

Registered number: 4757516

ABS-CBN Europe Limited

**Report and financial statements
for the year ended 31 December 2014**

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ABS-CBN Europe Limited
Company Information
for the Year Ended 31 December 2014

DIRECTORS:	R L Lopez A K V Rodriguez
COMPANY SECRETARY:	A K V Rodriguez
REGISTERED NUMBER:	4757516
REGISTERED OFFICE:	117 Earls Court Road London SW59RL
AUDITORS:	Ernst & Young LLP Barony House Stoneyfield Business Park Inverness IV2 7PA

ABS-CBN Europe Limited
Contents of the Financial Statements
for the Year Ended 31 December 2014

	Page
Strategic Report	1
Directors' Report	4
Directors' Responsibilities Statement	4
Independent Auditors' Report	6
Profit and Loss Account	8
Balance Sheet	9
Notes to the Financial Statements	10
Trading and Profit and Loss Account	18

ABS-CBN Europe Limited
Strategic Report
for the Year Ended 31 December 2014

The directors present their strategic report for the year ended 31 December 2014.

REVIEW OF BUSINESS

The Company's financial performance during the year was as follows:

	2014 £	2013 £	Change %
Turnover	4,804,846	4,868,677	-1%
Total operating profit (loss) from continuing operations	67,191	(67,421)	-200%
Profit (loss) after tax	60,806	(75,630)	-180%
Shareholders' funds	2,255,106	2,045,379	10%

Turnover decreased by 1% during the year which was caused by the net effect of decrease in subscription and merchandising revenue and gate receipts; and increase in sponsorship and airtime revenue. Subscription revenue is lower in 2014 by 9% compared to the 2013 balance due to the decline in DTH subscribers. The Company initiated a migration of the subscribers' viewing platforms from satellite to internet-based viewing in territories where broadband penetration is high. Despite the corresponding increase in the Company's total subscriber count versus prior year, the Company's average revenue per subscriber decreased. To address the prominent problem of piracy wherein Filipinos abroad get to watch ABS-CBN TV programs and movies for free, the Company repackaged and aggressively sold its online content platform, www.tfc.tv. According to one of the news in Los Angeles Times last 17 September 2013, online piracy of entertainment content kept soaring and has jumped 160% from 2010 to 2013. In addition, another study stated that the number of people engaging in copyright infringement has also grown dramatically. It is for these reasons that the Company started pursuing these cases and has continued to work on shutting down illegal sites.

Airtime revenue for the year ended 31 December 2014, on the other hand, is significantly higher by 51% from its 2013 balance despite the continuing shift in the advertisers' target market. The slow recovery of the UK economy continues to affect the financial capacity of the Overseas Filipino Workers (OFW) in the region. USA's economy, however, grew at a rate of 2.4% that caused the growth in personal consumption expenditures of the OFWs in USA. While major advertisers including real estate companies still prefer to market their product in USA than in UK, the Company was still able to get a few more advertisers to place airtime into the different platforms in 2014.

From an operating loss from continuing operations in 2013, the Company generated operating profits for the year ended 31 December 2014. Despite the slight decrease in turnover, the Company was able to save on major costs such as installation and decoder costs and other administrative expenses, contributing to the net profits for the year ended 31 December 2014.

ABS-CBN Europe Limited
Strategic Report (continued)
for the Year Ended 31 December 2014

FINANCIAL INSTRUMENTS

Price risk

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The Company's investments which they do not intend to sell in the short-term are not exposed to price risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimizing such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Company's debtors are shown in Note 9 to the financial statements.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations and by applying cash collection targets. The Company maintains its internally generated funds and prudently manages proceeds obtained from revenue.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability such as future interest payments on a variability rate debt. The Company determines that they have no exposure to cash flow risks.

RISKS AND UNCERTAINTIES

The Company has established a risk and financial management framework whose primary objective is to protect the Company from events that hinder the achievement of its performance objectives.

The objective aims to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

EXISTENCE OF BRANCHES IN EUROPE

The Company has two offices in Europe particularly in London, United Kingdom (UK) and Milan, Italy. The branches are established to undertake activities including the following:

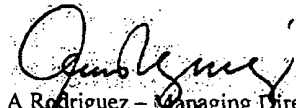
- a) Sale, marketing, and distribution of cable and digital satellite television service, and all other platforms or means now known or hereinafter discovered, wherein "The Filipino Channel" bundle, or any channel therein, may be distributed;
- b) Sale, marketing, and distribution of internet protocol television (IPTV) service;
- c) Advertising sale for "The Filipino Channel" bundle, and all channels therein;
- d) Production of events, including those intended to promote "The Filipino Channel" and all channels therein (e.g. concerts, movie premieres);
- e) Sale, marketing, and distribution of Philippine-based retail products (e.g. music compact discs, video compact discs, digital video discs, clothing).

ABS-CBN Europe Limited
Strategic Report (continued)
for the Year Ended 31 December 2014

In 2013, European countries, where services were previously provided by the Milan branch, were transferred to UK office. With this change, starting 2013, the Milan office only processes the transactions of customers from Italy.

Statutory audited financial statements for the two branches are not compulsory since they are only a branch. The Company only needs to submit an original certificate that, its head office in UK has submitted its statutory accounts (wherein the branches are consolidated) at Companies House.

ON BEHALF OF THE BOARD:



A Rodriguez - Managing Director

Date

20/01/15

ABS-CBN Europe Limited
Directors' report
for the Year Ended 31 December 2014

The directors present their report with the financial statements of the Company for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of the provision of pay television services.

DIRECTORS

The directors of the Company during the year were as follows:

R L Lopez
E B Garcia (resigned 25 June 2015)
A K V Rodriguez (appointed 1 April 2015)

FUTURE DEVELOPMENTS

The Company will continue to develop its existing activities and seek opportunities to increase profitability.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations:

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statement in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

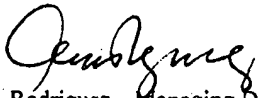
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ABS-CBN Europe Limited

**Directors' report (continued)
for the Year Ended 31 December 2014**

ON BEHALF OF THE BOARD:


A Rodriguez – Managing Director
Date 30/01/15

**Independent Auditor's Report to the Members of
ABS-CBN Europe Limited**

We have audited the financial statements of ABS-CBN Europe Limited (the Company) for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion to the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standard for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware at any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of
ABS-CBN Europe Limited (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Eunice McAdam (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Inverness

Date *30 September 2015*

ABS-CBN Europe Limited
Profit and Loss Account
Continuing Operations
for the Year Ended 31 December 2014

		2014 £	2013 £
TURNOVER: Continuing Operations	Notes 2	4,804,846	4,868,677
Cost of sales		2,242,023	2,405,283
GROSS PROFIT		2,562,823	2,463,394
Administrative expenses		2,518,631	2,668,466
		44,192	(205,072)
Other operating income		22,999	137,651
OPERATING PROFIT/ (LOSS): Continuing Operations	3	67,191	(67,421)
Interest receivable and similar income		481	166
		67,672	(67,255)
Interest payable and similar charges	5	(6,866)	(8,375)
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		60,806	(75,630)
Tax on ordinary activities	6	-	-
PROFIT (LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		60,806	(75,630)

Statement of Total Recognised Gains and Losses
For the Year Ended 31 December 2014

	2014 £	2013 £
Profit (loss) for the financial year	60,806	(75,630)
Exchange difference in retranslation of foreign branch	148,921	(96,679)
TOTAL GAIN (LOSS) RELATING TO THE YEAR	209,727	(172,309)

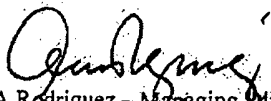
The notes form part of these financial statements

ABS-CBN Europe Limited

**Balance Sheet
31 December 2014**

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	7	119,928	137,847
Investments	8	1,335,946	1,335,946
		<u>1,455,874</u>	<u>1,473,793</u>
CURRENT ASSETS			
Stocks		129,879	96,331
Debtors	9	5,475,121	2,588,325
Cash at bank		1,775,257	1,450,172
		<u>7,380,257</u>	<u>4,134,828</u>
CREDITORS			
Amounts falling due within one year	10	6,581,025	3,563,242
		<u>799,232</u>	<u>571,586</u>
NET CURRENT ASSETS			
		<u>799,232</u>	<u>571,586</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>2,255,106</u>	<u>2,045,379</u>
CAPITAL AND RESERVES			
Called up share capital	13	5,050,000	5,050,000
Paid up capital		6,283,499	6,283,499
Movement on foreign exchange	14	(1,302,124)	(1,451,045)
Profit and loss account	14	(7,776,269)	(7,837,075)
		<u>2,255,106</u>	<u>2,045,379</u>
SHAREHOLDERS' FUNDS			
		<u>2,255,106</u>	<u>2,045,379</u>

The financial statements were approved by the Board of Directors on 30 September 2015 and were signed on its behalf by


A Rodriguez – Managing Director
Company Registration No: 4757516

ABS-CBN Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

During the year the Company met its working capital requirements through continued financial support from its parent, ABS-CBN Global Limited.

The parent has agreed to continue to provide such financial support so as to allow ABS-CBN Europe Limited to meet its liabilities as they fall due and to carry on its business without any significant curtailment of operations during the period of 12 months from the date of these financial statements. Therefore, the directors believe it is appropriate to prepare the accounts on a going concern basis.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards.

Exemption from preparing consolidated financial statements

The financial statements contain information about ABS-CBN Europe Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Cash flow statement

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to prepare a cash flow statement in accordance with FRS 1.

Turnover and revenue recognition

The total turnover of the Company for the period has been derived from its principal activity and was wholly undertaken within the United Kingdom and Europe.

Subscription revenue is invoiced on either a monthly or an annual basis, with a complete month's revenue being recognised in the month in which the contract commenced. Revenue invoiced annually is deferred and amortised on a monthly basis.

On contracts to provide services where the Company has partially performed its contractual obligations, it recognises revenue to the extent that it has obtained the right to consideration through its performance. This revenue is valued at the fair value of the right to consideration.

The amounts receivable in respect of this revenue are included as amounts recoverable on contracts within debtors.

ABS-CBN Europe Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Asset Type	
Improvements to property	Over 5 years
Office furniture and fixtures	Over 3 years
Motor vehicles	Over 5 years
Computer equipment	Over 5 years

Stocks

Stocks are stated at the lower of cost or net realisable value.

Deferred tax

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rates when the transactions were entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. All foreign exchange differences are taken to the profit and loss account in the year in which they arise, with the exception of differences on the retranslation of overseas branches which are taken directly to reserves.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Accounting for subsidiaries

Investment in subsidiaries is shown in the accounts at cost less any provision for diminution in value.

Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the period.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

TURNOVER (continued)

	2014	2013
United Kingdom	83.20%	80.66%
Italy	16.80%	19.34%
	100.00%	100.00%

3. OPERATING INCOME

The operating income is stated after charging/(crediting):

	2014	2013
	£	£
Depreciation - owned assets	26,795	27,993
Auditors' remuneration – audit services	31,726	37,700
– tax services	6,487	4,300
Foreign exchange differences	90,949	(144,679)
Operating lease charges: Land and buildings	123,921	158,718
Directors' emoluments and other benefits etc.	91,721	91,832

4. STAFF COSTS

	2014	2013
	£	£
Wages and salaries	565,877	776,173
Social security costs	59,789	88,490
Other pension costs	49,650	23,360
	675,316	888,023

The average monthly number of employees during the year is composed of the following:

	2014	2013
	Number	Number
Management	1	1
Finance	2	3
Human resources and administration	1	1
Information technology	1	2
Marketing	1	–
Sales	1	3
Customer service	–	1
Technical operation	1	1
News production	1	1
	9	13

ABS-CBN Europe Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Bank loans and overdrafts	6,866	8,250
Others	–	125
	<u>6,866</u>	<u>8,375</u>

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2014 nor for the year ended 31 December 2013.

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporate tax in the UK of 20% in 2014 and 23.25% in 2013. The differences are reconciled below:

	2014	2013
	£	£
Profit (Loss) on ordinary activities before tax	60,806	(75,630)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2013:23.25%)	12,161	(17,584)
Effect of:		
Unrelieved tax losses carried forward		–
Expenses not deductible for tax	5,568	–
Other timing differences	–	–
Utilization of brought forward tax losses	(11,256)	22,599
Depreciation in excess of capital allowances	(6,473)	(5,015)
	<u>–</u>	<u>–</u>

The Company has losses available for carry forward of approximately £6,952,004 and £7,016,545 in 2014 and 2013, respectively. No deferred tax asset has been recognised in respect of these losses as the criteria for recognizing that asset is not met.

ABS-CBN Europe Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

7. TANGIBLE FIXED ASSETS

	Improvements to Property	Office Furniture and Fixtures	Motor Vehicles	Computer Equipment	Totals
	£	£	£	£	£
COST					
At 1 January 2014	129,505	88,123	14,466	453,198	685,292
Additions	—	—	—	9,772	9,772
Translation adjustment	(123)	(3,316)	—	(1,867)	(5,306)
At 31 December 2014	129,382	84,807	14,466	461,103	689,758
DEPRECIATION					
At 1 January 2014	(38,788)	(74,564)	(14,465)	(419,628)	(547,445)
Charge for year	(12,469)	(10,218)	—	(4,108)	(26,795)
Translation adjustment	76	8,805	—	(4,471)	4,410
At 31 December 2014	(51,181)	(75,977)	(14,465)	(428,207)	(569,830)
NET BOOK VALUE					
At 31 December 2014	78,201	8,830	1	32,896	119,928
At 31 December 2013	90,717	13,559	1	33,570	137,847

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2014	1,335,946
Additions	—
Exchange differences	—
At 31 December 2014	1,335,946
NET BOOK VALUE	
At 31 December 2014	1,335,946
At 31 December 2013	1,335,946

ABS-CBN Europe Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

8. FIXED ASSET INVESTMENTS (continued)

The Company's investments at balance sheet date in the share capital of companies include the following:

ABS-CBN Japan Inc.
Country of incorporation: Japan
Nature of business: Provision of satellite services

Class of shares:	%	
Ordinary Japanese Yen	holding	
	100.00	
		2014
		£
Aggregate capital and reserves		<u>(1,586,004)</u>

ABS-CBN Europe Remittance Limited
Country of incorporation: United Kingdom
Nature of business: Remittance of money from United Kingdom to the Philippines

Class of shares:	%	
Ordinary Shares £1 each	holding	
	100.00	
		2014
		£
Aggregate capital and reserves		<u>138,318</u>

9. DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade debtors	1,209,844	1,126,353
Amounts owed by group undertakings	3,677,237	1,039,736
Other debtors	514,632	318,748
Prepayments and accrued income	35,838	65,459
VAT	37,570	38,029
	<u>5,475,121</u>	<u>2,588,325</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed repayment terms.

ABS-CBN Europe Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

10. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade creditors	39,216	43,893
Amounts owed to group undertakings	5,033,473	2,296,116
Social security and other taxes	8,570	16,160
Other creditors	832,716	848,212
Accrued expenses	667,050	358,861
	6,581,025	3,563,242

Amounts owed to group undertakings are unsecured and have no fixed repayment terms.

11. OPERATING LEASE COMMITMENTS

- At 31 December 2014, the Company had annual commitments under non-cancellable leases as follows:

	2014	2013
	£	£
Expiry date		
Within one year	-	-
Between one and five years	-	-
After five years	50,713	50,713
	50,713	50,713

12. PENSION COMMITMENTS

The Company operates a defined benefit contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £49,650 (2013: £23,360). Contributions totaling £44,285 (2013: £25,894) were payable to the fund at the balance sheet date.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2014	2013
5,050,000	Ordinary	£1	£5,050,000	£5,050,000

ABS-CBN Europe Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

14. RESERVES

£

At 1 January 2013	(9,115,811)
Loss for the year	(75,630)
Movement in foreign exchange	(96,679)
At 31 December 2013	<u>(9,288,120)</u>
At 1 January 2014	(9,288,120)
Income for the year	60,806
Movement in foreign exchange	148,921
At 31 December 2014	<u>(9,078,393)</u>

15. RELATED PARTY DISCLOSURES

During the year, recharges for license fees amounting to £1,595,968 were received from ABS-CBN Luxembourg. At year end, the same amount was payable to ABS-CBN Luxembourg, a 100% subsidiary of ABS-CBN Global Limited, which in turn is a 100% subsidiary of ABS-CBN Corporation.

The Company has taken advantage of the exemption provided by FRS 8 not to disclose transactions with entities that are part of the group qualifying as related parties on the grounds that the consolidated financial statements in which the Company is included are publicly available.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's ultimate parent undertaking is Lopez, Inc., a company registered in the Philippines.

The largest and smallest group of undertakings for which group accounts are drawn up is that headed by Lopez Inc., a company registered in the Philippines. Copies of the accounts of Lopez Inc. are publicly available and can be obtained from their official company website: <http://lopez-holdings.ph/>.

ABS-CBN Europe Limited
Trading and Profit and Loss Account
for the Year Ended 31 December 2014

	2014 £	2013 £
Turnover		
Subscription revenue	3,680,718	4,032,472
Other revenues	1,459,647	1,202,566
Sales discounts	<u>(335,519)</u>	<u>(366,361)</u>
	4,804,846	4,868,677
Cost of sales		
Cost of merchandise	<u>2,242,023</u>	<u>2,405,283</u>
	2,242,023	2,405,283
GROSS PROFIT	2,562,823	2,463,394
Other income (expense)		
Foreign exchange differences	(90,949)	144,679
Interest receivables	481	166
Other income (loss)	<u>113,948</u>	<u>(7,028)</u>
	23,480	137,817
	2,586,303	2,601,211
Expenditure		
Wages	335,380	515,493
Staff benefits	312,990	345,474
Recharged employment expenses	232,502	205,821
Travel and hotels	193,284	131,885
Bad debts	137,535	185,170
Freight and delivery expense	131,556	170,711
Rent	123,921	158,718
Intercompany other services	113,637	51,319
Telephone	94,534	102,397
Recharged management expenses	82,760	62,061
Legal and professional fees	65,950	45,255
Advertising, promotions; and other media	63,874	29,544
Auditor's remuneration	38,213	42,000
Licenses and taxes	34,997	36,220
Director's salaries	26,946	27,056
Representation and entertainment	18,640	22,473
Insurance	18,357	17,797

(Forward)

This page does not form part of the statutory financial statements

ABS-CBN Europe Limited

**Trading and Profit and Loss Account (continued)
for the Year Ended 31 December 2014**

	2014 £	2013 £
Stationery, postage and office supplies	9,145	5,201
Repairs and maintenance	9,052	10,385
Provision for losses and obsolescence	(8,916)	42,088
Utilities	6,171	6,488
Other miscellaneous expense	<u>451,308</u>	<u>424,917</u>
	2,491,836	2,640,473
	<u>94,467</u>	<u>(39,262)</u>
Finance costs		
Bank charges	6,866	8,250
Other interest	<u>-</u>	<u>125</u>
	<u>6,866</u>	<u>8,375</u>
Depreciation		
Improvements to property	12,469	12,280
Computer equipment	10,218	9,515
Office furniture and fixtures	<u>4,108</u>	<u>6,198</u>
	<u>26,795</u>	<u>27,993</u>
Tax on ordinary activities	<u>-</u>	<u>-</u>
NET INCOME/(LOSS)	<u>£60,806</u>	<u>(£75,630)</u>

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