

- 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 2012;
- 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 2012;
- 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 2012;
- 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 2012;
- 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 17TH day of November 2014.


Director


Director

FIJI BROADCASTING CORPORATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
INDEPENDENT AUDIT REPORT

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8TH Floor, Ratu Sukuna House
 2-10 McArthur St
 P.O.Box 2214, Government Buildings
 Suva, Fiji



Telephone: (679) 330 9032
 Fax: (679) 330 3812
 Email: info@auditorgeneral.gov.fj
 Website: <http://www.oag.gov.fj>



INDEPENDENT AUDITOR'S REPORT

To the members of Fiji Broadcasting Corporations Limited

I have audited the accompanying financial statements of Fiji Broadcasting Corporations Limited, which comprise the statement of financial position as at 31 December 2012, 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 28.

Directors' and Management's Responsibility for the Financial Statements

Directors and management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, 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 conducted the 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 my judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 the 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 qualified audit opinion.

Qualification

As explained in note 3(p) to the financial statements, the company accounts for all government grants received after 1 January 2010 are treated as a capital contribution. This is a departure from IAS 20 Accounting for Government Grants and Disclosure of Government Assistance which requires government grants provided to compensate the Company for expenses incurred to be recognized in profit or loss as other income on a systematic basis in the same period that the expenses are recognized. The Company's records indicate that had the Company complied with IAS 20 the impact would be to reduce loss before tax and capital contribution by (2011: \$2,530,434 and 2012: \$2,566,810) and increase other income by (2011: \$2,530,434 and 2012: \$2,566,810).

FIJI BROADCASTING CORPORATION LIMITED
AUDIT OPINION
FOR THE YEAR ENDED 31 DECEMBER 2012

Audit Opinion

In my opinion, except for the effects of the matter described in the qualification paragraph, the financial statements give a true and fair view of the financial position of Fiji Broadcasting Corporation Limited as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and other statutory requirements.



Tevita Bolanavanua
AUDITOR GENERAL

Suva, Fiji
17 November 2014



FIJI BROADCASTING CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 \$	2011 \$
Revenue	6	6,428,631	3,663,514
Other operating revenue	7	258,711	153,494
		6,687,342	3,817,008
Administration and operating expenses		(10,588,302)	(4,402,945)
Marketing expenses		(1,078,872)	(447,238)
Finance costs		(2,012,950)	(30,690)
Loss before income tax	8	(6,992,782)	(1,063,865)
Income tax expense	9(a)	(110,269)	(73,724)
Loss after income tax		(7,103,051)	(1,137,589)
Other comprehensive income		-	-
Total comprehensive loss for the year		(7,103,051)	(1,137,589)

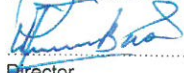
20


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 2012

	Notes	2012 \$	Restated 2011 \$
Current assets			
Cash	22	161,181	319,975
Restricted cash	23	-	1,008,375
Trade and other receivables	10	1,377,429	1,162,232
Other assets	11	504,692	756,892
Inventories	12	24,397	52,652
Held-to-maturity investment	13	336,773	136,773
Income tax receivable	9(c)	376,366	258,991
Total current assets		2,780,838	3,695,890
Non-current assets			
Property, plant and equipment	14	21,517,376	23,942,724
Deferred tax assets	15	-	110,269
Total non-current assets		21,517,376	24,052,993
Total assets		24,298,214	27,748,883
Current liabilities			
Trade and other payables	16	979,437	847,178
Employee entitlements	18	94,363	88,498
Deferred income	19	31,022	4,000
Interest bearing borrowings	17	1,435,601	-
Total current liabilities		2,540,423	939,676
Non-current liabilities			
Interest bearing borrowings	17	19,190,672	19,897,803
Deferred income	19	217,232	25,276
Total non-current liabilities		19,407,904	19,923,079
Total liabilities		21,948,327	20,862,755
Net assets		\$ 2,349,887	\$ 6,886,128
Shareholder's equity			
Share capital	20	200,002	200,002
Share premium reserve	21	3,913,355	3,913,355
Capital contribution	27(b)	7,683,911	5,117,101
Accumulated losses		(9,447,381)	(2,344,330)
Total shareholder's equity		\$ 2,349,887	\$ 6,886,128

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


 Director


 Director

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

FIJI BROADCASTING CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2012

	Share Capital	Share Premium Reserve	Restated Accumulated Losses	Restated Capital Contribution	Restated Total
	\$	\$	\$	\$	\$
Balance as at 1 January 2011	200,002	3,913,355	(1,559,649)	2,586,667	5,140,375
Total comprehensive loss for the year					
Loss for the year	-	-	(1,137,589)	-	(1,137,589)
Restatement (Note 24)	-	-	352,908	-	352,908
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	(784,681)	-	(784,681)
Capital contribution by the shareholder, Government of Fiji. (Note 27 (c))	-	-	-	2,530,434	2,530,434
Balance as at 31 December 2011	200,002	3,913,355	(2,344,330)	5,117,101	6,886,128
	Share Capital	Share Premium Reserve	Accumulated Losses	Capital Contribution	Total
	\$	\$	\$	\$	\$
Balance as at 1 January 2012	200,002	3,913,355		5,117,101	6,886,128
Total comprehensive loss for the year					
Loss for the year	-	-	(7,103,051)	-	(7,103,051)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	(7,103,051)	-	(7,103,051)
Capital contribution by the shareholder, Government of Fiji. (Note 27 (c))	-	-	-	2,566,810	2,566,810
Balance as at 31 December 2012	200,002	3,913,355	(9,447,381)	7,683,911	2,349,887

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 2012

	Note	2012 \$	2011 \$
Cash flow from operating activities			
Receipts from customers and grant income		6,401,091	3,559,973
Payments to suppliers and employees		(7,283,831)	(4,893,377)
Cash used in operations		(882,740)	(1,333,404)
Interest paid		(2,012,950)	(30,690)
Income tax paid		(105,500)	(31,631)
Interest received		7,695	8,780
Net cash used in operating activities		(2,993,495)	(1,386,945)
Cash flow from investing activities			
Proceeds from disposal of motor vehicles		52,564	-
(Payments for) / proceeds from term deposits		(200,000)	400,000
Payments for property, plant and equipment		(1,321,518)	(7,062,693)
Net cash used in investing activities		(1,468,954)	(6,662,693)
Cash flows from financing activities			
Proceeds from term loans		1,426,067	5,468,448
Amounts transferred from / (to) escrow accounts		1,008,375	(35,267)
Proceeds from capital contribution by the shareholders	27(c)	2,566,810	2,530,434
Repayment of term loans		(697,597)	-
Net cash provided by financing activities		4,303,655	7,963,615
Net decrease in cash and cash equivalents during the year		(158,794)	(86,023)
Cash and cash equivalents at the beginning of the year		319,975	405,998
Cash and cash equivalents at the end of the year	22	161,181	319,975

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 2012

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 17th Nov 2014.

2 ADOPTION OF NEW, AMENDED AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The following standards and amendments to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2012 or later periods, and the company has not early adopted them. The following standards and amendments are relevant to the company.

- IAS 1 (Amendment) – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012).
- IFRS 9 (Amendment) – Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2013).
- IFRS 13 - Disclosures of Fair Value Measurement (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).
- IAS 16 (Amendment) – Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2013).
- IFRS 7 (Amendment) – Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013).

Management is still determining the likely impact of these standards, however, no significant impact is expected, except for certain additional disclosures.

Other amendments are unlikely to have an impact on the company's financial statements and therefore has not been analysed in detail.

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") as issued by the International Accounting Standards Board.

b) Basis of Preparation

The financial statements have been prepared on the basis of historical cost convention, except where stated. 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 2012

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 2012

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Cash

For the purpose of statement of cash flows, cash is comprised of cash on hand and cash in banks.

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 assets as loans and receivable and 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 date. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash' in the balance sheet.

Held-to-maturity Investments

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 2012

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 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) Inventory

Inventory 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 2012

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%

Gains and losses on disposal of property, plant and equipment are taken into profit or loss 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

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

Revenue from advertising and programs is recognised upon playing 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 decision 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 being recognised as operating revenue of the company.

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2012

q) Deferred Income

The cost of assets gifted by foreign Governments have 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.

s) Share Capital

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

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 profit or loss 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 2012

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) Interest Rate Risk Management

The company has significant interest-bearing borrowings from Fiji Development Bank at variable interest rates. This exposes the company to interest rate risk. The company manages its interest rate risk by arranging fixed interest rates for a certain period on the borrowed funds from the Bank. The risk is monitored and managed by the management within the approved policy parameters.

c) 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 are performed on the financial condition of accounts receivables.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2012 \$	2011 \$
Cash at bank	158,181	316,975
Trade receivables	1,397,382	1,160,375
Other receivables	339,591	321,703
Held-to-maturity investments	336,773	136,773
Other assets, excluding prepayments	4,787	342,752
	<u>2,236,714</u>	<u>2,278,578</u>

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2012

4 FINANCIAL RISK MANAGEMENT (Continued)

d) 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.

The following are the contractual maturities of financial liabilities:

31 December 2012	Carrying Amount \$	Contractual cashflows \$	Less than 1 year \$	More than 1 year \$
Trade and other payables	979,437	979,437	979,437	-
Interest bearing borrowings	20,626,273	29,403,891	2,784,000	26,619,891
	<u>21,605,710</u>	<u>30,383,328</u>	<u>3,763,437</u>	<u>26,619,891</u>
Restated				
31 December 2011	Carrying Amount \$	Contractual cashflows \$	Less than 1 year \$	More than 1 year \$
Trade and other payables	847,178	847,178	847,178	-
Interest bearing borrowings	19,897,803	36,029,685	3,283,856	32,745,829
	<u>20,744,981</u>	<u>36,876,863</u>	<u>4,131,034</u>	<u>32,745,829</u>

e) Regulatory Risk

The company's operating environment is regulated by the Media Industry Development Decree 2011 (Fiji Media Decree) which came into effect on 28 June 2011.

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.

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.

FIJI BROADCASTING CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Critical Judgments in Applying the Company's Accounting Policies

(a) *Deferred tax assets*

Deferred income tax assets are recognised for all unused tax losses and benefits arising from temporary deductible 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 9(b).

(b) *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 2012, no provision for impairment has been made as the management reasonably believes that no indicators for impairment exist.

(c) *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.

6 REVENUE	2012 \$	2011 \$
Advertising	2,344,595	671,141
Commercial outside broadcast	322,347	297,659
Paid programmes	2,207,961	1,464,295
Special events	698,873	398,909
Sports	546,452	358,078
Others	308,403	473,432
Total revenue	6,428,631	3,663,514
7 OTHER OPERATING INCOME		
Gain on disposal of motor vehicles	32,337	-
Income from gifted assets	31,022	3,881
Interest income	7,695	8,780
Other income	187,657	140,833
Total other operating income	258,711	153,494

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2012

8 LOSS BEFORE INCOME TAX

	2012 \$	2011 \$
Loss before income tax has been determined after charging the following expenses:		
Auditor's remuneration for audit fees	12,000	10,933
Accounting and taxation fees	8,000	9,950
Consultancy fees	30,000	44,162
Depreciation	3,945,617	187,732
Depreciation of gifted asset	31,022	3,880
Directors' fees	13,917	14,650
FNPF (employer's contribution)	190,416	164,953
Insurance	130,253	58,869
Interest expenses	2,012,950	30,690
Licences and permits	85,544	89,711
Motor vehicle expenses	222,356	97,396
Power and transmission	792,798	467,754
Program expenses	1,376,395	295,804
Rent and rates (including land rentals)	74,725	70,509
Sports coverage expenses	154,955	123,448
Telephone	171,648	164,564
Wages, salaries, and training levy	2,375,909	1,995,320

9 INCOME TAX

(a) Income tax expense

The income tax expense on loss before income tax is reconciled as follows:

Loss before income tax	(6,992,782)	(1,063,865)
Prima facie tax benefit thereon at 20% (2011: 28%)	(1,398,556)	(297,882)
Tax effect of non-deductible expenses	24,522	-
Tax effect of employee taxation scheme	-	(368)
Tax effect of tax losses not brought to account	1,482,902	296,235
Tax effect on deferred tax balances due to the change in income tax rate from 28% to 20%	-	44,108
Under provision of income tax expense in the prior year	1,401	31,631
Income tax expense attributable to operating loss	110,269	73,724
Income tax expense comprises movements in:		
Current tax expense	-	31,631
Deferred tax expense	110,269	42,093
	110,269	73,724

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2012

9 INCOME TAX (Continued)

(b) Benefit of income tax losses not brought to account

As at 31 December 2012, the company had unconfirmed unrecouped income tax losses of approximately \$5,530,070 (2011: \$1,481,175) available to offset against future years' taxable income. The benefit of these losses of approximately at the future income tax rate of 20% amounting \$1,106,014 (2012: \$296,235) has not been brought to account, as realization is not considered to be probable.

The benefit will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realized;
- the company continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the company in realizing the benefit from the deductions for the losses.

(c) Income tax receivable

	2012 \$	2011 \$
Opening balance	258,991	258,991
Income tax paid	105,500	31,631
Transfer from VAT account to tax account	11,875	-
Under provision of income tax in the prior year	-	(31,631)
	<u>376,366</u>	<u>258,991</u>

10 TRADE AND OTHER RECEIVABLES

Trade accounts receivable	1,397,382	1,160,375
Provision for impairment of trade receivables	<u>(184,801)</u>	<u>(145,103)</u>
	<u>1,212,581</u>	<u>1,015,272</u>
Other receivables	339,591	321,703
Provision for impairment of other receivables	<u>(174,743)</u>	<u>(174,743)</u>
	<u>164,848</u>	<u>146,960</u>
Total trade and other receivables, net	<u>1,377,429</u>	<u>1,162,232</u>

The aging analysis of these trade receivables is as follows:

0 to 60 days	1,250,866	691,309
61 to 90 days	46,553	180,020
Over 90 days	99,963	289,046

As of 31 December 2012, trade receivables of \$184,801 (2011: \$145,103) 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 2012

10 TRADE AND OTHER RECEIVABLES (Continued)

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

At 1 January	145,103	163,674
Allowance for impairment of receivables / (Unused amount reversed)	39,698	(18,571)
At 31 December	184,801	145,103

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

	2012 \$	2011 \$
Prepayments	499,905	414,140
VAT receivable	-	336,373
Deposits	4,787	6,379
	<u>504,692</u>	<u>756,892</u>

12 INVENTORY

Fuel	<u>24,397</u>	<u>52,652</u>
------	---------------	---------------

13 HELD-TO-MATURITY INVESTMENT

Term deposits	<u>336,773</u>	<u>136,773</u>
---------------	----------------	----------------

14 PROPERTY, PLANT AND EQUIPMENT

Leasehold land and buildings – <i>at deemed cost</i>	6,656,289	1,413,490
Less: accumulated depreciation	<u>(458,737)</u>	<u>(332,107)</u>
	6,197,552	1,081,383
Plant and equipment, and vehicles – <i>at deemed cost</i>	22,495,482	4,053,659
Less: accumulated depreciation	<u>(7,249,648)</u>	<u>(3,509,595)</u>
	15,245,834	544,064
Furniture and fittings – <i>at deemed cost</i>	220,868	160,063
Less: accumulated depreciation	<u>(146,878)</u>	<u>(135,186)</u>
	73,990	24,877
Capital work in progress – plant and equipment	-	22,292,400
Total property, plant and equipment, net	<u>21,517,376</u>	<u>23,942,724</u>

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012	Total 2011
	\$	\$	\$	\$	\$	\$
Balance as at 1 January	1,081,383	544,064	24,877	22,292,400	23,942,724	16,895,099
Additions	-	382,883	513	1,188,122	1,571,518	7,239,237
Transfers	5,242,799	18,177,431	60,292	(23,480,522)	-	-
Disposals	-	(20,227)	-	-	(20,227)	-
Depreciation expense	(126,630)	(3,838,317)	(11,692)	-	(3,976,639)	(191,612)
Balance as at 31 December	6,197,552	15,245,834	73,990	-	21,517,376	23,942,724

15 DEFERRED TAX ASSETS

Deferred tax asset comprises the estimated future benefit at future income tax rate of 20% of the following items:

	2012 \$	2011 \$
Allowance for doubtful debts	-	63,969
Provision for employee entitlements	-	17,700
Difference in carrying value of property, plant and equipment for accounting and income tax purposes	-	28,600
Total deferred tax assets	-	110,269

16 TRADE AND OTHER PAYABLES

	2012 \$	Restated 2011 \$
Trade accounts payable	60,846	130,281
Unearned income	16,221	-
Other payables and accruals	801,222	716,897
VAT payable	101,148	-
Total trade and other payables	979,437	847,178

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2012

17 INTEREST BEARING BORROWINGS	2012 \$	2011 \$
Current		
Term loan	<u>1,435,601</u>	<u>-</u>
Non-Current		
Term loan	<u>19,190,672</u>	<u>19,897,803</u>

(a) The company has a loan facility with Fiji Development Bank which, at year end, was fully utilised. The loan is for a period of 15 years and interest is charged at the rate of 6.75% (2011: 12.00%) per annum. The loan is repayable by monthly instalments of \$232,000 (2011: \$288,590), including principal and interest. The loan is secured by:

- Registered mortgage debenture by company over all its assets and undertakings including its uncalled and unpaid capital;
- Registered first party mortgage by company over crown lease no CL 2748 situated at 69 Gladstone Road with improvements thereon;
- Registered first party mortgage by company over native lease no NL 10575 situated at Naulu, Nasinu with improvements thereon;
- Bill of Sale over entire radio and TV equipment;
- Bill of Sale over Transmission Towers and Antennas; and
- Guarantee by the Government amounting to \$21,594,693.

18 EMPLOYEE ENTITLEMENTS	2012 \$	2011 \$
Employee entitlements	<u>94,363</u>	<u>88,498</u>

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 2012

19 DEFERRED INCOME

	2012 \$	2011 \$
Deferred income	375,527	125,527
Less: accumulated amortisation (a)	<u>(127,273)</u>	<u>(96,251)</u>
Total deferred income, net	<u>248,254</u>	<u>29,276</u>
Represented by:		
Current	31,022	4,000
Non-current	<u>217,232</u>	<u>25,276</u>
	<u>248,254</u>	<u>29,276</u>

Movement in the accumulated amortisation is as follows:

As at 1 January	96,251	92,371
Amortisation charge for the year	<u>31,022</u>	<u>3,880</u>
As at 31 December	<u>127,273</u>	<u>96,251</u>

20 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>
--	----------------	----------------

21 RESERVES

	2012 \$	2011 \$
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. Share premium reserve represents the value of net assets amounting to \$3,913,355 that was vested in the company.

22 CASH

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

	2012 \$	2011 \$
Cash on hand	3,000	3,000
Cash at bank	<u>158,181</u>	<u>316,975</u>
	<u>161,181</u>	<u>319,975</u>

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2012

23 RESTRICTED CASH

	2012 \$	2011 \$
Restricted cash	-	1,008,375

Restricted cash related to cash set aside in an off-shore Escrow account for capital expenditure. Funds from the off-shore Escrow account were fully utilised during the year ended 31 December 2012.

24 RESTATEMENT

In the prior years, company had accrued excess expenses of \$352,908, primarily relating to repair and maintenance expenses. Accordingly, company reversed prior years' excess accruals amounting to \$352,908 to prior year accumulated losses as at 31 December 2011. The comparative statement of financial position has been restated to reflect the movement between retained earnings and other payables and accruals as set out below:

	As previously reported \$	Restatement \$	Restated balance \$
Retained earnings	(2,697,238)	352,908	(2,344,330)
Other payables and accruals	1,069,805	(359,908)	716,897

25 COMMITMENTS

	2012 \$	2011 \$
(a) Capital expenditure: - Approved by the board and committed	1,479,721	2,979,721

(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:

	2012 \$	2011 \$
Not later than one year	20,625	17,800
Later than one year but not later than two years	20,625	17,800
Later than two years but not later than five years	61,875	53,400
Later than five years	1,121,750	1,138,816
	1,224,875	1,227,816

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 2012 (2011: \$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 2012

27 RELATED PARTY DISCLOSURES

(a) Directors

The names of the directors in office during the year and at the date of this report are as follows:

Sashi Singh – Chairman (appointed: 20/02/2013)
 Sitiveni Raturala (appointed: 20/02/2013)
 Malini Raghwan (appointed: 20/02/2013)
 Aren Baqa (appointed: 20/02/2013)
 Yaminiasi Gaunavou (deceased: 16/10/2012)

(b) Identity of Related Parties

The company is a private enterprise which is wholly owned and controlled by the Government of Fiji. Government also includes the government agencies and similar bodies whether local or national.

Other related parties include government-related entities which are controlled, jointly, controlled or significantly influenced by the Government of Fiji.

	2012 \$	2011 \$
<u>Amounts payable to related parties:</u>		
Fiji Development Bank	20,626,273	19,897,803

(c) Transactions with related parties

During the year, the company entered into various transactions with related parties. The aggregate value of major transactions with related parties during the year is as follows:

	2012 \$	2011 \$
<u>Government of Fiji</u>		
Capital contribution	2,566,810	2,530,434
<u>Fiji Development Bank</u>		
Additional loans	1,426,067	5,468,448
Loan repayments	(2,710,547)	-
Interest on loan	2,012,950	176,545
	728,470	5,644,993
<u>Directors</u>		
Directors' fees	13,917	14,650

(d) Key management personnel

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:

Riyaz-Sayed Khaiyum – Chief Executive Officer
 Veronika Singh – Chief Financial Officer

FIJI BROADCASTING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2012

27 RELATED PARTY DISCLOSURES (Continued)

(e) Key management personnel (Continued)

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

	2012 \$	2011 \$
Salary and short-term benefits	<u>237,513</u>	<u>237,513</u>

28 SIGNIFICANT EVENTS DURING THE YEAR

During the year:

- 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 \$2,566,810 (2011: \$2,530,434) received for the year ended 31 December 2012 from the Government of Fiji have been treated as additions to the shareholders' equity.

29 EVENTS SUBSEQUENT TO BALANCE DATE

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.

FIJI BROADCASTING CORPORATION LIMITED
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

Disclaimer on Additional Financial Information

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

42



FIJI BROADCASTING CORPORATION LIMITED
DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 \$	2011 \$
Revenue		
Income from advertising, programs and special events	<u>6,428,631</u>	<u>3,663,514</u>
Add: Other Operating Income		
Gain on disposal of motor vehicles	32,337	-
Income from gifted assets	31,022	3,880
Interest Income	7,695	8,780
Other income	<u>187,657</u>	<u>140,834</u>
	<u>258,711</u>	<u>153,494</u>
Total revenue	<u>6,687,342</u>	<u>3,817,008</u>
Less: Expenses		
Administration and operating expenses	(10,588,302)	(4,402,945)
Marketing expenses	(1,078,872)	(447,238)
Finance costs	<u>(2,012,950)</u>	<u>(30,690)</u>
Total expenses	<u>(13,680,124)</u>	<u>(4,880,873)</u>
Operating loss before income tax	<u>(6,992,782)</u>	<u>(1,063,865)</u>

FIJI BROADCASTING CORPORATION LIMITED
DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

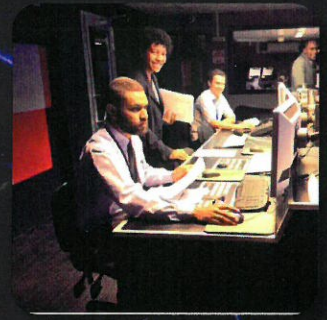
Administration and Operating Expenses

	2012	2011
	\$	\$
Accounting and taxation fees	8,000	9,950
Audit fees	12,000	10,933
Bad debts	116,469	-
Bank charges	34,400	3,351
Cleaning services	8,093	5,434
Computer charges	162,142	131,584
Consultancy fees	30,000	44,162
Copyright fee	41,863	42,151
Depreciation	3,945,617	187,732
Depreciation – gifted asset	31,022	3,880
Directors' fees	13,917	14,650
Doubtful debts	39,698	63,938
Entertainment	10,289	5,941
FNPF (employer's contribution)	190,416	164,953
Training levy	22,015	22,742
General expenses	54,652	35,751
Insurance	130,253	58,869
Legal fees	11,200	11,432
Licences and permits	85,544	89,711
Library resources	6,808	3,836
Local travelling	14,815	14,370
Motor vehicle expenses	222,356	97,396
Overseas travelling	50,117	12,731
Power and transmission	792,798	467,754
Program expenses	1,376,395	295,804
Production expenses	14,051	60
Printing and stationery	39,683	29,895
Rent and rates (includes land rentals)	74,725	70,509
Repairs and maintenance	242,110	159,903
Sports coverage expenses	154,955	123,448
Staff costs	26,454	10,662
Subscriptions	10,073	11,919
Telephone	171,648	164,564
Training	88,762	56,750
Wages and salaries	2,353,894	1,972,578
Water	1,068	3,602
Total administration and operating expenses	10,588,302	4,402,945

FIJI BROADCASTING CORPORATION LIMITED
DETAILED INCOME STATEMENT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 \$	2011 \$
Marketing Expenses		
Advertising campaign expenses	200,982	630
Special event expenses	334,156	224,450
Promotion and public relations	251,844	59,870
Commercial Outside Broadcast expenses	19,507	10,938
SMS promotion expenses	17,125	4,147
Public Service Broadcast expenses	2,724	7,449
Commission and discount	<u>252,534</u>	<u>139,754</u>
Total marketing expenses	<u>1,078,872</u>	<u>447,238</u>
 Finance Costs		
Interest expenses	<u>2,012,950</u>	<u>30,690</u>
Total finance costs	<u>2,012,250</u>	<u>30,690</u>







www.fbc.com.fj