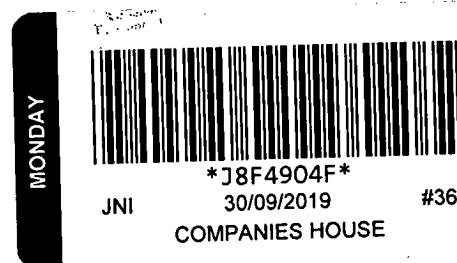


**Registered number: 4757516**

**ABS-CBN Europe Limited**

**Report and financial statements  
for the year ended 31 December 2018**



**ABS-CBN Europe Limited**  
**Company Information**  
**for the Year Ended 31 December 2018**

<b>DIRECTORS:</b>	R L Lopez L C Bariuan J A Garcia
<b>COMPANY SECRETARY:</b>	L C Bariuan
<b>REGISTERED NUMBER:</b>	4757516
<b>REGISTERED OFFICE:</b>	117 Earls Court Road London SW59RL
<b>AUDITORS:</b>	Ernst & Young LLP Bedford House 16 Bedford Street Belfast BT2 7DT
<b>BANKERS:</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP

**ABS-CBN Europe Limited**

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for the Year Ended 31 December 2018**

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**ABS-CBN Europe Limited**  
**Strategic Report**  
**for the Year Ended 31 December 2018**

The director presents the strategic report for the year ended 31 December 2018.

**Principal Activity**

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

**Business Review**

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

	<b>2018</b> £	2017 £	Change %
Turnover	<b>4,323,269</b>	4,108,313	5%
Operating profit	<b>312,660</b>	398,988	-22%
Profit after tax	<b>304,650</b>	391,755	-22%
Total equity	<b>2,673,511</b>	2,484,562	10%

Turnover increased by 5% during the year resulting primarily from the relaunch of the annual biggest gathering of the Filipino community through a co-produced event called "London Barrio Fiesta" in July, which generated turnover of around £501,371, after being on hiatus in 2017 due to economic and security threats. However, the associated costs for the initiative were not fully recovered by the various revenue streams, thereby impacting operating profits negatively by around £25,000.

The turnover gains were partially offset by lower subscription revenues from household-based platforms (IPTV and DTH) that allow for traditional laid-back viewing. The company's OTT business remained stable despite challenges faced in combatting piracy worldwide. As in the past years, online piracy of entertainment content kept soaring and has jumped year-on-year despite group-wide efforts to combat piracy. The Company continues to pursue cases against pirates and has continued to work on shutting down illegal sites.

Airtime revenue for the year ended 31 December 2018, on the other hand, yielded 16% growth but remains a challenge for the Company in the long-run as the potential mainstream corporate clients target other media platforms not necessarily into niche marketing, coupled by the continuing threats in the EU's economy and security which continues to affect the financial capacity of the Overseas Filipino Workers (OFW) in the region. To address this, the Company has introduced online advertising packages that allows advertisers to rechannel its marketing funds to all of the Group's digital assets, in the advent of digitalization.

In 2017, the Company recognised an impairment loss on its investment of a wholly-owned subsidiary amounting to £421,000 whose principal activity is the remittance of clients' monies from the United Kingdom to the Philippines. Subsequently, the Directors of the subsidiary adopted resolutions deeming it advisable and in the best interest of the subsidiary to completely cease from business activities as an Authorised Payment Institution (API), w.e.f. 1 July 2018. The Board of Directors has no intention to formally liquidate the subsidiary for at least 12 months from the audit report date.

As a result of the foregoing activities, the Company still managed to generate profits for the year ended 31 December 2018 amounting to £304,650, albeit lower by 22% as compared to 2017, yet maintaining healthy capitalisation.

**ABS-CBN Europe Limited**  
**Strategic Report (continued)**  
**for the Year Ended 31 December 2018**

**Principal 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.

**Exposure to Price, Credit, Liquidity and Cash Flow Risk**

*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 minimising 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 11 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 recognised 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.

**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:

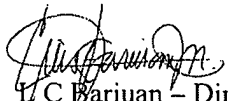
- a) Sale, marketing, and distribution of cable and digital satellite television service, and all other platforms or means now known or hereinafter discovered, wherein "The Filipino Channel" bundle, or any channel therein, may be distributed;
- b) Sale, marketing, and distribution of internet protocol 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); and
- e) Sale, marketing, and distribution of Philippine-based retail products (e.g. clothing and compact disks).

**ABS-CBN Europe Limited**

**Strategic Report (continued)  
for the Year Ended 31 December 2018**

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 the UK has submitted its statutory accounts (wherein the branches are consolidated) at Companies House.

**ON BEHALF OF THE BOARD:**

  
L C Baruan – Director  
30 September 2019

**ABS-CBN Europe Limited**  
**Directors' Report**  
**for the Year Ended 31 December 2018**

The director presents the director's report and the audited financial statements for the year ended 31 December 2018.

**Directors**

The directors of the Company during the year and up to the date of signing these financial statements were as follows:

R L Lopez  
L C Bariuan  
J A Garcia (appointed 1 January 2018)

**Directors' Indemnity**

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Such qualifying third party indemnity provisions for the benefit of the company's directors remain in force at the date of this report.

**Dividends**

The Directors have not approved any dividends for the year ended 31 December 2018 (2017: nil).

**Future Developments**

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

**Financial Instruments**

The Company's principal financial assets and liabilities comprise of cash, trade debtors and trade creditors which arise directly from its operations.

Financial instruments give rise to price, credit, liquidity and cash flow risk. Information on how these risks arise is set out in the Strategic Report, as are the objectives, policies and processes for their management and the methods used to measure each risk.

**Going Concern**

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 1 to 3.

The Company has considerable financial resources together with the financial support from ABS-CBN Global Limited, its Parent Company. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the annual report and accounts.

**Directors' Responsibilities Statement**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations.

## **ABS-CBN Europe Limited**

### **Directors' Report for the Year Ended 31 December 2018**

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 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;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditors**

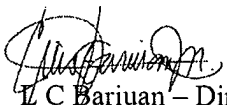
A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at one of its general meeting.

#### **Statement as to Disclosure of Information to Auditors**

Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware of; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

#### **ON BEHALF OF THE BOARD:**

  
L C Bariuan – Director  
30 September 2019



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

### **Opinion**

We have audited the financial statements of ABS-CBN Europe Limited (the Company) for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related Notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2018 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report sets out on pages 1 to 5, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on the Matter Prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are Required to Report by Exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified material misstatements in the Strategic Report or Directors' Report.

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.

### **Respective Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4 to 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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 auditor's 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.

*Ernst & Young LLP*

Neil Warnock (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor

Belfast

Date: *30th September 2019*

**ABS-CBN Europe Limited**

**Statement of Comprehensive Income  
for the Year Ended 31 December 2018**

<b>Continuing operations</b>		<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>TURNOVER</b>	<b>3</b>	<b>4,323,269</b>	<b>4,108,313</b>
Cost of sales and services		<b>(1,513,658)</b>	<b>(1,362,881)</b>
<b>GROSS PROFIT</b>		<b>2,809,611</b>	<b>2,745,432</b>
Administrative expenses		<b>(2,351,890)</b>	<b>(2,005,651)</b>
		<b>457,721</b>	<b>739,781</b>
Impairment of fixed asset investment	<b>10</b>	<b>–</b>	<b>(421,000)</b>
Other operating income (loss)		<b>(145,061)</b>	<b>80,207</b>
<b>OPERATING PROFIT</b>	<b>4</b>	<b>312,660</b>	<b>398,988</b>
Interest receivable and similar income		<b>93</b>	<b>147</b>
		<b>312,753</b>	<b>399,135</b>
Interest payable and similar charges	<b>7</b>	<b>(8,103)</b>	<b>(7,380)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>304,650</b>	<b>391,755</b>
Tax on ordinary activities	<b>8</b>	<b>–</b>	<b>–</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>304,650</b>	<b>391,755</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that can be reclassified to profit or loss -			
Exchange difference in retranslation of foreign branch		<b>(115,701)</b>	<b>(939)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<b>188,949</b>	<b>390,816</b>

The notes form part of these financial statements

**ABS-CBN Europe Limited**

**Statement of Changes in Equity  
for the year ended 31 December 2018**

	<b>Called up Share Capital (Note 15) £</b>	<b>Share Premium (Note 16) £</b>	<b>Movement on Foreign Exchange (Note 16) £</b>	<b>Deficit (Note 16) £</b>	<b>Total Equity £</b>
<b>At 1 January 2017</b>	<b>5,050,000</b>	<b>6,283,499</b>	<b>(1,080,450)</b>	<b>(8,159,303)</b>	<b>2,093,746</b>
Profit for the financial year	–	–	–	391,755	391,755
Other comprehensive expense	–	–	(939)	–	(939)
Total comprehensive expense	–	–	(939)	391,755	390,816
<b>At 31 December 2017</b>	<b>5,050,000</b>	<b>6,283,499</b>	<b>(1,081,389)</b>	<b>(7,767,548)</b>	<b>2,484,562</b>
Profit for the financial year	–	–	–	304,650	304,650
Other comprehensive expense	–	–	(115,701)	–	(115,701)
Total comprehensive (expense)/income	–	–	(115,701)	304,650	188,949
<b>At 31 December 2018</b>	<b>5,050,000</b>	<b>6,283,499</b>	<b>(1,197,090)</b>	<b>(7,462,898)</b>	<b>2,673,511</b>

The notes form part of these financial statements

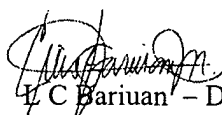
**ABS-CBN Europe Limited**

**Balance Sheet  
31 December 2018**

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	50,855	70,249
Investments	10	922,946	922,946
		<b>973,801</b>	<b>993,195</b>
<b>CURRENT ASSETS</b>			
Stocks		67,227	56,745
Trade and other debtors	11	6,184,543	6,057,162
Cash		844,215	1,523,433
		<b>7,095,985</b>	<b>7,637,340</b>
<b>CREDITORS: amounts falling due within one year</b>	12	<b>(5,396,275)</b>	<b>(6,145,973)</b>
<b>NET CURRENT ASSETS</b>		<b>1,699,710</b>	<b>1,491,367</b>
<b>NET ASSETS</b>		<b>2,673,511</b>	<b>2,484,562</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	5,050,000	5,050,000
Share premium	16	6,283,499	6,283,499
Movement on foreign exchange	16	(1,197,090)	(1,081,389)
Deficit	16	(7,462,898)	(7,767,548)
<b>TOTAL EQUITY</b>		<b>2,673,511</b>	<b>2,484,562</b>

The notes form part of these financial statements

The financial statements were approved by the Board of Directors on 30 September 2019 and were signed on its behalf by:

  
U. C. Bariuan – Director

Registered number: 4757516

## **ABS-CBN Europe Limited**

### **Notes to the financial statements for the year ended 31 December 2018**

#### **1. Authorisation of financial statements and statement of compliance with FRS 101**

The financial statements of ABS-CBN Europe Limited (the Company) for the year ended 31 December 2018 were authorised for issue by the board of directors on 30 September 2019 and the balance sheet was signed on the board's behalf by L C Bariuan. ABS-CBN Europe Limited is incorporated and domiciliated in England and Wales

These financial statements were prepared in accordance with Financial Reporting Standard 101 (FRS 101), *Reduced Disclosure Framework* and in accordance with applicable accounting standards. The Company's financial statements are presented in Sterling and all values are rounded to the nearest pounds (£), except when otherwise indicated.

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 has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of ABS-CBN Global Limited. 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. The financial statements of the ultimate parent can be made available upon request from the Lopez Holdings office.

The principal accounting policies adopted by the Company are set out in Note 2.

#### **2. Accounting Policies**

##### **Basis of Preparation**

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.

##### *Disclosure exemptions*

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard and the Company's immediate parent undertaking, ABS-CBN Global Limited, was notified of and did not object to the use of disclosure exemptions:

- a) the requirements of IFRS 7, *Financial Instruments: Disclosures*;
- b) the requirements of IAS 7, *Statement of Cash Flows*;
- c) the requirements of paragraph 17 of IAS 24, *Related Party Disclosures*;

## ABS-CBN Europe Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 2. Accounting Policies (Continued)

- d) the requirements in IAS 24, *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- e) the requirements of paragraphs 10(d), 10(f), 39(c), 111 and 134-136 of IAS 1, *Presentation of Financial Statements*; and
  - i. the requirement in paragraph 38 of IAS 1, *Presentation of Financial Statements* to present comparative information in respect of:
    - (i) paragraph 79(a)(iv) of IAS 1;
    - (ii) paragraph 73(e) of IAS 16, *Property, Plant and Equipment*; and
    - (iii) paragraph 118 of IAS 38, *Intangible Assets*

The Company's financial statements are prepared in Sterling pound (£) as the directors regard this as the Company's functional currency.

The financial statements are prepared under the historical cost convention except where FRS 101 requires items to be account for at fair value.

#### **Judgements and Key Sources of Estimation Uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial estimates and related notes. However, the nature of estimation means that actual outcome could differ from those estimates.

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

*Operating Leases.* The evaluation whether an arrangement contains a lease is based on its substance. An arrangement is, or contains a lease when the fulfillment of the arrangement depends on specific asset or assets and the arrangement conveys the right to use the asset.

The Company has entered into operating lease arrangements as a lessee. Due to the length of the lease period, management has determined that all significant risks and benefits of ownership of these properties which the Company leases under operating lease arrangements remains with the lessor.

*Taxation.* Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note 8.

*Determination of Functional Currency.* Management has determined that is functional currency is Sterling. Sterling is the currency of the primary economic environment in which the Company operates and is also the primary currency that mainly influences the sale of services as well as the costs of providing such services.



## ABS-CBN Europe Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 2. Accounting Policies (Continued)

*Estimating Allowance for Doubtful Accounts Prior to 2018.* The Company reviews its receivables, including unbilled receivables, at each financial reporting date to assess whether an allowance for impairment should be recorded in the statement of comprehensive income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes in the allowance.

*Estimating Allowance for Doubtful Accounts After 2018.*

a. *Definition of Default and Credit-Impaired Financial Assets.* Upon adoption of IFRS 9, the Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- Quantitative Criteria. The borrower is generally more than 90 days past due on its contractual payments, which is consistent with the Company's definition of default.
- Qualitative Criteria. The borrower meets unlikelihood to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
  - a. The borrower is experiencing financial difficulty or is insolvent;
  - b. The borrower is in breach of financial covenant(s); or
  - c. It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Company's ECL calculation.

b. *Simplified Approach for Trade and Other Debtors.* The Company uses a provision matrix to calculate ECLs for trade and other debtors. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

c. *Macro-economic Forecasts and Forward-looking Information.* Macro-economic forecasts are determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

## ABS-CBN Europe Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 2. Accounting Policies (Continued)

The Company takes into consideration different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

*Impairment of Investments.* The Company assesses impairment on investment in its subsidiaries whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Company recognises an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Impairment loss is recorded if the enterprise value is lower than the carrying amount. The recoverable amount of the cash-generating unit is its value-in-use. Value-in-use is determined using cash flow projections which were based on financial budgets approved by the subsidiaries' senior management covering a five-year period. Further details are contained in Note 10.

#### Significant Accounting Policies

##### Foreign currency translation

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. Assets and liabilities of foreign operations are translated to the presentation currency using the exchange rate at balance sheet date. Income statement accounts are translated using the monthly weighted average rate. All foreign exchange differences are taken to the statement of comprehensive income in the year in which they arise, with the exception of differences on the retranslation of overseas branches which are taken directly to reserves.

##### Tangible Fixed Assets

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes cost directly attributable to making the asset capable of operating as intended.

## ABS-CBN Europe Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 2. Accounting Policies (Continued)

Depreciation and amortisation are computed on a straight-line method over the useful lives of property and equipment. The useful lives of the Company's property and equipment are estimated as follows:

Asset type	
Improvements to property	Lease term or useful life of over 5 years, whichever is shorter
Office furniture and fixtures	Over 3 years
Motor vehicles	Over 5 years
Computer equipment	Over 5 years

The carrying values of property and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required, these are made prospectively.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year of derecognition.

#### Investments

Investment in subsidiaries are held at historical cost less any applicable provision for impairment.

#### Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that tangible fixed assets and investments may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

## ABS-CBN Europe Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 2. Accounting Policies (Continued)

##### Financial Instruments

*Date of Recognition.* Financial instruments are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Purchases or sale of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognised using trade date accounting.

##### *Initial Recognition and Subsequent Measurement prior to the Adoption of IFRS 9*

*Initial Recognition of Financial Instruments.* All financial instruments are initially recognised at fair value. The initial measurement of financial instruments includes transaction costs, except for securities at fair value through profit or loss (FVPL).

*Classification of Financial Instruments.* The Company classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, loans and receivables and available-for-sale (AFS) financial instruments. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities at amortised cost. The classification depends on the purpose for which the instruments were acquired and whether they are quoted in an active market. Management determines the classification of its investment at initial recognition and, where allowed and appropriate, re-evaluates this classification of its investment at every financial reporting date.

*Loans and Receivables.* Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

*Other Financial Liabilities.* Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, as well as through the amortisation process.

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

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the loss is recognised in the statement of comprehensive income.

## ABS-CBN Europe Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 2. Accounting Policies (Continued)

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

If, in a subsequent year, 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. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*Trade and other Debtors.* For trade debtors carried at amortised cost, the Company first assesses whether an objective evidence of impairment exists for financial assets that are individually significant. If there is an objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that an impairment loss on trade and other debtors carried at amortised cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Impaired debts are derecognised when they are assessed as uncollectible.

The carrying amount of the asset is reduced either directly or through use of an allowance account and the amount of loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. If in case the receivable has proven to have no realistic prospect of future recovery, any allowance provided for such receivable is written off against the carrying value of the impaired receivable.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the statement of comprehensive income. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### *Initial Recognition and Subsequent Measurement Upon Adoption of IFRS 9*

##### Financial Assets

*Initial Recognition and Measurement of Financial Assets.* Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI (FVOCI), and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the

## ABS-CBN Europe Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 2. Accounting Policies (Continued)

Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

*Subsequent Measurement.* For purposes of subsequent measurement, financial assets are classified in four categories: financial assets at amortised cost (debt instruments), financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVPL.

*Financial Assets at Amortised Cost (Debt Instruments).* The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

*Impairment of Financial Assets.* The Company recognises an ECL for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash, the Company applies a general approach in calculating ECLs. The Company recognises a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash in banks since initial recognition.

## ABS-CBN Europe Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 2. Accounting Policies (Continued)

For trade and other debtors, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Financial Liabilities

*Initial Recognition and Measurement.* Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

*Subsequent Measurement.* After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss. This category generally applies to interest-bearing loans and borrowings.

#### Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognised when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset.

## ABS-CBN Europe Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 2. Accounting Policies (Continued)

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

*Financial Liabilities.* A financial liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

#### Offsetting Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

#### Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations without any deduction for transaction costs.

For certain financial instruments which are not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all cost incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred for marketing and distribution.

#### Cash

Cash in the balance sheet comprise cash in banks and on hand.

#### Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax liability arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.



## **ABS-CBN Europe Limited**

### **Notes to the financial statements for the year ended 31 December 2018**

#### **2. Accounting Policies (Continued)**

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

#### **Revenue Recognition**

Prior to adoption of IFRS 15, revenue is recognised to the extent that is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

Upon adoption of IFRS 15, revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements because it typically controls the services before transferring them to the customers and no adjustments were required upon adoption of IFRS 15.

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.

Advertising revenue is recognised as income at a point in time on the dates the advertisements are aired, net of agency commissions and incentives.

Sale of goods is recognised when delivery has taken place and control has been transferred.

## ABS-CBN Europe Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 2. Accounting Policies (Continued)

Sponsorship income is recognised at a point in time at the fair value of the sponsorship received or receivable.

Gate receipts are recognised at a point in time when tickets are used or expired.

##### 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.

##### Operating Leases

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

#### 3. Turnover

Turnover recognised in the Statement of Comprehensive Income is analysed as follows:

	2018 £	2017 £
Subscription revenue	3,291,289	3,524,610
Gate receipts	261,375	103,205
Sponsorship income	239,996	29,350
Advertising revenue	155,945	85,111
Sale of goods	68,291	80,647
Others	306,373	285,390
	<b>4,323,269</b>	<b>4,108,313</b>

Others include sponsorship income from the Company's theatrical releases and for various events held in the United Kingdom.

An analysis of turnover by geographical market is given below:

	2018	2017
United Kingdom	55.50%	55.80%
Italy	12.98%	13.27%
Spain	3.90%	4.35%
Ireland	3.86%	4.13%
Norway	3.86%	3.92%
Rest of Europe	19.90%	18.53%
	<b>100.00%</b>	<b>100.00%</b>

# **ABS-CBN Europe Limited**

## **Notes to the financial statements for the year ended 31 December 2018**

### **4. Operating Profit**

The operating profit is stated after charging the following:

	2018 £	2017 £
Impairment of fixed asset investment	–	421,000
Depreciation - owned assets	21,231	24,361
Auditors' remuneration – audit services	34,372	33,231
– tax services	4,452	2,100
Net foreign exchange loss (gain)	76,340	(80,349)
Operating leases - Land and buildings	164,189	112,386
<b>Directors' emoluments and other benefits etc.</b>	<b>133,684</b>	<b>126,836</b>

### **5. Auditors' Remuneration**

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2018 £	2017 £
Audit of the financial statements	35,034	41,969
Tax compliance services	3,400	3,400
	<b>38,434</b>	<b>45,369</b>

### **6. Staff Costs**

	2018 £	2017 £
Wages and salaries	513,403	451,611
Social security costs	50,619	40,575
Other pension costs	43,007	16,923
	<b>607,029</b>	<b>509,109</b>

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

	2018 Number	2017 Number
Management	2	1
Finance	1	1
Human resources and administration	–	1
Information technology	1	1
Marketing	2	2
Sales	2	2
Technical operation	1	1
News production	1	1
	<b>10</b>	<b>10</b>

# **ABS-CBN Europe Limited**

## **Notes to the financial statements for the year ended 31 December 2018**

### **7. Interest Payable And Similar Charges**

	2018 £	2017 £
Bank service charges	8,103	7,380

### **8. Tax on ordinary activities**

#### **Analysis of the tax charge**

#### a. Tax charged in the statement of comprehensive income

	2018 £	2017 £
Current tax:		
Tax on ordinary activities	–	–
	–	–

#### b. Tax liability recognised in the balance sheet

	2018 £	2017 £
Creditors:		
Trade and other creditors	–	–
	–	–

#### c. Reconciliation of the total tax charge

The charge for the year can be reconciled to the profit per statement of comprehensive income as follow:

	2018 £	2017 £
Profit on ordinary activities before tax	304,650	391,755
Tax on profit at standard UK rate of 19% (2017: 19%)	57,883	75,413
Effect of:		
Expenses not deductible	9,766	93,444
Effects of group relief/other reliefs	(18)	(28)
Amounts not recognised	(67,631)	(168,829)
	–	–

# **ABS-CBN Europe Limited**

## **Notes to the financial statements for the year ended 31 December 2018**

### **8. Tax on ordinary activities (Continued)**

#### **d. Unrecognised tax losses**

The Company has losses available for carry forward of approximately £5,295,941 and £5,657,596 in 2018 and 2017, respectively. No deferred tax asset has been recognised in respect of these losses as the criteria for recognising that asset is not met.

### **9. Tangible Fixed Assets**

	Improvements to Property £	Office Furniture and Fixtures £	Motor Vehicles £	Computer Equipment £	Totals £
<b>COST</b>					
At 1 January 2018	117,504	15,117	14,466	384,430	531,517
Additions	–	–	–	1,885	1,885
At 31 December 2018	117,504	15,117	14,466	386,315	533,402
<b>ACCUMULATED DEPRECIATION</b>					
At 1 January 2018	(75,187)	(15,109)	(14,466)	(356,506)	(461,268)
Charge for year	(11,822)	–	–	(9,409)	(21,231)
Translation adjustment	–	–	–	(48)	(48)
At 31 December 2018	(87,009)	(15,109)	(14,466)	(365,963)	(482,547)
<b>NET BOOK VALUE</b>					
At 31 December 2018	30,495	8	–	20,352	50,855
At 31 December 2017	42,317	8	–	27,924	70,249

# **ABS-CBN Europe Limited**

## **Notes to the financial statements for the year ended 31 December 2018**

### **10. Fixed Asset Investments**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2018	2,138,946
Additions for the year	–
At 31 December 2018	2,138,946
<b>ACCUMULATED IMPAIRMENT</b>	
At 1 January 2018	1,216,000
Impairment loss for the year	–
At 31 December 2018	1,216,000
<b>NET BOOK VALUE</b>	
<b>At 31 December 2018</b>	<b>922,946</b>
At 31 December 2017	922,946

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

Address: 2-405 Imperial Roppongi, 5-16-52 Roppongi Minato-ku, Tokyo, Japan 106-0032

Nature of business: Provision of satellite services

% of holding: 100.00

Class of shares: Ordinary Japanese Yen

	2018 £	2017 £
Assets	946,723	948,257
Liabilities	(2,449,897)	(2,422,609)
	<b>(1,503,174)</b>	<b>(1,474,352)</b>

#### **ABS-CBN Europe Remittance Limited**

Country of incorporation: United Kingdom

Address: 117 Earls Court Road, London SW59RL

Nature of business: Remittance of money from United Kingdom to the Philippines

% of holding: 100.00

Class of shares: Ordinary Shares £1 each

	2018 £	2017 £
Assets	350,001	1,728,751
Liabilities	(20)	(1,356,198)
	<b>349,981</b>	<b>372,553</b>

## ABS-CBN Europe Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 11. Trade and Other Debtors

	2018 £	2017 £
Trade debtors	511,384	518,044
Amounts owed by group undertakings	5,501,442	5,248,214
Other debtors	87,472	186,901
Prepayments and deferred income	70,105	94,478
VAT	14,140	9,525
	<b>6,184,543</b>	<b>6,057,162</b>

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

#### 12. Trade and Other Creditors

	2018 £	2017 £
Trade creditors	84,343	38,837
Amounts owed to group undertakings	3,580,585	4,485,241
Social security and other taxes	724	523
Other creditors	908,286	1,031,764
Accrued expenses	822,337	589,608
	<b>5,396,275</b>	<b>6,145,973</b>

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

#### 13. Operating Lease Commitments

The Company has an existing commercial lease covering its office space. The operating lease was entered into in 2011 and has a term of 10 years. There are no restrictions placed upon the lessee by entering into this lease.

At 31 December 2018, the Company had minimum lease payments under non-cancellable operating lease as follows:

	2018 £	2017 £
Within one year	38,124	38,103.43
Between one and five years	50,832	88,908.01
	<b>88,956</b>	<b>127,011.44</b>

## ABS-CBN Europe Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 14. Pension Commitments

The Company operates a defined 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 £43,007 (2017: £16,923). Contributions totaling £54,100 (2017: £31,773) were payable to the fund at the balance sheet date.

#### 15. Called Up Share Capital

Authorised, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
5,050,000	Ordinary	£1	£5,050,000	£5,050,000

#### 16. Reserves

##### *Called up share capital*

The balance on the called up share capital account represents the aggregate nominal value of all ordinary shares in issue.

##### *Share Premium*

The balance of the share premium account represents the proceeds received in excess of par value of the shares issued, less any incremental cost directly attributable to the issuance.

##### *Movement on foreign exchange*

The foreign currency translation reserve is used to record the currency fluctuations in relation to the translation of the foreign currency branches.

##### *Deficit*

The balance held on this reserve is the accumulated losses of the Company.

#### 17. Related Party Disclosures

During the year, charges for license fees amounting to £1,200,946 were received from ABS-CBN Hungary KFT. At year-end, £499,103 was payable to ABS-CBN Hungary KFT, 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 paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

#### 18. Parent and Ultimate Controlling Party

The immediate parent company is ABS-CBN Global Limited. The 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. The financial statements of the ultimate parent can be made available upon request from the Lopez Holdings office.