



# CONSOLIDATED FINANCIAL STATEMENTS 2016



## One Caribbean Media Limited and its subsidiaries

# Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of One Caribbean Media Limited and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

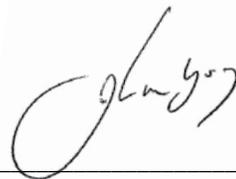
Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Chief Executive Officer

27 March 2017



Chief Financial Officer

27 March 2017

# Independent Auditor's Report

To the shareholders of One Caribbean Media Limited

## Report on the audit of the consolidated financial statements

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of One Caribbean Media Limited (the Company) and its subsidiaries (together, the Group) as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### What we have audited

One Caribbean Media Limited's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2016;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

# Independent Auditor's Report (Continued)

## Our audit approach

### Overview



- Overall Group materiality: \$4.3 million, which represents 5% of profit before tax.

- The Group audit included full scope audits of 3 significant components, two of which are Trinidad & Tobago subsidiaries and one Barbadian subsidiary.
- The Group audit also included specified procedures on certain balances such as investment properties, property plant and equipment, inventory, revenue and accounts receivables in other components.
- The Group audit covered 91% of profit before tax and 86% of total assets.

Areas of audit focus which we allocated the greatest amount of resources and effort were:

- Valuation of owner occupied properties
- Impairment assessment of goodwill
- Valuation of trade receivables past due but not impaired
- Valuation of net retirement benefit obligation

### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

## Independent Auditor's Report (Continued)

### How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The following components were deemed to be significant and were subject to an audit of their complete financial information:

- Caribbean Communications Network Limited
- The Nation Corporation
- Caribbean Communications Company Limited

We also performed an audit of the following financial statement line items for other components:

- One Caribbean Media Limited (unconsolidated financial information) – goodwill, intangible assets and property plant and equipment.
- VL Limited – inventory, trade receivables and revenue.
- Basic Space Limited and Donald Dunne Holdings Limited - investment properties.

The significant components and the procedures over the specific balances of other components accounted for 91% of the Group's profit before tax and 86% of the Group's total assets. Two of the three significant components of the Group are audited by PwC Trinidad and Tobago and one by PwC Barbados SRL. The specified procedures on certain balances of the other components are performed by PwC Trinidad.

#### **Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

---

#### **Overall Group materiality**

*\$4.3 million*

---

#### **How we determined it**

*5% of profit before tax*

---

#### **Rationale for the materiality benchmark applied**

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

---

# Independent Auditor's Report (Continued)

## Materiality (continued)

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$215,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Key audit matters

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

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Valuation of owner occupied properties</i></p> <p>See Note 7 to the consolidated financial statements.</p> <p>Land and buildings, carried at fair value, were \$159 million as at 31 December 2016. Included in Other reserves within Equity is \$12 million of fair value gains arising from the revaluation of these properties.</p> <p>Valuations are performed by independent valuers every five years. Annually, the Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations.</p> <p>There are significant judgements and estimates to be made in relation to the valuation of the Group's properties and Management has engaged the experience and expertise of independent valuers Raymond and Pierre Chartered Valuation Surveyors and G.A.Farrell &amp; Associates Chartered Valuation Surveyors to compute the fair values. The most significant judgements and estimates affecting the valuations include capitalization rates and estimated rental value. Where available, the valuations take into account evidence of market transactions for properties and locations comparable to those of the Group.</p>	<p>We read the valuation reports which included all properties and confirmed that the valuation approach for each property was in accordance with professional valuation standards and suitable for use in determining the carrying value of the properties as at 31 December 2016.</p> <p>It was evident from our discussions with management and our review of the valuation reports that close attention had been paid to each property's individual characteristics and its overall quality, geographic location and desirability as a whole. There was no evidence of management bias or influence on the Valuator.</p> <p>We challenged the assumptions made by management by doing the following:</p> <ul style="list-style-type: none"> <li>• We assessed valuations from management's independent valuers for 2016 by comparing them to third party evidence and market data on a sample basis.</li> <li>• We also assessed the reasonableness of the valuations by comparing them to current real-estate listings available from reputable realtors.</li> <li>• We compared the rental rates and capitalisation rates used in management's forecasts to external data.</li> </ul>

# Independent Auditor's Report (Continued)

## Key audit matters (continued)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Valuation of owner occupied properties (continued)</i></p> <p>The existence of significant estimation uncertainty, coupled with the material value of the properties, is why we have given specific audit focus and attention to this area.</p>	<p>We did not identify any contradictory information that would require adjustment to management's assumptions. We obtained, understood and evaluated management's valuation method. We tested the mathematical accuracy of the calculations and obtained support for the data inputs. We found no material exceptions to these tests.</p> <p>We assessed the independence and competence of the Valuers used by management to calculate the fair value of land and buildings.</p>
<p><i>Impairment assessment of goodwill</i></p> <p>See Note 8 to the consolidated financial statements.</p> <p>Intangible assets stated on the Group's consolidated balance sheet included \$60 million of goodwill. An impairment assessment of goodwill is required annually by the accounting standards.</p> <p>Management has calculated the recoverable amount of each cash generating unit (CGU) that goodwill has arisen from as the higher of value in use and fair value less costs of disposal. The value in use is based on discounted future cash flow forecasts over which the Directors make judgements on certain key inputs including discount rates and long term growth rates. The fair value less costs of disposal is estimated by the Directors based on their knowledge of individual CGUs and the markets they serve, likely demand from other businesses in the event those CGUs were for sale.</p> <p>There was no impairment of goodwill as per management's goodwill impairment assessments.</p> <p>We focused on this area because of the significant level of judgment required in arriving at the key assumptions used in management's impairment assessment.</p>	<p>We considered the method used by management to perform their annual goodwill impairment assessment of each CGU and found it to be appropriate based on what is required by the accounting standards.</p> <p>We assessed the reasonableness of management's assumptions, including discount rates and growth percentages used, in their cash flow projections. Our valuations expert assessed the weighted average cost of capital used to discount the cashflows to be reasonable based on knowledge of the economic environment and the risk premium associated with the respective industries.</p> <p>We compared forecasts used in the impairment assessment to those presented to the Board of Directors as part of the annual budgeting process. We assessed the reasonableness of the forecasts made by comparing past forecasts to actual results where this was available.</p> <p>The mathematical accuracy of management's calculations were also tested. There were no material exceptions identified.</p>

# Independent Auditor’s Report (Continued)

## Key audit matters (continued)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Valuation of trade receivables past due but not impaired</i></p> <p>See Note 11 to the consolidated financial statements.</p> <p>The Group had \$57 million of trade receivables recorded on its balance sheet that were past due but not impaired as at 31 December 2016. Due to the level of judgment required by management in assessing the recoverability of these balances and the material nature of the account balances, this was an area of focus for the audit.</p>	<p>We understood management’s receivables provisioning policy and tested the accuracy of the ageing of the receivables balances in order to assess the adequacy of management’s receivables provision.</p> <p>We challenged management’s process by examining a sample of receivables which had not been identified by management as potentially impaired and formed our own judgement as to whether that was appropriate including using external evidence in respect of the relevant counterparties.</p> <p>We examined large individual aged receivable balances, understanding the rationale for management’s provisioning decisions.</p> <p>We tested subsequent receipts of a sample of balances that were outstanding at year end and assessed the payment history of these customers. We also reviewed correspondence between management and these customers in relation to overdue balances.</p> <p>From the work we performed, we did not identify any further material balances requiring a provision and no material exceptions were noted.</p>

# Independent Auditor's Report (Continued)

## Key audit matters (continued)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Valuation of net retirement benefit obligation</i></p> <p>See Note 21 of the consolidated financial statements.</p> <p>The amounts for the retirement benefit obligation on the face of the consolidated balance sheet are presented as the net of the fair value of the pension plan assets and the present value of the defined benefit obligations.</p> <p>The Group sponsors two pension plans – one for its employees in Trinidad and another for its employees in Barbados. As at 31 December 2016, the Group had a consolidated net retirement benefit obligation of \$12 million.</p> <p>Pension plan assets:</p> <p>Management utilises the work of the plans' institutional Trustees to perform valuation of the plans' assets that are not traded on active markets.</p> <p>The Trustees use a methodology that they have developed to value these unquoted investments. Significant judgement and assumptions are utilised because of the limited external evidence to support the valuations.</p> <p>Retirement benefit obligations:</p> <p>Management utilises the work of actuarial experts to perform certain calculations with respect to the estimated obligations.</p> <p>The present value of the retirement benefit obligations depends on certain factors that are determined using a number of assumptions in assessing the obligations.</p> <p>Based on the magnitude and the high degree of estimation uncertainty in assessing both the asset values and the retirement benefit obligations, this is an area of focus for the audit.</p>	<p>Pension plan assets:</p> <p>We assessed the methodology used for valuing the plans' assets, focusing particularly on the valuation of unquoted investments.</p> <p>For the more judgemental valuations, which depend on unobservable inputs, we evaluated the assumptions, methodologies and models used by the Trustees by performing an independent valuation of a sample of positions, which in some cases resulted in a different valuation to that calculated by the Trustees. In our view, the differences were within a reasonable range of outcomes.</p> <p>Retirement benefit obligations:</p> <p>We evaluated the key assumptions, in particular the discount rate, mortality rates and salary increases assumptions as follows:</p> <p>We compared the discount rate used by management to the yield of a Government of Trinidad &amp; Tobago bond of a similar period and found it to be within an acceptable range.</p> <p>We compared the mortality rate to publicly available statistics.</p> <p>Salary increases were compared to historical increases and taking into account the current economic climate.</p> <p>We tested the integrity of the census data used in the actuarial calculation by comparing it to personnel files.</p> <p>We assessed the independence and competence of the actuary used by management to calculate the retirement benefit obligations.</p> <p>There were no material exceptions noted in our testing of the retirement benefit obligations.</p>

# Independent Auditor's Report (Continued)

## **Other information**

Management is responsible for the other information. The other information comprises information included in One Caribbean Media Limited's complete Annual Report, which is expected to be made available to us after the date of our audit opinion.

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

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

When we read the complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance before the annual general meeting of the Group is held.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's responsibilities for the audit of the consolidated financial statements**

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

## Independent Auditor's Report (Continued)

### **Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

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

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

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

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

## Independent Auditor's Report (Continued)

### **Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

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

The engagement partner on the audit resulting in this independent auditor's report is Fatima Aziz-Mohammed.



27 March 2017  
Port of Spain  
Trinidad, West Indies

# ONE CARIBBEAN MEDIA LIMITED

## CONSOLIDATED BALANCE SHEET

(These financial statements are expressed in Trinidad and Tobago dollars)



	Notes	As at 31 December	
		2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Investment properties	6	67,180	68,000
Property, plant and equipment	7	305,838	302,970
Intangible assets	8	91,020	93,389
Investments in associates and joint venture	9	59,883	57,225
Financial assets	10	16,271	18,766
Trade receivables	11	15,438	11,279
Sundry debtors and prepayments	12	6	12
Deferred programming	13	382	715
Deferred income tax asset	14	14,529	13,205
		<u>570,547</u>	<u>565,561</u>
<b>Current Assets</b>			
Inventories	15	48,632	43,176
Trade receivables	11	121,405	140,462
Sundry debtors and prepayments	12	20,393	13,372
Deferred programming	13	2,820	8,024
Taxation recoverable		6,844	6,562
Due from related parties	2	1,949	1,011
Financial assets	10	21,110	33,413
Cash and cash equivalents (excluding bank overdrafts)	16	69,516	76,601
		<u>292,669</u>	<u>322,621</u>
<b>TOTAL ASSETS</b>		<b><u>863,216</u></b>	<b><u>888,182</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	17	388,899	387,623
Other reserves	18	16,084	22,044
Retained earnings		<u>331,837</u>	<u>324,332</u>
		736,820	733,999
Non-controlling interests	19	4,938	4,849
Unallocated shares held by ESOP	20	(39,439)	(33,783)
<b>TOTAL EQUITY</b>		<u>702,319</u>	<u>705,065</u>
<b>Non-current Liabilities</b>			
Retirement benefit obligation	21	11,835	20,455
Bank borrowings	22	16,631	17,515
Deferred income tax liabilities	14	36,987	28,203
		<u>65,453</u>	<u>66,173</u>
<b>Current Liabilities</b>			
Trade payables		19,940	27,608
Sundry creditors and accruals		27,038	25,933
Provisions for liabilities and other charges	23	26,136	39,671
Bank borrowings	22	18,518	19,682
Taxation payable		3,812	4,050
		<u>95,444</u>	<u>116,944</u>
<b>TOTAL LIABILITIES</b>		<u>160,897</u>	<u>183,117</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>863,216</u></b>	<b><u>888,182</u></b>

The notes on pages 46 to 94 are an integral part of these consolidated financial statements

On 24 March 2017, the Board of Directors of One Caribbean Media Limited authorised these consolidated financial statements for issue and were signed on its behalf.

Director

Director

**ONE CARIBBEAN MEDIA LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
*(These financial statements are expressed in Trinidad and Tobago dollars)*

	Notes	Year ended 31 December	
		2016 \$'000	2015 \$'000
Revenue	5	466,226	526,380
Cost of providing services	24	(283,576)	(332,662)
<b>Gross profit</b>		<b>182,650</b>	<b>193,718</b>
Administrative expenses	24	(96,964)	(86,358)
Marketing expenses	24	(5,355)	(4,232)
		80,331	103,128
Dividend income		1,647	2,155
Interest income		3,672	4,607
Finance costs		(2,640)	(3,189)
Share of profit of associates and joint venture	9	3,554	4,226
<b>Profit before tax</b>		<b>86,564</b>	<b>110,927</b>
Taxation	14	(30,520)	(27,954)
<b>Profit for the year</b>		<b>56,044</b>	<b>82,973</b>
<b>Profit attributable to:</b>			
- Non-controlling interests		126	514
- Owners of the parent		55,918	82,459
		<b>56,044</b>	<b>82,973</b>
<b>EARNINGS PER SHARE BASIC</b>	26	<b>\$0.89</b>	<b>\$1.31</b>
<b>EARNINGS PER SHARE FULLY DILUTED</b>	26	<b>\$0.86</b>	<b>\$1.26</b>
<b>EARNINGS PER SHARE INCLUSIVE OF ESOP SHARES</b>	26	<b>\$0.82</b>	<b>\$1.20</b>

*The notes on pages 46 to 94 are an integral part of these consolidated financial statements*

# ONE CARIBBEAN MEDIA LIMITED

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(These financial statements are expressed in Trinidad and Tobago dollars)



	Notes	Year ended 31 December	
		2016 \$'000	2015 \$'000
<b>Profit for the year</b>		56,044	82,973
<b>Other comprehensive income/(loss):</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Deferred taxation	14	(3,474)	245
Remeasurement of retirement benefit obligation/asset		<u>12,136</u>	<u>(978)</u>
		<u>8,662</u>	<u>(733)</u>
<b>Items that may be subsequently reclassified to profit or loss</b>			
Currency translation differences	18	7,598	987
Revaluation of property	18	(16,891)	-
Revaluation of financial assets	10	<u>201</u>	<u>88</u>
		<u>(9,092)</u>	<u>1,075</u>
<b>Total comprehensive income for the year</b>		<b><u>55,614</u></b>	<b><u>83,315</u></b>
<b>Attributable to:</b>			
- Non-controlling interests	19	111	513
- Owners of the parent		<u>55,503</u>	<u>82,802</u>
<b>Total comprehensive income for the year</b>		<b><u>55,614</u></b>	<b><u>83,315</u></b>

The notes on pages 46 to 94 are an integral part of these consolidated financial statements

# ONE CARIBBEAN MEDIA LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(These financial statements are expressed in Trinidad and Tobago dollars)

	<u>Attributable to owners of the parent</u>						
	Share Capital	Other Reserves	Retained Earnings	Total	Non- controlling Interests	Unallocated shares held by ESOP	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2015</b>	<b>386,738</b>	<b>21,023</b>	<b>287,694</b>	<b>695,455</b>	<b>4,486</b>	<b>(31,587)</b>	<b>668,354</b>
Profit for the year	-	-	82,459	82,459	514	-	82,973
Other comprehensive income / (loss) for the year	-	1,075	(732)	343	(1)	-	342
Total comprehensive income for the year	<u>-</u>	<u>1,075</u>	<u>81,727</u>	<u>82,802</u>	<u>513</u>	<u>-</u>	<u>83,315</u>
Transfer and adjustments	<u>-</u>	<u>(54)</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transactions with owners</b>							
Non-controlling interest on acquisition of subsidiary	19	-	-	-	(139)	-	(139)
Sale / allocation of treasury shares	20	-	2,753	2,753	-	2,038	4,791
Repurchase of treasury shares	20	-	-	-	-	(4,234)	(4,234)
Share options granted/exercised	17	885	-	885	-	-	885
Dividends to equity holders		-	(47,896)	(47,896)	(11)	-	(47,907)
<b>Total transactions with owners</b>	<u>885</u>	<u>-</u>	<u>(45,143)</u>	<u>(44,258)</u>	<u>(150)</u>	<u>(2,196)</u>	<u>(46,604)</u>
<b>Balance at 1 January 2016</b>	<b>387,623</b>	<b>22,044</b>	<b>324,332</b>	<b>733,999</b>	<b>4,849</b>	<b>(33,783)</b>	<b>705,065</b>
Profit for the year	-	-	55,918	55,918	126	-	56,044
Other comprehensive (loss) / income for the year	-	(9,092)	8,662	(430)	(15)	-	(445)
Total comprehensive income for the year	<u>-</u>	<u>(9,092)</u>	<u>64,580</u>	<u>55,488</u>	<u>111</u>	<u>-</u>	<u>55,599</u>
Effect of change in tax rate	-	-	2,083	2,083	-	-	2,083
Transfer and adjustments	-	3,132	(14,356)	(11,224)	-	-	(11,224)
<b>Transactions with owners</b>							
Non-controlling interest on acquisition of subsidiary	19	-	-	-	(10)	-	(10)
Sale / allocation of treasury shares	20	-	3,023	3,023	-	2,014	5,037
Repurchase of treasury shares	20	-	-	-	-	(7,670)	(7,670)
Share options granted/exercised	17	1,276	-	1,276	-	-	1,276
Dividends to equity holders		-	(47,825)	(47,825)	(12)	-	(47,837)
<b>Total transactions with owners</b>	<u>1,276</u>	<u>-</u>	<u>(44,802)</u>	<u>(43,526)</u>	<u>(22)</u>	<u>(5,656)</u>	<u>(49,204)</u>
<b>Balance at 31 December 2016</b>	<b><u>388,899</u></b>	<b><u>16,084</u></b>	<b><u>331,837</u></b>	<b><u>736,820</u></b>	<b><u>4,938</u></b>	<b><u>(39,439)</u></b>	<b><u>702,319</u></b>

The notes on pages 46 to 94 are an integral part of these consolidated financial statements

**ONE CARIBBEAN MEDIA LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
*(These financial statements are expressed in Trinidad and Tobago dollars)*



	Notes	Year ended 31 December	
		2016 \$'000	2015 \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax		86,564	110,927
Adjustments to reconcile profit to net cash generated from operating activities :			
Depreciation	6 & 7	19,476	17,714
Amortisation	8	2,369	805
Interest income		(3,672)	(4,607)
Finance costs		2,640	3,189
Dividend income		(1,647)	(2,155)
Loss / (profit) on disposal of property, plant and equipment		19	(17)
Share of profit in associates and joint venture	9	(3,554)	(4,226)
Allocation of ESOP shares		5,037	4,662
Share option scheme - value of services provided	17	268	268
Decrease in retirement benefit obligation		3,515	5,268
Net change in operating assets and liabilities	27	5,582	16,304
		<u>116,597</u>	<u>148,132</u>
Interest paid		(1,513)	(1,767)
Taxation refund		-	204
Taxation payments		(24,075)	(29,600)
Net cash generated from operating activities		<u>91,009</u>	<u>116,969</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	7	(49,766)	(52,369)
Proceeds from disposal of available-for-sale financial assets		1,859	445
Repurchase of treasury shares	20	(7,670)	(4,234)
Proceeds from term deposits		837	-
Purchase of investment in associate	9	-	(50,000)
Purchase of non-controlling interest		(10)	(139)
Interest received		3,779	4,315
Dividends received		1,647	2,155
Proceeds from disposal of property, plant and equipment		107	44
Net cash used in investing activities		<u>(49,217)</u>	<u>(99,783)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings		36,627	48,100
Repayment of borrowings		(41,129)	(24,277)
Sale of shares held by ESOP		-	129
Share options	17	1,008	617
Dividends paid		(47,837)	(47,907)
Net cash used in financing activities		<u>(51,331)</u>	<u>(23,338)</u>
<b>NET CASH OUTFLOW FOR THE YEAR</b>		(9,539)	(6,152)
<b>CASH AND CASH EQUIVALENTS</b>			
at beginning of year		75,619	81,771
at end of year		<u>66,080</u>	<u>75,619</u>
<b>REPRESENTED BY:</b>			
Cash and cash equivalents	16	69,516	76,601
Bank overdrafts	22	(3,436)	(982)
		<u>66,080</u>	<u>75,619</u>

*The notes on pages 46 to 94 are an integral part of these consolidated financial statements*

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

### Notes to the consolidated financial statements

(These financial statements are expressed in Trinidad and Tobago dollars)

#### 1 Incorporation and principal activities

One Caribbean Media Limited (the Company) and its subsidiaries (together the Group) are engaged primarily in media services, wholesale distribution and the sale of other goods and services throughout the Caribbean region. The Group has locations in Trinidad and Tobago, Barbados and the Eastern Caribbean. The Company is incorporated in the Republic of Trinidad and Tobago and its registered office is Express House, 35-37 Independence Square, Port of Spain.

The Company has listings on the Trinidad and Tobago Stock Exchange and the Barbados Stock Exchange.

#### 2 Related party transactions and balances

(i) Transactions carried out with related parties:

	<b>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
Colonial Life Insurance Company Limited		
Advertising	<u>1,483</u>	<u>1,183</u>
Purchase of services	<u>1,883</u>	<u>1,863</u>
Juris Chambers		
Legal fees	<u>304</u>	<u>346</u>
Employee benefit obligation		
Pension contributions	<u>6,504</u>	<u>4,676</u>
(ii) Key management compensation		
Directors' fees	<u>1,165</u>	<u>1,097</u>
Other management salaries and short-term employee benefits	<u>12,934</u>	<u>11,913</u>
Share options granted and exercised (Note 17)	<u>1,276</u>	<u>885</u>
(iii) Balances with related parties shown in the balance sheet:		
<b>Due from related parties</b>		
Cumberland Communications Limited	630	586
Novo Technologies Inc.	<u>1,319</u>	<u>425</u>
	<u>1,949</u>	<u>1,011</u>

These receivables are unsecured, free of interest and payable on demand.

(iv) Substantial interests

A substantial interest means one-tenth or more of the issued share capital of the Company.

Colonial Life Insurance Company Limited owns 15,289,917 shares (2015 - 15,289,917 shares).

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 2 Related party transactions and balances (continued)

(v) Subsidiaries:

Entity	Country of incorporation	Ownership interest held by the Group		Ownership held by non-controlling interests		Principal activities
		2016	2015	2016	2015	
Basic Space Limited	Trinidad and Tobago	100%	100%	0%	0%	Investment property
Caribbean Communications Company Limited	Montserrat	100%	100%	0%	0%	Media Services
Caribbean Communications Network Limited	Trinidad and Tobago	100%	100%	0%	0%	Media Services
Donald Dunne Holdings Limited	Trinidad and Tobago	100%	100%	0%	0%	Investment property
Grenada Broadcasting Network Limited	Grenada	84%	84%	16%	16%	Media Services
Novo Media Limited	Trinidad and Tobago	76%	76%	24%	24%	Software development
The Nation Corporation	Barabdos	100%	100%	0%	0%	Media Services
VL Limited	Trinidad and Tobago	100%	100%	0%	0%	Wholesale distribution

Only direct and active subsidiaries are listed.

See Note 19 for details of non-controlling interests.

#### **Accounting policies**

##### *(a) Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred by the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

### Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

#### 2 Related party transactions and balances (continued)

##### **Accounting policies (continued)**

###### *(a) Consolidation (continued)*

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss (Note 8).

Inter-company transactions, balances, income and expenses and unrealised gains on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

###### *(b) Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

###### *(c) Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### 3 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in Notes referred to below together with information about the basis of calculation for each affected line item in the financial statements. In addition, this Note also explains where there have been actual adjustments this year as a result of changes to previous estimates.

The areas involving significant estimates or judgements are:

- Estimation of fair values of land and building – Note 7
- Impairment assessment of goodwill – Note 8
- Estimation of retirement benefit pension obligation – Note 21
- Estimation of income taxes



### 3 Critical estimates, judgements and errors (continued)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### *Income taxes*

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made (See Note 14).

### 4 Financial risk management

#### 4.1 Financial risk factors

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

Risk management is carried out by management. Management evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments and investment of excess liquidity.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group operates regionally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. This is managed by ensuring that net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions as well as timely settlement of foreign payables and holding foreign currency balances. There were no changes in the policies and procedures for managing foreign currency risk compared with previous year.

At 31 December 2016, 1% movement in the exchange rate would impact the Group's consolidated statement of profit or loss by \$44,974 (2015 - \$220,673).

##### (ii) Price risk

The Group is minimally exposed to equity securities price risk because of investments held by the Group and classified as available-for-sale. Securities prices are monitored by management on a regular basis for any unusual fluctuations and the Group diversifies its portfolio to manage this risk. The Group is not exposed to commodity price risk.

The Group's listed securities are included on the Barbados Stock Exchange (BSE). If the prices on the BSE had increased or decreased by 5% with all other variables held constant, the fair value reserve within other reserves in equity would increase or decrease by \$87,103 (2015 - \$107,363).

There have been no changes to the way the Group manages this exposure compared to the prior year.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 4 Financial risk management (continued)

#### 4.1 Financial risk factors (continued)

##### (a) Market risk continued

##### (iii) Cash flow and fair value interest rate risk

As the Group has significant fixed-rate interest-bearing assets, it is subject to independent changes in market interest rates resulting in fair value interest rate risk. This fair value interest rate risk is managed through diversification in short term financial instruments. The impact of a 1% change in market rates on the fair value of fixed rate instruments is minimal.

The Group's main cash flow interest rate risk arises from long-term borrowings with variable rates. The Group has negotiated that accelerated repayments of long-term borrowings can be made without incurring penalties and additional interest.

At 31 December 2016, 1% movement in the interest rate would impact the Group's consolidated statement of profit or loss by \$317,202 (2015 - \$362,152). There have been no changes to the way the Group manages this exposure compared to the prior year.

##### (b) Credit risk

Credit risk is the risk of default on financial assets that may arise from a counterparty failing to make payments or honour an obligation. Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has no significant concentration of credit risk and trades mainly with recognised credit worthy third parties.

Business is conducted with only reputable financial institutions. Customers trading on credit terms are subject to credit verification procedures and credit limits are defined for each customer. The approval process is undertaken on an individual basis before management provides credit to customers. Management does not expect any losses from non-performance by counterparties.

There have been no changes to the way the Group manages this exposure compared to the prior year.

The maximum credit risk exposure is as follows:

	2016		2015	
	\$'000	%	\$'000	%
Trade receivables (current and non-current)	136,843	56%	151,741	54%
Cash and cash equivalents	69,516	28%	76,601	27%
Financial assets (current and non-current)	37,381	15%	52,179	19%
Due from related parties	1,949	1%	1,011	0%
	<u>245,689</u>	<u>100%</u>	<u>281,532</u>	<u>100%</u>

All assets are fully performing with the exception of trade receivables. Term deposits and cash are held with reputable financial institutions. There is no formal credit rating policy for the quality of assets held as at the balance sheet date. See Note 11 for the credit quality of trade receivables and impairment.

Collateral is not held for any balances exposed to credit risk, with the exception of long term receivables that are backed by the product provided to the customer that was financed.



**4 Financial risk management (continued)**

**4.1 Financial risk factors (continued)**

**(c) Liquidity risk**

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The Group's liquidity risk management process is measured and monitored by senior management. The process includes monitoring current cash flows on a frequent basis, assessing the expected cash inflows as well as ensuring that the Group has adequate committed credit to meet its obligations and maintaining liquidity ratios. Cash flow forecasting is performed in the operating entities of the Group. Surplus cash held by the operating entities over and above balance required for working capital management is invested in interest bearing current accounts, term deposits and money market securities choosing instruments with appropriate maturities or sufficient liquidity to provide adequate headroom as determined by forecasts.

There have been no changes to the way the Group manages this exposure compared to the prior year.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Less than 1 year \$'000</b>	<b>More than 1 year \$'000</b>	<b>Contractual cash flows \$'000</b>	<b>Carrying amount \$'000</b>
<b>At 31 December 2016</b>				
Bank borrowings	19,122	19,170	38,292	35,149
Trade payables	19,940	-	19,940	19,940
Sundry creditors and accruals	18,841	-	18,841	18,841
	<u>57,903</u>	<u>19,170</u>	<u>77,073</u>	<u>73,930</u>
<b>At 31 December 2015</b>				
Bank borrowings	20,614	19,639	40,253	37,197
Trade payables	27,608	-	27,608	27,608
Sundry creditors and accruals	15,554	-	15,554	15,554
	<u>63,776</u>	<u>19,639</u>	<u>83,415</u>	<u>80,359</u>

**4.2 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The Group is highly liquid and did not change its capital management strategy.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 4 Financial risk management (continued)

#### 4.2 Capital risk management (continued)

	2016 \$'000	2015 \$'000
Bank overdrafts	3,436	982
Short term borrowings	15,082	18,700
Long term borrowings	16,631	17,515
	<u>35,149</u>	<u>37,197</u>
Less: cash and cash equivalents	<u>(69,516)</u>	<u>(76,601)</u>
Net cash and cash equivalents	<u>(34,367)</u>	<u>(39,404)</u>
Total equity	<u>702,319</u>	<u>705,065</u>
Gearing ratio	<u>NIL</u>	<u>NIL</u>

#### 4.3 Fair value measurements and disclosures for financial and non-financial assets

##### (i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided as follows:

- **Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- **Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

See Notes 6, 7 and 10 for details of fair value disclosures.

##### (ii) Valuation techniques used to determine level 3 fair values

The Group obtains independent valuations for its investment properties at least annually and for its freehold land and buildings, classified as property, plant and equipment, every five years. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- 1) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- 2) discounted cash flow projections based on reliable estimates of future cash flows
- 3) capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence

# ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



## 5 Segment information

The Group derives the following types of revenue:

	2016 \$'000	2015 \$'000
Sale of goods	35,769	44,738
Provision of services	430,457	481,642
Total revenue from continuing operations	<u>466,226</u>	<u>526,380</u>

### **Accounting policy**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The Board of Directors considers the business from both a business and geographic sector perspective. Geographically, management considers the performance in the Trinidad and Barbados markets. From a business sector perspective, management separately considers the media and non-media activities in these geographies.

The Board of Directors assesses the performance of the operating segments based on profit before taxation. This basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. The measure also excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments. There is no revenue between segments to be eliminated.

The media segment derives its revenue mainly from advertising services utilising television, print and radio media. The non-media segment earns revenue from wholesale distribution, property management and other services.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 5 Segment information (continued)

The segment information provided for the reportable business segments is as follows:

	31 December 2016			31 December 2015		
	Media \$'000	Non Media \$'000	Group \$'000	Media \$'000	Non Media \$'000	Group \$'000
Revenue	420,640	45,586	466,226	472,152	54,228	526,380
Operating profit	72,931	7,400	80,331	97,927	5,201	103,128
Dividend income	1,647	-	1,647	2,155	-	2,155
Interest income	3,672	-	3,672	4,607	-	4,607
Finance costs	(2,446)	(194)	(2,640)	(2,723)	(466)	(3,189)
Share of profit of associates and joint venture	-	3,554	3,554	-	4,226	4,226
<b>Profit before tax</b>	<b>75,804</b>	<b>10,760</b>	<b>86,564</b>	<b>101,966</b>	<b>8,961</b>	<b>110,927</b>
Taxation	(28,446)	(2,074)	(30,520)	(25,881)	(2,073)	(27,954)
<b>Profit for the year</b>	<b>47,358</b>	<b>8,686</b>	<b>56,044</b>	<b>76,085</b>	<b>6,888</b>	<b>82,973</b>
<b>Group profit / (loss) attributable to:</b>						
- Non-controlling interests	1	125	126	(20)	534	514
- Owners of the parent	47,357	8,561	55,918	76,105	6,354	82,459
	<b>47,358</b>	<b>8,686</b>	<b>56,044</b>	<b>76,085</b>	<b>6,888</b>	<b>82,973</b>

	31 December 2016			31 December 2015		
	Media \$'000	Non Media \$'000	Group \$'000	Media \$'000	Non Media \$'000	Group \$'000
Depreciation	18,927	549	19,476	17,285	429	17,714
Amortisation	1,941	428	2,369	(319)	1,124	805
Capital expenditure	49,710	56	49,766	51,977	392	52,369
Assets	775,880	87,336	863,216	801,679	86,503	888,182
Liabilities	124,331	36,566	160,897	142,098	41,019	183,117

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 5 Segment information (continued)

The Trinidad operations are segmented into Media and Non-media as follows:

	31 December 2016			31 December 2015		
	Media \$'000	Non-media \$'000	Trinidad \$'000	Media \$'000	Non-media \$'000	Trinidad \$'000
Revenue	271,889	31,868	303,757	326,434	39,430	365,864
Operating profit	48,072	7,921	55,993	75,738	4,971	80,709
Dividend income	191	-	191	185	-	185
Interest income	156	-	156	790	-	790
Finance costs	(2,137)	(64)	(2,201)	(2,471)	(287)	(2,758)
Share of profit of associates and joint venture	-	3,554	3,554	-	4,226	4,226
<b>Profit before tax</b>	<b>46,282</b>	<b>11,411</b>	<b>57,693</b>	<b>74,242</b>	<b>8,910</b>	<b>83,152</b>
Taxation	(21,808)	(2,074)	(23,882)	(18,949)	(2,073)	(21,022)
<b>Profit for the year</b>	<b>24,474</b>	<b>9,337</b>	<b>33,811</b>	<b>55,293</b>	<b>6,837</b>	<b>62,130</b>
<b>Group profit/(loss) attributable to:</b>						
- Non-controlling interests	41	445	486	(23)	509	486
- Owners of the parent	24,433	8,892	33,325	55,316	6,328	61,644
	<b>24,474</b>	<b>9,337</b>	<b>33,811</b>	<b>55,293</b>	<b>6,837</b>	<b>62,130</b>

	31 December 2016			31 December 2015		
	Media \$'000	Non-media \$'000	Trinidad \$'000	Media \$'000	Non-media \$'000	Trinidad \$'000
Depreciation	13,098	392	13,490	10,863	282	11,145
Amortisation	1,602	364	1,966	(650)	1,064	414
Capital expenditure	35,871	56	35,927	41,154	392	41,546
Assets	519,140	76,108	595,249	530,884	76,770	607,654
Liabilities	102,058	29,656	131,714	117,553	36,102	153,655

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 5 Segment information (continued)

The Barbados operations are segmented into Media and Non-media as follows:

	31 December 2016			31 December 2015		
	Media \$'000	Non-media \$'000	Barbados \$'000	Media \$'000	Non-media \$'000	Barbados \$'000
Revenue	148,751	13,718	162,469	145,718	14,798	160,516
Operating profit	24,860	(522)	24,338	22,189	230	22,419
Dividend income	1,456	-	1,456	1,970	-	1,970
Interest income	3,516	-	3,516	3,817	-	3,817
Finance costs	(309)	(130)	(439)	(252)	(179)	(431)
<b>Profit before tax</b>	<b>29,523</b>	<b>(652)</b>	<b>28,871</b>	<b>27,724</b>	<b>51</b>	<b>27,775</b>
Taxation	(6,638)	-	(6,638)	(6,932)	-	(6,932)
<b>Profit for the year</b>	<b>22,885</b>	<b>(652)</b>	<b>22,233</b>	<b>20,792</b>	<b>51</b>	<b>20,843</b>
<b>Group profit/(loss) attributable to:</b>						
- Non-controlling interests	(40)	(320)	(360)	3	25	28
- Owners of the parent	22,925	(332)	22,593	20,789	26	20,815
	<b>22,885</b>	<b>(652)</b>	<b>22,233</b>	<b>20,792</b>	<b>51</b>	<b>20,843</b>

	31 December 2016			31 December 2015		
	Media \$'000	Non-media \$'000	Barbados \$'000	Media \$'000	Non-media \$'000	Barbados \$'000
Depreciation	5,830	156	5,986	6,422	147	6,569
Amortisation	339	64	403	331	60	391
Capital expenditure	13,839	-	13,839	10,823	-	10,823
Assets	256,739	11,228	267,967	270,795	9,733	280,528
Liabilities	22,273	6,910	29,183	24,545	4,917	29,462

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 5 Segment information (continued)

The segmented information provided for the reportable geographic segments is as follows:

	31 December 2016			31 December 2015		
	Trinidad \$'000	Barbados \$'000	Group \$'000	Trinidad \$'000	Barbados \$'000	Group \$'000
Revenue	303,757	162,469	466,226	365,864	160,516	526,380
Operating profit	55,993	24,338	80,331	80,709	22,419	103,128
Dividend income	191	1,456	1,647	185	1,970	2,155
Interest income	156	3,516	3,672	790	3,817	4,607
Finance costs	(2,201)	(439)	(2,640)	(2,758)	(431)	(3,189)
Share of profit of associates and joint venture	3,554	-	3,554	4,226	-	4,226
<b>Profit before tax</b>	<b>57,693</b>	<b>28,871</b>	<b>86,564</b>	<b>83,152</b>	<b>27,775</b>	<b>110,927</b>
Taxation	(23,882)	(6,638)	(30,520)	(21,022)	(6,932)	(27,954)
<b>Profit for the year</b>	<b>33,811</b>	<b>22,233</b>	<b>56,044</b>	<b>62,130</b>	<b>20,843</b>	<b>82,973</b>
<b>Group profit / (loss) attributable to:</b>						
- Non-controlling interests	486	(360)	126	486	28	514
- Owners of the parent	33,325	22,593	55,918	61,644	20,815	82,459
	<b>33,811</b>	<b>22,233</b>	<b>56,044</b>	<b>62,130</b>	<b>20,843</b>	<b>82,973</b>

	31 December 2016			31 December 2015		
	Trinidad \$'000	Barbados \$'000	Group \$'000	Trinidad \$'000	Barbados \$'000	Group \$'000
Depreciation	13,490	5,986	19,476	11,145	6,569	17,714
Amortisation	1,966	403	2,369	414	391	805
Capital expenditure	35,927	13,839	49,766	41,546	10,823	52,369
Assets	595,249	267,967	863,216	607,654	280,528	888,182
Liabilities	131,714	29,183	160,897	153,655	29,462	183,117

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 6 Investment properties

The Group's investment properties are measured at cost. The Group holds commercial property in Trinidad.

	2016 \$'000	2015 \$'000
At 1 January	68,000	68,000
Depreciation	(820)	-
At 31 December	<u>67,180</u>	<u>68,000</u>

The investment properties consist of the following:

#### **Commercial Freehold Properties**

40-42 Henry Street, Port of Spain	29,690	30,000
39 Dundonald Street, Port of Spain	37,490	38,000
	<u>67,180</u>	<u>68,000</u>

#### **(a) Accounting policy**

Investment properties refer to land or buildings held, whether by the owner or under a finance lease, to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost, including transaction costs.

Investment properties are treated as long-term and are stated at amortised cost, less impairment. The fair values of investment properties are disclosed in Note (b) below. These are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method.

Like property, plant and equipment, investment properties are depreciated at 2% per annum using the straight line method.

Investment properties cease recognition as investment property either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Gains or losses arising from retirement or disposal are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss in the period of the retirement or disposal.

Any impairment charges are also accounted for in the consolidated statement of profit or loss.



**6 Investment properties (continued)**

(b) The fair value of investment properties as at 31 December 2016 was \$69,200,000. The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See Note 4.3 (ii) for the valuation techniques adopted.

Description	Fair value at		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	31-Dec-16	31-Dec-15		2016	2015	
	\$'000	\$'000				
Investment properties	69,200	68,000	Discount rate Terminal yield	8% 8%	8% 8%	The higher the discount rate and terminal yield, the lower the fair value

The Group's investment properties were valued at 31 December 2016 by independent professional qualified valuer, Brent Augustus & Associates Limited, Chartered Valuation Surveyors, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued.

At each financial reporting date the Finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior valuation report; and
- holds discussions with the independent valuator.

There were no transfers between levels during the year. Level 3 fair values have been derived using the Open Market Value Method. Evidence of arm's length open market transactions of similar lands were analysed and the results applied to the subject lands after taking into consideration appropriate adjustments for location, size and other relevant factors. The most significant input into this valuation approach is future rental cash inflows based on the actual location and quality of the properties and supported by the terms of any existing leases.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 7 Property, plant and equipment

	Work in Progress \$'000	Land and Buildings \$'000	Machinery and Equipment \$'000	Total \$'000
<b>At 1 January 2015</b>				
Cost or valuation	23,245	183,068	320,644	526,957
Accumulated depreciation	-	(18,130)	(240,485)	(258,615)
Net book amount	<u>23,245</u>	<u>164,938</u>	<u>80,159</u>	<u>268,342</u>
<b>Year ended 31 December 2015</b>				
Opening net book amount	23,245	164,938	80,159	268,342
Additions	28,353	2,380	21,636	52,369
Transfers and reclassifications	(7,929)	2,313	5,616	-
Disposals	-	-	(27)	(27)
Depreciation charge	-	(1,807)	(15,907)	(17,714)
Closing net book amount	<u>43,669</u>	<u>167,824</u>	<u>91,477</u>	<u>302,970</u>
<b>At 31 December 2015</b>				
Cost or valuation	43,669	187,761	347,154	578,584
Accumulated depreciation	-	(19,937)	(255,677)	(275,614)
Net book amount	<u>43,669</u>	<u>167,824</u>	<u>91,477</u>	<u>302,970</u>
<b>Year ended 31 December 2016</b>				
Opening net book amount	43,669	167,824	91,477	302,970
Revaluation (Note 18)	-	(16,891)	-	(16,891)
Additions	29,304	4,590	15,872	49,766
Transfers	(21,411)	16,913	4,498	-
Disposals / adjustment	-	(11,224)	(127)	(11,351)
Depreciation charge	-	(2,015)	(16,641)	(18,656)
Closing net book amount	<u>51,562</u>	<u>159,197</u>	<u>95,079</u>	<u>305,838</u>
<b>At 31 December 2016</b>				
Cost or valuation	51,562	159,208	311,231	522,001
Accumulated depreciation	-	(11)	(216,152)	(216,163)
Net book amount	<u>51,562</u>	<u>159,197</u>	<u>95,079</u>	<u>305,838</u>

The Group leases certain motor vehicles and equipment under operating lease arrangements. Lease rental of \$580,733 (2015: \$734,638) was expensed in cost of providing services.

#### (a) Accounting policy

Land and buildings comprise mainly offices, production facilities and warehouses. All plant and equipment are initially recorded at cost. Land and buildings are carried at fair value, based on valuations done by independent valuers every five years less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.



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

**(a) Accounting policy (continued)**

Assets are depreciated on the following bases at rates estimated to allocate their cost or revalued amount to their residual values or the depreciable amounts of the assets' estimated useful lives as follows:

<b>Assets</b>	<b>Basis</b>	<b>Rate</b>
Freehold property	straight line	2%
Machinery and equipment include:		
- Studio and transmitter equipment	straight line / reducing balance	10 - 20%
- Plant, equipment and fixtures and fittings	straight line / reducing balance	10 - 20%
- Computers and peripherals	straight line	10 - 20%
- Motor vehicles	straight line	20 - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Land is not depreciated.

Plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal plant and equipment are determined by reference to its carrying amount and are taken into account in determining profit before tax.

**(b) Significant fair value estimate**

The land and buildings were last revalued on 31 December 2016 by independent professional qualified valuers, Raymond & Pierre Chartered Valuation Surveyors and G.A.Farrell & Associates Chartered Valuation Surveyors.

The following table analyses the non-financial assets carried at fair value. The different levels of fair value measurements have been defined in Note 4.3:

*Fair value measurements using*

	<b>Quoted prices in active markets for identical assets (level 1) \$'000</b>	<b>Significant other observable inputs (level 2) \$'000</b>	<b>Significant unobservable inputs (level 3) \$'000</b>
<b>As at 31 December 2016</b>			
Recurring fair value measurements			
- Land and buildings	-	-	159,197
<b>As at 31 December 2015</b>			
Recurring fair value measurements			
- Land and buildings	-	-	167,824

There were no transfers between levels during the year.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 7 Property, plant and equipment (continued)

#### (b) Significant fair value estimate (continued)

The Group's management reviews the latest valuations performed by the independent valuers for financial reporting purposes. At the year end the Finance department:

- verifies all major inputs to the independent valuation reports;
- assesses property valuation movements when compared to the prior valuation reports; and
- holds discussions with the independent valuers.

The existing use is the highest and best to which the property could be put. The size and layout of the property was taken into consideration in the valuation. Based on the valuation the buildings appeared to be structurally sound and in fair to good decorative condition and assumed to be adequate and appropriate for a structure of its size, type and use.

Level 3 fair values of land has been derived using the Sales Comparison Approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

Level 3 fair value of buildings have been derived using the income approach. The income approach is one that provides an indication of market value by converting future cash flows to a single capital value. This approach was used due to the availability of rental and capitalisation information for comparable properties. The most significant judgments and estimates affecting the valuations include capitalisation rates and estimated rental values. Capitalisation rates varied between 9% - 9.5%.

#### (c) Depreciation charge

Depreciation expense has been included in cost of providing services in the consolidated statement of profit or loss and other comprehensive income.

#### (d) Borrowing costs capitalised

Included within the additions during the year is borrowing costs of \$1,294,841.

(e) If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2016 \$'000	2015 \$'000
Cost	174,996	153,493
Accumulated depreciation	(30,359)	(28,344)
Net book value	<u>144,637</u>	<u>125,149</u>

#### (f) Capital commitments

The Group has approved capital expenditure of \$4,540,472 (2015 - \$25,534,722). This expenditure is in relation to the digital upgrade of the television station and the upgrade of the advertising traffic and billing system.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 8 Intangible assets

	Goodwill \$'000	Brands \$'000	Licences and software \$'000	Intellectual property \$'000	Total \$'000
<b>Year ended 31 December 2015</b>					
At beginning of the year	59,296	9,240	24,082	1,576	94,194
Amortisation	-	(523)	(1,484)	(391)	(2,398)
Adjustment	1,593	-	-	-	1,593
At end of the year	<u>60,889</u>	<u>8,717</u>	<u>22,598</u>	<u>1,185</u>	<u>93,389</u>
<b>At 31 December 2015</b>					
Cost or valuation	60,889	10,810	26,600	1,980	100,279
Accumulated amortisation	-	(2,093)	(4,002)	(795)	(6,890)
Net book amount	<u>60,889</u>	<u>8,717</u>	<u>22,598</u>	<u>1,185</u>	<u>93,389</u>
<b>Year ended 31 December 2016</b>					
At beginning of the year	60,889	8,717	22,598	1,185	93,389
Amortisation	-	(523)	(1,443)	(403)	(2,369)
At end of the year	<u>60,889</u>	<u>8,194</u>	<u>21,155</u>	<u>782</u>	<u>91,020</u>
<b>At 31 December 2016</b>					
Cost or valuation	60,889	10,810	26,600	1,980	100,279
Accumulated amortisation	-	(2,616)	(5,445)	(1,198)	(9,259)
Net book amount	<u>60,889</u>	<u>8,194</u>	<u>21,155</u>	<u>782</u>	<u>91,020</u>
Useful economic life (years)		20	10	5	

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

### Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

#### 8 Intangible assets (continued)

##### (a) Accounting policies

Brands, licences and software and intellectual property are fair valued based on the open market basis, royalty method or multi-period excess earnings method as appropriate and subsequently measured at cost less amortisation. The amortisation expense is recorded in administrative expenses.

##### (i) Goodwill

Goodwill arises on business combinations and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating division level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

##### (ii) Brands, licences and software and intellectual property

Brands, licences and software and intellectual property are shown at fair value if acquired as part of a business combination. Subsequently they are shown at historical cost less accumulated amortization and impairment losses. These intangible assets are amortised on an individual basis over the estimated useful life of the intangible asset which is estimated between five and twenty years.

##### (iii) Impairment of non-financial assets

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

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 8 Intangible assets (continued)

(b) The goodwill has been allocated to each cash generating unit as follows:

	2016 \$'000	2015 \$'000
Basic Space Limited	3,875	3,875
Caribbean Communications Company Limited	25,876	25,876
Donald Dunne Holdings Limited	6,375	6,375
Novo Media Limited	11,863	11,863
VL Limited	12,900	12,900
	<u>60,889</u>	<u>60,889</u>

The recoverable amount of cash generating units is determined based on a value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by management covering a five year period. The assumptions for budgeted gross margin, growth rates and pre-tax weighted average cost of capital are based upon past performance, economic conditions and expectations for market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used reflect specific risk relating to the relevant segment of business. The key assumptions used for value-in-use calculations are as follows:

	<u>Growth rate</u>	<u>Pre-tax discount rate</u>
<b>2016</b>		
Media	5% - 10%	15%
Distribution	5% - 10%	15%
Other	3%	10% - 17%
<b>2015</b>		
Media	5% - 10%	17%
Distribution	5%	14%
Other	10% - 25%	14% - 17%

### 9 Investments in associates and joint venture

	<u>2016</u>				<u>2015</u>			
	<u>Cumberland Communi- cations Limited \$'000</u>	<u>Tobago Newspapers Limited \$'000</u>	<u>Novo Tech- nologies Inc \$'000</u>	<u>Total \$'000</u>	<u>Cumberland Communi- cations Limited \$'000</u>	<u>Tobago Newspapers Limited \$'000</u>	<u>Novo Tech- nologies Inc \$'000</u>	<u>Total \$'000</u>
Beginning of the year	969	3,135	53,121	57,225	912	3,135	-	4,047
Acquisition	-	-	-	-	-	-	50,000	50,000
Share of profit	36	-	3,518	3,554	64	-	4,162	4,226
Share of tax	(16)	-	(880)	(896)	(7)	-	(1,041)	(1,048)
End of the year	<u>989</u>	<u>3,135</u>	<u>55,759</u>	<u>59,883</u>	<u>969</u>	<u>3,135</u>	<u>53,121</u>	<u>57,225</u>

The Group purchased a 40% interest in Novo Technology Incorporated Limited on 1 April 2015.

The Group's interest in the associates and joint venture are accounted for using the equity method. The 50% shareholding in Cumberland Communications Limited does not constitute control as this is a joint venture arrangement.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

### Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

#### 9 Investments in associates and joint venture (continued)

##### (a) Accounting policies

###### (i) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group's interest in jointly controlled entities and associates is accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss on the investee after the acquisition. The Group's investment in associates includes goodwill identified at acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses equals or exceeds its interest including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of the impairment as the difference between the recoverable amount and its carrying value.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates and joint ventures are recognised in the consolidated statement of profit or loss.

###### (ii) Joint arrangements

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 9 Investments in associates and joint venture (continued)

(b) The Group's share of the results of its associates and joint venture, which are unlisted, and its share of the assets and liabilities are as follows:

	Country of incorporation	Assets \$'000	Liabilities \$'000	Revenue \$'000	Profit before tax \$'000	% interest held
<b>2016</b>						
Tobago Newspapers Limited	Trinidad and Tobago	3,667	252	-	-	27%
Cumberland Communications Limited	Trinidad and Tobago	1,555	584	182	36	50%
Novo Technology Incorporated Limited	Trinidad and Tobago	20,177	1,454	7,373	3,518	40%
		<u>25,399</u>	<u>2,290</u>	<u>7,555</u>	<u>3,554</u>	
<b>2015</b>						
Tobago Newspapers Limited	Trinidad and Tobago	3,667	252	-	-	27%
Cumberland Communications Limited	Trinidad and Tobago	1,337	401	182	64	50%
Novo Technology Incorporated Limited	Trinidad and Tobago	19,914	2,478	9,533	4,162	40%
		<u>24,918</u>	<u>3,131</u>	<u>9,715</u>	<u>4,226</u>	

No financial information was available for Tobago Newspapers Limited for 2016.

There are no contingent liabilities or capital commitments for the associates and joint venture.

### 10 Financial assets

	2016 \$'000	2015 \$'000
Available-for-sale		
Quoted securities	1,652	2,121
Unquoted securities	3,146	3,146
	<u>4,798</u>	<u>5,267</u>
Loans and receivables		
Debt securities	10,231	11,420
Term deposits - Non-current portion	387	1,224
Loans to corporate entities	855	855
	<u>16,271</u>	<u>18,766</u>
Loans and receivables		
Term deposits - Current portion	<u>21,110</u>	<u>33,413</u>

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

### Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

#### 10 Financial assets (continued)

##### (a) Accounting policies

###### Classification

The Group classifies its financial assets in the following categories: 'available-for-sale' and 'loans and receivables'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

###### (i) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

###### (ii) Loans and receivables

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. Loans and receivables comprise other financial assets, 'trade receivables', 'sundry debtors', 'cash and cash equivalents' and 'term deposits' in the balance sheet.

###### Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of profit or loss as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of profit or loss as part of 'Interest income'. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of profit or loss when the Group's right to receive payments is established as 'Dividend income'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of profit or loss as part of finance income.

###### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right is not contingent on future events but is enforceable in the normal course of business and in the event of default, insolvency and bankruptcy of the company or the counterparty.

**10 Financial assets (continued)****(a) Accounting policies (continued)****Impairment of financial assets****(i) Assets carried at amortised cost**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

**(ii) Assets classified as available-for-sale**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

**(b) Interest on short term deposits is as follows:**

The non-current portion of the term deposits attract interest between 2.5% and 4.25% (2015 - 6% and 7.25%) and will mature between December 2016 and December 2026.

The current portion of the term deposits attract interest between 2.5% and 3.1% (2015 - 3% and 4.25%). These deposits with maturities in excess of 90 days but less than one year are placed with leading local and regional financial institutions.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 10 Financial assets (continued)

(c) The movement in available-for-sale financial assets is as follows:

	2016 \$'000	2015 \$'000
At beginning of year	5,267	5,179
Disposal of equity securities	(670)	-
Fair value changes	201	88
At end of year	<u>4,798</u>	<u>5,267</u>

Included in unquoted securities is a 20% holding in Guyana Publications Limited. The Group has not equity accounted for this investment because management has no significant influence over the operations. The Group also does not have the ability to have representation on the Board of Guyana Publications Limited.

(d) Financial assets are denominated in the following currencies:

	2016 \$'000	2015 \$'000
TT\$	999	999
BD\$	36,382	51,180
	<u>37,381</u>	<u>52,179</u>

(e) The table below summarizes available-for-sale financial assets carried at fair value by valuation method.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2016</b>				
<b>Assets</b>				
Available-for-sale financial assets - quoted securities	1,652	-	-	1,652
Available-for-sale financial assets - unquoted securities	-	-	3,146	3,146
	<u>1,652</u>	<u>-</u>	<u>3,146</u>	<u>4,798</u>
<b>2015</b>				
<b>Assets</b>				
Available-for-sale financial assets - quoted securities	2,121	-	-	2,121
Available-for-sale financial assets - unquoted securities	-	-	3,146	3,146
	<u>2,121</u>	<u>-</u>	<u>3,146</u>	<u>5,267</u>

There were no transfers between levels 1, 2 and 3 during the year. See Note 4.3 (i) for details of fair value hierarchy.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 11 Trade receivables

	2016			2015		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Trade receivables	137,553	15,438	152,991	154,980	11,279	166,259
Provision for impairment	(16,148)	-	(16,148)	(14,518)	-	(14,518)
	121,405	15,438	136,843	140,462	11,279	151,741

#### (a) Accounting policies

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

##### *Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss.

##### *Impairment of financial assets*

A provision for impairment of trade and other receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade receivables that are less than 2 months past due are not considered impaired. Payments on invoices are due 30 days after issue. The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the consolidated statement of profit or loss and other comprehensive income. 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 receivables are 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 consolidated statement of profit or loss and other comprehensive income within administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 11 Trade receivables (continued)

(b) Movement on the Group's provision for impairment of trade receivables is as follows:

	<b>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
At beginning of the year	14,518	13,210
Increase in provision for impairment	3,922	3,536
Bad debts written off	<u>(2,292)</u>	<u>(2,228)</u>
At end of the year	<u>16,148</u>	<u>14,518</u>

The Group's terms of payment are 30-60 days and the following shows the current receivables profile:

	<b>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
Up to 30 days	43,828	48,515
31 - 60 days	20,701	26,462
Past due	<u>73,024</u>	<u>80,003</u>
	<u>137,553</u>	<u>154,980</u>

As of 31 December 2016, trade receivables of \$56,875,283 (2015 - \$65,485,640) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and as such are of a good credit quality.

The fair value of trade receivables (current and non-current) is a close approximation to the carrying amounts.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	<b>2016</b> <b>\$'000</b>	<b>2015</b> <b>\$'000</b>
TT\$	89,632	108,085
BDS\$	<u>47,211</u>	<u>43,656</u>
	<u>136,843</u>	<u>151,741</u>

The non-current portion of trade receivables relates to products sold to customers of Innogen Technologies Inc with a repayment plan for over one year. Interest is charged at a rate of 7.75% per registered bill of sale over the sold product as collateral security and obtains an assignment of the homeowner's insurance over the sold product.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 12 Sundry debtors and prepayments

	2016 \$'000	2015 \$'000
Sundry debtors	16,670	12,412
Provision for impairment	(2,690)	(2,585)
	<u>13,980</u>	<u>9,827</u>
Prepayments	6,419	3,557
	<u>20,399</u>	<u>13,384</u>
Less: non-current portion	(6)	(12)
	<u>20,393</u>	<u>13,372</u>

Movement on the Group's provision for impairment of sundry debtors is as follows:

At beginning of the year	2,585	2,533
Increase in provision for impairment	105	1,078
Bad debts written off	-	(1,026)
At end of the year	<u>2,690</u>	<u>2,585</u>

There is no concentration with respect to credit risk. As at 31 December 2016, sundry debtors of \$13,979,983 (2015 - \$ 9,827,470) were fully performing.

### 13 Deferred programming

	2016 \$'000	2015 \$'000
Opening balance	8,739	32,710
Cancelled contracts	-	(18,705)
New contracts	<u>2,868</u>	<u>3,445</u>
	<u>11,607</u>	<u>17,450</u>
Usage	(8,405)	(8,711)
	<u>3,202</u>	<u>8,739</u>
Current portion	(2,820)	(8,024)
Non-current portion	<u>382</u>	<u>715</u>

#### **Accounting policy**

Deferred programming is measured at cost less usage. It represents programming contracted but not yet broadcasted. The cost of programmes is expensed as they are broadcasted.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

### Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

#### 14 Taxation (a) Taxation charge

	2016 \$'000	2015 \$'000
Current tax	20,658	28,917
Prior year under provision	2,896	478
Deferred tax	6,070	(2,489)
Share of tax in associates and joint venture (Note 9)	896	1,048
	<u>30,520</u>	<u>27,954</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic rate of tax as follows:

	2016 \$'000	2015 \$'000
Profit before tax	<u>86,564</u>	<u>110,927</u>
Tax calculated at 25%	21,641	27,732
Effect of different tax rates in other countries	(8)	7
Effect of change in tax rate	4,048	-
Expenses not deductible for tax purposes	709	611
Income not subject to tax	(1,170)	275
Tax losses not utilised	-	727
Effect of income tax holiday	163	(13)
Tax allowances	(173)	(168)
Other permanent differences	1,695	(1,995)
Business levy	2	(2)
Green fund levy	717	302
Prior year under provision	2,896	478
	<u>30,520</u>	<u>27,954</u>

#### (b) Accounting policies

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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



**14 Taxation (continued)**

**(b) Accounting policies (continued)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The principal temporary differences arise from depreciation on property, plant and equipment and retirement benefit obligation, intangibles and investment properties.

Deferred taxes are calculated in full on all temporary differences under the liability method using a principal tax rate of 30% (2015: 25%) for Trinidad and Tobago entities and 25% (2015: 25%) for overseas entities.

The increase in the tax rate from 25% to 30% in Trinidad and Tobago will be effective from 1 January 2017. As a result, the relevant deferred tax balances have been remeasured.

The impact of the change in tax rate has been recognized in the tax expense in the consolidated statement of profit or loss, except to the extent that it relates to items previously recognized in comprehensive income, in particular remeasurement of the retirement benefit obligation.

**(c) Deferred income tax (assets)/liabilities**

Deferred taxes are calculated in full on all temporary differences under the liability method using a principal tax rate of 30% (2015 – 25%).

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred tax assets	(14,529)	(13,205)
Deferred tax liabilities	36,987	28,203
Deferred tax (assets)/liabilities - net	<u>22,458</u>	<u>14,998</u>

The movement on the deferred income tax account is as follows:

At beginning of year	14,998	17,732
Effect of change in tax rate	1,964	-
Charge/(credit) to consolidated income statement	2,022	(2,489)
Charge/(credit) to other comprehensive income	3,474	(245)
At end of the year	<u>22,458</u>	<u>14,998</u>

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 14 Taxation (continued)

#### (c) Deferred income tax (assets)/liabilities (continued)

The gross movement on the deferred income tax account is as follows:

	Accelerated tax depreciation \$'000	Retirement benefit obligation \$'000	Intangibles \$'000	Investment properties \$'000	Other \$'000	Total \$'000
<b>Deferred tax (assets)/liabilities</b>						
At 1 January 2016	9,944	(4,988)	8,009	10,250	(8,217)	14,998
Effect of change in tax rate	1,392	(1,538)	1,602	2,050	(1,542)	1,964
Charge/(credit) to profit or loss	6,069	(1,034)	(2,082)	(246)	(685)	2,022
Charge to other comprehensive income	-	3,474	-	-	-	3,474
At 31 December 2016	<u>17,405</u>	<u>(4,086)</u>	<u>7,529</u>	<u>12,054</u>	<u>(10,444)</u>	<u>22,458</u>
<b>Deferred tax (assets)/liabilities</b>						
At 1 January 2015	10,414	(3,425)	8,009	10,250	(7,516)	17,732
Credit to profit or loss	(470)	(1,318)	-	-	(701)	(2,489)
Credit to other comprehensive income	-	(245)	-	-	-	(245)
At 31 December 2015	<u>9,944</u>	<u>(4,988)</u>	<u>8,009</u>	<u>10,250</u>	<u>(8,217)</u>	<u>14,998</u>

### 15 Inventories

	2016 \$'000	2015 \$'000
Goods held for sale	21,402	16,830
Newsprint and other raw materials	17,180	15,163
Spare parts and consumables	7,703	7,066
Goods in transit	2,347	4,117
	<u>48,632</u>	<u>43,176</u>

#### (a) Accounting policy

Inventories are stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expense. Cost is determined by the first-in, first-out (FIFO) method except for spare parts and consumables which are determined using the weighted average cost.

(b) The cost of raw materials and consumables used and included in cost of services provided amounted to \$58,917,062 (2015 - \$81,139,603).

Work in progress (of incomplete appliances) comprises assembly, direct labour costs and raw material costs.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 16 Cash and cash equivalents

	2016 \$'000	2015 \$'000
Cash at bank and in hand	55,566	57,525
Short-term bank deposits	13,950	19,076
	<u>69,516</u>	<u>76,601</u>

#### (a) Accounting policy

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, investments in money market instruments and bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

#### (b) Financial risk management

The effective interest rate on short-term bank deposits was between 0.01% and 4.25% (2015 – 0.01% and 3.37%). These deposits have a maturity of 90 days.

### 17 Share capital

	2016 \$'000	2015 \$'000
<b>Authorised</b>		
Unlimited number of ordinary shares of no par value		
<b>Issued and fully paid</b>		
66,387,282 (2015 - 66,320,424) shares of no par value	<u>388,899</u>	<u>387,623</u>

#### (a) Accounting policy

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

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

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 17 Share capital (continued) (b) Movement for the year:

	Number of shares	Share Capital \$'000
As at 1 January 2016	66,320,424	387,623
Value of share options granted	-	268
Share options exercised	66,858	1,008
As at 31 December 2016	<u>66,387,282</u>	<u>388,899</u>
As at 1 January 2015	66,282,353	386,738
Value of share options granted	-	268
Share options exercised	38,071	617
As at 31 December 2015	<u>66,320,424</u>	<u>387,623</u>

The Company has a shareholders' rights plan in operation which allows shareholders to acquire additional shares under certain conditions. Details of this plan can be obtained from the Company's registered office. There was no transaction during the year in relation to this plan that had a financial impact on the financial statements.

The shareholders approved a share incentive plan effective 1 January 2006, under which the Board can grant options to management to subscribe for a maximum of 3,500,000 shares. Share options vest three years from the date of the grant. No share options were granted for the year 31 December 2016 (2015 – 907,218).

The fair value of the options granted in 2015 of \$1.05 was determined using the Black Scholes model.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant - vest	Expiry date	Exercise price	Share options	
			2016 '000	2015 '000
2009 - 2012	04-May-19	17.50	543	615
2009 - 2012	30-Sep-19	17.50	154	154
2012 - 2015	18-Oct-22	15.06	750	883
2014 - 2017	05-Jun-24	22.60	755	779
2015 - 2018	24-Apr-25	22.30	428	442
2015 - 2018	20-Nov-25	22.00	452	465
			<u>3,082</u>	<u>3,338</u>
<b>Reconciliation of movement</b>				
At the beginning of the year			3,338	2,538
Granted during the year			-	907
Lapsed during the year			(189)	(69)
Exercised during the year			(67)	(38)
At the end of the year			<u>3,082</u>	<u>3,338</u>

The weighted average price of share options exercised during the year was \$15.06 (2015: \$16.18).

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 17 Share capital (continued)

The model inputs for share options granted during the year are as follows:

	2016	2015
Maturity	10 years	10 years
Expected price volatility of the Company's shares	78%	78%
Interest rate	8.00%	8.00%

The expected price volatility of the parent company shares is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

### (c) Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's Directors.

A final dividend in respect of the year ended 31 December 2016 of 49 cents per share was approved on 24 March 2017 by the Board of Directors. This brings the total declared dividends for 2016 to 76 cents (2015 – 76 cents). These financial statements do not reflect the final dividend payable which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2017.

### 18 Other reserves

Other reserves comprise the following:

	Foreign currency translation \$'000	Revaluation of land and buildings \$'000	Other - AFS \$'000	Total \$'000
Balance at 1 January 2015	1,630	26,329	(6,936)	21,023
Currency translation differences	987	-	-	987
Depreciation transfer	-	(54)	-	(54)
Unrealised gains on revaluation of financial investments	-	-	88	88
Balance at 31 December 2015	2,617	26,275	(6,848)	22,044
Currency translation differences	7,598	-	-	7,598
Depreciation transfer	-	(54)	-	(54)
Adjustment	-	3,186	-	3,186
Revaluation of land and buildings (Note 7)	-	(16,891)	-	(16,891)
Unrealised gains on revaluation of financial investments	-	-	201	201
Balance at 31 December 2016	10,215	12,516	(6,647)	16,084

### 19 Non-controlling interests

	2016 \$'000	2015 \$'000
At beginning of the year	4,849	4,486
Share of total comprehensive income of subsidiaries	111	513
Acquisition of non-controlling interest in subsidiary	(10)	(139)
Dividends	(12)	(11)
At end of the year	4,938	4,849

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 20 Unallocated shares in ESOP

The Group operates an Employee Share Ownership Plan (ESOP) that covers its present and future permanent employees which enables them to acquire interests in shares of the Company on the terms and in the manner appearing in the Trust Deed and Rules dated 21 December 2000 and within the terms of Section 35 of the Income Tax Act. The cost of the shares so acquired and which remain unallocated to employees have been recognised in Shareholders' Equity under 'Unallocated shares held by ESOP'. Any further dealings in the shares will be credited against the same account at fair value. The fair value of shares was derived from the closing market price prevailing on the Trinidad and Tobago Stock Exchange at the year-end.

As at 31 December 2016, the ESOP held 3,421,705 (2015 – 3,298,766) shares with a market value of \$68,091,930 (2015: \$72,572,852).

The movements in unallocated shares held by the ESOP are as follows:

	2016 \$'000	2015 \$'000	2016 No. of shares	2015 No. of shares
At beginning of the year	33,783	31,587	3,298,766	3,319,896
Sale of shares	-	(49)	-	(5,152)
Allocation to employees	(2,014)	(1,989)	(210,391)	(208,999)
Re-purchase from ex-employees	7,670	4,234	333,330	193,021
At end of the year	<u>39,439</u>	<u>33,783</u>	<u>3,421,705</u>	<u>3,298,766</u>

Employees are required to sell any allocated ESOP shares back to the plan at market value on exiting the Company's employ.

As at 31 December 2016, the amount of shares held in trust by the ESOP for employees was 2,298,767 (2015 – 2,421,706).

### 21 Retirement benefit obligation

The amounts recognised in the consolidated balance sheet are as follows:

	2016 \$'000	2015 \$'000
Fair value of plan assets	253,129	243,029
Present value of defined benefit obligation	<u>(264,964)</u>	<u>(263,484)</u>
Obligation recognised in the balance sheet	<u>(11,835)</u>	<u>(20,455)</u>

#### (a) Accounting policy

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.



**21 Retirement benefit obligation (continued)**

**(a) Accounting policy (continued)**

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

Past-service costs are recognised immediately in income.

The Group does not have any defined contribution plans.

The Group operates defined benefit pension plans in Trinidad and Barbados under broadly similar regulatory frameworks. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The benefit payments are from trustee administered funds. Plan assets held in trusts are governed by local regulations and practice in each country, as is the nature of the relationship between the Group and the trustees (or equivalent) and their composition. Responsibility for governance of the plans – including investment decisions and contribution schedules – lies jointly with the Company and the Board of Trustees. The Board of Trustees must be composed of representatives of the Companies' and plan participants in accordance with the plan's regulations.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the portfolio of the assets. The largest proportion of assets is invested in equities and bonds.

The expected return on the plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. In 2016, 60% (2015 – 65%) of the plan assets comprised of bonds and 22% (2015 – 25%) equities. The Group believes that equities offer the best returns over the long term with an acceptable level of risk. Equity investments must satisfy the requirements of the Insurance Act Chap. 84:01.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 21 Retirement benefit obligation (continued)

(b) Movement in the fair value of the fund assets:

	2016 \$'000	2015 \$'000
At beginning of the year	243,029	244,570
Expected return on plan assets	15,977	14,553
Other plan expenses	(114)	(95)
Remeasurement recognised in other comprehensive income	(8,547)	(14,356)
Contributions	9,704	7,889
Benefit payments	(6,920)	(9,532)
At end of the year	<u>253,129</u>	<u>243,029</u>

Plan assets comprise the following:

	2016					
	Trinidad \$'000	Barbados \$'000	Total \$'000	Trinidad %	Barbados %	Total %
Bonds	74,279	46,399	120,678	60%	36%	48%
Equity instruments	27,475	44,892	72,367	22%	35%	29%
Other	22,561	15,637	38,198	18%	12%	14%
Mortgages	-	14,685	14,685	0%	11%	6%
Property	-	7,201	7,201	0%	6%	3%
	<u>124,315</u>	<u>128,814</u>	<u>253,129</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

	2015					
	Trinidad \$'000	Barbados \$'000	Total \$'000	Trinidad %	Barbados %	Total %
Bonds	74,890	51,195	126,085	65%	40%	52%
Equity instruments	28,824	47,275	76,099	25%	37%	31%
Other	12,055	7,635	19,690	10%	7%	8%
Mortgages	-	14,562	14,562	0%	11%	6%
Property	-	6,593	6,593	0%	5%	3%
	<u>115,769</u>	<u>127,260</u>	<u>243,029</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

	2016			2015		
	Trinidad \$'000	Barbados \$'000	Total \$'000	Trinidad \$'000	Barbados \$'000	Total \$'000
Local	119,859	128,814	248,673	111,979	127,260	239,239
International	4,456	-	4,456	3,790	-	3,790
	<u>124,315</u>	<u>128,814</u>	<u>253,129</u>	<u>115,769</u>	<u>127,260</u>	<u>243,029</u>

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 21 Retirement benefit obligation (continued)

(c) Movement in the present value of the fund obligations:

	2016 \$'000	2015 \$'000
At beginning of the year	263,484	258,779
Interest cost	16,992	15,301
Current service cost	10,918	11,201
Benefit payments	(6,919)	(9,531)
Contributions	1,172	1,112
Remeasurement recognised in other comprehensive income:		
- Financial assumption changes	(5,297)	-
- Experience	(15,386)	(13,378)
At end of the year	<u>264,964</u>	<u>263,484</u>

The principal actuarial assumptions used are as follows:

	Per Annum			
	2016		2015	
	Trinidad	Barbados	Trinidad	Barbados
Discount rate	5.00%	7.75%	5.00%	7.75%
Expected rate of salary increases	3.75%	6.75%	3.75%	6.75%
Expected rate of pension increases	0.00%	3.75%	0.00%	3.75%

As at the last valuation date, the present value of the defined benefit obligation comprised the following:

	Trinidad		Barbados	
	2016	2015	2016	2015
	\$M	\$M	\$M	\$M
Relating to:				
Active employees	129.2	129.7	21.5	21.8
Deferred members	14.6	11.8	0.8	1.1
Members in retirement	4.9	5.0	14.3	13.8

(d) The amounts recognised in the consolidated statement of profit or loss are as follows:

	2016 \$'000	2015 \$'000
Current service cost	8,713	9,101
Net interest cost on net defined benefit asset/(liability)	1,032	748
Plan administration expenses	114	95
Total included in staff costs (Note 25)	<u>9,859</u>	<u>9,944</u>

The actual return on the plans' assets is \$7,429,062 (2015: \$196,590).

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 21 Retirement benefit obligation (continued)

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

	Trinidad							
	Change in assumption		Increase in assumption		Decrease in assumption			
	2016	2015	2016	2015	2016	2015		
Discount rate	0.50%	0.50%	Decrease by	9.10%	9.70%	Increase by	10.50%	11.20%
Salary growth rate	0.50%	0.50%	Increase by	6.30%	5.80%	Decrease by	5.70%	6.20%
Pension growth rate	N/A	0.25%	N/A	N/A	N/A	N/A	N/A	N/A
Life expectancy	+ / - 1 year		Increase by	2.20%	2.30%	Decrease by	2.20%	2.40%

	Barbados							
	Change in assumption		Increase in assumption		Decrease in assumption			
	2016	2015	2016	2015	2016	2015		
Discount rate	1.00%	1.00%	Decrease by	13.50%	13.90%	Increase by	17.50%	18.00%
Salary growth rate	0.50%	0.50%	Increase by	7.10%	4.40%	Decrease by	4.00%	4.10%
Pension growth rate	0.25%	0.25%	Increase by	2.50%	2.50%	Decrease by	2.40%	2.40%
Life expectancy	+ / - 1 year		Increase by	0.90%	0.20%	Decrease by	1.10%	0.20%

These sensitivities were calculated by recalculating the defined benefit obligations using the revised assumptions. There were no changes in the methods in preparing the sensitivity analysis compared to the prior year.

#### (e) Funding

The Group meets the balance of the cost of funding the defined benefit pension plan and the Group must pay contributions at least equal to those paid by members which are fixed. The funding requirements are based on triennial actuarial valuations of the plans and the assumptions used to determine the funding required may differ from those set out above. The Group expects to pay \$7,691,036 to the funds for the year ending 31 December 2017. The Group has no legal obligation to immediately settle any deficits arising on the plans with immediate contributions but will continue to contribute at rates recommended by the actuary.

#### (f) Risk exposure

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most of which are detailed below:

##### (i) Asset volatility

The Plans' liabilities are calculated using a discount rate set with reference to Government bond yields in the respective markets. If assets underperform this yield, a deficit will result, all other things being equal. The Plans hold a significant proportion of equities, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

However, given the long-term nature of the liabilities and the strength of the supporting sponsor, a level of continuing equity investment would be an appropriate element of a long-term investment strategy to manage the Plans efficiently.

##### (ii) Change in bond yields

A decrease in Government bond yields will increase the Plans' liabilities. This will be partially offset by an increase in the value of the Plans' bond holdings.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 21 Retirement benefit obligation (continued)

#### (f) Risk exposure (continued)

##### (iii) Inflation

The majority of the Plans' liabilities are linked to inflation in the form of salary inflation. This is expected to be impacted by the general level of price increases and other inflationary factors in the economy. Higher inflation will lead to higher liabilities although there is a cap on the level of inflationary increases.

The majority of the Plans' assets are either unaffected (fixed interest bonds) or loosely correlated (equities) with inflation. Therefore, an increase in inflation is likely to increase the Plans' deficit.

##### (iv) Life expectancy

The majority of the Plans' obligations are to provide benefits for the life of its members. Therefore, increases in life expectancy will result in an increase in the Plans' liabilities.

The weighted average duration of the defined benefit plans is as follows:

- Trinidad - 22.01 years (2015 – 22.8 years) and
- Barbados - 15.80 years (2015 – 14.59 years).

The expected maturity analysis of undiscounted pension benefits is as follows:

	Less than -1 year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2016</b>					
Trinidad	938	2,679	11,930	40,145	55,692
Barbados	4,200	4,442	15,518	36,235	60,395
<b>2015</b>					
Trinidad	807	947	9,234	38,164	49,152
Barbados	3,800	4,076	13,794	32,315	53,985

### 22 Borrowings

	2016 \$'000	2015 \$'000
<b>Current</b>		
Bank overdrafts	3,436	982
Bank borrowings	15,082	18,700
	<u>18,518</u>	<u>19,682</u>
<b>Non-current</b>		
Bank borrowings	16,631	17,515
<b>Total borrowings</b>	<u>35,149</u>	<u>37,197</u>

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

### Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

#### 22 Borrowings (continued)

##### (a) Accounting policy

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

General and specific 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

(b) The bank overdrafts bear interest at the rate of 8.5%. The bank borrowings attract interest at varying rates of 4.5% - 7.5% (2015 – 4.5% - 11%) per annum and are being repaid by monthly installments of \$4,509,587.

The bank overdrafts and borrowings are secured by:

- (i) A first demand registered debenture giving the bank a first fixed charge over the fixed and floating assets of One Caribbean Media Limited, stamped to cover \$68,100,000. A collateral deed of mortgage over two parcels of land situated at 35 - 37 Independence Square, Port of Spain and singular parcel of land situated at 4 Charlotte Street, Port of Spain, stamped collateral to the debenture.
- (ii) Property all risk insurance on buildings, contents and stocks for \$432,069,059.
- (iii) Joint and Several Corporate Guarantee in the amount limited to \$30,000,000.
- (iv) Hire purchase agreement and assignment of insurance coverage over the vehicles.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 23 Provisions for liabilities and other charges

	2016 \$'000	2015 \$'000
At 1 January	39,671	44,951
New provisions	9,625	22,222
Utilised	(23,160)	(27,502)
At 31 December	<u>26,136</u>	<u>39,671</u>

	Employee benefits \$'000	Commissions and fees \$'000	Libel \$'000	Other \$'000	Total \$'000
At 1 January 2016	24,332	6,952	7,687	700	39,671
New provisions/adjustments	5,519	5,394	(2,217)	929	9,625
Utilised	(15,346)	(6,547)	(399)	(868)	(23,160)
At 31 December 2016	<u>14,505</u>	<u>5,799</u>	<u>5,071</u>	<u>761</u>	<u>26,136</u>
At 1 January 2015	31,350	5,765	7,513	323	44,951
New provisions	13,199	7,558	328	1,137	22,222
Utilised	(20,217)	(6,371)	(154)	(760)	(27,502)
At 31 December 2015	<u>24,332</u>	<u>6,952</u>	<u>7,687</u>	<u>700</u>	<u>39,671</u>

#### Accounting policy

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 24 Expenses by nature

Profit before tax is arrived at after charging/(crediting):

	2016 \$'000	2015 \$'000
Staff costs (Note 25)	164,732	168,205
Other expenses	67,086	73,006
Inventories recognised as expense	58,917	81,140
Agency commissions	26,979	32,068
Depreciation (Note 6 & 7)	19,476	17,714
Utilities	9,696	10,325
Professional fees	8,855	4,152
Programming usage	6,758	12,183
Property expenses	5,574	9,184
Advertising and promotion	5,355	6,583
Impairment charge for bad debts	5,869	3,270
Licence fees and royalties	3,045	3,537
Amortisation (Note 8)	2,369	805
Directors' remuneration	1,165	1,097
Profit on disposal of property, plant and equipment	19	(17)
	<u>385,895</u>	<u>423,252</u>

As disclosed in the consolidated statement of profit or loss:

Cost of providing services	283,576	332,662
Administrative expenses	96,964	86,358
Marketing expenses	5,355	4,232
	<u>385,895</u>	<u>423,252</u>

### 25 Staff costs

Salaries and wages	154,873	158,261
Pension cost (Note 21)	9,859	9,944
	<u>164,732</u>	<u>168,205</u>
Number of employees	<u>781</u>	<u>801</u>

### 26 Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders (owners of the parent) of \$55,917,754 (2015 - \$82,459,224) and on the weighted average number of ordinary shares in issue of 62,719,046 (2015 - 62,841,978) exclusive of ESOP shares, during the year.

The calculation of the fully diluted earnings per share is based on the Group's profit attributable to the shareholders (owners of the parent) as above and on the weighted average number of ordinary shares outstanding of 65,371,108 (2015 - 65,193,262) assuming conversion of all dilutive potential ordinary shares and exercise of share options granted.

The calculation of earnings per share inclusive of ESOP shares is based on the Group's profit attributable to the shareholders (owners of the parent) as above and on the weighted average total number of ordinary shares in issue.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)



### 26 Earnings per share (continued)

The weighted average number of shares used in the calculation of earnings per share is as follows:

	2016	2015
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	62,719,046	62,841,978
Share options	<u>2,652,062</u>	<u>2,351,284</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u><b>65,371,108</b></u>	<u><b>65,193,262</b></u>

### 27 Net change in operating assets and liabilities

	2016 \$'000	2015 \$'000
(Increase)/decrease in inventories	(5,456)	11,211
Decrease/(increase) in trade receivables, sundry debtors and prepayments	25,599	(1,585)
Decrease in deferred programming	5,537	23,971
Decrease in trade payables	(7,668)	(19,090)
(Decrease)/increase in sundry creditors and accruals and provisions for liabilities and other charges	<u>(12,430)</u>	<u>1,797</u>
	<u><b>5,582</b></u>	<u><b>16,304</b></u>

### 28 Contingencies and commitments

#### (a) Guarantees and bonds

Guarantees and bonds are obtained to facilitate the immediate clearance of equipment pending the subsequent payment of the applicable duties. As at 31 December 2016 guarantees and bonds totaled \$3,775,293 (2015 - \$3,775,000).

#### (b) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	2016 \$'000	2015 \$'000
Not later than 1 year	897	1,005
Later than 1 year and not later than 5 years	<u>978</u>	<u>1,402</u>
	<u><b>1,875</b></u>	<u><b>2,407</b></u>

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 29 Financial instruments by category

	At amortised cost	At fair value	Total	At amortised cost	At fair value	Total
	2016			2015		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets as per consolidated balance sheet</b>						
Available-for-sale financial assets	-	4,798	4,798	-	5,267	5,267
Trade and other receivables excluding prepayments	150,823	-	150,823	161,568	-	161,568
Due from related parties	1,949	-	1,949	1,011	-	1,011
Term deposits	21,497	-	21,497	34,637	-	34,637
Cash and cash equivalents	69,516	-	69,516	76,601	-	76,601
	<b>243,785</b>	<b>4,798</b>	<b>248,583</b>	<b>273,817</b>	<b>5,267</b>	<b>279,084</b>

	At amortised cost	At fair value	Total	At amortised cost	At fair value	Total
	2016			2015		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Liabilities as per consolidated balance sheet</b>						
Borrowings	35,149	-	35,149	37,197	-	37,197
Trade and other payables	38,781	-	38,781	43,162	-	43,162
	<b>73,930</b>	<b>-</b>	<b>73,930</b>	<b>80,359</b>	<b>-</b>	<b>80,359</b>

### 30 Subsequent events

On February 8, 2017 One Caribbean Media Limited purchased 51% of the ordinary shares in issue of Green Dot Limited (GDL) for the consideration of \$76,500,000. GDL is a provider of Digital Cable TV and Broadband Internet services.

The Company has been operating in the Trinidad market for over 10 years and has established a strong customer base. The fair value of the assets acquired could not be determined within the time allowed for the preparation of the annual consolidated financial statements.

### 31 Summary of significant accounting policies

This Note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other Notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are for the Group consisting of the Company and its subsidiaries.

#### 31.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to Companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- the revaluation of land and buildings – measured at fair value;
- financial assets – measured at fair value; and
- defined benefit pension plans assets measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity or where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.



**31 Summary of significant accounting policies (continued)**

**31.1 Basis of preparation (continued)**

**Changes in accounting policies and disclosures**

*(a) New and amended standards adopted by the Group:*

The following standard has been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

<b>Financial reporting standard and effective date</b>	<b>Nature of change</b>
<p><b>IFRS 1</b></p> <p>Effective for years beginning on or after 1 January 2016</p>	<p><b>Presentation of financial statements</b></p> <p>Amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.</p>

There are no other new standards, amendments and interpretations effective for the first time for the financial year beginning on or after 1 January 2016 which had a material impact on the Group's consolidated financial statements.

*(b) New standards and interpretations not yet adopted by the Group:*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the Group. The Group is yet to assess the impact of these new standards.

<b>Financial reporting standard and effective date</b>	<b>Nature of change</b>
<p><b>IFRS 7</b></p> <p><b>IFRS 9</b></p> <p>Effective for years beginning on or after 1 January 2018</p>	<p><b>Financial instruments</b></p> <p>The final version of IFRS 9 was issued in July 2014 and includes (i) a third measurement category for financial assets - fair value through other comprehensive income; (ii) a single, forward-looking 'expected loss' impairment model. IFRS 7 was amended to require additional disclosures on transition to IFRS 9.</p>

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

### 31 Summary of significant accounting policies (continued)

#### 31.1 Basis of preparation (continued)

##### Changes in accounting policies and disclosures (continued)

(b) New standards and interpretations not yet adopted by the Group (continued)

<b>Financial reporting standard and effective date</b>	<b>Nature of change</b>
<b>IFRS 15</b>  Effective for first interim periods within years beginning on or after 1 January 2018	<b>Revenue from contracts with customers</b>  New standard on revenue recognition, superceding IAS 18, IAS 11, and related interpretations. The objective of IFRS 15 is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.  Almost all entities will be affected to some extent by the significant increase in required disclosures. But the changes extend beyond disclosures and the effect on entities will vary depending on industry and current accounting practices. Entities will need to consider changes that might be necessary to information technology systems, processes and internal controls to capture new data and address changes in financial reporting.
<b>IFRS 16</b>  Effective for years beginning on or after 1 January 2019	<b>Leases</b>  The standard eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognizing the present value of the lease payments and showing them either as lease assets or together with property, plant and equipment. If lease payments are made over time, a financial liability is also recognized representing the obligation to make future lease payments. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

#### 31.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional and presentation currency.

**31 Summary of significant accounting policies (continued)****31.2 Foreign currency translation (continued)***(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 consolidated statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange losses and gains that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within 'Finance cost' or 'Interest income'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within 'Administrative expenses'.

*(c) Group companies*

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

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- (ii) Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- (iii) All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

**31.3** Investment properties – See Note 6.

**31.4** Property, plant and equipment – See Note 7.

**31.5** Intangible assets – See Note 8.

**31.6** Investments in associates and joint venture – See Note 9.

**31.7** Financial assets – See Note 10.

**31.8** Trade receivables – See Note 11.

**31.9** Deferred programming – See Note 13.

**31.10** Taxation – See Note 14.

**31.11** Inventories – See Note 15.

**31.12** Cash and cash equivalents – See Note 16.

**31.13** Share capital – See Note 17.

**31.14** Retirement benefit obligation – See Note 21.

# ONE CARIBBEAN MEDIA LIMITED

## Year ended 31 December 2016

### Notes to the consolidated financial statements (continued)

(These financial statements are expressed in Trinidad and Tobago dollars)

#### 31 Summary of significant accounting policies (continued)

##### 31.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

##### 31.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, credits, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

##### *Provision of services*

The Group sells advertising services utilising television, print and radio media to advertising agents, government, corporate entities and individuals. For sales of these services, revenue is recognised in the accounting period in which the services are rendered, by reference to fulfilment of the required advertisement at the rates agreed with the customer.

##### *Sale of goods - wholesale distribution*

The Group sells a range of large electrical household appliances. Sales of goods are recognised when the Group has delivered products to the customer, the risks and rewards of ownership have been transferred by delivery and the customer has accepted the goods according to the terms of sale. Delivery occurs when the product is installed for the customer and there is acceptance of the product in accordance with the sales contract.

##### *Sale of goods - retail contract services*

The Group sells, assembles and installs photovoltaic systems and renewable energy products; carries out energy audits and implements energy efficiency strategies. Sales are recognized when products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product.

##### 31.17 Operating leases

Leases in which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of profit or loss as incurred on a straight line basis over the period of the lease. The Group leases certain property, plant and equipment.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The Group does not have any finance leases.

##### 31.18 Dividend income

Dividend income is recognised when the right to receive payment is established.

##### 31.19 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

##### 31.20 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.



## Notice of Meeting

### To All Shareholders:

Notice is hereby given that the 49<sup>th</sup> Annual Meeting of One Caribbean Media Limited will be held at Express House, 35-37 Independence Square, Port-of-Spain, on Thursday June 8<sup>th</sup>, 2017 at 10.00 a.m.

### Agenda

1. To adopt the Auditors' Report, Consolidated Financial Statements and Directors' Report for the year ended December 31<sup>st</sup>, 2016.
2. To elect Directors. (See note 1, 2 and 3.)
3. To re-appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration. (See note 4.)
4. To discuss any other business of the Company which may properly be considered at the Annual Meeting.

By Order of the Board

John Lum Young  
Company Secretary  
May 17<sup>th</sup>, 2017

One Caribbean Media Limited, Express House, 35-37 Independence Square, Port-of-Spain

### Notes:

1. In accordance with the By Laws Messrs. Michael Carballo, Faarees Hosein and Peter Symmonds retire by rotation and being eligible offer themselves for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.
2. In accordance with the By Laws Mr. Harold Hoyte retires and being over seventy-five (75) years of age, offers himself for re-election for a term not later than the close of the first Annual Meeting of shareholders following this re-election.
3. In accordance with the By Laws Dr. Grenville Phillips retires and being over seventy-five (75) years of age, offers himself for re-election for a term not later than the close of the first Annual Meeting of shareholders following this re-election.
4. The Auditors, PricewaterhouseCoopers, retire and being eligible offer themselves for re-appointment.
5. At no time during the current financial year has any Director or Officer been a party to a material contract with the Company or was materially interested in a contract or in a party to a material contract which was significant in relation to the Company's business.
6. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his or her stead. Such Proxy need not also be a member of the Company.

A Proxy Form is provided.

# Proxy Form

Republic of Trinidad and Tobago  
The Companies Act, CH. 81:01  
(Section 143 (1))

**1. Name of Company:**

**ONE CARIBBEAN MEDIA LIMITED**

Company No: O -701 (c)

2. The 49<sup>th</sup> Annual Meeting of One Caribbean Media Limited to be held at Express House, 35-37 Independence Square, Port-of-Spain, on Thursday June 8<sup>th</sup>, 2017 commencing at 10.00 a.m.

3. I/We \_\_\_\_\_  
(BLOCK CAPITALS PLEASE)

of \_\_\_\_\_

shareholder/s in the above Company, appoint the Chairman of the Meeting or failing him,

\_\_\_\_\_

of \_\_\_\_\_

to be my/our proxy to vote for me/us on my/our behalf at the above meeting and any adjournment thereof, in the same manner, to the same extent and with the same powers as if I/we was/were present at the said meeting as such adjournment or adjournments thereof and in respect of the resolutions listed below to vote in accordance with my/our instructions.

Signature/s \_\_\_\_\_

\_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Please indicate with an "X" in the spaces overleaf your instructions on how you wish your votes to be cast. Unless otherwise instructed, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.

Please consider Notes 1 to 6 overleaf for assistance to complete and deposit this Proxy Form.

## Proxy Form (continued)

Resolutions		For	Against
1.	To adopt the Audited Consolidated Financial Statements of the Company for the financial year ended December 31 <sup>st</sup> , 2016		
2.	In accordance with the By Laws Messrs. Michael Carballo, Faarees Hosein and Peter Symmonds retire by rotation and being eligible offer themselves for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.		
3.	In accordance with the By Laws Mr. Harold Hoyte retires and being over seventy-five (75) years of age, offers himself for re-election for a term not later than the close of the first Annual Meeting of the shareholders following this re-election.		
4.	In accordance with the By Laws Dr. Grenville Phillips retires and being over seventy-five (75) years of age, offers himself for re-election for a term not later than the close of the first Annual Meeting of the shareholders following this re-election.		
5.	The Auditors, PricewaterhouseCoopers, retire and being eligible offer themselves for re-appointment.		

### Notes:

1. A shareholder may appoint a proxy of his/her own choice. If such an appointment is made, delete the words "the Chairman of the Meeting" from the Proxy Form and insert the name and address of the person-appointed proxy in the space provided and initial the alteration.
2. If the appointer is a corporation, the Proxy Form must be under its common seal or under the hand of an officer of the corporation or attorney duly authorized in that behalf.
3. A shareholder who is a body corporate may, in lieu of appointing a proxy, authorize an individual by resolution of its directors or governing body to represent it at this Annual Meeting.
4. In the case of joint shareholders, the names of all joint shareholders must be stated on the Proxy Form and all joint shareholders must sign the Proxy Form.
5. If the Proxy Form is returned without any indication as to how the person-appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
6. To be valid, this Proxy Form must be completed and deposited with the Secretary of the Company at the Registered Office of the Company at the address below at least 48 hours before the time appointed for the Annual Meeting.

Return to: The Company Secretary  
 One Caribbean Media Limited  
 Express House  
 #35 Independence Square  
 Port-of-Spain  
 Trinidad and Tobago

# NOTES