

**CARIBBEAN NEW MEDIA GROUP LIMITED**

FINANCIAL STATEMENTS

YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

MAHARAJ  
MOHAMMED  
& Co.



CARIBBEAN NEW MEDIA GROUP LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

**C O N T E N T S**

**Page**

**Independent Auditors' Report**

**2 - 3**

**Statement of Financial Position**

**4**

**Statement of Comprehensive Income**

**5**

**Statement of Changes in Equity**

**6**

**Statement of Cash Flows**

**7**

**Notes to the Financial Statements**

**8 - 15**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
CARIBBEAN NEW MEDIA GROUP LIMITED**

*Report on the Financial Statements*

We have audited the financial statements of Caribbean New Media Group Limited which comprises the statement of financial position as at 31<sup>st</sup> December 2014, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as stated on pages 4 to 15.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31<sup>st</sup> December 2014 and the results of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

A handwritten signature in blue ink that reads "Maharaj Mohammed & Co." with a small flourish at the end.

Maharaj Mohammed & Co.  
Chartered Accountants  
Trinidad & Tobago


8<sup>th</sup> May 2015

CARIBBEAN NEW MEDIA GROUP LIMITED


STATEMENT OF FINANCIAL POSITION  
AS AT 31<sup>ST</sup> DECEMBER 2014

<u>ASSETS</u>	Notes	2014 \$	2013 \$
<b>Current assets</b>			
Cash and bank balances	3	2,318,682	17,990,012
Accounts receivable and prepayments	4	9,929,677	8,724,716
Amounts due from related parties	5	5,388,076	3,585,158
Inventories	6	6,683,121	4,077,965
Taxation recoverable		<u>306,651</u>	<u>302,994</u>
Total current assets		<u>24,626,207</u>	<u>34,680,845</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	74,850,311	77,475,113
Deferred tax asset	11	<u>37,670,050</u>	<u>31,560,911</u>
Total non-current assets		<u>112,520,361</u>	<u>109,036,024</u>
<b>Total Assets</b>		<u>137,146,568</u>	<u>143,716,869</u>
 <u>EQUITY AND LIABILITIES</u>			
<b>Shareholders' Equity</b>			
Stated capital	8	10	10
Retained earnings		<u>13,133,191</u>	<u>13,133,191</u>
Total shareholders' equity		<u>13,133,201</u>	<u>13,133,201</u>
<b>Current liabilities</b>			
Accounts payable and accruals	10	9,008,140	9,398,696
Taxation payable		<u>3,412</u>	<u>8,296</u>
Total current liabilities		<u>9,011,552</u>	<u>9,406,992</u>
<b>Non-current liabilities</b>			
Deferred capital grant	9	79,350,315	82,803,091
Deferred income	9	23,854,373	26,670,705
Deferred tax liability	11	<u>11,797,127</u>	<u>11,702,880</u>
Total non-current liabilities		<u>115,001,815</u>	<u>121,176,676</u>
Total Liabilities		<u>124,013,367</u>	<u>130,583,668</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>137,146,568</u>	<u>143,716,869</u>

The accompanying notes on pages 8 to 15 form an integral part of these financial statements.



:Director



:Director



CARIBBEAN NEW MEDIA GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

	Note	2014	2013
		\$	\$
<b>Revenue</b>			
Airtime and production		29,196,424	30,847,367
Transmitter rental		915,120	755,520
Interactive media		<u>60,257</u>	<u>197,661</u>
		30,171,801	31,800,548
Cost of Sales		<u>(23,195,925)</u>	<u>(19,742,409)</u>
<b>Gross Profit</b>		6,975,876	12,058,139
Other income		24,454	23,518
Recurrent operating grant		12,585,837	6,809,219
Capital grants released		<u>4,930,371</u>	<u>5,113,429</u>
		24,516,538	24,004,305
<b>Expenses</b>			
Administrative and other		25,488,505	22,713,820
Depreciation		4,930,371	5,113,429
Interest and bank charges		<u>22,038</u>	<u>22,075</u>
		<u>30,440,914</u>	<u>27,849,324</u>
<b>Deficit before taxation</b>		(5,924,376)	(3,845,019)
Taxation	13	<u>5,924,376</u>	<u>3,845,019</u>
<b>Surplus for the year</b>		<u>=====</u> -	<u>=====</u> -

The accompanying notes on pages 8 to 15 form an integral part of these financial statements.

CARIBBEAN NEW MEDIA GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

	<b>Stated Capital \$</b>	<b>Retained Earnings \$</b>	<b>Shareholders' Equity \$</b>
Balance at 1 <sup>st</sup> January 2013	10	13,133,191	13,133,201
Income for the year	—	—	—
Balance at 31 <sup>st</sup> December 2013	<u>10</u>	<u>13,133,191</u>	<u>13,133,201</u>
Balance at 1 <sup>st</sup> January 2014	10	13,133,191	13,133,201
Income for the year	—	—	—
Balance at 31 <sup>st</sup> December 2014	<u>10</u>	<u>13,133,191</u>	<u>13,133,201</u>

The accompanying notes on pages 8 to 15 form an integral part of these financial statements.

CARIBBEAN NEW MEDIA GROUP LIMITED  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

	Note	2014	2013
<b>Operating Activities</b>		\$	\$
Operating loss before taxation		(5,924,376)	(3,845,019)
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment		4,930,371	5,113,429
Transfer of capital work-in-progress		765,324	765,943
Loss on disposal of property, plant and equipment		<u>11,609</u>	<u>11,163</u>
		(217,072)	2,045,516
<b>Movements in working capital</b>			
(Increase)/decrease in accounts receivable and prepayments		(1,204,961)	709,570
Increase in amounts due by related parties		(1,802,918)	(989,997)
Increase in inventories		(2,605,156)	(999,873)
(Decrease)/increase in accounts payable and accruals		<u>(390,556)</u>	<u>1,437,516</u>
<b>Cash (utilized in)/generated from operating activities</b>		(6,220,663)	2,202,732
Taxation refund		-	4,431
Taxation paid		<u>(99,057)</u>	<u>(87,176)</u>
<b>Net cash (used in)/generated from operating activities</b>		<u>(6,319,720)</u>	<u>2,119,987</u>
<b>Investing Activities</b>			
Purchase of property, plant and equipment		(3,082,502)	(1,845,454)
Proceeds from disposal of property, plant and equipment		<u>-</u>	<u>2,511</u>
<b>Cash used in investing activities</b>		<u>(3,082,502)</u>	<u>(1,842,943)</u>
<b>Financing Activities</b>			
Net movement on deferred grants		(6,269,108)	(1,124,583)
<b>Cash utilized in financing activities</b>		<u>(6,269,108)</u>	<u>(1,124,583)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(15,671,330)</u>	<u>(847,539)</u>
<b>Cash and cash equivalents</b>			
- at the beginning of the year		17,990,012	18,837,551
- at the end of the year	3	<u>2,318,682</u>	<u>17,990,012</u>
		<u>(15,671,330)</u>	<u>(847,539)</u>

The accompanying notes on pages 8 to 15 form an integral part of these financial statements.



CARIBBEAN NEW MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

**1. Incorporation and principal activities**

Caribbean New Media Group (CNMG) was incorporated in the Republic of Trinidad and Tobago on 11<sup>th</sup> January 2005 and its registered office is situated at No. 11A Maraval Road, Port-of-Spain. Its principal activities are the provision of media services via television and radio broadcasting.

The shareholders of the company are the Ministry of Finance as Corporation Sole, with one share held by a nominee, on behalf of the Ministry of Finance as Corporation Sole.

**2. Significant Accounting Policies**

**(a) Basis of preparation**

These financial statements are expressed in Trinidad and Tobago dollars and have been prepared under the historical cost convention in conformity with International Financial Reporting Standards.

**(b) Use of estimates**

The preparation of financial statements, in conformity with International Financial Reporting Standards, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**(c) Foreign currency**

Transactions in foreign currencies are translated into Trinidad and Tobago dollars at the exchange rates prevailing at the dates of the transactions. Current assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Profits and losses arising are dealt with in the statement of income.

**(d) Revenue**

Revenue is recognized, on the accrual basis, from the provision of television or radio broadcasting services, individually or on a fixed contract basis.

CARIBBEAN NEW MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and bank balances and overdrafts that are readily convertible to known amounts of cash which are subject to insignificant risk of change in value.

**(f) Accounts receivable**

Accounts receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. All collections from sales are expected in one year or less and are classified as current assets.

Accounts receivable are initially recognized at the transaction price. They are subsequently measured at cost less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the company will not be able to recover all amounts due according to the original terms of the receivables.

**(g) Inventories**

Inventories are stated at the lower of cost and net realizable value. The company maintains a general policy of two airings of all programming, following which the inventory is expensed to cost of sales. Provision for obsolescence is applied based on fixed policy instituted by management, which is consistent and reasonable for the media industry.

**(h) Property, plant and equipment**

Property, plant and equipment are stated at cost/valuation and are being depreciated on the reducing balance basis, at varying rates which are sufficient to write-off the cost/valuation of the assets over their estimated useful lives as follows:

Commercial properties	2%
Machinery and equipment	5% - 25%
Furniture and fittings	10%
Office equipment	25%
Motor vehicles	10% - 25%
Computer equipment	33%

No depreciation is charged on Work-in-Progress.

**(i) Accounts payable**

Accounts payable are obligations on the basis of normal credit terms and do not bear interest.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

**(j) Deferred capital grants**

Grants related to capital expenditure are recorded under deferred liabilities and are credited to the statement of comprehensive income on a reducing-balance basis over the expected lives of the respective capital assets.

**(k) Deferred income**

Grants related to operating expenditure are recorded under deferred liabilities and are recognized in the statement of comprehensive income over the period necessary to match them with costs they are qualified to compensate.

Grants received without any stipulation for capital or operating expenditure are applied, initially to cover capital expenditure, with the balance (if any) to cover recurrent expenditure.

**(l) Government Subventions/Statement of Comprehensive Income**

The Company is the recipient of Annual Subventions from the Ministry of Finance (MOF), which are disbursed quarterly. According to the MOF mandate, CNMG is to operate as a commercially viable enterprise, with a view for profit. In the event of losses, CNMG is allowed to draw upon the Income and Capital Grants, which have been capitalised in accordance with IAS 10 - Government Grants, in order to meet its relevant loss requirements.

**(m) Deferred taxation**

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. Deferred tax assets and the liabilities measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on the enacted tax rate at the balance sheet date.

**(n) Taxation**

The company is subject to corporation tax based on the stipulated rate for the respective year of income, in addition to Green Fund Levy at the rate of 0.1% of gross revenue.

CARIBBEAN NEW MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

3. Cash and bank balances	2014	2013
	\$	\$
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts.		
Cash on hand	11,500	10,000
Bank balances	<u>2,307,182</u>	<u>17,980,012</u>
	<u>2,318,682</u>	<u>17,990,012</u>
4. Accounts receivable and prepayments	2014	2013
	\$	\$
Trade receivables	9,223,583	9,251,332
Provision for bad debts	(1,818,139)	(1,818,139)
Prepayments and other	<u>2,524,233</u>	<u>1,291,523</u>
	<u>9,929,677</u>	<u>8,724,716</u>
5. Amounts due from related parties	2014	2013
	\$	\$
a) Amounts due from related parties	<u>5,388,076</u>	<u>3,585,158</u>
The transactions conducted with related parties were carried out on commercial terms and conditions at market rates.		
b) The company had related party transactions during the year as follows:		
Sales to related parties	<u>6,332,630</u>	<u>5,004,983</u>
6. Inventories	2014	2013
	\$	\$
Local	-	-
Foreign - television series	6,207,270	3,521,949
- movies	<u>475,851</u>	<u>556,016</u>
	<u>6,683,121</u>	<u>4,077,965</u>

CARIBBEAN NEW MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER 2014

7. Property, plant and equipment

Cost/ Valuation	Commercial Properties	Machinery & Equipment	Furniture & Fixtures	Office Equipment	Motor Vehicles	Computer Equipment	Work-in-Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Beginning of year	40,013,936	64,447,172	4,603,688	944,608	5,069,073	7,619,155	612,261	123,309,893
Additions	365,635	1,081,146	341,643	34,221	-	538,732	721,125	3,082,502
Transfers/Disposals	-	(1,486)	(1,452)	(24,500)	-	-	(752,503)	(779,941)
End of year	40,379,571	65,526,832	4,943,879	954,329	5,069,073	8,157,887	580,883	125,612,454
<b>Accumulated Depreciation</b>								
Beginning of year	5,120,183	29,034,216	2,285,971	594,207	2,485,120	6,315,083	-	45,834,780
Charge for the year	730,786	3,150,780	246,376	56,519	262,941	482,969	-	4,930,371
Disposals	-	(86)	(48)	(2,874)	-	-	-	(3,008)
End of year	5,850,969	32,184,910	2,532,299	647,852	2,748,061	6,798,052	-	50,762,143
<b>Net Book Value 2013</b>	<b>34,893,753</b>	<b>35,412,956</b>	<b>2,317,717</b>	<b>350,401</b>	<b>2,583,953</b>	<b>1,304,072</b>	<b>612,261</b>	<b>77,475,113</b>
<b>Net Book Value 2014</b>	<b>34,528,602</b>	<b>33,341,922</b>	<b>2,411,580</b>	<b>306,477</b>	<b>2,321,012</b>	<b>1,359,835</b>	<b>580,883</b>	<b>74,850,311</b>

Work-in-progress represents professional fees and expenses incurred with respect to planning and design of the Company's Administrative Building, which is scheduled to commence construction in the near future.

CARIBBEAN NEW MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

<b>8. Stated capital</b>	<b>2014</b>	<b>2013</b>
	\$	\$
Authorised		
An unlimited number of ordinary shares		
Issued		
10 ordinary shares	<u>10</u>	<u>10</u>

**9. Deferred Capital Grant/Deferred Income**

<b>2013</b>	<b>Deferred Capital Grants</b>	<b>Deferred Income</b>	<b>Total</b>
	\$	\$	\$
Opening balance	86,071,065	24,527,314	110,598,379
Received for the year	-	10,798,065	10,798,065
Capital allocation	1,845,455	(1,845,455)	-
Release to Statement of Income	(5,113,429)	(6,809,219)	(11,922,648)
	<u>82,803,091</u>	<u>26,670,705</u>	<u>109,473,796</u>
<b>2014</b>			
Opening balance	82,803,091	26,670,705	109,473,796
Received for the year	-	11,247,100	11,247,100
Capital allocation	1,477,595	(1,477,595)	-
Release to Statement of Income	(4,930,371)	(12,585,837)	(17,516,208)
	<u>79,350,315</u>	<u>23,854,373</u>	<u>103,204,688</u>



CARIBBEAN NEW MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

10. Accounts payable and accruals	2014	2013
	\$	\$
Trade payables	3,869,533	3,767,573
Accruals	3,487,805	3,027,654
Value Added Tax and other	<u>1,650,802</u>	<u>2,603,469</u>
	<u>9,008,140</u>	<u>9,398,696</u>
11. Deferred taxation	2014	2013
	\$	\$
i) Deferred Tax Asset		
Taxable losses	(150,680,198)	(126,243,643)
Deferred tax asset @ 25%	<u>37,670,050</u>	<u>31,560,911</u>
<i>Deferred tax benefit</i>	<u>6,109,139</u>	<u>4,162,990</u>
ii) Deferred Tax Liability		
Net book value per accounting records	74,850,311	77,475,113
Less: permanent differences	<u>(580,883)</u>	<u>(612,261)</u>
Adjusted net book value	74,269,428	76,862,852
Tax written down value	<u>27,080,919</u>	<u>30,051,331</u>
Temporary differences	47,188,509	46,811,521
Deferred tax liability @ 25%	<u>11,797,127</u>	<u>11,702,880</u>
<i>Deferred tax charge</i>	<u>(94,247)</u>	<u>(226,930)</u>
<i>Net Deferred Tax Benefit (Note 13)</i>	<u>6,014,892</u>	<u>3,936,060</u>
12. Employees	2014	2013
The number of employees at year end	<u>133</u>	<u>123</u>

CARIBBEAN NEW MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

13. Taxation	2014	2013
	\$	\$
<b><i>Reconciliation between accounting income and taxation charge</i></b>		
Accounting income	(5,924,376)	(3,845,019)
Items disallowed/(allowable)	<u>(18,512,179)</u>	<u>(12,806,942)</u>
Allowable losses for the year	(24,436,555)	(16,651,961)
Allowable losses brought forward	<u>(126,243,643)</u>	<u>(109,591,682)</u>
Allowable losses carried forward	<u>(150,680,198)</u>	<u>(126,243,643)</u>
<b><i>Taxation charge for the year</i></b>		
Business levy - current year	(60,344)	(63,648)
Green Fund levy - current year	(30,172)	(31,824)
- prior year	-	4,431
Deferred tax (Note 11)	<u>6,014,892</u>	<u>3,936,060</u>
	<u>5,924,376</u>	<u>3,845,019</u>

**CARIBBEAN NEW MEDIA GROUP LIMITED**

SCHEDULES TO THE STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31<sup>ST</sup> DECEMBER 2014

MAHARAJ  
MOHAMMED  
& Co.



CARIBBEAN NEW MEDIA GROUP LIMITED

SCHEDULES TO THE STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2014

<b>I Cost of Sales</b>	<b>2014</b>	<b>2013</b>
	\$	\$
Purchase of programmes - local	1,773,180	1,344,393
Purchase of programmes - foreign	4,727,062	4,231,621
Programme material	92,326	106,826
Broadcast expenses	1,105,417	951,653
Rental of vehicles	594,120	640,989
Rental of equipment	5,000	36,000
Local production and editing	<u>474,746</u>	<u>175,804</u>
	8,771,851	7,487,286
 <b>Other operating costs</b>		
Promotions and giveaways	788,545	819,406
Licence fees - TATT	1,184,200	1,368,293
Licence fees - COTT	229,221	283,302
Repairs and maintenance	1,651,156	1,508,935
Advertising expense	739,681	559,299
Freelance expenses	6,795,018	4,054,924
Commission expenses	<u>3,036,253</u>	<u>3,660,964</u>
	14,424,074	12,255,123
 <b>Total Cost of Sales</b>	 <b><u>23,195,925</u></b>	 <b><u>19,742,409</u></b>

CARIBBEAN NEW MEDIA GROUP LIMITED

SCHEDULES TO THE STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2014

<b>II. Administrative and Other</b>	<b>2014</b>	<b>2013</b>
	\$	\$
Directors' expenses	738,066	261,963
Salaries and wages	17,584,911	15,801,436
Training and development	314,717	51,271
Travel	387,381	97,829
Health and safety	36,610	52,422
Office supplies - janitorial	34,304	25,034
Office supplies - printing and stationery	133,293	117,128
Staff expenses - kitchen supplies	235,223	236,730
Entertainment	45,366	24,552
IT and website maintenance	1,068,916	1,049,460
Utilities	1,413,196	1,827,811
Rates and taxes	17,940	17,510
General expenses	20,729	66,030
Legal and professional	877,395	615,143
Consultancy	572,395	327,100
Subscriptions and donations	142,940	102,206
Insurance	532,156	540,691
Withholding tax	-	10,460
Security	823,365	966,894
Rent	510,300	510,300
(Gain)/loss on foreign exchange	(12,307)	687
Loss on disposal of property, plant and equipment	<u>11,609</u>	<u>11,163</u>
	<u>25,488,505</u>	<u>22,713,820</u>