

Significant estimates

Intangible assets and goodwill

The values associated with identifiable intangible assets and goodwill involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates, terminal growth rates and asset lives. These significant estimates could affect Yellow Media Limited's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on identifiable intangible assets recognized in future periods.

Yellow Media Limited assesses impairment by comparing the recoverable amount of a CGU or group of CGUs to which an identifiable intangible asset or goodwill belongs, with its carrying value. The determination of the recoverable amount involves significant management estimates.

Yellow Media Limited performs its annual test for impairment of indefinite life intangible assets and goodwill in the fourth quarter in accordance with the policy described in Note 3.13. Goodwill is tested at the operating segment level since this represents the lowest level within Yellow Media Limited at which the goodwill is monitored for internal management purposes.

Useful lives of intangible assets and property, plant and equipment

Yellow Media Limited reviews the estimated useful lives of its intangible assets and property, plant and equipment at the end of each reporting period. At the end of the current reporting period, management determined that the useful lives of its intangible assets and property, plant and equipment was adequate.

Employee future benefits

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Determination of benefit expense requires assumptions such as the expected return on assets available to fund pension obligations, the discount rate to measure obligations, the projected age of employees upon retirement, the expected rate of future compensation and the expected healthcare cost trend rate. For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actual results will differ from results which are estimated based on assumptions.

Income taxes

Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of Yellow Media Limited's ability to utilize the underlying future tax deductions against future taxable income before they expire. Yellow Media Limited's assessment is based upon existing tax laws and estimates of future taxable income. If the assessment of Yellow Media Limited's ability to utilize the underlying future tax deductions changes, Yellow Media Limited would be required to recognize more or fewer of the tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined.

Significant judgements

Uncertain tax provisions

Yellow Media Limited is subject to taxation in numerous jurisdictions. Significant judgement is required in determining the consolidated provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Yellow Media Limited maintains provisions for uncertain tax positions that it believes appropriately reflect its risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions for uncertain tax positions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Yellow Media Limited reviews the adequacy of these provisions at each statement of financial position date. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.