

GUARDIAN MEDIA LIMITED AND ITS
SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019



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working world

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2019

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GUARDIAN MEDIA LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Guardian Media Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GUARDIAN MEDIA LIMITED

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matters	How our audit addressed the key audit matter
Estimation uncertainty involved in impairment testing of goodwill and other intangibles with indefinite lives Refer to related disclosures in notes 3 and 6, and accounting policy note 2 (xxii) to the consolidated financial statements. As described in these notes, impairment tests are performed annually on goodwill and certain indefinite life licences. As required by IAS 36: "Impairment of Assets", management performed an impairment test on these assets. Based on the impairment test performed during the year, no impairment was recorded in 2019. Impairment tests on goodwill and other intangibles involve significant estimation and the application of a high level of judgement relative to key assumptions such as the applicable discount rate and future cash-flows. In determining future cash-flow projections, management uses assumptions and estimates in respect of future market conditions, future economic growth, expected market share and gross margins. The outcome of the impairment testing is sensitive to these assumptions and estimates, such that changes in these assumptions/estimates may result in different impairment test conclusions.	Our audit procedures focused on the assessment of the key assumptions utilized by management including the cash-flow projections and the discount rate. We also evaluated whether the value in use impairment test model met the requirements of IAS 36. To this end our procedures included, amongst others, evaluating and testing the assumptions, methodologies, Cash Generating Unit (CGU) determination, discount rate and other key data used by management. We also assessed the assumptions by comparing to historical performance of the entity, local economic conditions and other alternative independent sources of information. In so doing we evaluated the sensitivity of the key assumptions to reasonable possible changes which could cause the carrying amount of the CGU to exceed its recoverable amount. We involved our EY valuation specialist to assist with our audit of the impairment test model, including the cash flows, discount rate and long-term growth rates. We also assessed the appropriateness of the disclosures in the notes to the consolidated financial statements, with reference to that prescribed by IFRSs.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GUARDIAN MEDIA LIMITED

Report on the Audit of the Consolidated Financial Statements (continued)

Other information included in the Group's 2019 Annual Report

Other information consists of the information included in the Group's 2019 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2019 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we 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 when it becomes available 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.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GUARDIAN MEDIA LIMITED

Report on the Audit of the Consolidated Financial Statements (continued)

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GUARDIAN MEDIA LIMITED

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 the Audit Committee 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 the Audit Committee 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.

From the matters communicated with the Audit Committee 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 in charge of the audit resulting in this independent auditor's report is Mrs. Adrienne D'Arcy.



Port of Spain,
TRINIDAD:
25 March 2020

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

(Continued)

	Notes	31 December	
		2019	2018
Assets		\$	\$
Non-current assets			
Property, plant and equipment	4	90,873	98,996
Investment property	5	3,269	3,313
Intangible assets	6	19,603	20,369
Right-of-use assets	7	9,737	—
Employee benefits asset	8	105,373	92,153
Deferred tax asset	9	<u>4,733</u>	<u>3,461</u>
		<u>233,588</u>	<u>218,292</u>
Current assets			
Inventories	10	8,840	13,187
Trade and other receivables	11	29,257	29,249
Investment securities	12	23,215	18,514
Taxation recoverable		750	755
Cash and short-term deposits	13	<u>43,965</u>	<u>47,577</u>
		<u>106,027</u>	<u>109,282</u>
TOTAL ASSETS		<u>339,615</u>	<u>327,574</u>

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

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

(Continued)

	Notes	31 December 2019 \$	2018 \$
Equity and liabilities			
Equity			
Stated capital	14	27,288	27,288
Treasury shares	14	(1,554)	(1,554)
Other reserves	14	233	270
Retained earnings		<u>226,541</u>	<u>224,620</u>
		<u>252,508</u>	<u>250,624</u>
Non-current liabilities			
Lease liabilities	7	6,269	606
Employee benefits obligation	8	5,755	5,581
Deferred tax liabilities	9	<u>46,350</u>	<u>44,496</u>
		<u>58,374</u>	<u>50,683</u>
Current liabilities			
Current portion of lease liabilities	7	3,592	476
Trade and other payables	15	25,141	25,786
Taxation payable		<u>—</u>	<u>5</u>
		<u>28,733</u>	<u>26,267</u>
TOTAL EQUITY AND LIABILITIES		<u>339,615</u>	<u>327,574</u>

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

These consolidated financial statements were authorised for issue by the Board of Directors on 25 March 2020 and signed on their behalf by:

 : Director

 : Director

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

(Continued)

	Notes	2019 \$	2018 \$
Revenue	16	<u>120,342</u>	<u>128,256</u>
Loss from operating activities	16	(5,842)	(347)
Finance costs	17	<u>(1,263)</u>	<u>(615)</u>
Loss before taxation		(7,105)	(962)
Taxation	18	<u>1,465</u>	<u>(1,356)</u>
Loss for the year		<u>(5,640)</u>	<u>(2,318)</u>
Other comprehensive income/(loss):			
<i>Other comprehensive loss that may be reclassified to profit in subsequent periods:</i>			
Exchange differences on translation of foreign operation		<u>—</u>	<u>(506)</u>
Other comprehensive loss that may be reclassified to profit in subsequent periods		<u>—</u>	<u>(506)</u>
<i>Other comprehensive income/(loss) not to be reclassified to profit in subsequent periods:</i>			
Re-measurement gain/(loss) on defined benefit plans	8	10,914	(114)
Income tax effect	9	<u>(3,273)</u>	<u>34</u>
Other comprehensive income/(loss) not to be reclassified to profit in subsequent periods		<u>7,641</u>	<u>(80)</u>
Total other comprehensive income/(loss) for the year, net of tax		<u>7,641</u>	<u>(586)</u>
Total comprehensive income/(loss) for the year, net of tax		<u>2,001</u>	<u>(2,904)</u>
Loss per share			
Basic and diluted loss per share (Expressed in \$ per share)	24	<u>(\$0.14)</u>	<u>(\$0.06)</u>

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

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

(Continued)

	Stated capital \$	Treasury shares \$	Other reserves \$	Retained earnings \$	Total equity \$
Year ended 31 December 2019					
Balance at 1 January 2019	27,288	(1,554)	270	224,620	250,624
Loss for the year	—	—	—	(5,640)	(5,640)
Other comprehensive income	—	—	—	7,641	7,641
Dividends (Note 19)	—	—	—	(117)	(117)
Balance at 31 December 2019	<u>27,288</u>	<u>(1,554)</u>	<u>270</u>	<u>226,504</u>	<u>252,508</u>
Year ended 31 December 2018					
Balance at 1 January 2018	27,288	(1,460)	776	251,026	277,630
Loss for the year	—	—	—	(2,318)	(2,318)
Other comprehensive loss	—	—	(506)	(80)	(586)
Other transfers and movements	—	(94)	—	49	(45)
Dividends (Note 19)	—	—	—	(24,057)	(24,057)
Balance at 31 December 2018	<u>27,288</u>	<u>(1,554)</u>	<u>270</u>	<u>224,620</u>	<u>250,624</u>

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

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

(Continued)

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Loss before taxation		(7,105)	(962)
Adjustments to reconcile income before taxation to net cash generated from operating activities:			
Depreciation of property, plant and equipment	4 & 5	11,997	12,637
Depreciation of right-to-use-assets	7	3,792	–
Amortisation	6	957	2,348
Net change in employee benefits asset/obligation		(2,131)	(1,776)
Unrealised loss on revaluation of investment securities		240	184
Gain on disposal of right-of-use assets		(97)	–
Interest and investment income	16	(663)	(743)
Finance cost	17	1,263	615
Other movements		<u>(60)</u>	<u>13</u>
Operating income before working capital changes		8,193	12,316
Decrease/(increase) in inventories		4,347	(6,773)
(Increase)/decrease in trade and other receivables		(8)	1,983
Decrease in trade and other payables		<u>(645)</u>	<u>(1,377)</u>
Cash generated from operations		11,887	6,149
Interest received		671	1,622
Interest paid		(1,263)	(615)
Taxation paid		<u>(1,220)</u>	<u>(1,246)</u>
Net cash generated from operating activities		<u>10,075</u>	<u>5,910</u>
Cash flows from investing activities			
Proceeds from sale of right-of -use assets		339	–
Purchase of investment securities		(19,628)	(14,687)
Proceeds from investment securities		14,687	15,000
Purchase of property, plant and equipment	4	(4,609)	(5,591)
Purchase of right-to-use assets	7	(677)	–
Purchase of intangible assets	6	<u>(164)</u>	<u>(97)</u>
Net cash used in investing activities		<u>(10,052)</u>	<u>(5,375)</u>

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

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

(Continued)

	Notes	2019 \$	2018 \$
Cash flows from financing activities			
Payment of principal portion of lease liabilities		(4,195)	(455)
Addition of lease liabilities	7	677	–
Dividends paid	19	<u>(117)</u>	<u>(24,057)</u>
Net cash used in financing activities		<u>(3,635)</u>	<u>(24,512)</u>
Net decrease in cash and cash equivalents		(3,612)	(23,977)
Cash and cash equivalents at the beginning of the year		<u>47,577</u>	<u>71,554</u>
Cash and cash equivalents at the end of the year	13	<u>43,965</u>	<u>47,577</u>

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

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)
(Continued)

1. Incorporation and principal activities

Guardian Media Limited (the “Company”) is a limited liability company incorporated in 1917 and continued on 21 November 1997 under the Companies Act, 1995, in the Republic of Trinidad and Tobago. Effective 26 April 2010, the Company changed its name to Guardian Media Limited (formerly Trinidad Publishing Company Limited). The Company operates in Trinidad and Tobago and is a subsidiary of ANSA McAL Limited (the “Ultimate Parent”), which is a public company that owns 51% of the issued stated capital of the Company. The registered office of the Company is at 22-24 St. Vincent Street, Port of Spain. Guardian Media Limited is the parent company of Wonderland Entertainment Limited and iRadio Inc. The Company has a primary listing on the Trinidad and Tobago Stock Exchange.

Guardian Media Limited and its consolidated Subsidiaries (‘the Group’) consist of the parent company, Guardian Media Limited and its 100% owned subsidiaries, Wonderland Entertainment Limited and iRadio Inc. The Group is the publisher of the Trinidad Guardian and the Sunday Guardian, and also provides printing services for other publishers. The Group purchased the operating assets and liabilities of Trinidad Broadcasting Company Limited and Prime Radio Limited on 1 May 1998 and acquired a 100% share of Wonderland Entertainment Limited on 9 August 2011. On the 12 September 2014, the Group acquired a licence to operate the 99.5 F.M. radio frequency, which was approved by the Telecommunications Authority of Trinidad and Tobago (“TATT”). As a condition of the concession the Group surrendered the 730 A.M. frequency. On 24 August 2015 the Group acquired 100% of the issued share capital of iRadio Inc., a company registered and operating in the Republic of Guyana.

The Group currently operates six (6) broadcasting stations, 95.1 F.M. The Best Mix, the Vibe CT105 F.M., Sangeet 106.1 F.M., Aakash Vani 106.5 F.M. SLAM 100.5 F.M. and Sky Radio 99.5 F.M. in the Republic of Trinidad and Tobago and Mix 90.1 in the Republic of Guyana. The Group is also the operator of a television station, CNC3, whose inaugural feed began on 26 September 2005.

Wonderland Entertainment Limited is incorporated and resident in Trinidad and Tobago, and has no trading activities in 2019. Its main asset is the radio licence. iRadio Inc. is incorporated and resident in the Republic of Guyana and the results of its operations and related assets and liabilities have been fully consolidated as explained in Note 2 (ii).

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)
(Continued)

2. Significant accounting policies

i) Basis of preparation

These consolidated financial statements are expressed in thousands of Trinidad and Tobago dollars (except when otherwise indicated) and have been prepared on a historical cost basis except for the measurement at fair value of certain financial assets measured at fair value through income.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Presentation of financial statements

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Consolidated Statement of Income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)
(Continued)

2. Significant accounting policies (continued)

i) Basis of preparation (continued)

Current versus non-current classification (continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of Guardian Media Limited and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)
(Continued)

2. Significant accounting policies (continued)

ii) Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

(Continued)

2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures**

New and amended standards and interpretations

The Group applied IFRS 16 Leases for the first time. The nature and effect of changes as a result of the adoption of this new accounting standard are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. These are also described in more detail below. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4. Determining whether an arrangement contains a lease, SIC 15 Operating Leases-incentives and SIC 27 Evaluating the Substance of Transactions involving the legal form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is a Lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)
(Continued)

2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures** (continued)

New and amended standards and interpretations (continued)

IFRS 16 - Leases (continued)

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	\$
Assets	
Right-of-use assets	13,094
Property, plant and equipment	<u>(797)</u>
Total assets	<u>12,297</u>
Liabilities	
Lease liabilities – current	3,976
Borrowings – current	(476)
Lease liabilities – non-current	9,403
Borrowings – non-current	<u>(606)</u>
Total liabilities	<u>12,297</u>

There were no adjustments to equity.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases where the Group is the lessee except for short-term leases and leases of low-value assets. Refer to Note 2 (iv) for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases - Group as lessee

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

GUARDIAN MEDIA LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)
(Continued)

2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures** (continued)

New and amended standards and interpretations (continued)

IFRS 16 - Leases (continued)

Leases previously classified as operating leases - Group as lessee (continued)

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised.

Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

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2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures** (continued)

New and amended standards and interpretations (continued)

IFRS 16 - Leases (continued)

Leases previously classified as operating leases - Group as lessee (continued)

Based on the above, as at 1 January 2019:

- Right-of-use assets of \$13.094 million were recognised and presented separately in the consolidated statement of financial position. This includes the lease assets recognised previously under finance leases of \$0.797 million that were reclassified from property, plant and equipment.
- Additional lease liabilities of \$13.379 million were recognised and presented separately in the consolidated statement of financial position. This represents lease obligations under operating leases for the rental of property and rental of sites to house billboards. This includes the lease liabilities recognised previously under borrowings of \$1.082 million that were reclassified from borrowings.
- There were no impact on deferred tax liabilities as at 1 January 2019.
- The above adjustments did not affect retained earnings.

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(Continued)

2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures** (continued)

New and amended standards and interpretations (continued)

IFRS 16 - Leases (continued)

Leases previously classified as operating leases - Group as lessee (continued)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	\$
Operating lease commitments as at 31 December 2018	13,947
Weighted average incremental borrowing rate as at 1 January 2019	<u>7%</u>
Discounted operating lease commitments as at 1 January 2019	12,479
Less:	
Commitments relating to short-term leases	(182)
Commitments relating to leases of low-value assets	—
Add:	
Commitments relating to leases previously classified as finance leases under borrowings	1,082
Lease payments relating to renewal periods not included in operating commitments as at December 2018	<u>—</u>
Lease liabilities as at 1 January 2019	<u>13,379</u>

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2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures** (continued)

New and amended standards and interpretations (continued)

IFRIC 23 - Uncertainty over income tax treatment

The IFRIC interpretation clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Group has appropriately assessed uncertain tax positions in line with IFRIC 23.

IFRS 9 - Financial Instruments Amendments - Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that a financial asset passes the "solely payments of principal and interest" (SPPI) criterion regardless of the event or circumstances that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract such as change in law or regulation leading to the early termination of the contract.

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2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures** (continued)

New and amended standards and interpretations (continued)

IFRS 9 - Financial Instruments Amendments - Prepayment Features with Negative Compensation (continued)

In the basis for conclusions to the amendments, the IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification does not result in derecognition, are consistent to those applied to the modification of a financial asset that does not result in derecognition.

This means that the gain or loss arising on modification of a financial liability that does not result in derecognition, calculated by discounting the change in contractual cash flows at the original effective interest rate, is immediately recognized in profit or loss. The amendments must be applied retrospectively.

These amendments have no impact on the Group as there are no debt instruments with prepayment features with negative compensation.

IAS 28 - Investments in associates and Joint Ventures Amendments - Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interest). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The Board also clarified that, in applying IFRS 9, an entity does not take into account of any losses of the associate or joint venture or any impairment losses on the net investment, recognized as adjustments to the net investment in associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments must be applied prospectively. These amendments have no impact on the Group as the Group has no investments in associates and joint ventures.

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2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures** (continued)

New and amended standards and interpretations (continued)

IAS 19 - Employee Benefits Amendments - Plan Amendments, Curtailment or Settlement

The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumption used to remeasure the net defined liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply prospectively to plan amendments, curtailments or settlements that occur on or after the date of first application.

These amendments have no impact on the Group as no plan amendments, curtailments or settlements occurred during the annual period.

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2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures** (continued)

New and amended standards and interpretations (continued)

Annual Improvements to IFRSs 2015-2017

IFRS 3 Business Combinations - Amendments – Previously held interests in a joint operation

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including measuring previously held interests in the assets and liabilities of the joint operation at fair value.

In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019.

These amendments have no impact on the Group as the Group does not have joint operations.

IFRS 11 Joint Arrangements - Amendments – Previously held interest in joint operation

A party that participates in, but does not have joint control or, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019.

These amendments have no impact on the Group as the Group does not have joint operations.

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2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures** (continued)

New and amended standards and interpretations (continued)

Annual Improvements to IFRSs 2015-2017 (continued)

IAS 12 Income Taxes - Amendment – Income tax consequences of payments on financial instruments classified as equity

The amendments clarify that the income tax consequences on dividends are linked more directly to past transactions or events that generated distributable profits than to distributions of owners. Therefore, an entity recognized the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

These amendments have no impact on the Group.

IAS 23 Borrowing Costs - Amendment – Borrowing costs eligible for capitalization

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred in or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019.

These amendments have no impact on the Group.

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(Continued)

2. **Significant accounting policies** (continued)

iii) **Changes in accounting policies and disclosures** (continued)

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- IFRS 17, 'Insurance Contracts' – Effective 1 January 2022
- Amendments to References in the Conceptual Framework in IFRS Standards – Effective 1 January 2020
- Amendments to IFRS 3 – Definition of Business – Effective 1 January 2020
- Amendments to IAS 1 and IAS 8 – Definition of Material – Effective 1 January 2020

iv) **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

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(Continued)

2. Significant accounting policies (continued)

iv) Leases (continued)

Group as a lessee (continued)

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and building	3 to 10 years
Motor vehicles	4 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2 (xxii).

ii) Lease liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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(Continued)

2. Significant accounting policies (continued)

iv) Leases (continued)

Group as a lessee (continued)

ii) Lease liability (continued)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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(Continued)

2. **Significant accounting policies** (continued)

v) **Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repairs and maintenance costs are recognised in the Consolidated Statement of Comprehensive Income.

Depreciation is provided on the straight line basis at rates estimated to write-off the assets over their expected useful lives. The estimated useful lives of assets are reviewed periodically, taking account of commercial and technological obsolescence as well as normal wear and tear, and the depreciation rates are adjusted if appropriate. Land and capital work in progress are not depreciated.

Depreciation is provided on the straight line basis at the following rates:-

Freehold buildings	2%
Plant, station equipment and machinery	3.33% – 33%
Office furniture and equipment	10% – 25%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of asset) is included in the Consolidated Statement of Comprehensive Income in the year the asset is derecognised.

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(Continued)

2. Significant accounting policies (continued)

vi) Investment property

Investment properties principally comprise office buildings and land not occupied by the Group, which are held for long term rental yields and capital appreciation. Investment properties are classified as non-current assets and carried at cost less accumulated depreciation and accumulated impairment losses.

Approximately 46% (2018: 55%) of the Group's property on 22-24 St Vincent Street, Port of Spain is available for long-term rental yields. The Group occupies the remainder of space. That apportionment available for rental is classified as Investment Property.

Building is depreciated on a straight line basis at a rate of 2% per annum. Land is not depreciated.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to or from investment property only when there is a change in use. If owner occupied property becomes investment property, the Group accounts for such property in accordance with the policy under property, plant and equipment up to the date of change in use.

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(Continued)

2. Significant accounting policies (continued)

vii) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the Consolidated Statement of Comprehensive Income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the profit or loss.

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(Continued)

2. Significant accounting policies (continued)

vii) Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

viii) Financial instruments

Date of recognition

Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described below. Financial instruments are initially measured at their fair value (as defined in Note 22), except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either amortised cost, FVOCI or FVPL, as explained in Note 2 (ix) below.

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2. **Significant accounting policies** (continued)

ix) Financial assets and liabilities

Financial investments at amortised cost

The Group only measures financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Group's financial assets at amortised cost includes trade and other receivables and investment in treasury note.

Debt instruments at FVOCI

The Group applies the categorisation of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The Group held no assets categories as FVOCI as at 31 December 2019.

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2. **Significant accounting policies** (continued)

ix) **Financial assets and liabilities** (continued)

Equity instruments at FVOCI

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. The Group held no assets categories as Equity instruments at FVOCI as at 31 December 2019.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities (or financial assets, or both under IAS 39), which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

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2. **Significant accounting policies** (continued)

ix) **Financial assets and liabilities** (continued)

Financial assets and financial liabilities at fair value through profit or loss
(continued)

- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the consolidated statement of financial position at fair value.

Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2019.

- Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

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2. **Significant accounting policies** (continued)

ix) **Financial assets and liabilities** (continued)

Reclassification of financial assets and liabilities (continued)

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

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(Continued)

2. **Significant accounting policies** (continued)

ix) **Financial assets and liabilities** (continued)

Reclassification of financial assets and liabilities (continued)

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

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FOR THE YEAR ENDED 31 DECEMBER 2019

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(Continued)

2. Significant accounting policies (continued)

ix) Financial assets and liabilities (continued)

Impairment of financial assets

Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Group's trade receivable impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. From 1 January 2018, the Group has been recording the allowance for expected credit losses for all trade receivables and other debt financial assets not held at FVPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

For trade and other receivables, the Group applies a simplified approach in calculating ECLs as they do not contain a significant financing component. The ECL allowance is based on credit losses expected to arise over the life of the asset (LTECL).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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(Continued)

2. **Significant accounting policies** (continued)

ix) **Financial assets and liabilities** (continued)

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Forward looking information

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates
- House price indices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

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(Continued)

2. Significant accounting policies (continued)

x) Employee benefits

The Group operates pension plans with defined contribution, defined benefit or hybrid schemes for all eligible full time employees of the Group. The pension plans are governed by the relevant trustee rules and are generally funded by payments from employees and by the relevant Group companies, taking account of the rules of the pension plans and recommendations of independent qualified actuaries.

Defined contribution plans

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. 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. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. The pension accounting costs for the plans are assessed using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the Consolidated Statement of Financial Position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. The maximum economic benefits available, as limited by the asset ceiling will crystallise in the form of reductions in future contributions.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs.

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(Continued)

2. Significant accounting policies (continued)

x) Employee benefits (continued)

Defined benefit plans (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation within “Administrative and distribution costs” (Note 16):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

Other post-employment benefit plans

The Group also provides other post-employment benefits to their retirees. These benefits are unfunded. The entitlement to these benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit plans.

xi) Inventories

Inventory of newsprint, printing materials and machinery spares are valued at the lower of cost and net realisable value. Cost is calculated using the weighted average method and includes relevant import and local charges. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

xii) Trade and other receivables

Trade receivables, which generally have 30–90 days terms, are recognised and carried at original invoice amounts less an allowance for any uncollectible amounts. An estimate for expected credit losses is made depending on the credit risk at the time of initial recognition. Trade receivables are considered to be credit-impaired when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

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FOR THE YEAR ENDED 31 DECEMBER 2019

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(Continued)

2. Significant accounting policies (continued)

xiii) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at banks and on hand and short-term deposits readily convertible to cash. For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents include all cash and short-term deposits with maturities of less than three months from date of establishment or which are readily convertible to cash.

xiv) Foreign currency translation

The consolidated financial statements are presented in Trinidad and Tobago dollars (expressed in thousands), which is the Parent's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions

Foreign currency transactions are recorded in the foreign currency at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Trinidad and Tobago Dollars at the rate of exchange ruling at the Consolidated Statement of Financial Position date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions are recognised in the Consolidated Statement of Comprehensive Income.

Foreign entities

On consolidation, assets and liabilities of foreign entities are translated into Trinidad and Tobago dollars at the rate of exchange ruling at the financial reporting date and their Statements of Comprehensive Income are translated at the weighted average exchange rates for the year. The exchange differences arising on re-translation are recognized in other comprehensive income. On disposal of the foreign operation, the deferred cumulative amount recognized in other comprehensive income is recognized in the Consolidated Statement of Comprehensive Income.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Thousands of Trinidad and Tobago Dollars, except where otherwise stated)

(Continued)

2. Significant accounting policies (continued)

xv) Equity movements

Stated capital

Ordinary stated capital is classified within equity and is recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of new shares or options are shown as a reduction in equity, net of tax. As equity is repurchased, the amount of consideration paid is recognised as a charge to equity and reported in the Consolidated Statement of Financial Position as treasury shares.

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's Board of Directors. Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the consolidated statement of financial position date are dealt with as an event after the end of reporting date.

Treasury shares

Own equity instruments which are re-acquired ("treasury shares") are deducted from equity. No gain or loss is recognised in the Consolidated Statement of Comprehensive Income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other reserves. Such treasury shares are presented separately within equity and are stated at cost.

xvi) Employee share ownership plan (ESOP)

The Group operates an Employee Share Option Plan (ESOP) whereby employees of the Group have the option to receive a percentage of their profit share bonuses in the form of ordinary shares of the Group. The Group recognises an expense within staff costs when bonuses are awarded. Shares acquired are funded by the Group contributions and the cost of the unallocated ESOP Shares is presented as a deduction in equity, separately disclosed as "treasury shares".

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(Continued)

2. Significant accounting policies (continued)

xvii) Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 30-90 days terms, are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

xviii) Earnings per share

The computation of earnings per share is calculated as the net income attributable to ordinary shareholders (net of preference shares), divided by the weighted average number of ordinary shares outstanding during the period, net of treasury shares. The Group has no dilutive potential ordinary shares in issue.

xix) Provisions

Provisions are required when the Group has a present obligation as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

When the Group can reliably measure the outflow of economic benefits in relation to a specific matter and considers such outflows to be probable, the Group records a provision against the matter. Given the subjectivity and uncertainty of determining the probability amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgment is required to conclude on these estimates.

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(Continued)

2. **Significant accounting policies** (continued)

xx) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sale taxes.

The following specific recognition criteria must be met before revenue is recognised:

Sales of newspaper, advertising and job printing

Revenue from the sale of advertising to third parties, including related parties, is recognised with the publication or broadcast of the advertisement and the amount of the revenue can be measured reliably. Income from newspaper circulation and job printing are recognised upon delivery of the goods, and the amount of revenue can be measured reliably.

Rental income

Rental income arising under operating leases is accounted for on a straight line basis over the lease term.

Interest income

Interest income is recognised as interest accrues, unless collectability is in doubt.

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(Continued)

2. Significant accounting policies (continued)

xxi) Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled based on the enacted tax rate at the reporting date.

Deferred income tax

A deferred tax charge is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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(Continued)

2. Significant accounting policies (continued)

xxii) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use 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 largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

xxiii) Fair value measurement

The Group measures certain financial assets at fair value at each year end. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 22. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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(Continued)

2. Significant accounting policies (continued)

xxiii) Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

See Note 22 for further details on the valuation techniques and inputs used to account for financial instruments measured at fair value.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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2. **Significant accounting policies** (continued)

xxiv) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries 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 cash-generating units (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 segment 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.

Licences

Separately licences are shown at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licences have an indefinite useful life and impairment tests are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

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2. **Significant accounting policies** (continued)

xxiv) Intangible assets (continued)

Broadcast rights

The Group has elected to classify broadcast rights as intangible assets. Control is obtained over the intangible asset, and therefore the asset is recognised, at the point at which:

- The underlying resource is sufficiently developed to be identifiable;
- The Company has legal, exclusive rights to broadcast;
- There is a penalty for non-delivery of content;
- It is probable that the event will occur or the content delivered; and
- It is probable that economic benefits will flow to the Company.

Broadcast rights are recognised at historical cost, net of accumulated amortisation. Broadcast rights are amortised over their estimated useful lives in a method that matches the amortisation expense with the revenues expected to be generated. The relevant amortisation expense is recognised within “Administrative costs” (Note 16) in the Consolidated Statement of Comprehensive Income.

Computer software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

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(Continued)

2. Significant accounting policies (continued)

xxiv) Intangible assets (continued)

Computer software (continued)

Directly attributable costs capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed seven years.

xxv) Deferred programming

Deferred programming, which represents programming contracted but not yet broadcasted, is presented within trade and other receivables and is measured at cost less amortisation. The costs of programmes are expensed as they are broadcasted.

xxvi) Segment reporting

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.

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3. Significant accounting estimates, assumptions and judgments

The preparation of the consolidated financial statements in conformity with IFRS necessitates the use of estimates, assumptions and judgments. These estimates and assumptions affect the reported amounts of assets and liabilities and contingent liabilities at year end as well as affecting the reported income and expenses for the year.

Although the estimates are based on management's best knowledge and judgment of current facts as at year end, the actual outcome may differ from these estimates, possibly significantly.

The key assumptions concerning the future and other key sources of estimation uncertainty at year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of goodwill and intangible assets with indefinite lives

The Group determines whether goodwill or other intangible assets with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are provided in Note 6 and accounting policy Note 2 (xxii).

Property, plant and equipment

Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Group to enable the value to be treated as a capital expense. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

The accounting policy related to property, plant and equipment is disclosed in Note 2 (v).

Impairment of financial assets

Management makes judgments at each Consolidated Statement of Financial Position 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. The recoverable amount is the present value of the future cash flows.

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3. Significant accounting estimates, assumptions and judgments (continued)

Deferred taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and the level of future taxable profits together with future tax planning strategies.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in Note 8.

Libel

In the course of normal business operation, writs were filed against the Group for libel. Estimates included are based on professional advice received and management has established provisions to cover contingencies of this nature.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type and customer type). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated. The Group relies on a limited range of forward looking information such as but not limited to media industry trends and GDP growth.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 11.

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(Continued)

3. **Significant accounting estimates, assumptions and judgments (continued)**

Leases

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group did not include the renewal period as part of the lease term for leases of \$7.493 million with shorter non-cancellable period (i.e., up to 3 years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of \$2.368 million with longer non-cancellable periods (i.e., 5 years to 10 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimating the incremental borrowing rate

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available.

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4. Property, plant and equipment

	Land and buildings \$	Plant, machinery & equipment \$	Motor vehicles \$	Office furniture & equipment \$	Capital WIP \$	Total \$
At 31 December 2019						
Cost	36,304	147,364	—	23,046	145	206,859
Accumulated depreciation	(15,209)	(81,140)	—	(19,637)	—	(115,986)
Net book value	<u>21,095</u>	<u>66,224</u>	<u>—</u>	<u>3,409</u>	<u>145</u>	<u>90,873</u>
1 January 2019	20,038	68,739	797	4,695	4,727	98,996
Transfers to Right-of-use assets	—	—	(797)	—	—	(797)
Additions	—	1,398	—	—	3,211	4,609
Transfers from WIP	1,183	5,161	—	521	(6,865)	—
Transfers to Intangible assets	—	—	—	—	(27)	(27)
Transfers to Investment properties	—	—	—	—	(894)	(894)
Reclassifications from Investment properties	655	—	—	—	—	655
Disposals and other movements	64	(8)	—	(4)	(7)	45
Depreciation charge	(845)	(9,066)	—	(1,803)	—	(11,714)
31 December 2019	<u>21,095</u>	<u>66,224</u>	<u>—</u>	<u>3,409</u>	<u>145</u>	<u>90,873</u>

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(Continued)

4. **Property, plant and equipment** (continued)

	Land and buildings \$	Plant, machinery & equipment \$	Motor vehicles \$	Office furniture & equipment \$	Capital WIP \$	Total \$
At 31 December 2018						
Cost	32,890	140,820	6,509	22,433	4,727	207,379
Accumulated depreciation	(12,852)	(72,081)	(5,712)	(17,738)	—	(108,383)
Net book value	<u>20,038</u>	<u>68,739</u>	<u>797</u>	<u>4,695</u>	<u>4,727</u>	<u>98,996</u>
1 January 2018	20,643	73,741	1,243	6,020	9,084	110,731
Additions	—	201	—	194	5,196	5,591
Transfers from WIP	411	3,984	—	512	(4,907)	—
Transfers to Intangible assets	—	—	—	—	(3,987)	(3,987)
Disposals and other movements	(119)	(90)	—	(18)	(659)	(886)
Depreciation charge	<u>(897)</u>	<u>(9,097)</u>	<u>(446)</u>	<u>(2,013)</u>	<u>—</u>	<u>(12,453)</u>
31 December 2018	<u>20,038</u>	<u>68,739</u>	<u>797</u>	<u>4,695</u>	<u>4,727</u>	<u>98,996</u>

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5. Investment property	2019 \$	2018 \$
Balance at 1 January	3,313	3,497
Reclassification to property, plant, equipment – cost	(2,158)	–
Accumulated depreciation on amounts reclassified	1,503	–
Transfers from WIP	894	–
Depreciation for the year	<u>(283)</u>	<u>(184)</u>
Balance at 31 December	<u>3,269</u>	<u>3,313</u>
Investment property at cost	11,956	13,220
Accumulated depreciation	<u>(8,687)</u>	<u>(9,907)</u>
Net carrying amount	<u>3,269</u>	<u>3,313</u>

Amounts included in the Consolidated Statement of Comprehensive Income for the year:

	2019	2018
Rental income	<u>1,980</u>	<u>1,668</u>
Direct operating expenses	<u>184</u>	<u>216</u>

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The Group has 46% of space available for rental at its property on 22-24 St. Vincent Street, Port of Spain (2018: 55%), which has been classified as Investment property. During the year, the Group reduced space available for rent at its property on 22-24 St. Vincent Street, Port of Spain by 6,155 square feet.

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6. Intangible assets

	Licences	Goodwill	Software	Total
	\$	\$	\$	\$
Cost				
At 1 January 2018	16,524	3,374	4,018	23,916
Additions	—	—	97	97
Other movements (see below)	(4,625)	—	—	(4,625)
Transfers from WIP	<u>—</u>	<u>—</u>	<u>3,987</u>	<u>3,987</u>
At 31 December 2018	11,899	3,374	8,102	23,375
Additions	—	—	164	164
Transfers from WIP	<u>—</u>	<u>—</u>	<u>27</u>	<u>27</u>
At 31 December 2019	<u>11,899</u>	<u>3,374</u>	<u>8,293</u>	<u>23,566</u>
Amortisation and impairment				
At 1 January 2018	3,326	—	1,957	5,283
Amortisation charge for the year	1,299	—	1,049	2,348
Other movements (see below)	<u>(4,625)</u>	<u>—</u>	<u>—</u>	<u>(4,625)</u>
At 31 December 2018	—	—	3,006	3,006
Amortisation charge for the year	<u>—</u>	<u>—</u>	<u>957</u>	<u>957</u>
At 31 December 2019	<u>—</u>	<u>—</u>	<u>3,963</u>	<u>3,963</u>
Net carrying amount:				
At 31 December 2018	11,899	3,374	5,096	20,369
At 31 December 2019	11,899	3,374	4,330	19,603

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6. Intangible assets (continued)

Licences

Licences include two (2) radio broadcast licences with indefinite useful lives. Broadcast rights for the 2018 World Cup with a cost of \$4.625 million and net book value of \$1.299 million expired during the 2018 financial year. The expiry of these rights represents the 'Other movements' in licences during the prior year.

Radio Broadcast Licences

One radio broadcast licence was acquired through a business combination with Wonderland Entertainment Limited on 9 August 2011 at a cost of \$6.099 million and the other radio broadcast licence was acquired on 12 September 2014 at a cost of \$5.8 million to operate the 99.5FM broadcast frequency. The licences have been granted for a minimum of 10 years by the relevant government agency with the option to renew at the end of the period at little or no cost to the Group. Previous licences acquired have been renewed which has allowed the Group to determine that these assets have indefinite useful lives.

As at 31 December 2019, these assets were tested for impairment and based on the results of the tests no impairment was recorded.

Goodwill

In accordance with IFRS 3, goodwill arising from the acquisition of the Trinidad Broadcasting Company Limited and Prime Radio Limited in 1998 was reviewed for impairment at year end. Based on the results of this review no impairment expense was recorded.

Impairment testing

The following highlights the information used in the impairment testing of goodwill and licences with indefinite useful lives:

Basis for recoverable amount	Value in use
Discount rate	15%
Cash flow projection term	Five years and into perpetuity
Growth rate (extrapolation period)	1%

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6. Intangible assets (continued)

Impairment testing (continued)

The recoverable amount of the cash generating unit was determined using the “value in use” method. These calculations use pre-tax cash-flow projections based on financial budgets approved by management. The discount rates used are pre-tax and reflect the specific risk relating to the cash-generating unit.

The carrying amounts of goodwill and licences with indefinite useful lives are allocated to the following CGUs, for impairment testing. These CGUs are part of the “Multi-Media” reporting segment disclosed in Note 20.

	TBC Network		SKY 99.5FM		SLAM 100.5FM		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Goodwill	3,374	3,374	–	–	–	–	3,374	3,374
Radio broadcast licences	–	–	5,800	5,800	6,099	6,099	11,899	11,899

The recoverable amounts used in the impairment testing of the TBC Network, SKY 99.5FM and SLAM 100.5 FM CGUs were \$45 million, \$11.2 million and \$17.7 million respectively.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for the TBC Network, SKY 99.5FM and SLAM 100.5FM units is most sensitive to the following assumptions:

- Gross margin
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period.

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6. **Intangible assets** (continued)

Impairment testing (continued)

Gross margin

Estimated revenue, which is a key element of the estimated gross margins, is based on the implementation of a new sales strategy in alignment with current market developments. Decreased advertising demand can lead to a decline in the revenue generated and, consequently, the gross margin, which may impact the value in use calculation of the CGUs and the results of the impairment test.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating divisions and is derived from its weighted average cost of capital (WACC). The WACC takes into account both cost of debt and cost of equity. Specific industry risk is incorporated by applying individual beta factors. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in the discount rate may impact the value in use calculation of the CGUs and the results of the impairment test.

Growth rates

Rates are based on industry research. This rate is used to extrapolate cash flows beyond the forecast period. For each of the CGUs, a decrease in the long-term growth rate may impact the value in use calculation of the CGUs and the results of the impairment test.

Computer software

Intangible assets also include the internal development cost arising from the implementation of Microsoft Great Plains in July 2013 and NEO Content Management System for Media in December 2016 which were recognised at fair value at the capitalisation date. Subsequent to initial recognition, computer software is carried at cost less amortisation and impairment losses where necessary and is expected to have a finite life not exceeding 7 years.

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7. Leases

Group as a lessee

The Group has lease contracts for various items of land and buildings used in its operations. These leases of land and buildings generally have lease terms between three and ten years.

The Group also has certain leases of office equipment with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases. The Group recognised rent expense from short-term leases of \$0.2 million for the year ended 31 December 2019.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and building \$	Motor vehicles \$	Total \$
Balance at 1 January 2019	12,297	797	13,094
Additions	—	677	677
Disposal and other movements	—	(242)	(242)
Depreciation	<u>(3,406)</u>	<u>(386)</u>	<u>(3,792)</u>
Balance at 31 December 2019	<u>8,891</u>	<u>846</u>	<u>9,737</u>

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7. **Leases** (continued)

Group as a lessee (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2019	2018
	\$	\$
As at 1 January	1,082	1,537
Implementation of IFRS 16 – Leases	<u>12,297</u>	<u>—</u>
As at 1 January (restated)	13,379	1,537
Additions	677	—
Accretion of interest	740	168
Payments	<u>(4,935)</u>	<u>(623)</u>
As at 31 December	<u>9,861</u>	<u>1,082</u>
Current	3,592	476
Non-current	<u>6,269</u>	<u>606</u>
	<u>9,861</u>	<u>1,082</u>

Lease liabilities of \$13.379 million were recognised and presented separately in the consolidated statement of financial position. This includes the lease liabilities recognised previously under borrowings of \$1.082 million that were reclassified from borrowings. The Group has no lease contracts that contains variable payments, extensions and termination options.

The maturity analysis of lease liabilities is disclosed in Note 25.

The following are the amounts recognised in profit or loss:

	2019
	\$
Depreciation expense of right-of-use assets	3,792
Interest expense on lease liabilities	740
Expense relating to short-term leases	182
Expense relating to leases of low-value assets	<u>—</u>
Total amount recognised in profit or loss	<u>4,714</u>

The Group had total cash outflows for leases of \$5.117 million in 2019 (\$0.455 million in 2018).

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7. **Leases** (continued)

Group as lessor – Operating lease commitments

The Group is involved in the lease of transmission towers and investment properties. These details are disclosed in Note 23.

8. **Employee benefits**

The Group operates pension plans with defined contribution, defined benefit or hybrid schemes for all eligible full-time employees of the Group. The Group also provides certain post-retirement medical benefits to employees. These Plans are governed by the deeds and rules of the specific plan and the employment laws relevant to the jurisdictions in which they operate.

Contributions recognised in the Consolidated Statement of Comprehensive Income with respect to defined contribution plans are as follows:

	2019	2018
	\$	\$
Contribution expense	<u>694</u>	<u>719</u>

The level of pension benefits provided under the defined benefit plans depends on the member's length of service and salary at retirement age. The defined benefit pension plan requires contributions to be made to a separately administered fund. The Fund has a separate legal form and is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

The Board of Trustees periodically reviews the level of funding in the pension plan. Such a review includes the asset-liability matching strategy and investment risk management policy which considers the term of the pension obligation while simultaneously remaining compliant with the requirements of the Pension Act. The pension plans are exposed to inflation, interest rate risks and changes in the life expectancy for pensioners in the relevant jurisdictions. As the Plan assets include significant investments in quoted equity shares, the Group is also exposed to equity market risk.

	2019	2018
	\$	\$
Employee benefits asset	<u>105,373</u>	<u>92,153</u>
Employee benefits obligation	<u>5,755</u>	<u>5,581</u>

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(Continued)

8. **Employee benefits** (continued)

2019 changes in the defined benefit obligation and fair value of plan assets:

	Defined benefit obligation \$	Fair value of plan assets \$	Net benefit asset \$	Employee benefit obligation \$
Balance at 1 January 2019	116,627	(208,780)	(92,153)	5,581
<i>Pension cost charged to profit or loss</i>				
Current service cost	3,402	–	3,402	170
Past service cost	–	–	–	–
Administrative expenses	–	97	97	–
Net interest	<u>5,790</u>	<u>(10,342)</u>	<u>(4,552)</u>	<u>273</u>
Sub-total included in profit or loss	<u>9,192</u>	<u>(10,245)</u>	<u>(1,053)</u>	<u>443</u>
<i>Re-measurement (gains)/losses in OCI</i>				
Experience adjustments	(487)	(10,518)	(11,005)	91
Transfers	<u>(282)</u>	<u>282</u>	<u>–</u>	<u>–</u>
Sub-total included in OCI	<u>(769)</u>	<u>(10,236)</u>	<u>(11,005)</u>	<u>91</u>
<i>Other movements</i>				
Contributions by employee	1,162	(1,162)	–	–
Contributions by employer	–	(1,162)	(1,162)	–
Benefits paid	<u>(5,655)</u>	<u>5,655</u>	<u>–</u>	<u>(360)</u>
Sub-total – other movements	<u>(4,493)</u>	<u>3,331</u>	<u>(1,162)</u>	<u>(360)</u>
Balance at 31 December 2019	<u>120,557</u>	<u>(225,930)</u>	<u>(105,373)</u>	<u>5,755</u>

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(Continued)

8. **Employee benefits** (continued)

2018 changes in the defined benefit obligation and fair value of plan assets:

	Defined benefit obligation \$	Fair value of plan assets \$	Net benefit asset \$	Employee benefit obligation \$
Balance at 1 January 2018	113,067	(202,373)	(89,306)	4,396
<i>Pension cost charged to profit or loss</i>				
Current service cost	3,707	—	3,707	116
Past service cost	—	—	—	—
Administrative expenses	—	148	148	—
Net interest	<u>5,641</u>	<u>(10,043)</u>	<u>(4,402)</u>	<u>214</u>
Sub-total included in profit or loss	<u>9,348</u>	<u>(9,895)</u>	<u>(547)</u>	<u>330</u>
<i>Re-measurement (gains)/losses in OCI</i>				
Experience adjustments	(1,702)	625	(1,077)	1,191
Transfers	<u>(104)</u>	<u>104</u>	<u>—</u>	<u>—</u>
Sub-total included in OCI	<u>(1,806)</u>	<u>729</u>	<u>(1,077)</u>	<u>1,191</u>
<i>Other movements</i>				
Contributions by employee	1,223	(1,223)	—	—
Contributions by employer	—	(1,223)	(1,223)	—
Benefits paid	<u>(5,205)</u>	<u>5,205</u>	<u>—</u>	<u>(336)</u>
Sub-total – other movements	<u>(3,982)</u>	<u>2,759</u>	<u>(1,223)</u>	<u>(336)</u>
Balance at 31 December 2018	<u>116,627</u>	<u>(208,780)</u>	<u>(92,153)</u>	<u>5,581</u>

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8. Employee benefits (continued)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2019	2018
Local equities – quoted	29%	31%
Local bonds	38%	39%
Foreign investments	23%	23%
Real estate and mortgages	2%	2%
Short term securities	7%	5%

Principal actuarial assumptions at the reporting date:

	2019	2018
Discount rate at 31 December	5%	5%
Future salary increases	3%	3%
Future medical claims inflation	3%	3%

Shown below is a quantitative sensitivity analysis for the impact of significant assumptions on the defined benefit obligation:

Assumptions	Discount rate		Future salary increases		Future medical claims inflation	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
At 31 December 2019	(14,085)	17,661	4,505	(3,982)	608	(493)
At 31 December 2018	(13,963)	17,566	4,598	(4,057)	606	(491)

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8. Employee benefits (continued)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The pension plan is maintained at a significant surplus; the Group has chosen not to take any contribution holidays to ensure the continued health of the Plan in changing economic circumstances. The Group's contribution rate of 4% of pensionable salaries will continue into the foreseeable future. The Group is expected to contribute \$1.2 million to its defined benefit plans and \$0.4 million to its post-employment benefit plans in 2020.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years (2018: 15 years) for the defined benefit plan and 14 years (2018: 14 years) for the post-retirement medical plan.

9. Deferred taxation

	2018	(Credit)/ charge to income	(Credit)/ charge to OCI	(Credit) /charge to reserves	2019
Deferred tax asset					
Employee benefits obligation	(1,674)	(25)	(27)	—	(1,726)
Provisions	—	(227)	—	—	(227)
Tax loss	<u>(1,787)</u>	<u>(993)</u>	<u>—</u>	<u>—</u>	<u>(2,780)</u>
	<u>(3,461)</u>	<u>(1,245)</u>	<u>(27)</u>	<u>—</u>	<u>(4,733)</u>
Deferred tax liabilities					
Property, plant and equipment/Investment property	5,925	(1,222)	—	—	4,703
Intangible assets	1,053	(226)	—	—	827
Finance leases	9,873	(692)	—	—	9,181
Right-of-use asset	—	28	—	—	28
Employee benefits asset	<u>27,645</u>	<u>666</u>	<u>3,300</u>	<u>—</u>	<u>31,611</u>
	<u>44,496</u>	<u>(1,446)</u>	<u>3,300</u>	<u>—</u>	<u>46,350</u>
Net deferred tax charge/(credit)		<u>(2,691)</u>	<u>3,273</u>		

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9. Deferred taxation (continued)

The Group has unutilised tax losses of \$7.8 million (2018: \$4.9 million) available to be carried forward and applied against future taxable income of the Group.

The Group has recognised a deferred tax asset of \$2.8 million (2018: \$1.8 million) on the cumulative taxation losses incurred. The recoverability of these deferred tax assets depends on the Group's ability to generate future taxable profits. The Group believes that these deferred tax assets are recoverable because these losses are expected to shelter taxable profits in the foreseeable future.

	2017	(Credit)/ charge to income	(Credit)/ charge to OCI	(Credit) /charge to reserves	2018
Deferred tax asset					
Employee benefits obligation	(1,319)	2	(357)	–	(1,674)
Tax loss	<u>(1,443)</u>	<u>(351)</u>	<u>–</u>	<u>7</u>	<u>(1,787)</u>
	<u>(2,762)</u>	<u>(349)</u>	<u>(357)</u>	<u>7</u>	<u>(3,461)</u>
Deferred tax liabilities					
Property, plant and equipment/Investment property	6,250	(325)	–	–	5,925
Intangible assets	–	1,053	–	–	1,053
Finance leases	10,594	(721)	–	–	9,873
Employee benefits asset	<u>26,791</u>	<u>531</u>	<u>323</u>	<u>–</u>	<u>27,645</u>
	<u>43,635</u>	<u>538</u>	<u>323</u>	<u>–</u>	<u>44,496</u>
Net deferred tax charge/(credit)		<u>189</u>	<u>(34)</u>	<u>7</u>	

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10. Inventories	2019	2018
	\$	\$
Raw materials	8,346	7,061
Machinery spares	1,519	2,226
Goods in transit	<u>156</u>	<u>4,517</u>
	10,021	13,804
Less: provision for obsolescence	<u>(1,181)</u>	<u>(617)</u>
	<u>8,840</u>	<u>13,187</u>

During the year, \$62 thousand of inventory previously deemed obsolete, was consumed. This amount of income (2018: \$501 thousand), is included in Administrative costs.

11. Trade and other receivables	2019	2018
	\$	\$
Trade receivables	32,545	32,459
Less: Provision for doubtful debts	<u>(6,740)</u>	<u>(6,747)</u>
	<u>25,805</u>	<u>25,712</u>
Other receivables	3,120	3,277
Less: Provision for doubtful debts	<u>(283)</u>	<u>(180)</u>
	<u>2,837</u>	<u>3,097</u>
Amount due from Related parties companies (Note 21)	<u>615</u>	<u>440</u>
	<u>29,257</u>	<u>29,249</u>

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11. Trade and other receivables (continued)

As at 31 December the aging analysis of trade debtors is as follows:

	Total	Current	Past due but not impaired	
			30 – 90 days	> 90 days
2019	25,805	9,362	10,012	6,431
2018	25,712	10,895	11,058	3,759

As at 31 December 2019, trade and other receivables at nominal value of \$7 million (2018: \$6.9 million) were impaired and fully provided.

Movements in ECL Allowance are as follows:

	2019	2018
	\$	\$
ECL per IFRS 9 at 1 January	6,927	9,601
Provision for expected credit losses	565	99
Amounts written off during the year	<u>(469)</u>	<u>(2,773)</u>
Balance at 31 December	<u>7,023</u>	<u>6,927</u>

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12. Investment securities

	2019 Market value \$	2019 Cost \$	2018 Market value \$	2019 Cost \$
Investments at fair value through profit and loss				
Quoted shares	3,587	658	3,827	658
Investments at amortised cost				
Treasury note	<u>19,628</u>	<u>19,628</u>	<u>14,687</u>	<u>14,687</u>
	<u>23,215</u>	<u>20,286</u>	<u>18,514</u>	<u>15,345</u>

The fair value of quoted ordinary shares is determined by reference to published price quotations in an active trading market. During the year, the proceeds from the matured Treasury Note were reinvested into a similar instrument at a yield of 2.00% for one year. The Treasury Note is issued by the Government of the Republic of Trinidad and Tobago (GORTT).

13. Cash and short-term deposits	2019 \$	2018 \$
Cash at bank and on hand	25,702	29,672
Money Market Fund	13	13
Fixed deposits	<u>18,250</u>	<u>17,892</u>
	<u>43,965</u>	<u>47,577</u>

Money market fund

This represents a holding in the Unit Trust Corporation TT dollar Income Fund. The Fund earns interest at a rate of <1.4% per annum at year-end (2018: <1%).

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13. Cash and short-term deposits (continued)

Fixed deposits

An amount of \$18.3 million (2018: \$17.9 million) was held in TT dollar denominated fixed deposits with maturities of 1 year and fixed interest rates of 2% per annum. The fixed deposits were invested with a fellow subsidiary (ANSA Merchant Bank Limited) in the ANSA McAL Limited Group of Companies. These fixed deposits are treated as cash and cash equivalents in the Consolidated Statement of Cash Flows as the deposits are readily convertible to cash at any point prior to maturity.

14. Stated capital, treasury shares and other reserves	2019	2018
	\$	\$
a) Issued and fully paid		
29,297 6% cumulative participating preference shares	1,465	1,465
40,000,000 ordinary shares of no par value	<u>25,823</u>	<u>25,823</u>
	<u>27,288</u>	<u>27,288</u>

The Company is authorised to issue an unlimited number of ordinary shares of no par value.

b) Treasury shares

As detailed in Note 2 (xv), the Group operates an Employee Share Ownership Plan (ESOP) in which shares purchased by the Plan are held in Trust. The cost of these unallocated ESOP shares are accounted for and disclosed within equity as treasury shares. The number and value of own equity shares (treasury shares) held by the Group are as follows:

	2019	2018
Number of shares (000's)	<u>100</u>	<u>100</u>
Carrying value of shares (\$'000s)	<u>1,554</u>	<u>1,554</u>
The market value of treasury shares (\$'000s)	<u>750</u>	<u>1,500</u>

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14. Stated capital, treasury shares and other reserves (continued)

	2019	2018
c) Other reserve	\$	\$
<i>Foreign currency reserve</i>		
Balance as at 1 January	270	776
Currency translation	<u>(37)</u>	<u>(506)</u>
Balance as at 31 December	<u>233</u>	<u>270</u>

The foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of iRadio Inc. into Trinidad and Tobago dollars.

15. Trade and other payables	2019	2018
	\$	\$
Trade creditors	5,112	2,347
Other creditors and accruals	16,381	14,975
VAT payable	859	1,231
Amounts due to group companies (Note 21)	<u>2,789</u>	<u>7,233</u>
	<u>25,141</u>	<u>25,786</u>

In the normal course of business operations, writs were filed against the Group for libel, some of which remained outstanding at the year-end. Based on professional advice received, management has established provisions of \$0.827 million (2018: \$0.575 million) to cover potential liabilities of this nature.

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16. Revenue and income from operating activities	2019 \$	2018 \$
Advertising income	104,294	113,030
Circulation income	12,510	10,995
Printing and other income	<u>3,538</u>	<u>4,231</u>
Total revenue	120,342	128,256
Cost of sales	<u>(67,575)</u>	<u>(73,871)</u>
Gross profit	52,767	54,385
Administrative costs	(43,808)	(40,397)
Distribution costs	(18,473)	(18,853)
Other income (see below)	<u>3,672</u>	<u>4,518</u>
Loss from operating activities	<u>(5,842)</u>	<u>(347)</u>
Components of other income:		
Rental income	2,756	2,455
Interest and investment income	663	743
Loss on foreign exchange	(59)	(5)
Other income	366	1,317
Dividend income	186	192
Unrealised loss on revaluation of investment securities	<u>(240)</u>	<u>(184)</u>
	<u>3,672</u>	<u>4,518</u>
Administrative and distribution costs included above:		
Salaries and wages	27,887	27,613
Depreciation and amortisation (excl. right-to-use-assets)	4,330	4,714
Depreciation on right-to-use-assets	3,792	—
Directors' fees	1,207	1,249

Depreciation expense charged to cost of sales for the year amounted to \$8.3 million (2018: \$9 million).

Staff cost included in cost of sales amount to \$33.8 million (2018: \$33.6 million).

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	2019	2018
	\$	\$
17. Finance costs		
Interest on lease liabilities	740	156
Other interest and finance costs	<u>523</u>	<u>459</u>
	<u>1,263</u>	<u>615</u>
18. Taxation		
a) Taxation expense/(credit) – Prior year	51	(82)
Business and other levies	1,175	1,249
Deferred taxation	<u>(2,691)</u>	<u>189</u>
	<u>(1,465)</u>	<u>1,356</u>
b) Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate:		
Loss before taxation	<u>(7,105)</u>	<u>(962)</u>
Income taxes calculated at statutory rates	(2,129)	(293)
Tax exempt income	(641)	(69)
Non allowable expenses and other deductions	–	188
Prior year under accrual	51	–
Business and other levies	1,175	1,249
Other permanent differences	<u>79</u>	<u>281</u>
	<u>(1,465)</u>	<u>1,356</u>

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19. Dividends	2019	2018
	\$	\$
6% cumulative participating preference shares		
– final 2018 – 4% (2017: 4%)	58	58
– interim 2019 – 4% (2018: 4%)	59	59
Ordinary shares		
– final 2018 – NIL (2017: 50¢)	–	19,950
– interim 2019 – NIL (2018: 10¢)	<u>–</u>	<u>3,990</u>
	<u>117</u>	<u>24,057</u>

During the year ended 31 December 2019, dividends of 8% on preference shares (amounting to \$117 thousand) were declared and paid.

20. Segment information

For management purposes, the Group's segments are organised and managed separately according to the nature of these services provided by each segment. The reportable segments are the Print and Multi-Media segments.

The Print segment is mainly involved in newspaper circulation and other printing services for other publishers. The Multi-Media segment provides broadcasting services through its seven (7) radio stations as well as the live television station.

	Print segment		Multi- media segment		Total	Total
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Revenue	58,498	58,123	61,844	70,133	120,342	128,256
Loss before taxation	(6,537)	(2,509)	(568)	1,547	(7,105)	(962)
Assets	175,630	169,977	163,985	157,597	339,615	327,574
Liabilities	39,198	34,628	47,909	42,322	87,107	76,950
Depreciation and amortisation	7,042	6,564	5,912	8,421	12,954	14,985
Capital expenditure	2,843	2,030	1,766	3,561	4,609	5,591

No revenue from a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2019 and 2018.

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21. Related party disclosures

The consolidated financial statements comprise the financial statements of Guardian Media Limited and the 100% owned subsidiaries, Wonderland Entertainment Limited and iRadio Inc.

Terms and conditions of transactions with related parties

Parties are considered to be related if one has the ability to control 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 were carried out at commercial terms and at market rates. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2018: Nil).

	2019	2018
	\$	\$
Income generated from related parties		
Ultimate parent	293	519
Fellow subsidiaries of ultimate parent	<u>2,945</u>	<u>3,292</u>
	<u>3,238</u>	<u>3,811</u>
Purchases from related parties		
Ultimate parent	8,127	8,375
Fellow subsidiaries of ultimate parent	15,956	24,871
Other related parties	<u>4,531</u>	<u>4,804</u>
	<u>28,614</u>	<u>38,050</u>
Amounts due from related parties		
Ultimate parent	4	115
Fellow subsidiaries of ultimate parent	<u>611</u>	<u>325</u>
	<u>615</u>	<u>440</u>

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21. Related party disclosures (continued)	2019 \$	2018 \$
Amounts owed to related parties		
Ultimate parent – trading	489	736
Fellow subsidiaries of ultimate parent – trading	<u>2,300</u>	<u>6,497</u>
	2,789	7,233
Fellow subsidiaries of ultimate parent – lease liabilities	<u>1,064</u>	<u>1,082</u>
	<u>3,853</u>	<u>8,315</u>

Investments at fair value through statement of income

Included therein is a holding of less than 1% of the issued share capital of a fellow subsidiary of the ultimate parent. This investment has a carrying value of \$3.59 million (2018: \$3.83 million) at 31 December 2019. (Refer to Note 12).

Cash and cash equivalents

Included therein are fixed deposits with a fellow subsidiary of the ultimate parent amounting to \$18.3 million at 31 December 2019 (2018: \$17.9 million) (Refer to Note 13).

Compensation of key management personnel	2019 \$	2018 \$
Short-term employee benefits	<u>4,836</u>	<u>4,015</u>
Post-employment benefits	<u>108</u>	<u>193</u>
Contributions to defined contribution plans	<u>66</u>	<u>66</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

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22. Fair values and fair value hierarchies

The carrying amount of short-term financial assets and liabilities comprising cash and cash equivalents, accounts receivable, short-term investments at amortised cost, accounts payable and accrued liabilities are a reasonable estimate of their fair values because of the short maturity of these instruments. For all other financial assets and liabilities the carrying value is considered a reasonable approximation of fair value.

The fair value information is based on information available to management as at the dates presented. Although management is not aware of any factors that will significantly affect the fair value amounts, such amounts have not been comprehensively revalued for the purposes of these consolidated financial statements and, therefore the current estimates of the fair value may be significantly different from the amounts presented herein.

Investment securities classified as fair value through statement of income is a Level 1 financial asset. Included in the Level 1 category are financial assets that are measured in whole by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

23. Capital commitments and contingencies

Contingencies – legal action

The Group operates in a regulatory and legal environment that, by nature, has an element of litigation risk inherent to its operations. As a result, it is involved in various litigation proceedings arising in the ordinary course of the Group's business.

As disclosed in Note 15 there were a number of writs served against the Company for libel for which provisions have been established and recorded in respect of these matters which were considered probable liabilities. There are also certain other pending legal actions and other claims in which the Group is involved where the directors are of the opinion that, based on information provided by the Group's attorneys-at-law, if any liability should arise out of these claims it is not likely to be probable. Accordingly, no provision has been made in these consolidated financial statements in respect of these matters.

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23. Capital commitments and contingencies (continued)

Operating lease commitments – Group as lessor

The Group is involved in leases on transmission towers and investment properties. Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	2019	2018
	\$	\$
Within one year	1,031	2,467
Within 2 to 5 years	<u>4,042</u>	<u>4,042</u>
	<u>5,073</u>	<u>6,509</u>

24. Earnings/(loss) per share

As described in Note 2 (xviii), basic earnings per share is computed by relating net income/(loss) attributable to ordinary shareholder (net of preference shares) to the weighted average number of shares outstanding during the year. The weighted average number of shares has been adjusted for the removal of treasury shares. Basic earnings/(loss) per share has been computed as follows:

	2019	2018
	\$	\$
Net loss attributable to ordinary shareholder	(5,640)	(2,318)
Less preference share dividend	<u>(117)</u>	<u>(117)</u>
Loss available to ordinary shareholders	<u>(5,757)</u>	<u>(2,435)</u>
Weighted average number of shares ('000) (adjusted for treasury shares)	39,900	39,900
Basic and diluted loss per share	(14) cents	(6) cents

The Company has no dilutive potential ordinary shares in issue.

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25. Risk management

Introduction

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to their responsibilities. The Group is exposed to credit risk, liquidity risk and market risks.

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for approving risk strategies, principles and policies and procedures. Day to day adherence to risk principles is carried out by the executive management of the Group in compliance with the policies approved by the Board of Directors.

Concentrations of risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's results to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's procedures include specific monitoring controls to focus on the maintenance of a diversified portfolio.

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25. **Risk management** (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such exposure arises from sale or purchases by an operating unit in currencies other than the unit's functional currency. Management monitors its exposure to foreign currency fluctuations which is mainly the US currency and employs appropriate strategies to mitigate any potential losses.

The sensitivity to a possible change in the US dollar exchange rate, with all other variables held constant, of the Group's loss before tax is as follows:

	Change in US dollar rates	Effect on loss before tax \$'000
2019	5% increase	160
	5% decrease	(160)
2018	5% increase	432
	5% decrease	(432)

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25. **Risk management** (continued)

Currency risk (continued)

The aggregate value of financial assets and liabilities by reporting currency are as follows:

Year ended 31 December 2019	TT	US	Total
	\$	\$	\$
ASSETS			
Cash and short term–deposits	43,604	361	43,965
Investment securities	23,215	–	23,215
Trade and other receivables	<u>29,257</u>	<u>–</u>	<u>29,257</u>
	<u>96,076</u>	<u>361</u>	<u>96,437</u>
LIABILITIES			
Lease liabilities	9,861	–	9,861
Trade and other payables	<u>21,592</u>	<u>3,549</u>	<u>25,141</u>
	<u>31,453</u>	<u>3,549</u>	<u>35,002</u>
Net currency risk exposure	<u>64,623</u>	<u>(3,188)</u>	<u>61,435</u>
Year ended 31 December 2018	TT	US	Total
	\$	\$	\$
ASSETS			
Cash and short term–deposits	47,390	187	47,577
Investment securities	18,514	–	18,514
Trade and other receivables	<u>29,249</u>	<u>–</u>	<u>29,249</u>
	<u>95,153</u>	<u>187</u>	<u>95,340</u>
LIABILITIES			
Lease liabilities	1,082	–	1,082
Trade and other payables	<u>16,959</u>	<u>8,827</u>	<u>25,786</u>
	<u>18,041</u>	<u>8,827</u>	<u>26,868</u>
Net currency risk exposure	<u>77,112</u>	<u>(8,640)</u>	<u>68,472</u>

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25. Risk management (continued)

Credit risk

The Group considers its credit risk with trade debtors to be limited due to the large number of customers comprising the Group's customer base. The Group grants credit based on evaluations of its customers' financial situation, and continually monitors the exposure of potential losses from granting credit. The maximum exposure is equal to the carrying amount of trade receivables.

With respect to credit risk arising from other financial assets which primarily comprises of cash and cash equivalents, the exposure to credit risk arises from default of the counter party. These deposits are placed with highly rated local financial institutions.

The Company's credit risk exposure is geographically concentrated in Trinidad and Tobago. The Company's credit risk exposure by industry sector of its counterparties is as follows:

	Gross maximum exposure	
	2019	2018
	\$	\$
Trade receivables	32,545	32,459
Treasury note	19,628	14,687
Cash and short-term deposits	<u>43,965</u>	<u>47,577</u>
Total credit risk exposure	<u>96,138</u>	<u>94,723</u>
Government and Government agencies	23,610	18,510
Financial services sector	43,965	47,577
Marketing sector	15,048	15,464
Other	<u>13,515</u>	<u>13,172</u>
	<u>96,138</u>	<u>94,723</u>

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25. Risk management (continued)

Credit risk (continued)

Credit quality per category of financial asset

The credit quality of the balances due from the Group's various counterparties are internally determined from an assessment of each counterparty based on a combination of factors.

These factors include financial strength and the ability of the counterparty to service its debts, the stability of the industry or market in which it operates and its proven track record with the Group. The categories defined are as follows:

Superior: This category includes balances due from Government and Government agencies and balances due from institutions that have been accorded the highest rating by an international rating agency or is considered to have the highest credit rating. These balances are considered risk free.

Desirable: These are balances due from counterparties that are considered to have good financial strength and reputation.

Acceptable: These are balances due from counterparties that are considered to have fair financial strength and reputation.

Sub-standard: Balances that are impaired.

The table below illustrates the credit quality of the Group's financial assets as at 31 December:

	Superior \$	Desirable \$	Acceptable \$	Sub- standard \$	Total \$
2019	23,610	43,965	23,194	5,984	96,753
2018	17,604	47,577	23,235	6,747	95,163

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25. **Risk management** (continued)

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligation under normal and stress circumstances. The Group monitors its liquidity risk by considering the maturity of both its financial investments and financial assets and projected cash flows from operations. Where possible the Group utilises surplus internal funds to a large extent to finance its operations and ongoing projects. However, the Group also utilises available credit facilities such as loans and other financing options where required.

The table summarises the maturity of the Group's financial liabilities at 31 December based on undiscounted repayment obligations over the remaining life of those liabilities:

	On demand \$	Within one year \$	1 to 5 years \$	>5 years \$	Total \$
31 December 2019					
Lease liabilities	—	4,099	6,366	459	10,924
Trade and other payables	—	<u>25,141</u>	—	—	<u>25,141</u>
	<u>—</u>	<u>29,240</u>	<u>6,366</u>	<u>459</u>	<u>36,065</u>
31 December 2018					
Lease liabilities	—	586	702	—	1,288
Trade and other payables	—	<u>25,786</u>	—	—	<u>25,786</u>
	<u>—</u>	<u>26,372</u>	<u>702</u>	<u>—</u>	<u>27,074</u>

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26. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.