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CARIBBEAN NEW MEDIA GROUP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2015



Grant Thornton

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**CARIBBEAN NEW MEDIA GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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caribbean new media group

STATEMENT OF MANAGEMENT RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Caribbean New Media Group Limited, which comprises the statement of financial position as at December 31, 2015 the 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 Company 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 Company's assets, detection/prevention of fraud, and the achievement of company 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 Company 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.

Gerard Superville
Finance Manager

Wendell Constantine
Chief Executive Officer

Independent Auditors' Report

To the Board of Directors of Caribbean New Media Group Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Caribbean New Media Group Limited ("the Company"), which comprise the statement of financial position as at December 31, 2015 and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Financial Reporting Standards. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditor considers 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 financial statements present fairly, in all material respects, the financial position of Caribbean New Media Group Limited as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The financial statements of Caribbean New Media Group Limited for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on May 8, 2015.



Grant Thornton
ORBIT Solutions
Port of Spain,
July 28, 2017

CARIBBEAN NEW MEDIA GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	Notes	2015 \$	Restated 2014 \$	Restated 2013 \$
ASSETS				
Non-current assets				
Property, plant and equipment	6	70,519,375	74,850,311	77,475,113
Deferred tax asset	7	<u>11,653,241</u>	<u>11,797,127</u>	<u>11,702,880</u>
		<u>82,172,616</u>	<u>86,647,438</u>	<u>89,177,993</u>
Current assets				
Cash and cash equivalents	8	2,139,968	2,318,682	17,990,012
Trade and other receivables	9	5,882,958	9,929,677	8,724,716
Amounts due from related parties	10	2,484,334	5,388,076	3,585,158
Inventories	11	4,307,194	6,683,121	4,077,965
Taxation recoverable		<u>306,650</u>	<u>306,650</u>	<u>302,994</u>
		<u>15,121,104</u>	<u>24,626,207</u>	<u>34,680,845</u>
TOTAL ASSETS		<u>97,293,720</u>	<u>111,273,645</u>	<u>123,858,838</u>
EQUITY AND LIABILITIES				
Equity				
Stated capital	12	10	10	10
Retained earnings		<u>612,390</u>	<u>612,390</u>	<u>612,390</u>
		<u>612,400</u>	<u>612,400</u>	<u>612,400</u>
Non-current liabilities				
Deferred capital grant	13	70,519,375	74,850,311	77,475,113
Deferred income	13	1,234,605	11,307,782	21,537,723
Deferred tax liability	7	<u>11,653,241</u>	<u>11,797,127</u>	<u>11,702,880</u>
		<u>83,407,221</u>	<u>97,955,220</u>	<u>110,715,716</u>
Current liabilities				
Trade and other payables	14	13,261,780	12,702,613	12,522,426
Taxation payable		<u>12,319</u>	<u>3,412</u>	<u>8,296</u>
		<u>13,274,099</u>	<u>12,706,025</u>	<u>12,530,722</u>
Total liabilities		<u>96,681,320</u>	<u>110,661,245</u>	<u>123,246,438</u>
TOTAL EQUITY AND LIABILITIES		<u>97,293,720</u>	<u>111,273,645</u>	<u>123,858,838</u>

The accompanying notes form an integral part of these financial statements.

On July 28, 2017, the Board of Directors of Caribbean New Media Group Limited authorised these financial statements for issue.



: Director



: Director

CARIBBEAN NEW MEDIA GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	2015 \$	Restated 2014 \$
Income from operations			
Revenue	15	32,999,947	30,171,801
Cost of sales	16	(24,402,222)	(23,195,925)
Gross profit		8,597,725	6,975,876
Other income			
Recurrent operating grant		25,212,329	19,171,472
Capital grant released		4,841,784	4,930,371
Interest income		<u>25</u>	<u>24,454</u>
Total other sources of income		<u>30,054,138</u>	<u>24,126,297</u>
		<u>38,651,863</u>	<u>31,102,173</u>
Indirect expenses			
Administration and other	17	(33,682,526)	(26,059,248)
Depreciation		(4,841,784)	(4,930,371)
Finance charges		<u>(12,857)</u>	<u>(22,038)</u>
Total indirect expenses		<u>(38,537,167)</u>	<u>(31,011,657)</u>
Profit before taxation		114,696	90,516
Taxation	18	<u>(114,696)</u>	<u>(90,516)</u>
Profit for the year		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form an integral part of these financial statements.

**CARIBBEAN NEW MEDIA GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Stated capital \$	Retained earnings \$	Total \$
Balance at January 1, 2015	10	612,390	612,400
Total comprehensive income for the year	—	—	—
Balance at December 31, 2015	<u>10</u>	<u>612,390</u>	<u>612,400</u>
Balance as reported at January 1, 2014	10	13,133,191	13,133,201
Effects of restatement (Note 5)	—	(12,520,801)	(12,520,801)
Balance at January 1, 2014 (Restated)	10	612,390	612,400
Total comprehensive income for the year	—	—	—
Balance at December 31, 2014 (Restated)	<u>10</u>	<u>612,390</u>	<u>612,400</u>

The accompanying notes form an integral part of these financial statements.

CARIBBEAN NEW MEDIA GROUP LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	Restated 2014
	\$	\$
Cash flows from operation activities		
Profit before taxation	114,696	90,516
Adjustments to reconcile profit before tax to net cash flows		
Depreciation of property, plant and equipment	4,841,784	4,930,371
Capital and operating grants utilised	(30,054,113)	(24,101,843)
Gain on foreign exchange	(6,840)	-
Loss on disposal of property, plant and equipment	<u>131,105</u>	<u>11,609</u>
Operating loss before changes in working capital	(24,973,368)	(19,069,347)
Decrease/(increase) in trade and other receivables	4,046,720	(1,204,961)
Decrease/(increase) in amounts due from related parties	2,903,741	(1,802,918)
Decrease/(increase) in inventories	2,375,927	(2,605,156)
Increase in trade and other payables	<u>559,167</u>	<u>180,187</u>
Cash used in operations	(15,087,813)	(24,502,195)
Taxation paid (net)	<u>(97,223)</u>	<u>(99,057)</u>
Net cash used in operating activities	(15,185,036)	(24,601,252)
Cash flows from investing activities		
Purchase of property, plant and equipment	<u>(643,678)</u>	<u>(2,317,178)</u>
Net cash flows used in investing activities	<u>(643,678)</u>	<u>(2,317,178)</u>
Cash flows from financing activities		
Deferred grants received	<u>15,650,000</u>	<u>11,247,100</u>
Net cash generated from financing activities	<u>15,650,000</u>	<u>11,247,100</u>
Net decrease in cash and cash equivalents	(178,714)	(15,671,330)
Cash and cash equivalents at the beginning of the year	<u>2,318,682</u>	<u>17,990,012</u>
Cash and cash equivalents at the end of the year (Note 8)	<u>2,139,968</u>	<u>2,318,682</u>

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. Corporate information

Caribbean New Media Group (“CNMG” or “the Company”) was incorporated in the Republic of Trinidad and Tobago on January 11, 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. Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board.

These financial statements are prepared under the historical cost convention.

The Company’s functional and presentation currency is the Trinidad and Tobago dollar.

The preparation of financial statements in compliance with IFRSs requires management to make certain critical accounting estimates and to exercise its judgment in the process of applying the Company’s accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. Changes in accounting policy

a. New and revised standards that are effective for annual periods beginning on or after January 1, 2015

Amendments to IFRSs that became mandatorily effective in 2015 have no material impact on the Company’s financial results or position.

b. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the International Accounting Standards Board (“IASB”) that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the Company’s financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Company’s accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company’s financial statements.

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

3. Changes in accounting policy (continued)

b. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (continued)

- IFRS 9, *Financial Instruments*, which is effective for annual periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement requirements for financial assets and liabilities to include a new “expected credit loss” model for the impairment of financial assets and a substantially-reformed approach to hedge accounting. It also carries forward the guidance on derecognition of financial instruments from IAS 39.

The financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. Although the permissible measurement bases for financial liabilities; fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model, which means it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

The Company is assessing the impact that this amendment will have on its 2018 financial statements.

- IFRS 15, *Revenue from Contracts with Customers*, which is effective for annual periods beginning on or after January 1, 2018 presents new requirements for the recognition of revenue, replacing IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

The Company is assessing the impact that this amendment will have on its 2018 financial statements.

- IFRS 16, *Leases*, which is effective for annual periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, the standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

Lessor accounting requirements remain the same as applied under IAS 17 where the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted. The Company is assessing the impact that this amendment will have on its 2019 financial statements.

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

4. Summary of significant accounting policies

a. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the reducing balance method.

The following rates, considered appropriate to write-off the assets over their estimated useful lives, are applied:

	%
Building and leasehold improvements	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. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if there is an indication of a prospective change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated future economic benefits.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in the statement of income.

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the group obtains ownership of the asset at the end of the lease term.

b. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks, and other short-term highly liquid investments with original maturities of three months or less. They are carried at cost, which approximates fair value.

c. Trade and other receivables

Trade receivables are measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

4. Summary of significant accounting policies (continued)

d. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. A number of transactions are entered into with related parties in the normal course of business. These transactions are carried out on commercial terms and conditions and at market rates.

e. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

f. Government subventions

The Company is the recipient of annual subventions from the Ministry of Finance ("MOF"), which are disbursed monthly. According to the MOF mandate, the Company is to operate as a commercially viable enterprise, with a view for profit. In the event of losses, the Company is allowed to draw upon the Income and Capital Grants, which have been capitalised in accordance with IAS 20 '*Accounting for Government Grants and Disclosure of Government Assistance*', in order to meet its relevant loss requirements.

i) Deferred capital grants

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

ii) Deferred income

Grants related to operating expenditure are recorded and recognised 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.

g. Trade and other payables

Trade payables are a present obligation arising from past events which is expected to result in an outflow of resources embodying economic benefits.

Trade payables are initially measured at fair value with gains or losses recognised in the statement of comprehensive income.

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

4. Summary of significant accounting policies (continued)

h. Revenue

Revenue arises from the rendering of services. It is measured at the fair value of consideration received or receivable, excluding sales taxes, and reduced by any rebates and trade discounts allowed.

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

i. Taxation

- i) Taxation expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

- ii) Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions.

- iii) Revenues, expenses and assets are recognised net of the amount of value added tax except: where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and receivables and payables are stated inclusive of value added tax.
- iv) The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

j. 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.

k. Leased assets

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

4. Summary of significant accounting policies (continued)

k. Leased assets (continued)

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See Note (4a) for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease. For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

1. Financial instruments

All regular purchases and sales of financial assets are recognised or derecognised on the trade date, that is, the date on which the Company commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Financial assets are comprised of cash and cash equivalents and trade and other receivables.

Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial liabilities are re-measured at amortised cost using the effective interest method.

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

4. Summary of significant accounting policies (continued)

l. Financial instruments (continued)

Financial liabilities comprise trade and other payables.

Impairment of financial assets

Financial liabilities are derecognised when they are extinguished that is when the obligation specified in the contract is discharged, cancelled or expired.

The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the statement of comprehensive income.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and 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 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.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- i) Significant financial difficulty of the issuer or obligor.
- ii) A breach of contract, such as default or delinquency in interest or principal payments.
- iii) It is probable that the borrower will enter in to bankruptcy or other financial reorganization.
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

m. Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

n. Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

4. Summary of significant accounting policies (continued)

n. Estimation uncertainty (continued)

i) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

ii) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

iii) Impairment of financial assets

Management makes judgments at each year end date to determine whether financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment.

iv) Income taxes

Significant estimates are required in determining the provision for income taxes. If the final tax outcome is different from the amounts that were initially recorded, it will impact the income tax provision in the period in which such determination is made

v) Deferred taxes

In calculating the provision for deferred taxation, management uses judgment to determine the possibility that future taxable profits will be available to facilitate utilization of temporary tax differences which may arise.

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

5. Restatement

i) Deferred tax asset

In previous periods the Company recognised a deferred tax asset comprising of tax losses for which evidence to support its recognition was not available. This is not in accordance with IAS 12 – *Income taxes*. IAS 12 section 82 states “*An entity shall disclose the amount of deferred tax asset and the nature of the evidence supporting its recognition, when: a) the utilization of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from reversal of existing taxable temporary differences; and b) the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset arises*”.

The Company has elected to impair the deferred tax asset up to the deferred tax liability recognised and has applied this recognition retrospectively and reported the cumulative effect as at December 31, 2012 as adjustments to decrease the deferred tax asset and retained earnings resulting in an increase in the recurrent operating grant released to the profit and loss and a corresponding decrease in the deferred income grant.

ii) Deferred capital grant

In previous periods the Company did not appropriately recognize the grant relating to depreciable assets in the statement of other comprehensive income (SOI) in the proportions in which the depreciation expense was recognised. This is not in accordance with IAS 20 – *Government grants*. IAS 20 section 17 states “*Grants in recognition of specific expenses are recognised in profit and loss in the same period as the relevant expenses. Similarly, grants related to depreciable assets are usually recognised in profit and loss over the periods and in the proportions in which depreciation expense on those assets are recognised*”.

The Company has adjusted this error and has applied this recognition retrospectively and reported the cumulative effect as at December 31, 2012 as adjustments to decrease the deferred capital grant and increase the deferred income grant.

iii) Accounts payables and accruals

In previous periods the Company calculated the gratuity accrual incorrectly resulting in an error in the recognition of the liability.

The Company has corrected this error and has applied this correction retrospectively and reported the cumulative effect as at December 31, 2013 as an adjustment to increase accounts payables and accruals and salaries & wages expense resulting in an equal movement increasing the recurrent operating grant released to the SOI and a corresponding decrease in the deferred income grant.

The effect of the application of the matters above on the statement of financial position and statement of comprehensive income at December 31, 2014 are as follows:

CARIBBEAN NEW MEDIA GROUP LIMITED
 FOR THE YEAR ENDED DECEMBER 31, 2015
 RESTATEMENT NOTE

5. Restatement (continued)

	Deferred tax asset	(Deferred income grant)	(Deferred capital grant)	(Accounts payables and accruals)	(Retained earnings)
	\$	\$	\$	\$	\$
Balance as reported at December 31, 2012	27,397,921	(24,527,314)	(86,071,065)	(7,961,180)	(13,133,191)
Effects of restatement	<u>(15,921,971)</u>	<u>(1,147,190)</u>	<u>4,548,360</u>	<u>-</u>	<u>12,520,801</u>
Balance at December 31, 2012 (Restated)	<u>11,475,950</u>	<u>(25,674,504)</u>	<u>(81,522,705)</u>	<u>(7,961,180)</u>	<u>(612,390)</u>
Balance as reported at December 31, 2013	31,560,911	(26,670,705)	(82,803,091)	(9,398,696)	(13,133,191)
Effects of restatement:					
Brought forward restatement adjustments	(15,921,971)	(1,147,190)	4,548,360	-	12,520,801
Increase in deferred taxation impairment	(3,936,060)	-	-	-	3,936,060
Increase in other income - operating grant	-	3,936,060	-	-	(3,936,060)
Increase in gratuity accrual	-	3,123,730	-	(3,123,730)	-
Transfer of capital grant to income grant	-	(779,618)	779,618	-	-
Balance at December 31, 2013 (Restated)	<u>11,702,880</u>	<u>(21,537,723)</u>	<u>(77,475,113)</u>	<u>(12,522,426)</u>	<u>(612,390)</u>
Balance as reported at December 31, 2014	37,670,050	(23,854,373)	(79,350,315)	(9,008,140)	(13,133,191)
Effects of restatement:					
Brought forward restatement adjustments	(19,858,031)	5,132,982	5,327,978	(3,123,730)	12,520,801
Increase in deferred taxation impairment	(6,014,892)	-	-	-	6,014,892
Increase in other income - operating grant	-	6,014,892	-	-	(6,014,892)
Decrease in gratuity accrual	-	570,743	-	(570,743)	-
Transfer of capital grant to operating grant	-	827,974	(827,974)	-	-
Balance at December 31, 2014 (Restated)	<u>11,797,127</u>	<u>(11,307,782)</u>	<u>(74,850,311)</u>	<u>(12,702,613)</u>	<u>(612,390)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

6. Property, plant and equipment

	Buildings and leasehold improvements	Machinery and equipment	Fixtures and fittings	Office equipment	Motor vehicles	Computer equipment	Work-in- progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
At the beginning of the year	40,379,572	65,471,361	4,943,879	954,330	5,124,541	8,157,886	580,883	125,612,452
Additions	147,514	180,435	220,067	-	-	95,662	-	643,678
Disposals	<u>(58,642)</u>	<u>(2,052)</u>	<u>(68,000)</u>	<u>(54,193)</u>	-	<u>(9,803)</u>	<u>(193)</u>	<u>(192,883)</u>
At the end of the year	40,468,444	65,649,744	5,095,946	900,137	5,124,541	8,243,745	580,690	126,063,247
Accumulated depreciation								
At the beginning of the year	5,850,970	32,129,438	2,532,299	647,853	2,803,530	6,798,051	-	50,762,141
Charge for the year	719,878	3,241,255	245,290	37,640	182,180	415,541	-	4,841,784
Disposals	<u>(10,379)</u>	<u>(456)</u>	<u>(24,987)</u>	<u>(19,471)</u>	-	<u>(4,760)</u>	-	<u>(60,053)</u>
At the end of the year	6,560,469	35,370,237	2,752,602	666,022	2,985,710	7,208,832	-	55,543,872
Net book value								
At December 31, 2015	<u>33,907,975</u>	<u>30,279,507</u>	<u>2,343,344</u>	<u>234,115</u>	<u>2,138,831</u>	<u>1,034,913</u>	<u>580,690</u>	<u>70,519,375</u>
At December 31, 2014	<u>34,528,602</u>	<u>33,341,922</u>	<u>2,411,580</u>	<u>306,477</u>	<u>2,321,012</u>	<u>1,359,835</u>	<u>580,883</u>	<u>74,850,311</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

	2015 \$	Restated 2014 \$
7. Deferred taxation		
i) Deferred tax asset		
Tax losses		
At the beginning of the year	37,670,050	31,560,911
Deferred tax benefit	<u>878,558</u>	<u>6,109,139</u>
	38,548,608	37,670,050
Less: Impairment	<u>(26,895,367)</u>	<u>(25,872,923)</u>
At the end of the year	<u>11,653,241</u>	<u>11,797,127</u>
Net deferred tax expense/(benefit)	<u>143,886</u>	<u>(94,247)</u>
ii) Deferred tax liability		
Property, plant and equipment		
At the beginning of the year	11,797,127	11,702,880
Deferred tax (benefit)/expense	<u>(143,886)</u>	<u>94,247</u>
At the end of the year	<u>11,653,241</u>	<u>11,797,127</u>
8. Cash and cash equivalents		
Cash on hand	9,500	11,500
Cash at bank	<u>2,130,468</u>	<u>2,307,182</u>
	<u>2,139,968</u>	<u>2,318,682</u>
9. Trade and other receivables		
Trade receivables	9,530,030	9,223,583
Provision for bad debts	<u>(5,300,533)</u>	<u>(1,818,139)</u>
	4,229,497	7,405,444
Other receivables	<u>1,653,461</u>	<u>2,524,233</u>
	<u>5,882,958</u>	<u>9,929,677</u>

**CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

	2015 \$	2014 \$
10. Amounts due from related parties		
Government ministries and statutory bodies	4,329,333	5,388,076
Provision for bad debts	<u>(1,844,999)</u>	<u>-</u>
	<u>2,484,334</u>	<u>5,388,076</u>
<p>The transactions conducted with related parties were carried out on commercial terms and conditions at market rates.</p> <p>The following transactions were carried out with related parties during the year:</p>		
Sales to related parties	<u>3,080,863</u>	<u>6,332,630</u>
Key management compensation		
Short-term employee benefits:		
Salaries including bonuses	<u>1,318,250</u>	<u>1,285,103</u>
11. Inventories		
Foreign - television series	3,860,847	6,207,270
- movies	<u>446,347</u>	<u>475,851</u>
	<u>4,307,194</u>	<u>6,683,121</u>
12. Stated capital		
Authorised		
Unlimited number of ordinary shares		
Issued		
10 ordinary shares at \$1 per share	<u>10</u>	<u>10</u>

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

13. Deferred capital grant/deferred income

	Deferred capital grant	Deferred income	Total
	\$	\$	\$
Balance as at January 1, 2015	74,850,311	11,307,782	86,158,093
Received for the year	-	15,650,000	15,650,000
Released to statement of comprehensive income	(4,841,784)	(25,212,329)	(30,054,113)
Capital allocation	<u>510,848</u>	<u>(510,848)</u>	<u>-</u>
Balance as at December 31, 2015	<u>70,519,375</u>	<u>1,234,605</u>	<u>71,753,980</u>
	\$	\$	\$
Balance as at January 1, 2014	82,803,091	26,670,705	109,473,796
Effects of restatement	<u>(5,327,978)</u>	<u>(5,132,982)</u>	<u>(10,460,960)</u>
Balance at January 01, 2014 (Restated)	77,475,113	21,537,723	99,012,836
Received for the year	-	11,247,100	11,247,100
Released to statement of comprehensive income	(4,930,371)	(19,171,472)	(24,101,843)
Capital allocation	<u>2,305,569</u>	<u>(2,305,569)</u>	<u>-</u>
Balance as at December 31, 2014 (Restated)	<u>74,850,311</u>	<u>11,307,782</u>	<u>86,158,093</u>

14. Trade and other payables

	2015	Restated 2014
	\$	\$
Trade payables	4,626,026	3,869,533
Accruals	6,540,654	6,836,455
Other payables	<u>2,095,100</u>	<u>1,996,625</u>
	<u>13,261,780</u>	<u>12,702,613</u>

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

	2015	2014
	\$	\$
15. Revenue		
Airtime and production	32,022,079	29,196,424
Transmitter rental	914,888	915,120
Interactive media	<u>62,980</u>	<u>60,257</u>
	<u>32,999,947</u>	<u>30,171,801</u>
16. Cost of sales		
Purchase of programmes- local	1,806,391	1,773,180
Purchase of programmes- foreign	5,583,401	4,727,062
Programme material	132,590	92,326
Broadcast expense	3,068,784	1,105,417
Rental of vehicles	653,288	594,120
Rental of equipment	46,515	5,000
Local production and editing	318,251	474,746
Promotions & giveaways	582,858	788,545
License fees- TATT	829,435	1,184,200
License fees- COTT	271,469	229,221
Repairs and maintenance	1,420,303	1,651,156
Advertising expense	370,773	739,681
Freelance expense	5,432,310	6,795,018
Commission expense	<u>3,885,854</u>	<u>3,036,253</u>
	<u>24,402,222</u>	<u>23,195,925</u>

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

	2015	2014
	\$	\$
17. Administrative and other expenses		
Directors' fees and expenses	575,070	738,066
Salaries & wages	18,614,508	18,155,654
Training & development	3,000	269,600
Travel	298,682	387,382
Office supplies	274,847	271,807
Entertainment	24,311	46,902
Information technology and website maintenance	1,092,495	1,067,381
Utilities	1,653,624	1,431,136
General expenses	495,067	67,295
Legal & professional fees	3,604,040	1,435,899
Subscriptions & donations	227,783	142,940
Staff expenses	25,931	145,653
Insurance	524,187	532,156
Security	1,030,554	823,365
Rent	585,878	544,710
Provision for bad debts	4,528,284	-
Gain on foreign exchange	(6,840)	(12,307)
Loss on disposal of assets	<u>131,105</u>	<u>11,609</u>
	<u>33,682,526</u>	<u>26,059,248</u>

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

	2015	2014
	\$	\$
18. Taxation		
Green fund levy	48,650	30,172
Business levy	<u>66,046</u>	<u>60,344</u>
Taxation income	<u>114,696</u>	<u>90,516</u>

The Company's effective rate varies from the statutory rate of 25% as a result of the differences shown below.

Profit before taxation	<u>114,696</u>	<u>90,516</u>
Tax charge at the statutory rate of 25%	28,674	22,629
Tax effect of:		
Expenses not allowable	6,715,529	4,641,372
Exempt income and allowances	(7,925,975)	(5,873,965)
Green fund levy	48,650	30,172
Business levy	66,046	60,344
Other	(383)	-
Tax losses not utilized	1,022,444	1,209,964
Prior year deferred tax adjustment	<u>159,711</u>	<u>-</u>
	<u>114,696</u>	<u>90,516</u>

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

19. Financial instruments risk

The Company is exposed to various risks in relation to financial instruments. Its financial assets and liabilities by category are summarised in note 4 (I). The main types of risks are credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

i) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to CNMG. The Company is exposed to this risk for various financial instruments, for example by granting receivables to customers. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised.

CNMG continuously monitors defaults of customers and other counterparties identified either individually or by CNMG, and incorporates this information into its credit risk controls. CNMG's policy is to deal only with creditworthy counterparties.

CNMG's management considers that all of the financial assets that are not impaired or past due for each of the 31 December reporting dates under review are of good credit quality. At 31 December CNMG has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 31 December analysed by the length of time past due, are:

	Current	30 days	60 days	90 days and over	Total
	\$	\$	\$	\$	\$
December 31, 2015					
Trade and other receivables	3,535,413	1,235,829	466,598	645,118	5,882,958
Amounts due from related parties	166,398	157,416	126,235	2,034,285	2,484,334
	Current	30 days	60 days	90 days and over	Total
	\$	\$	\$	\$	\$
December 31, 2014					
Trade and other receivables	5,987,044	1,843,602	496,417	1,602,614	9,929,677
Amounts due from related parties	120,161	240,323	40,054	4,987,538	5,388,076

In respect of trade and other receivables, CNMG is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

19. Financial instruments risk (continued)

ii) Liquidity risk analysis

Liquidity risk is the risk that CNMG might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled payments for long-term financial liabilities, drawing on the government subvention as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

CNMG's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by drawing on the government subvention. As at December 31, 2015, CNMG's non-derivative financial liabilities have contractual maturities as summarised below:

	Current \$	Total \$
December 31, 2015		
Trade and other payables	<u>13,261,780</u>	<u>13,261,780</u>
December 31, 2014		
Trade and other payables	<u>12,702,613</u>	<u>12,702,613</u>

20. Financial assets and liabilities

Note (4 g) provides a description of each category of financial assets and financial liabilities and the related accounting policies. There are no borrowings, bonds derivatives, instruments nor any other financial instruments. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	2015 \$	Restated 2014 \$
Financial assets		
Trade and other receivables	5,882,958	9,929,677
Amounts due from related parties	2,484,334	5,388,076
Cash and cash equivalents	<u>2,139,968</u>	<u>2,318,682</u>
	<u>10,507,260</u>	<u>17,636,435</u>
Financial liabilities		
Trade and other payables	<u>13,261,780</u>	<u>12,702,613</u>

CARIBBEAN NEW MEDIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

21. Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into the third level of the fair value hierarchy.

- Level 3: unobservable inputs for the asset or liability

22. Contingent liabilities

Various warranty and legal claims were brought against the Company during the year. Recognised as a provision, management considers these claims to be probable, and they will require settlement at the Company's expense in 2017. This evaluation is consistent with external independent legal advice. Further information on these contingencies is omitted so as not to seriously prejudice the Company's position in the related disputes.

23. Leases

Operating leases as lessee

The Company's main administrative office, related facilities and motor vehicles are currently held under operating lease arrangements. Operating lease liabilities are secured by the related assets held under operating leases. Future minimum operating lease payments at December 31, were as follows:

	Minimum lease payments due			
	Within 1 year	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$
December 31, 2015	<u>1,158,000</u>	<u>5,820,000</u>	<u>5,820,000</u>	<u>12,798,000</u>
December 31, 2014	<u>1,152,000</u>	<u>5,814,000</u>	<u>5,820,000</u>	<u>12,786,000</u>

24. Capital commitments

The Company has no capital commitments.