

---

**ABS-CBN EUROPE LIMITED**

---

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**ABS-CBN EUROPE LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	L J C Bariuan J A A Garcia R L Lopez
<b>Company secretary</b>	L J C Bariuan
<b>Registered number</b>	04757516
<b>Registered office</b>	ABS-CBN Europe Limited 117 Earl's Court Road London SW5 9RL
<b>Independent auditor</b>	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 25 Moorgate London EC2R 6AY
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP

---

**ABS-CBN EUROPE LIMITED**

---

**CONTENTS**

---

	Page
<b>Directors' Report</b>	<b>1</b>
<b>Directors' Responsibilities Statement</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3 - 5</b>
<b>Statement of Comprehensive Income</b>	<b>6</b>
<b>Balance Sheet</b>	<b>7 - 8</b>
<b>Statement of Changes in Equity</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>10 - 33</b>

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

The directors present their report and the financial statements for the year ended 31 December 2019.

**Directors**

The directors who served during the year were:

L J C Bariuan  
J A A Garcia  
R L Lopez

**Qualifying third party indemnity provisions**

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.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies' note**

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

**J A A Garcia**  
Director

Date: 24 December 2020

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

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 statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 judgements and accounting estimates that are reasonable and prudent; 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 adequate 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.

## 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 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss 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. 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.

---

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABS-CBN EUROPE LIMITED (CONTINUED)

---

### Other information

The other information comprises the information included in the Directors' Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinion on other matters 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 (CONTINUED)

---

### **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: [www.frc.org.uk/auditorsresponsibilities](http://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.

Nicholas Jacques (Senior Statutory Auditor)

for and on behalf of

**Nexia Smith & Williamson**

Chartered Accountants

Statutory Auditor

25 Moorgate

London

EC2R 6AY

24 December 2020



ABS-CBN EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	6,201,934	4,323,269
Cost of sales		(2,579,121)	(1,513,658)
<b>Gross profit</b>		<b>3,622,813</b>	<b>2,809,611</b>
Administrative expenses		(3,516,934)	(2,351,890)
Other operating charges		-	(145,061)
<b>Operating profit</b>	5	<b>105,879</b>	<b>312,660</b>
Amounts written off investments		(354,352)	-
Interest receivable and similar income		3	93
Interest payable and expenses	9	(8,570)	(8,103)
<b>(Loss)/profit before tax</b>		<b>(257,040)</b>	<b>304,650</b>
Tax on (loss)/profit	10	-	-
<b>(Loss)/profit for the financial year</b>		<b>(257,040)</b>	<b>304,650</b>
<b>Other comprehensive income:</b>			
Exchange difference in retranslation of foreign branch		(43,143)	(115,701)
<b>Total comprehensive income for the year</b>		<b>(300,183)</b>	<b>188,949</b>

The notes on pages 10 to 33 form part of these financial statements.

**ABS-CBN EUROPE LIMITED**  
**REGISTERED NUMBER:04757516**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	As restated 2018 £
<b>Fixed assets</b>			
Intangible assets	11	5,829	-
Tangible assets	12	79,443	50,855
Investments	13	571,255	922,946
		<u>656,527</u>	<u>973,801</u>
<b>Current assets</b>			
Stocks	14	38,858	67,227
Debtors: amounts falling due within one year	15	7,097,192	5,989,968
Cash at bank and in hand	16	498,922	844,215
		<u>7,634,972</u>	<u>6,901,410</u>
Creditors: amounts falling due within one year	17	(5,903,311)	(5,201,700)
<b>Net current assets</b>		<u>1,731,661</u>	<u>1,699,710</u>
Creditors: amounts falling due after more than one year	19	(14,860)	-
<b>Net assets</b>		<u><u>2,373,328</u></u>	<u><u>2,673,511</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	5,050,000	5,050,000
Share premium account	21	6,283,499	6,283,499
Foreign exchange reserve	21	(1,240,233)	(1,197,090)
Profit and loss account	21	(7,719,938)	(7,462,898)
<b>Total equity</b>		<u><u>2,373,328</u></u>	<u><u>2,673,511</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**J A A Garcia**  
Director

Date: 24 December 2020

---

**ABS-CBN EUROPE LIMITED**  
**REGISTERED NUMBER:04757516**

---

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2019**

---

The notes on pages 10 to 33 form part of these financial statements.

ABS-CBN EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2018</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>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	304,650	304,650
Exchange difference in retranslation of foreign branch	-	-	(115,701)	-	(115,701)
<b>At 1 January 2019</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>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(257,040)	(257,040)
Exchange difference in retranslation of foreign branch	-	-	(43,143)	-	(43,143)
<b>At 31 December 2019</b>	<b>5,050,000</b>	<b>6,283,499</b>	<b>(1,240,233)</b>	<b>(7,719,938)</b>	<b>2,373,328</b>

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

---

**1. General information**

ABS-CBN Europe Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 04757516). The registered office address is 117 Earl's Court Road, London, SW5 9RL.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
- 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.

**2.3 Exemption from preparing consolidated financial statements**

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

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

---

**2. Accounting policies (continued)**

**2.4 Changes in accounting policy and disclosures**

(a) New and amended Standards and Interpretations adopted by the Company

IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019 and has had a material impact on the Company's financial statements – see note 17.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the Company's financial statements, aside from those included in 2.6 relating to the new accounting framework adopted.

**2.5 Going concern**

The financial statements have been prepared on a going concern basis.

The directors have carefully reviewed the future prospects of the Company and its future performance, including an assessment of the potential impact of the COVID-19 pandemic. The business has experienced reductions in revenue, largely due to the business not being able to hold events during 2020 as a result of the pandemic. However, the business has been able to adapt its cost base accordingly to ensure the business can continue to trade profitably. The directors have prepared cash flow forecasts covering for the foreseeable future period and having assessed these the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from signing of these financial statements.

**2.6 Impact of new international reporting standards, amendments and interpretations**

The Group and the Company have adopted "IFRS 16 "Leases" for the first time this period. This new standard required additional disclosures which have been provided in note 17.

**2.7 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses arising from the retranslation of overseas branches are recognised in the foreign exchange reserve.

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

---

2. Accounting policies (continued)

2.8 Revenue

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 is 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 annual basis, with a complete months 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.

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

Gate receipts are recognised when tickets are used or expired.

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

---

**2. Accounting policies (continued)**

**2.9 Leases**

*Accounting policy applicable before 1 January 2019*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. These leases are recognised in the Balance Sheet. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

*Accounting policy applicable from 1 January 2019*

IFRS 16 was adopted as at 1 January 2019 without restatement of comparative figures.

A right-of-use asset and a lease liability has been recognised for all leases except leases of low value assets, which are considered to be those with a fair value below £4,500, and those with a duration of 12 months or less. These are further explained in note 13. The right-of-use asset has been measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

After initial measurement, any payments made will reduce the liability and the interest accrued will increase it. Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

**2.10 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Trademark	-	3	years
-----------	---	---	-------



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

---

**2. Accounting policies (continued)**

**2.11 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Improvements to property	- Lease term or useful life of over 5 years, whichever is shorter
Motor vehicles	- Over 5 years
Office furniture and fixtures	- Over 3 years
Computer equipment	- Over 5 years
Right-of-use asset	- Over lease term

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.12 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.13 Impairment of non-financial assets**

At each balance sheet date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related asset) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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

---

**2. Accounting policies (continued)**

**2.14 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.15 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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

---

2. Accounting policies (continued)

2.16 Financial instruments

*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, and subsequently measured at amortised, fair value through OCI (FVOCI), and FVPL.

The classification of financial assets at initial recognition depends on the financial assets' 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 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 required 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 and 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.

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

---

2. Accounting policies (continued)

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.

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 part of a financial asset or 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.

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

---

**2. Accounting policies (continued)**

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 assets nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

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 give 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 amount and there is an intention to settle on a net basis, or to realise the assets 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 market 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.

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

---

2. Accounting policies (continued)

2.17 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

---

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors consider that the key sources of estimation uncertainty in preparing the financial statements are:

*Estimating allowance for doubtful debts*

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:

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

b) Simplified approach for trade and other debtors:

The Company uses a provision matrix to calculate expected credit losses ("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 changed in the forward-looking estimates are analysed.

The assessment of the correlation between historical and 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 customers' actual default in the future.

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

3. Judgements in applying accounting policies (continued)

*Discount rate - IFRS 16*

Leases are discounted using the Company's incremental borrowing rate as at 1 January 2019. The Company's borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted average rate was estimated to be 3.75%.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Subscription revenue	3,033,747	3,291,290
Gate receipts	420,358	261,375
Sponsorship income	273,602	239,996
Others	2,092,527	306,372
Advertising revenue	315,076	155,945
Sale of goods	66,624	68,291
	<u>6,201,934</u>	<u>4,323,269</u>

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

4. Turnover (continued)

An analysis of turnover by geographical market is given below:

	2019 %	2018 %
United Kingdom	37	55
Italy	42	13
Spain	3	4
Ireland	2	4
Norway	3	4
Rest of Europe	13	20
	<u>100</u>	<u>100</u>



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

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	57,223	21,231
Exchange differences	474,124	76,340
Defined contribution pension cost	<u>26,333</u>	<u>43,007</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>23,000</u>	<u>35,034</u>

**Fees payable to the Company's auditor and its associates in respect of:**

Taxation compliance services	<u>3,000</u>	<u>3,400</u>
------------------------------	--------------	--------------

7. Employees

	2019 £	2018 £
Wages and salaries	412,191	516,944
Social security costs	65,601	50,619
Cost of defined contribution scheme	26,333	43,007
	<u>504,125</u>	<u>610,570</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
	<u>9</u>	<u>10</u>

ABS-CBN EUROPE LIMITED

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

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	152,304	142,543
Company contributions to defined contribution pension schemes	6,500	5,782
	<u>158,804</u>	<u>148,325</u>

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	6,027	8,103
Interest on lease liabilities	2,543	-
	<u>8,570</u>	<u>8,103</u>

10. Taxation

	2019 £	2018 £
Total current tax	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

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

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19 %). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	<u>(257,040)</u>	<u>304,650</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(48,838)	57,883
<b>Effects of:</b>		
Expenses not deductible for tax purposes	68,502	9,766
Group relief	-	(18)
Amounts not recognised	(19,664)	(67,631)
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The Company has losses available for carry forward of approximately £5,191,867 (2018: £5,295,941). No deferred tax asset has been recognised in respect of these losses as the criteria for recognising that asset has not been met.

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

11. Intangible assets

	Trademark £
<b>Cost</b>	
At 1 January 2019	-
Additions	5,829
At 31 December 2019	<u>5,829</u>
<b>Net book value</b>	
At 31 December 2019	<u><u>5,829</u></u>
<i>At 31 December 2018</i>	<u><u>-</u></u>

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

12. Tangible fixed assets

	Improvements to property £	Motor vehicles £	Office furniture and fixtures £	Computer equipment £	Right-of-use asset £	Total £
<b>Cost</b>						
At 1 January 2019	117,504	14,466	15,117	386,315	-	533,402
Adjustment on adoption of IFRS 16	-	-	-	-	86,050	86,050
Disposals	-	-	(72) )	(6,770 )	-	(6,842 )
	117,504	14,466	15,045	379,545	86,050	612,610
At 31 December 2019						
<b>Depreciation</b>						
At 1 January 2019	87,009	14,466	15,109	365,963	-	482,547
Charge for the year	11,821	-	-	9,792	35,610	57,223
Disposals	-	-	(72) )	(6,531 )	-	(6,603 )
	98,830	14,466	15,037	369,224	35,610	533,167
At 31 December 2019						
<b>Net book value</b>						
At 31 December 2019	18,674	-	8	10,321	50,440	79,443
At 31 December 2018	30,495	-	8	20,352	-	50,855

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

13. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2019	2,138,946
Additions	2,661
At 31 December 2019	2,141,607
<b>Impairment</b>	
At 1 January 2019	1,216,000
Charge for the period	354,352
At 31 December 2019	1,570,352
<b>Net book value</b>	
At 31 December 2019	571,255
<b>At 31 December 2018</b>	922,946

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
ABS-CBN Japan Inc.	2-405 Imperial Roppongi, 5-16-52 Roppongi Minato-ku, Tokyo, Japan 106-0032	Ordinary	100 %
ABS-CBN Europe Remittance Limited	117 Earl's Court Road, London, SW5 9RL	Ordinary	100 %
ABS-CBN Spain SLU	Paseo de la Castellana 200 28046 Madrid, Spain	Ordinary	100 %

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

14. Stocks

	2019	2018
	£	£
Finished goods and goods for resale	<u>38,858</u>	<u>67,227</u>

15. Debtors

	2019	As restated 2018
	£	£
Trade debtors	514,379	316,809
Amounts owed by group undertakings	6,367,307	5,501,442
Other debtors	158,118	87,472
Prepayments and accrued income	57,388	70,105
VAT	-	14,140
	<u>7,097,192</u>	<u>5,989,968</u>

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

16. Cash and cash equivalents

	2019	2018
	£	£
Cash at bank and in hand	<u>498,922</u>	<u>844,215</u>

---

ABS-CBN EUROPE LIMITED

---

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

---

17. Creditors: Amounts falling due within one year

	2019	<i>As restated</i>
	£	2018 £
Trade creditors	205,947	84,343
Amounts owed to group undertakings	4,560,936	3,580,585
Other taxation and social security	102,721	724
Lease liabilities	37,734	-
Other creditors	469,603	713,711
Accruals and deferred income	526,370	822,337
	<u>5,903,311</u>	<u>5,201,700</u>

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



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

**18. Leases**

IFRS 16 eliminates the classification for lessees of leases as operating leases or finance leases and treats all in a similar way to finance leases. It replaced IAS 17 Leases and related interpretations.

**i. Explanation of changes in accounting policies**

The details of the new accounting policies and the nature of the changes to previous accounting policies in relation to the group's goods and services are set out below:

<b>Type of lease</b>	<b>New accounting policy</b>	<b>Nature of change in the accounting policy</b>
Long-term property	Liabilities for such leases are recognised and measured at the present value of the remaining lease payments. For new leases these are discounted using the rate implicit in the lease when readily determinable, for other leases, including those at transition, these are discounted using the incremental borrowing rate ("IBR") relevant for the lease. The weighted average IBR applied to leases at 1 January 2019 was 3.75%. A right of use asset has been recognised using the retrospective approach as if the new rules had always been applied.	Under IAS 17, such lease payments were recognised on a straight-line basis over the lease term and the leases were effectively 'off balance sheet'
Short-term and low value leases	A practical expedient offered by IFRS 16 has been applied to not recognise a lease liability and right of use asset for such leases but to recognised payments on a straight-line basis over the lease term. Such leases are considered to either have a lease term of no more than 12 months or an underlying asset value of no more than £4,500	IFRS 16 did not have a significant impact on the group's accounting policies

**ii. Effect of adopting IFRS 16**

The Company has adopted IFRS 16 using the modified retrospective method (including appropriate practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2019). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

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

17. Leases (continued)

iii. Measurement of lease liability

	£
<b>Lease liability recognised at 1 January 2019</b>	
Operating lease commitments disclosed at 31 December 2018	88,956
Discounted using the incremental borrowing rate at 1 January 2019	86,050
Less: Short-term and low value leases recognised as an expense	-
Less: Long-term leases which end within 2019 accounted for as short-term leases	-
Lease liability recognised at 1 January 2019	<u>86,050</u>

19. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Lease liabilities	<u>14,860</u>	<u>-</u>

20. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
5,050,000 Ordinary shares of £1.00 each	<u>5,050,000</u>	<u>5,050,000</u>

21. Reserves

**Share premium account**

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

**Foreign exchange reserve**

The foreign exchange reserve represents the cumulative movements in foreign exchange.

**Profit and loss account**

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

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

**22. Prior year adjustment**

The deferred income and trade receivables balance as at 31 December 2018, were incorrectly overstated in the prior year accounts as a result of a difference identified between the Company's sales book and receivables balance. This amount was deemed material and a correction to the comparative has been made. The impact of this resulted in the reduction in deferred income and trade receivables by a total of £194,575 as at 31 December 2018. There was no impact on net assets as at 31 December 2018 or profit for the year ended 31 December 2018.

**23. Pension commitments**

The Company operates a defined contribution pension 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 £26,333 (2018: £43,007). Contributions totalling £27,753 (2018: £54,100) were payable to the fund at the reporting date.

**24. Commitments under operating leases**

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

	2019 £	2018 £
Not later than 1 year	-	38,124
Later than 1 year and not later than 5 years	-	50,832
	<u>-</u>	<u>88,956</u>

**25. Post balance sheet events**

On 11 March 2020 COVID-19 was declared a global pandemic by the World Health Organisation. On 23 March 2020 the UK went into lockdown and a number of restrictions remain in place at the date of signing these financial statements.

The full impact of the COVID-19 pandemic on the business remains uncertain and as a result unquantifiable at this stage.

Details of the going concern assessment is included under note 2.5 which summarises the assessment made by the Directors. COVID-19 is considered to be a non-adjusting event.

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

---

**26. Controlling party**

The immediate parent undertaking is ABS-CBN Global Limited, a company registered in the Cayman Islands.

The ultimate parent undertaking and controlling party is Lopez, Inc., a company registered in the Philippines.

The largest and smallest group of undertakings for which group accounts for the year ended 31 December 2019 have been drawn up, is that headed by ABS-CBN Corporation, which is a publicly listed entity in the Philippines. Copies of the group accounts are available from the ABS-CBN Corporation website at [www.ABS-CBN.com](http://www.ABS-CBN.com).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.