

PRESS TRUST

**Consolidated and separate financial statements
for the year ended
31 March 2016**

PRESS TRUST
Consolidated and separate financial statements
For the year ended 31 March 2016

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**PRESS TRUST
REPORT OF THE TRUSTEES
For the year ended 31 March 2016**

The Trustees have pleasure in presenting the audited consolidated and separate financial statements for the year ended 31 March 2016 and report thereon as follows:-

STATEMENT OF COMPREHENSIVE INCOME

The Trustees report a consolidated deficit of K225 million (2015: K1 786 million) for the year.

SUBSIDIARIES

Details of investments in subsidiaries as at 31 March 2016 are shown in note 17 on page 45.

RESERVES

Details of the reserves of the Trust are shown in the statements of changes in equity on pages 6 - 7.

TRUSTEES

The following Trustees, appointed in terms of the deed of the Trust, served office during the year:

Dr George Kayambo (Chairperson)
Mr. Tony Kandiero
Mrs. Nancy Tembo
Mrs. Esther Chioko
Mr. Jim Nsomba
Mr. Ben Chidyaonga (Trustee up to 12th February 2016)
Prof. Peter Mwanza (Trustee up to 12th February 2016)
Eng. Wilson Chirwa (Trustee from 29th February 2016)
Mr Mayer Chisanga, SC (Trustee from 29th February 2016)

TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Trustees accept that it is their duty to prepare financial statements annually which give a true and fair view of the state of the Trust and Group's affairs at the reporting date and their results for the period then ended and otherwise comply with the requirements of the Trustees Incorporation Act and the Companies Act, 1984.

The Trustees also acknowledge their duty to ensure the Trust and the Group keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and the Group and enable them to ensure that the financial statements comply with the Trustees Incorporation Act.

PRESS TRUST
REPORT OF THE TRUSTEES (Continued)
For the year ended 31 March 2016

TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS (Continued)

In preparing the financial statements the Trustees accept responsibility for the following:


- Maintenance of proper accounting records;
- Selection of suitable accounting policies and consistent application thereof;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with International Financial Reporting Standards, when preparing financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the Trust and the Group will continue in business.

The Trustees are also responsible for establishing internal controls that ensure the propriety of transactions and accuracy and reliability of the accounting records and to safeguard the assets of the Trust against loss by theft, fraud, defalcation or otherwise.

The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Trust and the Group and of its operating results and cash flows for the year ended 31 March 2016.


.....)

TRUSTEE


.....)

TRUSTEE

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF PRESS TRUST

We have audited the group annual financial statements of Press Trust and its subsidiaries Press Trust Overseas Limited and Press Agriculture Limited and the separate annual financial statements of Press Trust as set out on pages 5 to 64 which comprise the consolidated and separate statements of financial position as at 31 March 2016, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in reserves and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Trustees Incorporation Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Audit Opinion

In our opinion the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Press Trust and its subsidiaries as of 31 March 2016, and of the consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1984, and the Trustees Incorporation Act, 1962, so far as concerns Trustees of the Trust.



Chartered Accountants
Lilongwe, Malawi
19 August 2016

PRESS TRUST
STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 March 2016


	<u>Notes</u>	<u>TRUST</u>		<u>GROUP</u>	
		<u>2016</u> <u>K'000</u>	<u>2015</u> <u>K'000</u>	<u>2016</u> <u>K'000</u>	<u>2015</u> <u>K'000</u>
INCOME					
Turnover		-	-	1 662 466	870 419
Cost of sales		-	-	(1 014 409)	(810 838)
Gross profit		-	-	648 057	59 581
Dividend income	5	959 397	901 195	959 397	901 195
Interest income	6	220 058	121 849	111 238	47 576
Other income	7	1 815 287	182 850	446 231	878 682
Total income		2 994 742	1 205 894	2 164 923	1 887 034
OPERATING EXPENDITURE					
Administration expenditure	33	(642 541)	(526 129)	(1 761 852)	(1 198 262)
Exchange losses		-	-	(392 979)	(545 971)
EXCESS OF INCOME OVER OPERATING EXPENDITURE		2 352 201	679 765	10 092	142 801
Increase in provision for doubtful loans	8	(3 164 667)	(182 050)	-	-
Interest expense	6	-	-	(1 211 870)	(1 431 243)
Impairment of staff and other receivables		-	(14 956)	-	(14 956)
Realised profit on sale of equities	9	1 765 186	-	1 765 186	-
SURPLUS/ (DEFICIT) BEFORE CHARITABLE EXPENDITURE	10	952 720	482 759	563 408	(1 303 398)
CHARITABLE EXPENDITURE					
Project funding approvals	11	(765 634)	(469 174)	(765 634)	(469 174)
Completed/discontinued projects					
Under provision	11	28 961	35 704	28 961	35 704
Donations	12	(33 684)	(25 176)	(33 684)	(25 176)
Total charitable expenditure		(770 357)	(458 646)	(770 357)	(458 646)
Surplus/ (deficit) before tax		182 363	24 113	(206 949)	(1 762 044)
Taxation	13	-	-	(18 058)	(23 773)
SURPLUS/ (DEFICIT) FOR THE YEAR TRANSFERRED TO GENERAL FUND		182 363	24 113	(225 007)	(1 785 817)
OTHER COMPREHENSIVE INCOME					
Revaluation Surplus		-	139 364	650 472	3 607 197
Deferred Tax		-	-	18 413	(785 370)
Fair value gain on available for sale financial assets		3 413 518	8 541 748	3 371 327	8 703 649
Exchange differences on translating foreign operation		963 837	160 693	963 837	160 693
TOTAL OTHER COMPREHENSIVE INCOME		4 377 355	8 841 805	5 004 049	11 686 169
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4 559 718	8 865 918	4 779 042	9 900 352
Attributable to the parent		-	-	5 235 105	9 879 674
Non-controlling interest		-	-	(436 063)	20 678
Total		-	-	4 799 042	9 900 352

PRESS TRUST
STATEMENTS OF FINANCIAL POSITION
31 March 2016

		<u>TRUST</u>		<u>GROUP</u>	
	<u>Notes</u>	<u>2016</u> K'000	<u>2015</u> K'000	<u>2016</u> K'000	<u>2015</u> K'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	14	481 068	516 218	6 136 721	4 886 286
Listed equity investments	15	35 184 065	31 707 077	36 507 250	34 019 201
Unlisted equity investments	16	232 328	232 328	232 449	232 449
Press Trust Overseas Limited					
Investments in subsidiaries	17	1 398 806	2 383 270	-	-
Loans due from Press Agriculture	8	5 824 750	2 660 083	-	-
Provision against loans due from Press Agriculture	8	(5 824 750)	(2 660 083)	-	-
Standing crops	18	-	-	160 058	193 640
Total non-current assets		<u>37 296 267</u>	<u>34 838 893</u>	<u>43 036 478</u>	<u>39 331 576</u>
CURRENT ASSETS					
Growing crops	18	-	-	568 625	705 198
Inventories	19	-	-	110 459	98 231
Receivables and prepayments	20	54 296	37 620	230 834	927 362
Bank balances and cash	21	864 848	159 229	952 800	235 666
Investments classified as held for sale	16	-	124 814	-	124 814
Funds held by brokers	21	-	-	273	192
Assets held for sale and discontinued operations	22	-	-	191 489	1 270 736
Tax recoverable		-	-	82 031	135 866
Total current assets		<u>919 144</u>	<u>321 663</u>	<u>2 136 511</u>	<u>3 498 065</u>
TOTAL ASSETS		<u>38 215 411</u>	<u>35 160 556</u>	<u>45 172 989</u>	<u>42 829 641</u>
RESERVES AND LIABILITIES					
RESERVES					
Non-distributable reserves					
Fair value reserve on listed investments		34 425 284	31 011 766	36 874 045	32 866 323
Fair value reserve on unlisted investments		12 980	12 980	12 980	12 980
Fair value of foreign investments		1 203 264	2 187 728	-	-
Property revaluation reserve		<u>166 328</u>	<u>166 328</u>	<u>6 805 735</u>	<u>6 136 850</u>
Total non-distributable reserves		35 807 856	33 378 802	43 692 760	39 016 153
General fund		<u>1 573 688</u>	<u>1 391 325</u>	<u>(3 727 835)</u>	<u>(3 830 271)</u>
Total reserves (page 7 and 8)		37 381 544	34 770 127	39 964 925	35 185 882
Non-controlling interest		-	-	(844 437)	(450 514)
Equity attributable to equity holders of the parent		<u>37 381 544</u>	<u>34 770 127</u>	<u>39 120 488</u>	<u>34 735 368</u>
NON-CURRENT LIABILITIES					
Sublease fees	23	-	-	475 809	374 286
Deferred tax	24	-	-	1 395 931	1 432 067
Long-term borrowings	25	-	-	1 748 434	1 135 428
Total non-current liabilities		-	-	<u>3 620 174</u>	<u>2 941 781</u>
CURRENT LIABILITIES					
Project funding	11	776 270	341 866	776 270	341 866
Bank overdraft	21	-	-	310 941	470 663
Sublease fees	23	3 919	-	29 984	13 013
Current portion of long-term borrowings	25	-	-	363 273	3 690 742
Provisions	26	-	-	189 632	179 895
Accounts payable	27	53 678	48 563	701 461	431 327
Tax Payable		-	-	60 766	24 986
Total current liabilities		<u>833 867</u>	<u>390 429</u>	<u>2 432 327</u>	<u>5 152 492</u>
TOTAL RESERVES AND LIABILITIES		<u>38 215 411</u>	<u>35 160 556</u>	<u>45 172 989</u>	<u>42 829 641</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 19 August 2016 and were signed on its behalf by:


(.....)
TRUSTEE


(.....)
TRUSTEE

TRUST

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PRESS TRUST
STATEMENTS OF CHANGES IN RESERVES (Continued)
For the year ended 31 March 2016

GROUP

	Fair value reserve on listed investments K'000	Fair value reserve on unlisted investments K'000	Property revaluation reserve K'000	General fund K'000	Total K'000	Non- controlling interest K'000	Attributable to equity holder of parent K'000
<u>For the year ended 31 March 2015</u>							
At beginning of the year	24 162 674	12 980	3 706 231	(2 435 662)	25 446 223	(471 192)	24 975 031
Movement on disposal	-	-	(391 208)	391 208	-	-	-
Deficit for the year	-	-	-	(1 785 817)	(1 785 817)	20 678	(1 765 139)
Deferred tax	-	-	(785 370)	-	(785 370)	-	(785 370)
Revaluation surplus	-	-	3 607 197	-	3 607 197	-	3 607 197
Fair value surplus (Note 15)	8 703 649	-	-	-	8 703 649	-	8 703 649
	<u>32 866 323</u>	<u>12 980</u>	<u>6 136 850</u>	<u>(3 830 271)</u>	<u>35 185 882</u>	<u>(450 514)</u>	<u>34 735 368</u>
Attributable to equity holders of the parent							
<u>For the year ended 31 March 2016</u>							
At beginning of the year	32 866 323	12 980	6 136 850	(3 830 271)	35 185 882	(450 514)	34 735 368
Deficit for the year	-	-	-	(225 007)	(225 007)	(436 063)	(661 070)
Deferred tax	-	-	18 413	-	18 413	1 160	19 573
Realised gain on sale of listed equity	(327 443)	-	-	327 443	-	-	-
Revaluation surplus	-	-	650 472	-	650 472	40 980	691 452
Translation gain	963 838	-	-	-	963 838	-	963 838
Fair value surplus (Note 15)	3 371 327	-	-	-	3 371 327	-	3 371 327
	<u>36 874 045</u>	<u>12 980</u>	<u>6 805 735</u>	<u>(3 727 835)</u>	<u>39 964 925</u>	<u>(844 437)</u>	<u>39 120 488</u>
Attributable to equity holders of the parent							

PRESS TRUST
STATEMENTS OF CASH FLOWS
For the year ended 31 March 2016

	TRUST		GROUP	
	2016	2015	2016	2015
	K'000	K'000	K'000	K'000
Cash flows from operating activities				
Surplus/ (deficit) for the year before charitable expenditure	952 720	482 759	563 408	(1 303 398)
Adjustments for:-				
- Depreciation	50 213	44 792	385 788	191 872
- Amortisation	-	-	41 105	41 148
- Dividends receivable	(959 397)	(901 195)	(959 397)	(901 195)
- Interest receivable	(220 058)	(121 849)	(111 238)	(47 576)
- Interest payable	-	-	1 211 870	1 431 243
- Asset transfers	-	-	-	130
- Loss/(profit) on disposal of plant and equipment	834	444	834	(651 326)
- Profit on disposal of assets held for sale	-	-	(41 216)	-
- Standing crops write offs	-	-	-	178
- Profit on disposal of investments	(1 765 186)	-	(1 943 311)	-
Provision for doubtful loans	3 164 667	182 050	-	-
Unrealised exchange gain on foreign currency loan	(1 770 176)	(174 112)	-	-
Project funding disbursements	(302 269)	(354 345)	(302 269)	(354 345)
Donations made	<u>(33 684)</u>	<u>(25 176)</u>	<u>(33 684)</u>	<u>(25 176)</u>
Cash absorbed by operating activities before changes in net operating assets	(876 264)	(866 632)	(1 188 110)	(1 618 445)
Movement in sublease fees	-	-	118 494	163 753
Movement in inventories	-	-	(12 228)	(62 283)
Movement in growing crops	-	-	136 573	(373 954)
Taxation (recovered)/paid	-	-	53 835	30 408
Movement in receivables and prepayments	(16 676)	(5 881)	696 528	332 696
Movement in accounts payable	(5 116)	14 002	270 134	150 452
Movement in provisions	<u>-</u>	<u>-</u>	<u>9 737</u>	<u>50 995</u>
Net cash (absorbed)/generated in operating activities	<u>(893 896)</u>	<u>(858 511)</u>	<u>84 963</u>	<u>(1 326 378)</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	(15 897)	(279 700)	(24 221)	(413 202)
Standing crops additions	-	-	(7 522)	(14 500)
Purchase of equity investments	(63 470)	(77 474)	(63 740)	(77 474)
Recoveries from loans interest	127 610	41 289	-	-
Proceeds on disposal of equity investments	1 890 000	-	3 766 799	-
Proceeds on disposal of plant and equipment	-	31	-	1 060 864
Proceeds on assets held for sale	-	-	158 100	-
Recoveries from loans advanced	91 954	33 711	-	-
Interest received	106 026	38 911	111 238	47 576
Interest paid	-	-	(1 324 562)	(1 459 345)
Loan received	-	-	222 257	3 723 641
Loans advanced and interest capitalised	(1 500 024)	-	-	-
Accrued interest and exchange loss on loan capitalised	-	-	1 933 805	1 468 959
Loan repaid	-	-	(4 939 577)	(4 638 976)
Dividends received	<u>959 397</u>	<u>901 195</u>	<u>959 397</u>	<u>901 195</u>
Net cash flows from investing activities	<u>1 595 596</u>	<u>657 963</u>	<u>791 974</u>	<u>598 738</u>
Net increase/ (decrease) in cash and cash equivalents	701 700	(200 548)	876 937	(727 640)
Cash and cash equivalents at beginning of the year	<u>159 229</u>	<u>359 777</u>	<u>(234 805)</u>	<u>492 835</u>
Cash and cash equivalents at end of the year	<u>860 929</u>	<u>159 229</u>	<u>642 132</u>	<u>(234 805)</u>
Cash and cash equivalents comprise of:-				
Bank balances and cash	864 848	159 229	952 800	235 666
Bank Overdraft	(3 919)	-	(310 941)	(470 663)
Funds held by brokers	<u>-</u>	<u>-</u>	<u>273</u>	<u>192</u>
Total cash and cash equivalents	<u>860 929</u>	<u>159 229</u>	<u>642 132</u>	<u>(234 805)</u>

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
For the year ended 31 March 2016

1. Nature of the Trust

1.1 Applicable Law and Tax Status

The Trust was incorporated under the Trustees Incorporation Act on 5 March 1982. The original trust deed dated 10 February 1982 was revised by the Press Trust Reconstruction Act, 1995. The Trust was created to apply income for or towards such charitable purposes as are in the interest and for the benefit of the people of Malawi. The Trust’s registered office is in the Press Trust offices in Kang’ombe House, Capital City, Lilongwe and its postal address is Private Bag 359, Capital City, Lilongwe 3. The Trust has 14 (2014: 14) employees. As a Trust of public character, Press Trust is exempt from income tax under paragraph (b) (ix) of the First Schedule of the Taxation Act.

Press Trust has a 100% owned foreign subsidiary, Press Trust Overseas Limited. The subsidiary was incorporated to hold certain offshore investments for the Trust. The incorporation and basis of operation has been approved by the Reserve Bank of Malawi. The company is resident in British Virgin Islands. Its investments are managed by IMARA Asset Management (Zimbabwe) (Pvt) Limited.

Press Trust also has a controlling interest of 93.7% in Press Agriculture Limited (PAL) group.

In 2014, the Trust registered Press Farming, and Chemical Company Limited. The Company has authorised share capital of 10 000 ordinary shares of K1 each. The issued share capital is 10 000 ordinary shares of K1 each. The Trust and Agriculture Trading and Financing Company Limited each holds 1 share, representing 50% shareholding each.

In the same year, the Trust also registered Farm Management Company Limited. The company has authorized share capital of 10 000 ordinary shares of K1 each. The issued share capital is 10 000 ordinary shares of K1 each. The Trust and Exagris Africa Limited each holds 1 share, representing 50% shareholding each.

As of 31 March 2016 the operations of Press Farming, Chemical Company Limited and Farm Management Company Limited had not yet commenced.

1.2 Nature of PAL group business

The group is involved in the agriculture industry and grows crops on some of its farms while sub leasing others to third parties. The company’s registered office is Kulima house in Kasungu, Private Bag B352, Kasungu, Malawi.

The immediate and substantive control vests in the Press Trust.

Activities during the year were carried out under Press Agriculture Limited through General Farming Limited and Press Estate Division, which is a division of Press Agriculture Limited whilst estates under Press Farming Limited were subleased to Gala Tobacco Company Limited, for the growing of tobacco which commenced in April 2007.

The activities of its subsidiaries are: -

<u>Subsidiary</u>	<u>Activity</u>
General Farming Company Limited	Growing of seed maize
Press Farming Limited	Subleased to Gala Tobacco Company Limited

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
For the year ended 31 March 2016

1. Nature of the Trust (Continued)

1.2 Nature of PAL group business (Continued)

To achieve operational efficiencies and improve financial performance, the group restructured its operations and stopped growing tobacco effective 2010/2011 growing season. The group has since then been focusing on growing seed maize, seed soya, seed groundnuts and seed beans.

1.3 Going concern

The group incurred a deficit of K225 million (2015: deficit of K1 786 million) and the Trust realised a surplus of K182 million (2015: a deficit of K24 million) during the year ended 31 March 2016 and, as at that date, the group had net current liabilities of K296 million (2015: K1 654 million) and the Trust had a net current asset of K80 million (2015: net current liabilities K69 million). The group had accumulated deficit of K3 727 million (2015: K3 830 million) and the Trust had accumulated surplus of K1 580 million (2015: K1 391 million).

During the year ended 31 March 2016, the Trust repaid K3.66 billion towards CDH Investment Bank short term facility which Press Agriculture had with the bank. The Group liquidated some of its investments that were held as security for the loan by disposing of all the unlisted shares it held in Inde Bank Limited and some of its investments held in Press Trust Overseas Limited at K1 862 million and K1 890 million, respectively. The repayments were made on 1 and 7 October 2015. The Group's position after repayments of CDH Investment Bank short term loan has improved considerably from a net current liability position of K1 654 million at 31st March 2015 to K296 million as at 31st March 2016.

The Trustees are aware of the financial challenges the groups subsidiary, Press Agriculture Limited is facing. In view of this Press Agriculture Limited has set plans which includes recapitalisation of the company's operations to the tune of USD8.4 million by investing in farm equipment and a pigeon pea processing plant, investing in irrigation infrastructure in the medium term to grow at least two crops per season, increasing the crop production from an annual average of 2 500 hectares in the 2015/16 season to 8 200 by the 2025/26 season representing an increase of 228%, growing an average of 7,000 hectares of pigeon peas suited for its operating areas in Kasungu and Mchinji Districts and process it into DAL for export to India and the Middle East.

1.4 Distribution of the Trust's Income

Clause 3(b) and Clause 3(c) of the Deed of Variation annexed to the Press Trust Reconstruction Act, state that:

“the Trustees shall distribute not less than 50% of the Trust's income in any financial year”, and “if at the end of the five financial years the total amount of income distributed is less than 66% of the income arising to the Trust during that period then the Trustees shall distribute sufficient of the income accumulated during that period as if the same were income of the Trust arising in the then current year so that not less than 66 per cent of the total income of the Trust is distributed in any five year period”.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

1. Nature of the Trust (Continued)

1.4 Distribution of the Trust's Income (Continued)

In the current year, 50% of the Trust's income amounted to K347 million and for the five-year period ended 31 March 2016, 66% of the Trust's income amounted to K 1 319 million. For the current year, K770 million was distributed representing 111% and for the five-year period ended 31 March 2016 a total of K1 942 million was distributed representing 97%. The distributions for the five-year period ended 31 March 2016 were above the minimum level as set out in clause 3(c) and the distributions for the year ended 31 March 2016 were also above the minimum levels as set in clause 3(b).

Income used for the purpose of calculating distribution of income for project funding excludes K1 500 million included in provisions for doubtful loans relating to an additional loan advanced to PAL during the year from the profit of K1 765 million from disposal of Indebank shares as disclosed in note 9. It has been excluded because it is regarded as capital in line with the principle of maintenance of capital of the Trust Fund.

1.5 Limitations on Investments

Clause 4a, 4b and 4c of the Deed of variation annexed to the Press Trust Reconstruction Act, states that:

In addition to the Trustees' investment powers under the general law, money to be invested may be applied or invested as the Trustees shall in their absolute discretion think fit in:-

- a) the purchase of or an interest upon security of any shares, stocks, funds or securities quoted on any recognised stock exchange anywhere in the world (subject to the Exchange Control Act and the Regulations made thereunder) provided that the Trustees shall not control more than 50 per cent of the voting rights of any company which forms part of the Trust Fund unless the company is the Press Corporation Limited or any other company that by reason of any reorganisation of the Press Corporation Limited or any of its subsidiaries may be owned directly by the Trustees;
- b) the purchase of or at interest upon security of any land or building (the "Relevant Land") provided that before any such transaction the Trustees obtain from a qualified Chartered Surveyor selected by the Trustees for such purpose, a written report covering the following:
 - i) a full description of the Relevant Land; and
 - ii) the Surveyor's opinion as to the current value of the Relevant Land having regard to its current state of repair and other relevant circumstances.
- c) Assets which in the opinion of the Trustees have a development benefit to Malawi but would not normally be considered a suitable investment for Trustees provided that monies so applied or invested represent no more than 50 per cent of the total value of such asset and provided that the Trustees satisfy themselves that the Co-investor being a Pension Fund, Financial Institution or reputable developer has carried out (and made available to the Trustees) appropriate due diligence work in respect of the proposed investment and has provided the remainder of the funding for the total value of such asset. Investment in such assets is within the sole discretion of the Trustees and no more than five per cent of the Trust income arising in a Financial Year may be invested in such assets.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

2. Adoption of new and revised International Financial Reporting Standards

2.1 *Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements*

In the current year, the company has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 April 2015.

A number of new standards, interpretations and amendments effective for the first time for period beginning on 1 April 2015 have been adopted in these financial statements. Below are details of the new standard that have been applied in the year ended 31 March 2016.

2.1.1 Amendments to IAS 19- Defined Benefit Plans: Employee contributions

The amendments require the entity to account for discretionary employees' contributions as a reduction of the service cost upon payments to the plan and to account for employees' contributions specified in the defined benefit plan as a reduction of the service cost where such contributions are linked to services. The application of amendments has had no material impact on the disclosures or amounts recognised in the financial statements.

2.1.2 Annual improvements to IFRS 2010 – 2012 cycle and 2011 – 2013 cycle

One of the annual improvements requires entities to disclose judgments made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8 *Operating Segments*. The application of the amendments had no impact on the disclosure or on amounts recognised in the financial statements.

The adoption of these new standards did not have a significant impact on the financial statements of the company.

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but not yet effective:

Effective date	Standard, Amendment or Interpretation
Annual periods beginning on or after 1 January 2018	<p><u><i>IFRS 9 Financial Instruments</i></u></p> <p>IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.</p>

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Annual periods beginning on or after 1 January 2018	<p><u><i>IFRS 15 Revenue from Contracts with Customers</i></u></p> <p>IFRS 15 specifies how and when an entity will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p>
Annual periods beginning on or after 1 January 2016	<p><u><i>Clarifications to IFRS 15 'Revenue from Contracts with Customers'</i></u></p> <p>Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.</p>
Annual periods beginning on or after 1 January 2016	<p><u><i>Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations</i></u></p> <p>The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 <i>Business Combinations</i>. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 <i>Income Taxes</i> regarding the recognition of deferred taxes at the time of acquisition and IAS 36 <i>Impairment of Assets</i> regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.</p> <p>A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.</p>

PRESS TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2016

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Annual periods IFRS 16 Leases
beginning on or

after 1 January
2019

IFRS 16 specifies how an entity will recognise, measure, present and disclose leases. The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying assets as a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Annual periods
beginning on or
after 1 January
2016

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

- An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.
- An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.
- In the other comprehensive income section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss and those that will be reclassified subsequently to profit or loss.

Annual periods
beginning on or after 1
January 2016

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

PRESS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Annual periods beginning on or after 1 January 2016	<p><u>Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants</u></p> <p>The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.</p>
Annual periods beginning on or after 1 January 2016	<p><u>Amendments to IAS 27: Equity Method in Separate Financial Statements</u></p> <p>The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:</p> <ul style="list-style-type: none"> • at cost, • in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9), or • using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. <p>Basically the same accounting must be applied to each category of investments and the amendments also clarifies that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.</p>
Annual periods beginning on or after 1 January 2016	<p><u>Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</u></p> <p>The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.</p>

PRESS TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2016

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Annual periods beginning on or after 1 January 2017	<p><i><u>Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)</u></i></p> <p>Amends <u>IAS 12</u> Income Taxes to clarify the following aspects:</p> <ul style="list-style-type: none"> • Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. • The carrying amount of an asset does not limit the estimation of probable future taxable profits. • Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. • An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.
Annual periods beginning on or after 1 January 2017	<p><i><u>Disclosure Initiative (Amendments to IAS 7)</u></i></p> <p>Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.</p>

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Annual periods *Annual Improvements to IFRSs 2012 - 2014 Cycle*
beginning on or

after 1 January 2016 The *Annual Improvements to IFRSs 2012 - 2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The Trustees anticipate that, other than IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, Amendments to IAS 16 and IAS 38 Clarification of Acceptable Method of Depreciation and Amortisation, all these standards and interpretations in future periods will have no significant impact on the financial statements of the group and company. IFRS 9 will impact the measurement of financial instruments, IAS 16 and IAS 38 will impact the calculation of depreciation and IFRS 15 will affect the recognition of revenue.

3. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared in terms of the historical cost basis, except for the revaluation of certain financial instruments and property. Procedures are not adopted to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

The significant accounting policies of the Group, which are set out below, have been consistently followed in all material respects.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Press Trust (the Trust) and entities controlled by the Trust. Control is achieved where the Trust has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

3. Significant accounting policies (Continued)

Basis of consolidation (Continued)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring all intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interest of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3.1 Subsidiary investment and associates

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment done, and are initially measured at fair value, net of transaction costs. Subsequently these are measured at cost less impairment loss.

3.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Malawi Kwacha, the functional currency of the primary economic environment in which the entire Group operates. The consolidated financial statements are presented in Malawi Kwacha, which is the Group's functional and presentation currency.

(b) Transactions and balances

Transactions in currencies other than Malawi Kwacha are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Significant accounting policies (Continued)

3.2 Foreign currency translation (Continued)

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

3.3 Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

3. Significant accounting policies (Continued)

3.3 Financial assets (Continued)

AFS financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss for the year.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

3. Significant accounting policies (Continued)

3.3 Financial assets (Continued)

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3.4 Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the company.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Trust are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

PRESS TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2016

3. Significant accounting policies (Continued)

3.5 Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and loan receivables, where the carrying amount is reduced through the use of an allowance account. When trade and loans receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the income statement.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.6 Property, plant and equipment

Land and buildings are shown at the latest valuation, with subsequent additions at cost. Valuations are carried out with sufficient regularity so that the carrying value reflects the fair value of the properties on the open market at the reporting date.

Surpluses on revaluation are transferred to a non-distributable property revaluation reserve. On disposal of the assets, the appropriate portion of the revaluation reserve is transferred to the general fund.

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives less residual values, using the straight line method as follows: -

Buildings	-	20-50 years
Furniture and equipment	-	3-10 years
Motor vehicles	-	4-5 years
Lease hold property	-	6-20 years
Land development and buildings	-	6-100 years
Office and workshop buildings	-	40 years
Water and electricity supply and conservation works	-	6-40 years

3. Significant accounting policies (Continued)

3.7 Inventories

Inventories and work in progress, are valued at the lower of cost and net realisable value and, where applicable, include direct labour costs and those overheads that have been incurred in bringing the inventory to its present location and condition. Inventory is valued using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs necessary to make the sale.

3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

3. Significant accounting policies (Continued)

3.8 Taxation (Continued)

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in the comprehensive income or directly in equity respectively. Where current and deferred tax arise from the initial accounting for a business combination, the tax effect is taken into account in the accounting for the business combination.

3.9 Impairment of non-financial assets

At the end of each reporting period, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings, other than investment property, carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior year. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.10 Biological assets

In line with International Accounting Standard 41 *Agriculture*, paragraph 30, plantations are accounted for at cost less accumulated depreciation and accumulated impairment losses. Costs comprise all directly attributable costs incurred until the biological asset reaches full productive capacity.

Plantations are accounted for at cost less accumulated depreciation and accumulated impairment losses rather than at annually appraised fair values (the benchmark presentation under IAS 41) because there are no active markets for forestry plantations in Malawi. Further the produce market prices and Malawi Kwacha exchange rates are considered too volatile for alternative valuation methods to give reliable fair value estimates at the end of the reporting period.

The capitalisation periods after planting are seven years for macadamia and cashew.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

3. Significant accounting policies (Continued)

3.10 Biological assets (Continued)

Plantations are depreciated on a straight line basis over their expected useful economic lives as follows:

Timber plantations	12 years
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In addition to the long-term development costs, the group incurs recurring direct plantation management costs, which enhance the yields for the next harvest season. For cashew and macadamia such costs are capitalised until the next harvest when they are transferred to inventory as the cost of agricultural produce. The extent of capitalised costs is limited to the projected net realisable value after allowing for selling costs.

Other crops are carried at fair value less estimated cost at point of sale. Fair value is determined based on estimated yield and estimated percentage of completion of biological transformation.

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earning on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Sales of goods are recognised when goods are delivered and title has passed.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

3. Significant accounting policies (Continued)

3.13 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable amount is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.14 Dividend income

Income from investments is recognised when the shareholders' rights to receive payment have been established.

3.15 Interest income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

3.16 Retirement benefit costs

The group operates a defined contribution externally managed plan. The retirement benefit plan is funded by payments from employees and the Trust. The Trust's contributions are charged as an expense as they fall due.

3.17 Project expenditure

Project expenditure is accrued when the Trustees have approved the project creating a legal obligation on the Trust. All payments made are debited to the project accruals account. On completion of the project any under/over accruals are taken to the statement of comprehensive income.

4. **Critical accounting judgements and key sources of estimation uncertainty**

4.1 **Critical judgements in applying the Trust's accounting policies**

No critical judgements were made by the Trustees during the current period which would have a material impact on the financial statements.

4.2 **Key sources of estimation uncertainty**

The key assumption concerning the future and key sources of estimation uncertainty at the reporting date, that has a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year is discussed below.

4.2.1 **Valuation of property, plant and equipment**

Property is carried at fair value in accordance with IAS 16 *Property, Plant and Equipment*. The fair value is determined by a qualified valuer based on expected market property prices.

Management has reviewed the residual values used for the purposes of depreciation calculations in the light of the requirement for an annual review of residual values in IAS 16 *Property, Plant and Equipment*.

4.2.2 **Fair value of standing crops**

The estimation of the fair value of growing crops are at the end of the reporting period based on estimated yields and an estimated percentage of completion of biological transformation and is carried out by management. In most cases crops are sold at determined contract prices: subsequent cost up to and including harvesting are reasonably predictable.

The harvest may differ in yield from expectation. The percentage completion estimate relies not only on the pro-rated portion of the expected growing season, but is also weighted to produce a valuation which approximates to a potential market value of the crop in the field, though there is no such active market. In the present period, subsequent realisations substantially support the estimate made reasonable

4.2.3 **Listed and unlisted investments**

Listed and unlisted investment are measured at fair value for financial reporting purposes. The board of trustees determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value for listed and unlisted investments, the trustees uses market-observable data to the extent it is available. Where level 1 inputs are not available, the trustees engage third party qualified external valuers to establish the appropriate techniques and inputs to the model.

Information about the valuation technique and inputs used in determining the fair value of these investments is disclosed in note 3.3.

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016**

	TRUST		GROUP	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>
5. Dividend income				
Listed equity investments (note 15)	842 658	879 699	842 658	879 699
Unlisted equity investments (note 16)	<u>116 739</u>	<u>21 496</u>	<u>116 739</u>	<u>21 496</u>
Total dividend receivable	<u>959 397</u>	<u>901 195</u>	<u>959 397</u>	<u>901 195</u>

	TRUST		GROUP	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>
6. Interest				
Interest income				
Loan interest				
Press Agriculture Limited	114 032	82 940	-	-
Share ownership scheme	358	334	357	334
Staff loans	<u>3 945</u>	<u>1 750</u>	<u>3 945</u>	<u>1 750</u>
Total loan interest	<u>118 335</u>	<u>85 024</u>	<u>4 302</u>	<u>2 084</u>
Other interest				
Short-term bank deposits	<u>101 723</u>	<u>36 825</u>	<u>106 936</u>	<u>45 492</u>
Total other interest	<u>101 723</u>	<u>36 825</u>	<u>106 936</u>	<u>45 492</u>
Total interest income	<u>220 058</u>	<u>121 849</u>	<u>111 238</u>	<u>47 576</u>
Interest expense				
Interest on borrowings	-	-	1 106 154	1 421 375
Interest on overdrafts	<u>-</u>	<u>-</u>	<u>105 716</u>	<u>9 868</u>
Total interest expense	<u>-</u>	<u>-</u>	<u>1 211 870</u>	<u>1 431 243</u>

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

	<u>2016</u> K'000	<u>TRUST</u> <u>2015</u> K'000	<u>2016</u> K'000	<u>GROUP</u> <u>2015</u> K'000
7. Other income				
Exchange gains	1 808 889	177 528	62 018	8 644
Sundry income	7 232	5 766	385 047	218 712
(Loss)/profit on disposal of plant and equipment	<u>(834)</u>	<u>(444)</u>	<u>(834)</u>	<u>651 326</u>
Total other income	<u>1 815 287</u>	<u>182 850</u>	<u>446 231</u>	<u>878 682</u>

8. Long-term loans

Due from Press Agriculture Limited

	<u>2016</u> K'000	<u>TRUST</u> <u>2015</u> K'000
At the beginning of the year	2 660 083	2 478 033
Advanced during the year	1 500 023	-
Principal repayments	(91 954)	(33 711)
Unrealised exchange gain	1 770 176	174 112
Interest repayment	(127 610)	41 289
Accrued interest	<u>114 032</u>	<u>82 938</u>

Total loans	5 824 750	2 660 083
Provision for doubtful loans	<u>(5 824 750)</u>	<u>(2 660 083)</u>
At the end of the year	<u>-</u>	<u>-</u>

Maturity Profile

Receivable within 1 Year	689 492	-
Receivable after 1 Year	<u>5 135 258</u>	<u>2 660 083</u>
At the end of the year	<u>5 824 750</u>	<u>2 660 083</u>

Movement in long-term loans provision

	<u>2016</u> K'000	<u>TRUST</u> <u>2015</u> K'000
At the beginning of the year	2 660 083	2 478 033
Additional provision	<u>3 164 667</u>	<u>182 050</u>
At the end of the year	<u>5 824 750</u>	<u>2 660 083</u>

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016****8. Long-term loans (Continued)****Press Agriculture**

The Press Agriculture Limited (PAL) loan is denominated in United States Dollars and bears interest at 1.5% above LIBOR and is repayable within 20 semi-annual instalments. It is secured over tobacco proceeds from General Farming Company Limited. The initial amount obtained in 2003 was for US\$2.4 million. Additional loans amounting to US\$2.4 million and US\$5.9 million were advanced by the Trust and its subsidiary Press Trust Overseas Limited to Press Agriculture Limited in April 2008 and August 2013 respectively, to enable it to repay its indebtedness to Limbe Leaf Tobacco Company Limited that had fallen due and the Trust had become liable as a guarantor. During the year, the Trust advanced an additional loan of US\$2.7million (K1 500 million) to PAL to assist it pay its indebtedness to CDH Investment Bank.

PAL has not been able to meet its obligations as per agreement due to cash flow problems, and thus technically in default. The loan provides for a clause to notify Press Trust Limited of any failure to pay and thus management has utilized this clause and repayment of the loan for the period ended 31 March 2016 was deferred subject to a positive cash flow. Management obtained approval from the holding entity (Press Trust) on 5 May 2010 to defer repayment of the loan, subject to a positive cash flow.

Accordingly, the loan has been classified as non-current in line with paragraph 75 of International Accounting Standard 1, *Presentation of Financial Statements*. The carrying amounts of the total loans advanced to PAL were written down to nil in prior years due to significant financial difficulties affecting the entity. The status has not changed as at 31 March 2016 and the Trustees have maintained full provisions against the principal and accrued interest on the loan.

9. Realised profit on sale of unlisted equity investments

	TRUST		GROUP	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	K'000	K'000	K'000	K'000
Local unlisted equity investments	<u>1 765 186</u>	<u>-</u>	<u>1 765 186</u>	<u>-</u>
Total	<u>1 765 186</u>	<u>-</u>	<u>1 765 186</u>	<u>-</u>

During the year, the Trust disposed its entire shareholding in Indebank at K1.890 billion. The Investment was held at a cost of K124.814 million. From this transaction, it made a profit of K1.765 billion being reported above.

10. Surplus/ (deficit) before charitable expenditure

Surplus/ (deficit) before charitable expenditure is arrived at after taking into account:-

	TRUST		GROUP	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	K'000	K'000	K'000	K'000
Staff costs	227 574	233 936	589 664	422 903
Depreciation	50 213	44 792	385 787	191 872
Board expenses	111 427	83 230	119 359	84 330
Gratuity	6 318	5 400	6 318	5 400
Auditor's remuneration - current year	19 072	11 817	54 022	50 866
- prior year	-	4 453	-	4 453
Legal fees	1 814	1 403	3 177	1 403
Exchange Losses	-	-	392 979	545 971
Pension contribution	18 767	18 003	18 767	24 433
Provision for bad debts	<u>(2 438)</u>	<u>5 095</u>	<u>(2 438)</u>	<u>-</u>

PRESS TRUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2016

11. Project funding (Trust and group)

For the year ended 31 March 2016

	Brought forward from <u>2015</u> K'000	<u>Disbursement</u> K'000	<u>Approvals accrued</u> K'000	<u>Completed Projects</u> K'000	Carried forward to <u>2016</u> K'000
Chikonde II Primary School Project	49 262	(20 736)	65 000	-	93 526
Chimwemwe Primary School Project	38 793	(44 874)	25 126	-	19 045
Chisamba Dispensary Salima Project	-	-	75 000	-	75 000
Chizumbi Primary School	(1)	-	-	-	(1)
Department of Forestry	539	(13 964)	11 501	-	(1 924)
Disaster Relief Fund	10 005	-	-	-	10 005
Economics Association of Malawi	-	(2 999)	2 000	-	(999)
Gravity-fed Piped Water Scheme (Tikoliwe)	1 496	-	-	(1 496)	-
Kalimanjira Health Centre	(250)	-	-	-	(250)
Kamuzu Academy – National Science Fair	577	(60)	3 950	-	4 467
Kamwendo Primary School Project	13 976	-	-	(13 976)	-
Loudon Teachers Training Project	63 796	(33 222)	-	-	30 574
Matapila Heath Centre Project	38 191	(23 310)	47 853	-	62 734
Mchengautuwa CDSS	33 071	(23 686)	-	-	9 385
Milepa Health Centre	(2 418)	(263)	3 000	(319)	-
Ministry of Education	2	-	-	-	2
Mothers Day Donations	(111)	(2 603)	3 000	-	507
Mwenilondo CDSS Project	5 089	(1 834)	-	-	3 255
Mzambazi Rural Hospital	-	(50)	1 500	-	1 450
Naming'azi Primary School Project	-	(2 983)	32 500	-	29 517
Mzuzu Flea Market	12 211	(2 241)	-	(9 970)	-
Nanthomba Primary School Project	659	(2 189)	1 630	(99)	1
Njini Health Centre Project	-	-	67 000	-	67 000
Nkhoma University Project	5 890	(1 072)	-	-	4 818
Nsenjere CDSS Project	-	(31 588)	52 000	-	20 412
Nyungwe Health Centre Project	-	-	67 000	-	67 000
Operation Smile	66	(13 065)	13 000	-	1
Pitala Primary School Project	-	-	60 130	-	60 130
Police Dispensary Northern Region	-	-	55 000	-	55 000
Projects Monitoring and Evaluation	(1 268)	(1 911)	3 500	-	321
Projects Promotional Activities	6 767	(29 339)	34 278	(1 900)	9 806
Pundu CDSS Project	-	(36 446)	52 000	-	15 554
Put a Child on a Desk Programme	15 146	(13 173)	-	-	1 973
Rebranding Malawi	1 201	-	-	(1 201)	-
Thomasi Health Centre	48 956	(661)	89 666	-	137 961
Usisya Rural Hospital	-	-	-	-	-
Sub-Total	<u>341 866</u>	<u>(302 269)</u>	<u>765 634</u>	<u>(28 961)</u>	<u>776 270</u>

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

11. Project funding (Trust and group) (Continued)

For the year ended 31 March 2015

	Brought forward from <u>2014</u> K'000	<u>Disbursement</u> K'000	<u>Approvals accrued</u> K'000	<u>Completed Projects</u> K'000	Carried forward to <u>2015</u> K'000
Chikonde II Primary School Project	43 375	(15 925)	21 812	-	49 262
Chimwemwe Primary School Project	-	(407)	39 200	-	38 793
Chizimbi Primary School	(1)	-	-	-	(1)
Department of Forestry	(125)	(11 086)	11 750	-	539
Disaster Relief Fund	6 309	(6 304)	10 000	-	10 005
Economics Association of Malawi	-	(1 999)	1 800	199	-
Gravity-fed Piped Water Scheme (Tikoliwe)	1 496	-	-	-	1 496
HHI Secondary School	1 781	(1 409)	-	(372)	-
Hospital Equipment Fund	-	(83 168)	84 020	(852)	-
Kabudula Community Hospital Project	-	(7 875)	10 467	(2 592)	-
Kalimanjira Health Centre	179	(731)	302	-	(250)
Kamuzu Academy – National Science Fair	624	(3 267)	3 220	-	577
Kamwendo Primary School Project	13 976	-	-	-	13 976
Kasungu District Hospital	4 668	-	-	(4 668)	-
Lilongwe Wildlife Trust	-	(1 599)	1 500	99	-
Loudon Teachers Training Project	31 682	(12 441)	44 555	-	63 796
Majiga CDSS Project	1 711	(5 606)	3 401	494	-
Manolo Health Centre	558	(1 794)	1 300	(64)	-
Matapila Heath Centre Project	-	(309)	38 500	-	38 191
Mchengautuwa CDSS	54 936	(73 865)	52 000	-	33 071
Milepa Health Centre	1 606	(25 022)	20 998	-	(2 418)
Ministry of Education	(270)	-	272	-	2
Mothers Day Donations	(57)	(7 141)	7 308	-	(110)
Mwatibu CDSS	41 991	(14 043)	-	(27 948)	-
Mwenilondo CDSS Project	16 104	(11 015)	-	-	5 089
Mzuzu Flea Market	18 032	(5 821)	-	-	12 211
Nanthomba Primary School Project	-	(12 127)	12 786	-	659
Nkhoma University Project	21 065	(21 675)	6 500	-	5 890
Operation Smile	-	(10 934)	11 000	-	66
Projects Monitoring and Evaluation	-	(1 268)	-	-	(1 268)
Projects Promotional Activities	1 900	(15 834)	20 701	-	6 767
Put a Child on a Desk Programme	-	(854)	16 000	-	15 146
Rebranding Malawi	1 201	-	-	-	1 201
Thomasi Health Centre	-	(751)	49 707	-	48 956
Usisya Rural Hospital	-	(75)	75	-	-
Sub-Total	<u>262 741</u>	<u>(354 345)</u>	<u>469 174</u>	<u>(35 704)</u>	<u>341 866</u>

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016**

	<u>TRUST AND GROUP</u>	
	<u>2016</u>	<u>2015</u>
	K'000	K'000
12. Donations		
Buy Malawian-Ministry of Industry and Trade	2 000	-
Bwaila Rotary Club	100	-
Beautify Malawi Trust	-	700
Think Pink	599	-
COSESCA	2 099	-
Kamuzu Central Hospital/Rotary Club of Bwaila	-	2 110
MITC/Malawi Investment Forum	1 000	-
MBC Golden Jubilee	-	350
MBC Innovation Awards	4 401	-
Mzuzu University	-	2 000
University of Malawi	1 099	-
Press Trust Merit Bursary	21 886	18 016
Public Service Reforms	-	2 000
Rotary Anns	500	-
Total donations	<u>33 684</u>	<u>25 176</u>

	<u>TRUST</u>		<u>GROUP</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	K'000	K'000	K'000	K'000
13. Taxation				
Taxation credit	-	-	35 781	24 985
Prior year over provision	-	-	-	-
Deferred tax	<u>-</u>	<u>-</u>	<u>(17 723)</u>	<u>(1 212)</u>
Total taxation	<u>-</u>	<u>-</u>	<u>18 058</u>	<u>23 773</u>

The group has losses carried forward for the period for taxation purposes of approximately K12 226 million (2015: K10 952 million). These losses have been assessed by the Malawi Revenue Authority as at 30 June 2015. The company's tax losses carried forward for the period approximate K2 336 million (2015: K2 234 million).

Deferred tax

No deferred tax asset has been recognised in respect of the above mentioned tax losses as this will only be recognised where there is likelihood that the group will be profitable to utilise the losses in the near future.

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016****14. Property, plant and equipment (Trust)**

	<u>Freehold land and buildings</u> K'000	<u>Furniture and equipment</u> K'000	<u>Motor vehicles</u> K'000	<u>Total</u> K'000
<u>For the year ended 31 March 2016</u>				
COST OR VALUATION				
At the beginning of the year	325 460	41 029	231 246	597 735
Additions	-	15 897	-	15 897
Disposals	<u>-</u>	<u>(1 905)</u>	<u>-</u>	<u>(1 905)</u>
At the end of the year	<u>325 460</u>	<u>55 021</u>	<u>231 246</u>	<u>611 727</u>
ACCUMULATED DEPRECIATION				
At the beginning of the year	-	27 243	54 274	81 517
Charge for the year	760	7 853	41 600	50 213
Disposals	<u>-</u>	<u>(1 071)</u>	<u>-</u>	<u>(1 071)</u>
At the end of the year	<u>760</u>	<u>34 025</u>	<u>95 874</u>	<u>130 659</u>
NET BOOK VALUE				
At the end of the year	<u>324 700</u>	<u>20 996</u>	<u>135 372</u>	<u>481 068</u>

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

14. Property, plant and equipment (Trust) (Continued)

	<u>Freehold land and buildings</u> K'000	<u>Furniture and equipment</u> K'000	<u>Motor vehicles</u> K'000	<u>Total</u> K'000
<u>For the year ended 31 March 2015</u>				
COST OR VALUATION				
At the beginning of the year	108 147	34 525	45 821	188 493
Additions	86 459	7 816	185 425	279 700
Revaluation	130 854	-	-	130 854
Disposals	<u>-</u>	<u>(1 312)</u>	<u>-</u>	<u>(1 312)</u>
At the end of the year	<u>325 460</u>	<u>41 029</u>	<u>231 246</u>	<u>597 735</u>
ACCUMULATED DEPRECIATION				
At the beginning of the year	6 812	23 213	16 047	46 072
Charge for the year	1 698	4 867	38 227	44 792
Revaluation	(8 510)	-	-	(8 510)
Disposals	<u>-</u>	<u>(837)</u>	<u>-</u>	<u>(837)</u>
At the end of the year	<u>-</u>	<u>27 243</u>	<u>54 274</u>	<u>81 517</u>
NET BOOK VALUE				
At the end of the year	<u>325 460</u>	<u>13 786</u>	<u>176 972</u>	<u>516 218</u>

The land and buildings were revalued as at 31 March 2015 using an open market value basis. The resultant surpluses were taken to other comprehensive income and allocated to property revaluation reserve in the statement of changes in reserves. The valuations were carried out by an independent registered valuer Mr TG Msonda, Chartered Valuation Surveyor BSc Land Administration MSIM, MRICS. The register of land and buildings is available for inspection at the Trust's registered offices.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

14. Property, plant and equipment (Group) (Continued)

	<u>Freehold land and buildings</u> K'000	<u>Leasehold land and buildings</u> K'000	<u>Furniture and equipment</u> K'000	<u>Motor vehicles</u> K'000	<u>Total</u> K'000
<u>For the year ended 31 March 2016</u>					
COST OR VALUATION					
At the beginning of the year	325 460	4 304 387	259 341	325 645	5 214 833
Additions	-	-	24 221	-	24 221
Assets held for sale	-	962 363	-	-	962 363
Disposals	-	-	(1 905)	-	(1 905)
Revaluation	-	650 472	-	-	650 472
At the end of the year	<u>325 460</u>	<u>5 917 222</u>	<u>281 657</u>	<u>325 645</u>	<u>6 849 984</u>
ACCUMULATED DEPRECIATION					
At the beginning of the year	-	92 980	67 556	168 011	328 547
Charge for the year	760	276 257	64 781	43 989	385 787
Transfers	-	-	-	-	-
Disposals	-	-	(1 071)	-	(1 071)
Assets held for sale	-	-	-	-	-
Revaluation	-	-	-	-	-
At the end of the year	<u>760</u>	<u>369 237</u>	<u>131 266</u>	<u>212 000</u>	<u>713 263</u>
NET BOOK VALUE					
At the end of the year	<u>324 700</u>	<u>5 547 985</u>	<u>150 391</u>	<u>113 645</u>	<u>6 136 721</u>

Property, plant and equipment are encumbered.

Leasehold land and buildings have a lease period of 99 years commencing from between 1970 and 1975.

Land and buildings were revalued as at 31 March 2016 on an open market value basis. The resultant surpluses were taken to other comprehensive income and allocated to property revaluation reserve in the statement of changes in equity. The valuation was carried out by an independent registered valuer, Mr. Don Whayo BSc Dip (Urd Man) BA MSIM MRICS Chartered Valuation Surveyor and Mr T.G Msonda, a Chartered Valuation Surveyor BSc Land Administration MSIM MRICS.

Land and buildings were previously revalued as at 30 September 2010.

Property registers giving details required under the Companies Act, 1984, Schedule 3 Section 16 are maintained at the registered offices of the respective companies and are open for inspection by members or their duly authorised agents.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

14. Property, plant and equipment Group (Continued)

	Freehold land and <u>buildings</u> K'000	Leasehold land and <u>buildings</u> K'000	Furniture and <u>equipment</u> K'000	Motor <u>vehicles</u> K'000	<u>Total</u> K'000
<u>For the year ended 31 March 2015</u>					
COST OR VALUATION					
At the beginning of the year	108 147	2 500 399	218 472	247 472	3 074 490
Additions	86 459	-	141 318	185 425	413 202
Assets held for sale	-	(248 023)	-	-	(248 023)
Transfers	-	-	(69 382)	(107 252)	(176 634)
Disposals	-	(284 683)	(31 067)	-	(315 750)
Revaluation	<u>130 854</u>	<u>2 336 694</u>	<u>-</u>	<u>-</u>	<u>2 467 548</u>
At the end of the year	<u>325 460</u>	<u>4 304 387</u>	<u>259 341</u>	<u>325 645</u>	<u>5 214 833</u>
ACCUMULATED DEPRECIATION					
At the beginning of the year	6 812	411 686	157 852	196 649	772 999
Charge for the year	1 698	117 003	32 555	40 616	191 872
Transfers	-	-	(95 782)	(69 254)	(165 036)
Disposals	-	(23 556)	(27 069)	-	(50 625)
Assets held for sale	-	(15 549)	-	-	(15 549)
Revaluation	<u>(8 510)</u>	<u>(396 604)</u>	<u>-</u>	<u>-</u>	<u>(405 114)</u>
At the end of the year	<u>-</u>	<u>92 980</u>	<u>67 556</u>	<u>168 011</u>	<u>328 547</u>
NET BOOK VALUE					
At the end of the year	<u>325 460</u>	<u>4 211 407</u>	<u>191 785</u>	<u>157 634</u>	<u>4 886 286</u>

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016****14. Property, plant and equipment Group (Continued)****The fair value measurement of the group's property**

The group's leasehold land and buildings are stated at fair value amounts, being the fair value as at the date of revaluation, less any subsequent accumulated depreciation and subsequent impairment losses. The fair value measurements of the group's leasehold land and buildings as at 31 March 2016 have been based on Land and buildings revaluation done on 30 March 2015 on the open market value basis. The resultant surpluses were taken to other comprehensive income and allocated to the property revaluation reserve in the statement of changes in equity. The valuation was done by an independent registered valuer, Mr. Don Whayo BSc Dip (Urd Man) BA MSIM MRICS Chartered Valuation Surveyor.

Land and buildings have a lease period of 99 years effective between 1970 and 1975.

A register of land and buildings giving details required under the Companies Act 1984 Schedule 3 Section 16 is maintained at the administrative office of the company and is open for inspection by members or their duly authorised agents.

Details of the group's leasehold land and buildings, and other property and information about fair value hierarchy as at 31 March 2016 are as follows;

Trust

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Fair value	Fair value
	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>2016</u>	<u>2015</u>
				K'000	K'000
Land and buildings	<u>-</u>	<u>325 460</u>	<u>-</u>	<u>325 460</u>	<u>325 460</u>

Group

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Fair value	Fair value
	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>2016</u>	<u>2015</u>
				K'000	K'000
Land and buildings	<u>-</u>	<u>6 242 682</u>	<u>-</u>	<u>6 242 682</u>	<u>4 629 847</u>

There were no transfers between levels during the year.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

15. Listed equity investments

	<u>2016</u>	<u>TRUST</u>	<u>2015</u>	<u>2016</u>	<u>GROUP</u>	<u>2015</u>
	<u>K'000</u>		<u>K'000</u>	<u>K'000</u>		<u>K'000</u>
At the beginning of the year	31 707 077	23 192 574	34 019 201	25 287 773		
Additions	63 470	27 779	63 470	27 779		
Fair value surplus taken to equity (pages 6 and 7)	3 413 518	8 486 724	3 371 327	8 703 649		
Exchange gain on translation	-	-	876 740	-		
Disposals	-	-	(1 823 488)	-		
At the end of the year	<u>35 184 065</u>	<u>31 707 077</u>	<u>36 507 250</u>	<u>34 019 201</u>		
<u>Analysed as follows:</u>						
Held by Press Trust	35 184 065	31 707 077	35 184 060	31 707 077		
Held by Press Trust Overseas Limited	-	-	1 323 190	2 312 124		
Total	<u>35 184 065</u>	<u>31 707 077</u>	<u>36 507 250</u>	<u>34 019 201</u>		

Investments in listed companies are considered as available for sale financial assets and accounted for in accordance with accounting policy 3.3.

Investments held by Press Trust are listed on the Malawi Stock Exchanges and London Stock Exchange.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

15. Listed equity investments (Continued)

	Nominal value per share	Number of shares 2016	Holding %	Number of shares 2015	Share price 2016 K	Share price 2015 K	Valuation 2016 K'000	Valuation 2015 K'000	Dividends receivable 2016 K'000	Dividends receivable 2015 K'000
Malawi Investments										
Press Corporation Limited	1 tambala	53 326 103	44.4	53 475 249	535.00	453.62	28 636 465	24 257 442	695 178	561 490
Illovo Sugar (Malawi) Limited	2 tambala	12 666 120	1.8	12 666 120	200.00	294.20	2 533 224	3 726 373	-	233 640
Standard Bank (Malawi) Limited	1 Kwacha	5 388 793	2.5	5 388 793	440.00	425.00	2 371 069	2 290 237	69 030	11 478
Blantyre Hotels Limited	25 tambala	33 979 219	26.3	33 979 219	9.00	8.00	332 996	275 232	20 388	20 388
National Bank of Malawi	1 Kwacha	4 007 641	0.83	3 869 966	258.00	241.00	1 033 971	932 662	51 161	44 698
National Investment Trust Limited	2 tambala	4 795 000	3.6	4 795 000	50.00	42.05	239 750	201 630	6 713	7 912
MPICO Limited	5 tambala	4 690 887	0.4	4 690 887	7.8	5.01	36 589	23 501	188	93
							<u>35 184 065</u>	<u>31 707 077</u>	<u>842 658</u>	<u>879 699</u>

All listed equity investments are traded on the Malawi Stock Exchange. Press Corporation Limited is also listed on the London Stock Exchange.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

15. Listed equity investments (Continued)

Investments held by Press Trust Overseas Limited

	Number of shares <u>2016</u>	Number of shares <u>2015</u>	Share price <u>2016</u> USD	Share price <u>2015</u> USD	Valuation <u>2016</u> USD	Valuation <u>2015</u> USD	Valuation <u>2016</u> K'000	Valuation <u>2015</u> K'000	Dividend Valuation <u>2016</u> K'000	Dividends receivable <u>2015</u> K'000
Imara Global Fund	62 917	175 212	28.39	27.00	1 786 214	4 730 724	1 218 936	2 083 115	-	-
Imara African Opportunities Fund	12 163	32 627	12.56	15.94	152 767	520 075	104 251	229 009	-	-
					<u>1 938 981</u>	<u>5 111 223</u>	<u>1 323 187</u>	<u>2 312 124</u>	<u>-</u>	<u>-</u>

16. Unlisted equity investments

	<u>TRUST</u>		<u>GROUP</u>	
	<u>2016</u> K'000	<u>2015</u> K'000	<u>2016</u> K'000	<u>2015</u> K'000
At the beginning of the year	232 448	307 447	232 449	307 568
Investments held for sale	-	(124 814)	-	(124 814)
Additions	-	49 695	-	49 695
At the end of the year	<u>232 448</u>	<u>232 448</u>	<u>232 449</u>	<u>232 449</u>

Listed and unlisted investments are measured at fair value for financial reporting purposes. The Board of Trustees determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value listed and unlisted investments the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation or uses level 3 inputs to perform the valuations. The valuation committee works closely with the qualified external valuer to establish the appropriation valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of these investments is disclosed in note 3.3 to these financial statements.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

16. Unlisted equity investments (Trust) (Continued)

		Nominal value per share	Number of shares 2016	Number of shares Holding 2016	Number of shares 2015	Shareholding % 2016	Shareholding % 2015	Trustees' valuation 2016 K'000	Trustees' valuation 2015 K'000	Dividends receivable 2016 K'000	Dividends receivable 2015 K'000
Malawi investments											
Kang'ombe Investments Limited	1 Tambala		499 900 000	25	499 900 000	24.995	25	78 319	78 319	51 990	21 496
Continental Discount House Limited	1 Kwacha		22 125 243	13	17 343 000	15.00	15	110 395	110 395	59 731	-
Mwaiwathu Private Hospital Limited	21.66 Kwacha		3 779 991	23	3 779 991	22.97	23	43 614	43 614	5 018	-
INDEbank Limited	1 Kwacha		-	-	25 200 000	30.00	30	-	-	-	-
								<u>232 328</u>	<u>232 328</u>	<u>116 739</u>	<u>21 496</u>

Investments in unlisted companies are accounted for at cost less impairment.

The Trustees have valued unlisted investments at cost. All investments where there is evidence of poor past historic performance and uncertainty on future prospects, an impairment loss has been recognised.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

16. Unlisted equity investments (Group) (Continued)

	Nominal value per share	Number of shares 2016	Number of shares 2015	Shareholding % 2016	Shareholding % 2015	Trustees' valuation 2016 K'000	Trustees' valuation 2015 K'000	Dividends receivable 2016 K'000	Dividends receivable 2015 K'000
Malawi investments									
Kang'ombe Investments Limited	10 Tambala	499 900 000	499 900 000	24.9995	24.9995	78 319	78 319	51 990	21 496
Continental Discount House Limited	1 Kwacha	21 860 712	21 860 712	15.00	15.00	110 395	110 395	59 731	-
Mwaiwathu Private Hospital Limited	21.66 Kwacha	3 779 991	3 779 991	22.90	22.90	43 614	43 614	5 018	-
INDEbank Limited	1 Kwacha	-	25 200 000	-	30.00	-	-	-	-
Auction Holdings Limited	1 Kwacha	120 000	120 000	-	-	120	120	-	-
						<u>232 448</u>	<u>232 448</u>	<u>116 739</u>	<u>21 496</u>

Investments in unlisted companies are accounted for at cost less impairment.

The Trustees have valued unlisted investments at cost. All investments where there is evidence of poor past historic performance and uncertainty on future prospects, an impairment loss has been recognised.

PRESS TRUST**NOTES TO CONSOLIDATED AND SEPARATE THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016****17. Investments in subsidiaries****Press Trust Overseas Limited**

	TRUST	
	<u>2016</u>	<u>2015</u>
	K'000	K'000
At the beginning of the year	2 383 270	2 167 553
Fair value adjustment	(1 948 302)	55 024
Translation gain	<u>963 838</u>	<u>160 693</u>
Balance at the end of the year	<u>1 398 806</u>	<u>2 383 270</u>

The Trust has invested in 50 000 ordinary shares of US\$1 each, being the whole issued share capital of Press Trust Overseas Limited.

Press Agriculture Limited

The Trust has invested in 8 626 512 ordinary shares of K1 each, being 93.7% of the issued share capital of Press Agriculture Limited. The remaining 6.3% is held by Old Mutual Plc.

The original value of this investment was K505 901 million but it has been written down to nil due to permanent diminution in value of the investment.

18. Standing crops

	GROUP	
	<u>2016</u>	<u>2015</u>
	K'000	K'000
Plantations		
COST		
At the beginning of the year	524 270	510 047
Additions	7 522	14 500
Write offs	<u>-</u>	<u>(277)</u>
At the end of the year	<u>531 792</u>	<u>524 270</u>
AMORTISATION		
At the beginning of the year	330 629	289 581
Charge for the year	41 105	41 148
Write offs	<u>-</u>	<u>(99)</u>
At the end of the year	<u>371 734</u>	<u>330 630</u>
NET BOOK VALUE		
At the end of the year	<u>160 058</u>	<u>193 640</u>

PRESS TRUST**NOTES TO CONSOLIDATED AND SEPARATE THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016****18. Standing crops (Continued)**

Plantations comprise of cashew, macadamia and forestry plantations. The plantations are valued at their amortized cost in line with accounting policy on note 3.10.

Other crops comprise of seed maize, soya beans, groundnuts, commercial maize and sugar beans. Growing crops are carried at fair value in line with accounting policy on note 3.10

Fair value measurement of Group's standing crops

Details of the group's standing crops and information about their value hierarchy as at 31 March 2015 are analysed as follows:

	Level 1	Level 2	Level 3	Fair Value	
	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>
	K'000	K'000	K'000	K'000	K'000
Standing crops					
Growing timber	-	-	160 058	160 058	193 640
Other growing crops	-	-	568 625	568 625	705 198
Total standing crops at fair value	-	-	728 683	728 683	898 838

There were no transfers between the levels during the year. For financial reporting purposes fair value measurement are categorised into level 1, level 2 and level 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described in note 34.

Valuation techniques and assumptions applied for the purposes of measuring fair value

Management considers that the carrying amounts of standing crops recognised at amortised cost in the financial statements approximate their fair values.

The company's finance department is responsible for performing the valuation of fair value measurements included in the financial statements including level 3 fair value. The valuation processes and results for recurring measurements are reviewed and approved by management at least once every quarter.

The fair values of standing crops are determined as follows:

- The fair values of standing crops are determined in accordance with generally accepted pricing models (costs approach model) based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar crops.
- Costs comprise all directly attributable costs incurred until 31 March 2015 and that prices for the transactions were from observable current transactions.

PRESS TRUST**NOTES TO CONSOLIDATED AND SEPARATE THE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016****18. Standing crops (Continued)****Valuation techniques and assumptions applied for the purposes of measuring fair value (Continued)**

Had Press Agriculture Limited had more than two groups of standing crops classified in level 3, a further disaggregation of these standing crops into separate classes might have been necessary.

	<u>TRUST</u>		<u>GROUP</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>
19. Inventories				
Consumable stores		-	111 579	80 439
Farm crops		-	75 776	89 284
Future crop expenditure		-	4 157	4 213
Provision for obsolete inventory	<u>-</u>	<u>-</u>	<u>(81 053)</u>	<u>(75 705)</u>
Total inventories	<u>-</u>	<u>-</u>	<u>110 459</u>	<u>98 231</u>

20. Receivables and prepayments

	<u>TRUST</u>		<u>GROUP</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>
Dividends receivable	7 184	6 393	7 184	6 393
Less provision for doubtful dividends receivable	(2 847)	(2 847)	(2 847)	(2 847)
Trade receivables	-	-	31 500	35 899
Less: Provision for doubtful debts	-	-	(55 669)	(56 741)
Prepayments and other receivables	72 648	56 975	273 355	967 559
Impairment on staff loans receivables and other	(23 751)	(23 781)	(23 751)	(23 781)
Press Corporation Limited – Share Ownership Fund	1 056	880	1 056	880
Receivables from Trustees	-	2 402	-	2 402
Less: provision for doubtful receivables	<u>6</u>	<u>(2 402)</u>	<u>6</u>	<u>(2 402)</u>
Total receivables and prepayments	<u>54 296</u>	<u>37 620</u>	<u>230 834</u>	<u>927 362</u>

The Trustees consider that the carrying amount of receivables and prepayments approximate their fair value.

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016**

	TRUST		GROUP	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	K'000	K'000	K'000	K'000
21. Bank balances and cash				
Short-term bank deposits	720 443	44 702	720 443	44 702
Current accounts	3 786	64 124	91 738	67 091
Foreign currency accounts	140 569	50 353	140 569	123 728
Cash on hand	<u>50</u>	<u>50</u>	<u>50</u>	<u>145</u>
Bank Balances and Cash	864 848	159 229	952 800	235 666
Funds held by brokers	-	-	273	192
Bank overdraft	<u>(3 919)</u>	<u>-</u>	<u>(310 941)</u>	<u>(470 663)</u>
Total cash and cash equivalents	<u>860 929</u>	<u>159 229</u>	<u>642 132</u>	<u>(234 805)</u>

During the year, the Trust discounted at 23.28% a one (1) year Promissory Note worth K471million from Press Agriculture Limited which is expected to mature on 11th September 2016 as settlement for part of their indebtedness to the Trust. The amount has been included in the short term bank deposits. As of 31st March 2016, the coupon had earned interest of about K56.8million and this is part of interest income in note 6.

The overdraft facility is part of the CDH Investment Bank (CDHIB) commercial paper. The facility was obtained to finance the purchase of fertilizer, chemicals and to pay wages for rainfed crop operations. The group facility is secured against proceeds from Monsanto, Seedco, Spectrascape and direct sales by the company. Interest is calculated at CDHIB base lending rate of 37.0% plus 2% making an effective rate of 39% per annum.

22. Assets held for sale and discontinued operations

	TRUST		GROUP	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	K'000	K'000	K'000	K'000
Opening balance	-	-	1 270 736	715 263
Transfer from property, plant and equipment	-	-	-	232 474
Valuation surplus for assets held for sale	-	-	-	451 262
Reclassification to Non-current assets	-	-	(962 363)	-
Assets sold during the period	<u>-</u>	<u>-</u>	<u>(116 884)</u>	<u>(128 263)</u>
Total	<u>-</u>	<u>-</u>	<u>191 489</u>	<u>1 270 736</u>

- (i) The group decided in the previous periods to dispose of some property, plant and equipment and some of these assets have been disposed of in the current year.
- (ii) As described in note 1.2 the group stopped growing tobacco effective 2011/2012 agricultural season. As a result, the group decided to dispose of property, plant and equipment used in growing tobacco, which constituted a significant part of the entity's business. A search is underway for buyers.

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016****22. Assets held for sale and discontinued operations**

In the current year, the board approved discontinuing of the sale of estates. The estates will now be used for the normal course of business of growing pigeon peas and allied crops as recommended by management beginning the 2016/17 season. As such only the estates that had already been earmarked for sale to Limbe Leaf Tobacco Company have been classified as held for sale and reported at their carrying amount which is the lower of fair value less costs to sale and carrying amount. The assets that were previously classified as held for sale have been reclassified to non-current assets and measured at the lower of their carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset not been classified as held for sale and the recoverable amount at the date of the subsequent decision not to sell.

	<u>2016</u>	<u>GROUP</u>
	<u>K'000</u>	<u>2015</u>
		<u>K'000</u>
23. Sublease Fees		
At the beginning of the year	387 299	551 052
Additions	167 544	-
Premium Deposit Fund	-	(109 820)
Amounts released to income	<u>(49 050)</u>	<u>(53 933)</u>
At the end of the year	<u>505 793</u>	<u>387 299</u>

The deferred sublease fees are to be leased to income as follows:

Within one year	29 984	13 013
After one year	<u>475 809</u>	<u>374 286</u>
Total deferred sublease fees	<u>505 793</u>	<u>387 299</u>

General Farming Company Limited and Press Farming Limited subleased their estates to Gala Tobacco Company and Clinton Development Initiative. As per the lease agreement, Gala Tobacco Company is supposed to pay land rentals to Ministry of Lands on behalf of Press Farming Limited for leased estates and the other subleased estates fees is paid into CDH Investment Bank account

The deferred sublease fees relate to sublease fees received from Gala Tobacco Company and Clinton Development Initiative for a period of 30 years commencing from 2011/2012 crop season. The sublease fees are allocated over the lease term and sublease income relating to the period is released to the statement of comprehensive income.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

		GROUP	
		2016	2015
		K'000	K'000
24. Deferred tax			
At the beginning of the year		1 432 067	647 909
Equity movement		(18 413)	785 370
Recognised in profit and loss		<u>(17 723)</u>	<u>(1 212)</u>
At the end of the year		<u>1 395 931</u>	<u>1 432 067</u>

25. Long-term borrowings

Group

31 March 2015

	<u>INDEBank</u>	<u>FDH Bank</u>	<u>NBS Bank</u>	<u>Limbe Leaf</u>	<u>CDH</u>	<u>Total</u>
	K'000	K'000	K'000	<u>Tobacco</u>	K'000	K'000
At the beginning of the year	308 451	2 833 425	(70)	1 130 739	-	4 272 545
Loans Advanced	-	-	-	-	3 723 641	3 723 641
Accrued interest	32 430	394 589	-	98 418	943 522	1 468 959
Repayments	<u>(340 882)</u>	<u>(3 228 757)</u>	<u>-</u>	<u>(44 284)</u>	<u>(1 025 053)</u>	<u>(4 638 976)</u>
At the end of the year	<u>-</u>	<u>(743)</u>	<u>(70)</u>	<u>1 184 873</u>	<u>3 642 110</u>	<u>4 826 170</u>
Long-term portions						1 135 428
Current term portion						<u>3 690 742</u>
Total borrowing						<u>4 826 170</u>

31 March 2016

	<u>FDH Bank</u>	<u>NBS Bank</u>	<u>Limbe Leaf</u>	<u>CDH</u>	<u>Total</u>
	K'000	K'000	<u>Tobacco</u>	K'000	
At the beginning of the year	(743)	(70)	1 184 873	3 642 110	4 826 170
Loans advanced	-	70	-	222 187	222 257
Accrued interest	-	-	40 708	1 055 711	1 096 419
Repayments	-	-	(57 376)	(4 882 201)	(4 939 577)
Realised exchange loss/gain	<u>-</u>	<u>-</u>	<u>656 403</u>	<u>250 035</u>	<u>906 438</u>
At the end of the year	<u>(743)</u>	<u>-</u>	<u>1 824 608</u>	<u>287 842</u>	<u>2 111 707</u>
Long-term portions					1 748 434
Current term portion					<u>363 273</u>
Total borrowing					<u>2 111 707</u>

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)**

For the year ended 31 March 2016

25. Long-term borrowings (Continued)**a) Limbe Leaf Tobacco Company Limited**

This long-term loan to rehabilitate the estates was for US\$12.7 million and repayable over a period of 10 years in various instalments which commenced in September 2003. The loan attracted interest at the rate of Libor plus 2%.

Part of the loan amounting to US\$8.3 million was paid off by the group in prior years through finance from its parent company who guaranteed the amounts. The outstanding amount of US\$4.4 million is for General Farming Company Limited (US\$3.8 million) and Press Farming Limited (US\$0.6 million). The General Farming Company Limited loan is repayable over seven years and attracts interest at 2% above LIBOR. The loan is secured by a debenture over all General Farming Company Limited and Press Farming Limited estates and a lien over all General Farming Company Limited farming produce. The loan for Press Farming Limited is repayable over a ten year period and does not attract interest. It is secured by a lien over 45% of lease fee payments from Press Farming Limited.

d) CDH Investment Bank

The prior year loan related to the restructure of the group's debt stock of K3.37 billion. The group as at 27 June 2014, entered into an arrangement with CDH Investment Bank for a commercial paper of K3.37 billion as a way of restructuring its indebtedness with other lenders who had been paid off from this commercial paper arrangement. The commercial paper was valid for a period of one year to 30 June 2015 and renewable for a further period of one year. In the event of default on any payment or repayment due or non-compliance with any terms and conditions of the facility, all amounts due would immediately become due and payable.

The commercial paper was initially planned to be repaid from the proceeds from the sale of estates with the confirmed assignment as at the date of agreement (27 June 2014) of proceeds from Malawi Government- K 471 million NASFAM – K 305 million and Vikawu Trust – 56 million). The commercial paper was also supposed to be settled from the proceeds of sale of estates from other buyers such as Gala Tobacco company Limited (K1.2 billion) and MEV-One Limited (K538 million). The commercial paper was also attached to be settled from the sale of commodities to: Demeter Limited (K105.6 million), Seed-Co (K279 million), Pannar Seed Limited (K40.5 million) and Spectrascape (K875 million) and (K1.3 billion) from other buyers. The commercial paper was based on the prime lending rate of 37.75% per annum minus 2.75% thereby making an effective current interest rate of 35% per annum.

However, the planned proceeds to settle the commercial paper failed to materialise and hence forth the parent company Press Trust repaid the entire indebtedness of Press Agriculture Limited to CDH investment bank in October 2015.

The current year loan represents a commercial paper of K1 billion obtained to finance purchase of fertilizer, chemicals and pay wages for rain fed crop operations. The facility will run for a period of 12 months to expire on 31 December 2016 provided always that all amounts including capital and interest accrued shall be fully paid when and as demanded by CDHIB. The facility is drawn down in tranches and subject to satisfactory progress reports on crop performance in the field. The Commercial Paper will be repaid by assignment of proceeds from Monsanto, Seedco, Spectrascape and direct sales by PAL. Interest for the Commercial Paper at CDHIB based lending rate currently at 37% plus 2% making an effective rate of 39% per annum.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

25. Long-term borrowings (Continued)

d) CDH Investment Bank (Continued)

The facility is secured by caution over office building in Kasungu (Kulima House) valued at K1.2 billion by Knight Frank, charge over various estates with a market value of K6.3 billion and Multiple Peril Crop Insurance with CDHIB interest noted.

	<u>TRUST</u>		<u>GROUP</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>
26. Provisions				
At the beginning of the year	-	-	179 895	128 900
Utilised during the year	-	-	(5 385)	-
Charge for the year	<u>-</u>	<u>-</u>	<u>15 122</u>	<u>50 995</u>
At the end of the year	<u>-</u>	<u>-</u>	<u>189 632</u>	<u>179 895</u>
27. Accounts payable				
Trade payable	-	-	429 312	200 526
Accruals and other payables	<u>53 678</u>	<u>48 563</u>	<u>272 329</u>	<u>230 801</u>
Total accounts payable	<u>53 678</u>	<u>48 563</u>	<u>701 641</u>	<u>431 327</u>

The Trustees consider that the carrying amount of payables approximate their fair value.

	<u>TRUST</u>		<u>GROUP</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>
28. Capital commitments				
Approved and contracted for	<u>39 623</u>	<u>81 522</u>	<u>39 263</u>	<u>413 202</u>

The capital commitments comprising of plant and equipment assets expenditure are to be funded from internal resources.

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS****For the year ended 31 March 2016****29. Events after the reporting period****Listed equity investments**

The market value of the shares in listed equity investment moved as follows after year-end.

	<u>30 June 2016</u>	<u>31 March 2016</u>
	Kwacha per share	Kwacha per share
Press Corporation Limited	535.00	535.00
ILLOVO Sugar Corporation Limited	170.00	200.00
Standard Bank Malawi Limited	480.00	440.00
Blantyre Hotels Limited	12.90	9.00
National Bank of Malawi	258.00	258.00
National Investment Trust Limited	44.95	50.00
Malawi Property Investment Company Limited	<u>6.00</u>	<u>7.80</u>

The share price movement has resulted into net fair value loss of K 91.8 million in the current year (2015: K8 271 million). The net loss have occurred as follows:

	<u>30 June 2016</u>	<u>31 March 2015</u>
	K'000	K'000
Press Corporation Limited	-	7 946 422
Blantyre Hotels	105 366	-
ILLOVO Sugar Corporation Limited	(379 984)	27 784
Standard Bank Malawi Limited	215 552	146 967
National Bank of Malawi	-	79 683
National Investment Trust Limited	(24 215)	57 780
Mpico Limited	<u>(8 444)</u>	<u>12 665</u>
Total net fair value gains	<u>(91 725)</u>	<u>8 271 301</u>

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016****30. Related parties**

In terms of the Trust related parties mean subsidiaries, Trustees and their associates.

Paragraph 2(f) of the Press Trust Reconstruction Act, 1995, defines an “Associate” as one of the following:

- i) a Trustee’s spouse;
- ii) a Trustee’s parents, sister, brother, child, business partner and the spouse of any of them;
- iii) a Trustee’s spouse;
- iv) a Trustee’s parents, sister, brother, child, business partner and the spouse of any of them;
- v) a company controlled by a Trustee or a person or persons falling within paragraphs i) and ii) above; and
- vi) Press Trust Overseas Limited.

Press Agriculture Limited

Press Farming Limited

General Farming Limited

Farm Management Company Limited

Press Farming and Chemical Company Limited

Press Corporation Limited

Kang’ombe Investments Limited

Mwaiwathu Private Hospital Limited

Blantyre Hotels Limited

Total emoluments of the management staff during the year amounted to K114.3.million (2015: K97.7 million).

Transactions with its subsidiaries, Press Trust Overseas Limited and Press Agriculture Limited, have been disclosed in notes 6, 8, 15, 16 and 17. Other related party transactions are as disclosed in note 16.

31. Key economic indicators

The average of the year-end buying and selling rates of foreign currency most affecting the performance of the group is stated below, together with interest rates and the increase in the National Composite Consumer Price Index for the preceding year which represents an official measure of inflation.

Date	K/USD	National rate of inflation	Fixed deposit interest rates			Base lending rate
			2 months	3 months	6 months	
31 March 2015	440.3375	24.0%	11.00%	10.00%	7.50%	32.00%
31 March 2016	682.4150	22.1%	10.00%	13.00%	13.00%	34.00%
31 July 2016	719.8628	22.6%	13.00%	12.00%	9.50%	34.00%

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016****32. Financial risk management****Categories of financial instruments**

The analysis below sets out the Group's classification of financial assets and liabilities and their fair values including accrued interest.

	TRUST		GROUP	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	K'000	K'000	K'000	K'000
Financial assets				
Loans and receivables				
- receivables and prepayments	54 296	37 620	230 834	927 362
Held to maturity				
- funds held by brokers	-	-	273	192
- bank balances and cash	864 848	159 229	952 800	235 666
Available for sale	35 184 065	31 707 077	36 507 250	34 019 201
- listed investments				
- unlisted investments	<u>232 328</u>	<u>232 328</u>	<u>232 449</u>	<u>232 449</u>
Total financial assets	<u>36 335 537</u>	<u>32 136 254</u>	<u>37 923 606</u>	<u>35 414 870</u>

	TRUST		GROUP	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	K'000	K'000	K'000	K'000
Financial liabilities				
Financial liabilities held at amortised cost				
- Accounts payable	53 678	48 563	701 461	431 327
- Bank Overdraft	3 919	-	310 941	470 663
- Project funding	776 270	341 866	776 270	341 866
- Borrowings	<u>-</u>	<u>-</u>	<u>-</u>	<u>4 826 170</u>
Total liabilities	<u>833 867</u>	<u>390 429</u>	<u>1 788 852</u>	<u>6 070 026</u>

The Group has exposure to the following risks arising from its transactions in financial instruments:

- Capital risk;
- Foreign currency risk;
- Interest rate risk;
- Credit risk;
- Other price risk; and
- Liquidity risk.

32. Financial risk management (Continued)**Categories of financial instruments (Continued)**

This note presents information about the Group's exposure to each of the above risks, the Trust's objectives, policies and processes for identification, measurement, monitoring and controlling risk. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

(a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return available for its charitable works through the optimisation of the debt and equity balance. The Press Trust Reconstruction Act sets limits on the distributions it can make (note 1.2).

(b) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

(c) Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at fixed interest rates. The risk is managed by maintaining an appropriate amount of the fixed rate borrowings.

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties.

(e) Other price risk

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The table below shows the maximum exposure to credit risk by class of financial instrument. Financial instruments include financial instruments defined and recognised under IAS 39 *Financial Instrument Recognition and Measurement*. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

32. Financial risk management (Continued)

(e) Other price risk (Continued)

	2016	TRUST
	2016	2015
	K'000	K'000
Gross Maximum Exposure		
Corporate loans and interest		
Other	5 824 750	2 660 083
	<u>-</u>	<u>-</u>
Security available	5 824 750	2 660 083
Net impaired loans	<u>-</u>	<u>-</u>
	<u>5 824 750</u>	<u>2 660 083</u>

These corporate loans are unsecured and are fully provided for.

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Trustees, which has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 March 2015 to the contractual maturity date.

	Up to 6	6 to 12	Over	Total	Carrying
	months	Months	1 Year	Total	Value
	K'000	K'000	K'000	K'000	K'000
TRUST					
31 March 2016					
Assets					
Receivables and prepayments	54 296	-	-	54 296	54 296
Bank balances and cash	864 848	-	-	864 848	864 848
AFS financial assets (Listed investments)	-	-	35 184 065	35 184 065	35 184 065
AFS financial assets (Unlisted investments)	<u>-</u>	<u>-</u>	<u>232 328</u>	<u>232 328</u>	<u>232 328</u>
Total financial assets	<u>919 144</u>	<u>-</u>	<u>35 416 393</u>	<u>36 335 537</u>	<u>36 335 537</u>

PRESS TRUST
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

32. Financial risk management (Continued)

(f) Liquidity risk management (Continued)

Liabilities					
Accounts payable	53 678	-	-	53 678	53 678
Project funding	<u>338 135</u>	<u>338 135</u>	<u>-</u>	<u>776 270</u>	<u>776 270</u>
Total liabilities	<u>391 813</u>	<u>338 135</u>	<u>-</u>	<u>829 948</u>	<u>823 877</u>
Gap	527 331	(338 135)	35 416 393	35 605 589	35 605 589
Cumulative Gap	527 331	189 196	35 605 589	-	50 000

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 March 2016 to the contractual maturity date.

	<u>Up to</u> <u>6 months</u> K'000	<u>6 to 12</u> <u>Months</u> K'000	<u>Over</u> <u>1 Year</u> K'000	<u>Total</u> K'000	<u>Carrying</u> <u>Value</u> K'000
GROUP					
31 March 2016					
Assets					
Receivables and prepayments	230 834	-	-	230 834	230 834
Bank balances and cash	447 976	432 965	71 859	952 800	952 800
Funds held by brokers			273	273	273
AFS financial assets (Listed investments)	-	-	36 507 250	36 507 250	36 507 250
AFS financial assets (Unlisted investments)	<u>-</u>	<u>-</u>	<u>232 449</u>	<u>232 449</u>	<u>232 449</u>
Total financial assets	<u>678 810</u>	<u>432 965</u>	<u>36 811 831</u>	<u>37 923 606</u>	<u>37 923 606</u>
Liabilities					
Accounts payables	701 461	-	-	701 461	701 461
Project funding	<u>338 135</u>	<u>338 135</u>	<u>-</u>	<u>776 270</u>	<u>776 270</u>
Total liabilities	<u>1 039 596</u>	<u>338 135</u>	<u>-</u>	<u>1 477 731</u>	<u>1 477 731</u>
Gap	(360 786)	94 830	36 811 831	36 545 875	36 545 875
Cumulative Gap	(360 786)	(265 956)	36 545 875	-	-

PRESS TRAUST

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2016

32. Financial risk management (Continued)

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 March 2015 to the contractual maturity date.

	Up to 6 months K'000	6 to 12 Months K'000	Over 1 Year K'000	Total K'000	Carrying Value K'000
TRUST					
31 March 2015					
Assets					
Receivables and prepayments	19 208	18 412	-	37 620	37 620
Bank balances and cash	108 390	50 839	-	159 229	159 229
AFS financial assets (Listed investments)	-	-	31 707 077	31 707 077	31 707 077
AFS financial assets (Unlisted investments)	-	-	232 328	232 328	232 328
Total financial assets	<u>127 598</u>	<u>69 251</u>	<u>31 939 405</u>	<u>32 136 254</u>	<u>32 136 254</u>
Liabilities					
Accounts payable	48 563	-	-	48 563	48 563
Project funding	<u>170 933</u>	<u>130 933</u>	<u>40 000</u>	<u>341 866</u>	<u>341 866</u>
Total liabilities	<u>219 496</u>	<u>130 933</u>	<u>341 866</u>	<u>390 429</u>	<u>390 429</u>
Gap	(91 898)	(61 682)	31 899 405	31 745 825	31 745 825
Cumulative Gap	(91 898)	(153 580)	31 745 825	-	-

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2016

32. Financial risk management (Continued)

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 31 March 2015 to the contractual maturity date.

	Up to 6 months K'000	6 to 12 Months K'000	Over 1 Year K'000	Total K'000	Carrying Value K'000
GROUP					
31 March 2015					
Assets					
Receivables and prepayments	911 494	15 868	-	927 362	927 362
Bank balances and cash	153 776	81 890	-	235 666	235 666
Funds held by brokers	192	-	-	192	192
AFS financial assets (Listed investments)		-	34 019 201	34 019 201	34 019 201
AFS financial assets (Unlisted investments)	<u>-</u>	<u>-</u>	<u>232 449</u>	<u>232 449</u>	<u>232 449</u>
Total financial assets	<u>1 065 462</u>	<u>97 758</u>	<u>34 251 650</u>	<u>35 414 870</u>	<u>35 414 870</u>
Liabilities					
Accounts payable	429 072	2 255	-	431 327	431 327
Project funding	470 663	-	-	470 663	262 741
Project Funding	170 933	130 933	40 000	341 866	341 866
Loan and advances	<u>-</u>	<u>3 690 742</u>	<u>1 135 428</u>	<u>4 826 170</u>	<u>4 826 170</u>
Total liabilities	<u>1 070 668</u>	<u>3 823 930</u>	<u>1 175 428</u>	<u>6 070 026</u>	<u>6 070 026</u>
Gap	(5 206)	(3 726 172)	33 076 221	29 344 844	29 344 844
Cumulative Gap	(5 206)	(3 731 378)	29 344 844	-	-

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016**

	<u>TRUST</u>		<u>GROUP</u>	
	<u>2016</u> K'000	<u>2015</u> K'000	<u>2016</u> K'000	<u>2015</u> K'000
33. Administration expenditure				
Staff costs	277 574	233 936	589 664	422 903
Depreciation	50 213	44 792	385 788	191 872
Amortization	-	-	41 105	41 108
Board expenses	111 427	83 230	119 359	84 330
Motor vehicles expenses	23 093	24 351	91 428	135 464
Travel and accommodation	17 840	16 009	39 009	27 225
Office expenses	28 892	21 945	42 077	25 576
Office rent	22 543	18 241	57 441	56 620
Staff training	20 325	18 746	20 325	18 754
Consultancy Expenses	1 433	-	5 519	-
Postage and telephones	8 585	10 239	20 945	12 077
Guest house expenses	9 911	10 157	9 911	10 157
Auditors' remuneration	19 072	16 270	54 022	52 561
Internal audit fees	16 917	2 049	16 917	2 049
Motor vehicle insurance	14 152	12 658	27 443	35 618
Bad Debts written-off	2 402	-	2 402	-
Legal fees	1 814	1 403	3 177	4 652
Sundry expenses	-	-	122 169	-
Advertising	2 634	1 526	5 286	1 526
Printing and stationery	9 524	6 734	22 546	9 121
Bank charges	1 670	1 582	6 742	1 582
Interest charges	45	2 261	45	2 261
Staff house expense	4 913	-	4 913	-
Provision for bad debts	(2 438)	(2 171)	-	-
Overheads expenses	-	-	68 986	62 806
Total administration expenditure	<u>642 541</u>	<u>526 129</u>	<u>1 761 852</u>	<u>1 198 262</u>

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016****34. Fair value measurements**

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

34.1 Valuation techniques and assumptions applied for the purposes of measuring fair value

The Trustees consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

34.2 Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34.3 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group had financial assets that are measured at fair value at the end of each reporting period as detailed below.

	<u>2016</u> <u>K'000</u>	<u>2015</u> <u>K'000</u>
<u>Trust</u>		
Financial assets		
Listed equity investments	35 184 065	31 707 077
Unlisted equity investments	232 328	232 328
Investments in subsidiaries	<u>1 398 806</u>	<u>2 383 270</u>
	<u>36 815 199</u>	<u>34 322 675</u>

PRESS TRUST**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)****For the year ended 31 March 2016****Fair value measurements (Continued)**

- 34.3 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Group**Financial assets**

Listed equity investments	36 507 520	34 019 201
Unlisted equity investments	<u>232 449</u>	<u>232 449</u>
	<u>36 739 699</u>	<u>34 251 650</u>

- 34.4 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the Trustees consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	<u>2016</u>		<u>2015</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>	<u>K'000</u>
<u>Trust</u>				
Financial assets				
<i>Loan and receivables</i>				
Cash and cash equivalents	864 848	864 848	159 229	159 229
Receivables	<u>54 296</u>	<u>54 296</u>	<u>37 620</u>	<u>37 620</u>
Total	<u>919 144</u>	<u>919 144</u>	<u>196 849</u>	<u>196 849</u>
<u>Trust</u>				
Financial liabilities				
<i>Financial liabilities held at amortised cost</i>				
Payables	53 678	53 678	48 563	48 563
Bank overdraft	3 919	3 919	-	-
Project funding	<u>776 270</u>	<u>776 270</u>	<u>341 866</u>	<u>341 866</u>
	<u>833 867</u>	<u>833 867</u>	<u>390 429</u>	<u>390 429</u>

PRESS TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2016

34. Fair value measurements (Continued)

34.4 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) (Continued)

<u>Group</u>	<u>2016</u>		<u>2015</u>	
	<u>Carrying amount K'000</u>	<u>Fair value K'000</u>	<u>Carrying amount K'000</u>	<u>Fair value K'000</u>
Financial assets				
Listed equity Investments	36 507 250	36 507 250	34 019 201	34 019 201
Unlisted equity investments	232 449	232 449	232 449	232 449
Cash and cash equivalents	952 800	952 800	235 666	235 666
Taxation recoverable	82 031	82 031	135 866	135 866
Receivables	<u>230 834</u>	<u>230 834</u>	<u>927 362</u>	<u>927 362</u>
Total	<u>38 005 364</u>	<u>38 005 364</u>	<u>35 550 544</u>	<u>35 550 544</u>
Financial liabilities				
<i>Financial liabilities held at amortised cost</i>				
Bank overdraft	310 941	310 341	470 663	470 663
Payables	701 461	701 461	431 327	431 327
Borrowings	2 111 707	2 111 707	4 826 170	4 826 170
Project funding	<u>776 270</u>	<u>776 270</u>	<u>341 866</u>	<u>341 866</u>
Total	<u>3 900 379</u>	<u>3 900 379</u>	<u>6 070 026</u>	<u>6 070 026</u>

<u>Trust</u>	<u>Fair value hierarchy – 2016</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets				
Listed equity investments	35 184 065	-	-	35 184 065
Unlisted equity investments	-	-	232 328	232 328
Investment in subsidiaries	-	-	1 398 806	1 398 806
<i>Loan and receivables</i>	-	-	-	-
Cash and cash equivalents	864 848	-	-	864 848
Receivables	<u>-</u>	<u>54 296</u>	<u>-</u>	<u>54 296</u>
Total	<u>36 048 913</u>	<u>54 296</u>	<u>1 631 134</u>	<u>37 734 343</u>
Financial liabilities				
<i>Financial liabilities held at amortised cost</i>				
Bank overdraft	-	-	-	-
Payables	3 919	-	-	3 919
Project funding	<u>53 678</u>	<u>-</u>	<u>-</u>	<u>53 678</u>
	<u>-</u>	<u>776 270</u>	<u>-</u>	<u>776 270</u>
Total	<u>57 597</u>	<u>776 270</u>	<u>-</u>	<u>833 867</u>

PRESS TRUST
Notes to the financial statements (Continued)
For the year ended 31 March 2015

34. Fair value measurements (Continued)

34.4 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) (Continued)

Fair value hierarchy - 2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>Group</u>			
Financial assets			
Listed equity investments	36 507 250	-	36 507 250
Unlisted equity investments	232 449	-	232 449
<i>Loan and receivables</i>			
Cash and cash equivalents	-	952 800	952 800
Taxation recoverable	-	82 031	82 031
Receivables	-	230 834	230 834
Total	<u>36 739 699</u>	<u>1 265 665</u>	<u>38 005 364</u>
Financial liabilities			
<i>Financial liabilities held at amortised cost</i>			
Bank overdraft	310 941	-	310 941
Payables	-	701 461	701 461
Borrowings	-	2 111 707	2 111 707
Project funding	-	776 270	776 270
Total	<u>310 941</u>	<u>3 589 438</u>	<u>3 900 379</u>

Fair value hierarchy - 2015			
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>Group</u>			
Financial assets			
Listed equity investments	34 019 201	-	34 019 201
Unlisted equity investments	232 449	-	232 449
<i>Loan and receivables</i>			
Cash and cash equivalents	-	235 666	235 666
Taxation recoverable	-	135 866	135 866
Receivables	-	927 362	927 362
Total	<u>34 251 650</u>	<u>1 343 894</u>	<u>35 550 544</u>
Financial liabilities			
<i>Financial liabilities held at amortised cost</i>			
Bank overdraft	470 663	-	470 663
Payables	-	431 327	431 327
Borrowings	-	4 826 170	4 826 170
Project funding	-	341 866	341 866
Total	<u>470 663</u>	<u>5 599 363</u>	<u>6 070 026</u>