

**China Global Television Network
Europe Ltd.**

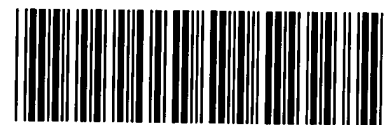
Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 10907141

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China Global Television Network Europe Ltd.

Company Information

Directors	Wei Gao Yunping Teng Guang Chen Kaiwei Zhang Yan Mei
Registered number	10907141
Registered office	11th Floor Building 7 Chiswick Park 566 Chiswick High Road London W4 5YG
Independent auditor	Blick Rothenberg Audit LLP 16 Great Queen Street Covent Garden London WC2B 5AH

China Global Television Network Europe Ltd.

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China Global Television Network Europe Ltd.

Strategic report For the Year Ended 31 December 2021

The directors of China Global Television Network Europe Ltd. ("the Company") present their Strategic report for the year ended 31 December 2021.

This review is prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed, the business review should not be relied upon by any other party or for any other purpose.

Business review

China Global Television Network Europe is a media production company, providing a broad range of full news media and television production services in the United Kingdom.

Based in London, the Company is staffed with international media professionals from around the world. Adhering to the principles of objectivity, rationality and balance in reporting, the Company endeavors to present information from diverse perspectives.

In 2021, the Company focused on creating high-quality content to form a brand in media industry and expanded the Company's awareness. In this regard, the Company launched a number of independently planned news products. The topics covered included but were not limited to the post-Brexit era in the UK, the post-pandemic era, global climate change, etc. The Company seeks to enhance brand awareness and influence with forward-looking perspectives and high-quality programming.

In the face of intense media market competition and an evolving media market, the Company focused heavily on applying technological innovations to strengthen the Company's competitiveness in the European market. The Company strengthened its research and conducted continuous tracking and research on new technologies, new program formats and new products in the global media, in order to provide a guarantee for improving the Company's product quality.

The Company achieved a net profit of £673,194 in 2021 (2020 - £1,177,746), a decrease of £504,552 (43%) over the previous year. The operating revenue for 2021 is £33,062,806 with an increase of £46,853 (-%) compared to 2020 (£33,015,953).

China Global Television Network Europe Ltd.

Strategic report (continued)
For the Year Ended 31 December 2021

Principal risks and uncertainties:

1) Business operation risks & uncertainty of the Company caused by COVID-19

COVID-19 as a new normal around the globe has made the company's measures for infection prevention and control a daily essential, bringing about much uncertainty and risks to the company's business operations. The majority of the population in the UK has received vaccinations, however, some new COVID-19 variants have taken off in certain areas in the country. In the meantime, sustained transmission of the coronavirus has been occurring across continental Europe. The company conducted regular office cleaning and disinfecting. Meanwhile, it has established its contingency plan and other working mechanisms in response to coronavirus. Judging from the overall trend in Europe, nevertheless, the practice of infection prevention and control will be a long-term endeavour, resulting in increasing costs regarding on time efficiency as well as finance in regards to the company's everyday business operations in the European area.

2) Risks & uncertainty due to the development of media industry

The media industry in Europe is a highly developed realm which leads global trends and is highly competitive. In response to this, the company is actively engaging in broadening its collaboration with local organisations, at the same time, expanding cooperation with partners. As the development of the media industry accelerates, businesses within the industry are exposed to more emerging technologies and new distribution channels than before. The application of new technologies and the expansion of distribution channels also increases the company's operation costs. The Company will conduct in-depth market investigations and research, specialising in digital technologies and platforms, to select products that better suit the Company.

3) Risks posed by GDPR and Information Security

The Company is now faced with more strict and elaborate regulations imposed by GDPR in the European area owing to the EU-UK Trade and Cooperation Agreement. Terms and requirements around GDPR, cyber and information security are constantly updating. The company is constantly monitoring the changes to stay informed of changes in related requirements.

Financial key performance indicators

The Company achieved a profit of £673,194 in 2021 (2020 - £1,177,746), a decrease of £504,552 (42%) over the previous year. The operating revenue for 2021 is £33,062,806 with an increase of £46,853 (1%) compared to 2020 (£33,015,953).

China Global Television Network Europe Ltd.

Strategic report (continued)
For the Year Ended 31 December 2021

Future development

In the face of an increasingly competitive media market, the Company's future strategy will be to strengthen content production, promote media convergence, and enhance team building on multiple levels to continue to enhance the Company's brand awareness, expand its presence in the European and global media markets, and increase its European audience base on social media platforms.

1) Enhance production capabilities and build high-quality content

To achieve this goal, the Company will continue to strengthen the capability of news gathering and production in the European region, further optimize the management, operation mechanism and process, to maximize effectiveness.

2) Update technical means and promote media convergence

In the future, the Company will use media convergence production as the basis to concentrate the resources of news gathering, editing and broadcasting as well as technology to improve the standard of audio-visual products; actively explore and try new technology to improve the quality of products; increase the brand promotion of original products to rapidly enhance the user recognition and loyalty of the Company. The Company will continue to explore new technologies, learn new theories, test new applications, and leverage video conferencing technology to make interview-type programs more easily and efficiently.

3) Expand team building and strengthen talent cultivation

To build a talented team, the Company has been continuously integrating high-quality recruitment advertising channels in the industry. For the time being, the Company's employees come from UK, France, Spain and Italy etc., with rich international media working experience. Quality team building brings the Company rich international media experience and a wide range of contacts and media resources.

In the future, the Company will continue to strengthen the international team building, actively expand local talent resources, establish a professional talent pool, and strive to build a team with high professional standards.

In addition, the Company will actively carry out full staff training, establish a more complete staff career development and training system, and continuously improve the overall level of the team's media integration skills. The Company will continue to promote the corporate culture of "trust, respect and cooperation" and promote team integration by conducting internal cultural exchange activities in an appropriate manner.

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


Yan Mei
Director

Date: 3 October 2022

China Global Television Network Europe Ltd.

Directors' report For the Year Ended 31 December 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Principal activity

The Company's principal activity is the production and broadcasting of television programmes.

Going concern

The Company reported a profit before tax for the year of £2,947,038 (2020 - £4,294,546) and has net assets of £11,506,312 (2020 - £10,833,118) at the year end. The directors have continually been assessing the impact of COVID-19 throughout the year, and have taken steps to help mitigate the risk to the Company where possible, including looking at cost reductions.

In undertaking their assessment, the directors have acknowledged the Company is dependent upon its immediate parent entity's ability to fulfil its obligations under the current service agreement. In assessing going concern, the directors have given due consideration to historical and current trading, together with forward looking projections.

The directors have reviewed the cash position of its immediate and ultimate parent entity, and believes that the parent entities will have sufficient financing to ensure cash flows for the next twelve months in order to provide financial support to the Company should it be required. As such, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. Based on this assessment the directors have prepared the accounts on a going concern basis.

Directors

The directors who served during the year were:

Wei Gao
Yunping Teng
Guang Chen
Ge Liu (resigned 27 July 2022)
Kaiwei Zhang

The directors appointed after the year end were:

Yan Mei (appointed 27 July 2022)

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, Blick Rothenberg Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

China Global Television Network Europe Ltd.

Directors' report (continued) For the Year Ended 31 December 2021

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

Yan Mei

Yan Mei
Director

Date: 3 October 2022

China Global Television Network Europe Ltd.

Directors' responsibilities statement For the Year Ended 31 December 2021

The directors are responsible for preparing the Strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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.

China Global Television Network Europe Ltd.

Independent Auditor's report to the Members of China Global Television Network Europe Ltd.

Opinion on the financial statements

We have audited the financial statements of China Global Television Network Europe Ltd. (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows 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 Financial Reporting Standard 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 2021 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

China Global Television Network Europe Ltd.

Independent Auditor's report to the Members of China Global Television Network Europe Ltd. (continued)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 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 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 Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

China Global Television Network Europe Ltd.

Independent Auditor's report to the Members of China Global Television Network Europe Ltd. (continued)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 6, 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the television and broadcasting industry;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

China Global Television Network Europe Ltd.

Independent Auditor's report to the Members of China Global Television Network Europe Ltd. (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected movements;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims; and

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available 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.



David Hough (Senior Statutory Auditor)
for and on behalf of Blick Rothenberg Audit LLP

Chartered Accountants
Statutory Audit
16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 3 October 2022

China Global Television Network Europe Ltd.

Statement of comprehensive income For the Year Ended 31 December 2021

		2021 £	As restated 2020 £
Turnover	5	33,062,806	33,015,953
Cost of sales		(21,185,960)	(20,593,994)
Gross profit		11,876,846	12,421,959
Administrative expenses		(8,500,628)	(7,728,349)
Operating profit	6	3,376,218	4,693,610
Interest receivable and similar income	10	-	360
Interest payable and similar expenses	11	(429,180)	(399,424)
Profit before tax		2,947,038	4,294,546
Tax on profit	12	(2,273,844)	(3,116,800)
Profit for the financial year		673,194	1,177,746

All activities are derived from continuing activities.

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 16 to 29 form part of these financial statements.

China Global Television Network Europe Ltd.

Registered number: 10907141

Statement of financial position As at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	14		1,448		39,114
Tangible assets	15		15,331,474		18,773,408
			<u>15,332,922</u>		<u>18,812,522</u>
Current assets					
Debtors: amounts falling due after more than one year	16	1,855,062		1,852,992	
Debtors: amounts falling due within one year	16	5,538,733		1,848,371	
Cash at bank and in hand	17	2,318,025		1,276,183	
		<u>9,711,820</u>		<u>4,977,546</u>	
Creditors: amounts falling due within one year	18	(4,512,302)		(3,919,761)	
Net current assets			<u>5,199,518</u>		<u>1,057,785</u>
Total assets less current liabilities			<u>20,532,440</u>		<u>19,870,307</u>
Creditors: amounts falling due after more than one year	19		(9,026,128)		(9,037,189)
Net assets			<u>11,506,312</u>		<u>10,833,118</u>
Capital and reserves					
Called up share capital	21		10,000		10,000
Capital contribution reserve	22		8,823,407		8,823,407
Profit and loss account	22		2,672,905		1,999,711
			<u>11,506,312</u>		<u>10,833,118</u>

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

Yan Mei

Yan Mei
Director

Date: 3 October 2022

The notes on pages 16 to 29 form part of these financial statements.

China Global Television Network Europe Ltd.

Statement of changes in equity For the Year Ended 31 December 2021

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	10,000	8,823,407	1,999,711	10,833,118
Comprehensive income for the year:				
Profit for the year	-	-	673,194	673,194
Total comprehensive income for the year			673,194	673,194
At 31 December 2021	10,000	8,823,407	2,672,905	11,506,312

Statement of changes in equity For the Year Ended 31 December 2020

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	10,000	8,823,407	912,779	9,746,186
Comprehensive income for the year				
Profit for the year	-	-	1,177,746	1,177,746
Total comprehensive income for the year			1,177,746	1,177,746
Dividends paid	-	-	(90,814)	(90,814)
At 31 December 2020	10,000	8,823,407	1,999,711	10,833,118

The notes on pages 16 to 29 form part of these financial statements.

China Global Television Network Europe Ltd.

Statement of cash flows For the Year Ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	673,194	1,177,746
Adjustments for:		
Amortisation of intangible assets	37,666	42,733
Depreciation of tangible assets	3,442,911	3,526,169
Interest paid	429,180	399,424
Interest received	-	(360)
Taxation charge	2,273,844	3,116,800
Increase in debtors	(3,566,212)	(559,354)
Increase/(decrease) in creditors	(127,556)	(7,132,832)
Corporation tax paid	(2,120,208)	(3,418,374)
Net cash generated from/(used in) operating activities	1,042,819	(2,848,048)
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(50,554)
Purchase of tangible fixed assets	(977)	(74,026)
Net cash used in investing activities	(977)	(124,580)
Cash flows from financing activities		
Dividends paid	-	(90,814)
Net cash used in financing activities	-	(90,814)
Net increase/(decrease) in cash and cash equivalents	1,041,842	(3,063,442)
Cash and cash equivalents at beginning of year	1,276,183	4,339,625
Cash and cash equivalents at the end of year	2,318,025	1,276,183
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,318,025	1,276,183

The notes on pages 16 to 29 form part of these financial statements.

China Global Television Network Europe Ltd.

Analysis of Net Debt For the Year Ended 31 December 2021

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	1,276,183	1,041,842	2,318,025
	<u>1,276,183</u>	<u>1,041,842</u>	<u>2,318,025</u>

The notes on pages 16 to 29 form part of these financial statements.

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021

1. General information

China Global Television Network Europe Ltd. is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company information page and the nature of the Company's operations and its principal activities are set out in the Directors' report.

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 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).

All amounts presented in these financial statements are in British Pounds Sterling ("GBP") and values are rounded to the nearest pound.

In the current financial year the allocation of income and expenditure, within the profit and loss account, has been brought into line with managements internal reporting treatment. The comparative profit and loss account has been restated to maintain consistency with the current year allocation. This change is solely presentational in nature and does not impact on net profit.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of China Global Television Network Corporation Limited as at 31 December 2021 and these financial statements may be obtained from Room 2210, Building 2, No.1 West Dawang Road, Chaoyang District, Beijing, China.

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.3 Going concern

The Company reported a profit before tax for the year of £2,947,038 (2020 - £4,294,546) and has net assets of £11,506,312 (2020 - £10,833,118) at the year end. The directors have continually been assessing the impact of COVID-19 throughout the year, and have taken steps to help mitigate the risk to the Company where possible, including looking at cost reductions.

In undertaking their assessment, the directors have acknowledged the Company is dependent upon its immediate parent entity's ability to fulfil its obligations under the current service agreement. In assessing going concern, the directors have given due consideration to historical and current trading, together with forward looking projections.

The directors have reviewed the cash position of its immediate and ultimate parent entity, and believes that the parent entities will have sufficient financing to ensure cash flows for the next twelve months in order to provide financial support to the Company should it be required. As such, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. Based on this assessment the directors have prepared the accounts on a going concern basis.

2.4 Revenue

Revenue represents income from the parent company and is recognised in the period to which services are performed.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.5 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 provided on the following basis:

Leasehold property	- over the lease period
Office equipment	- 5 years - straight line
Computer equipment	- 5 years - straight line

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 the Statement of comprehensive income.

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.6 Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic life, less any accumulated impairment losses.

Computer software, - 2 years - straight line

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from and to related parties.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The Company's cash at bank and in hand and trade and other debtors and its trade and other creditors are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentational 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 the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.13 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.14 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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 the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

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Notes to the financial statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.16 Current and deferred taxation

Tax is recognised in the Statement of comprehensive income, 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 reporting 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 Statement of financial position 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 reporting date.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021

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

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the Company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset, and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 15)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Prior year restatement

In the current period the directors have amended the allocation of expenses between cost of sales and administrative expenses to best reflect the nature of a transaction. As a result of this, the comparatives in the financial statements have been reclassified accordingly between administrative expenses and cost of sales for the purposes of comparability.

This has had no impact on the profit and loss or net asset balance in the 2020 year.

5. Turnover

The whole of the turnover is attributable to the Company's principal activity.

The turnover arose within China.

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Amortisation of intangible assets	37,666	42,733
Depreciation of tangible fixed assets	3,442,911	3,526,169
Exchange differences	287,546	35,896
Operating lease rentals	1,545,885	1,855,062

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>31,740</u>	<u>21,250</u>
Fees payable to the Company's auditor and its associates in respect of:		
Audit-related assurance services	-	3,750
	<u>-</u>	<u>3,750</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	13,189,376	11,344,465
Social security costs	3,064,791	1,286,264
Cost of defined contribution scheme	343,789	380,897
	<u>16,597,956</u>	<u>13,011,626</u>

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

	2021 No.	2020 No.
Management	7	6
Production	97	109
Administration	7	7
	<u>111</u>	<u>122</u>

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021.

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>894,595</u>	<u>649,583</u>

The highest paid director received remuneration of £454,253 (2020 - £290,098).

No pension contributions were made.

10. Interest receivable and similar income

	2021 £	2020 £
Interest receivable	<u>-</u>	<u>360</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Interest payable to group undertakings	<u>429,180</u>	<u>399,424</u>

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	279,924	1,193,119
Adjustments in respect of previous periods	-	199
Double taxation relief	-	(1,193,051)
	<u>279,924</u>	<u>267</u>
Foreign withholding tax	2,120,140	3,417,990
Total current tax	<u>2,400,064</u>	<u>3,418,257</u>
Deferred tax		
Fixed asset timing differences	(126,449)	(292,320)
Short term timing differences	229	(9,137)
Total deferred tax	<u>(126,220)</u>	<u>(301,457)</u>
Taxation on profit on ordinary activities	<u>2,273,844</u>	<u>3,116,800</u>

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>2,947,038</u>	<u>4,294,546</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	559,937	815,964
Effects of:		
Fixed asset differences	97,511	(548,150)
Expenses not deductible for tax purposes	-	657,663
Adjustments to tax charge in respect of prior periods	1,669	199
Adjustments to tax charge in respect of previous periods - deferred tax	-	(33,747)
Foreign tax credits	2,120,208	2,224,871
Remeasurement of deferred tax for changes in tax rates	(102,643)	-
Foreign tax expensed in the year	(402,838)	-
Total tax charge for the year	<u>2,273,844</u>	<u>3,116,800</u>

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021

13. Dividends

	2021 £	2020 £
Dividends paid	-	90,814

14. Intangible assets

	Computer software £
Cost	
At 1 January 2021	88,250
At 31 December 2021	88,250
Amortisation	
At 1 January 2021	49,136
Charge for the year	37,666
At 31 December 2021	86,802
Net book value	
At 31 December 2021	1,448
At 31 December 2020	39,114

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021

15. Tangible fixed assets

	Long-term leasehold property £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2021	7,800,968	614,716	14,810,374	23,226,058
Additions	-	977	-	977
At 31 December 2021	7,800,968	615,693	14,810,374	23,227,035
Depreciation				
At 1 January 2021	787,102	146,555	3,518,993	4,452,650
Charge for the year	513,215	116,784	2,812,912	3,442,911
At 31 December 2021	1,300,317	263,339	6,331,905	7,895,561
Net book value				
At 31 December 2021	6,500,651	352,354	8,478,469	15,331,474
At 31 December 2020	7,013,866	468,161	11,291,381	18,773,408

16. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	1,855,062	1,852,992
Due within one year		
Amounts owed by group undertakings	4,162,600	436,864
Other debtors	335,923	466,101
Prepayments	612,533	643,949
Deferred taxation	427,677	301,457
	5,538,733	1,848,371

Amounts owed by group undertakings are interest free and payable on demand.

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021

17. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	2,318,025	1,276,183

18. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	103,948	81,370
Amounts owed to group undertakings	828,604	399,424
Corporation tax	279,856	-
Taxation and social security	523,241	486,570
Other creditors	525,136	49,292
Accruals and deferred income	2,251,517	2,903,105
	4,512,302	3,919,761

All amounts owed to group companies are interest free and payable on demand.

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

	2021 £	2020 £
Amounts owed to group undertakings	6,859,305	6,612,718
Accruals and deferred income	2,166,823	2,424,471
	9,026,128	9,037,189

Amounts owed to group undertakings are subject to interest charged at 6.04% and due for repayment in full in 2023.

20. Deferred taxation

	2021 £
At beginning of year	301,457
Credited to profit or loss	(126,220)
At end of year	427,677

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021

20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	417,100	292,320
Short term timing differences	10,577	9,137
	<u>427,677</u>	<u>301,457</u>

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

22. Reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Capital contribution reserve

The capital contribution reserve contains cash received from the immediate parent undertaking that does not require repayment.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

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 £343,789 (2020 - £380,897). Contributions totalling £42,309 (2020 - £48,089) were payable to the fund at the reporting date and are included in creditors.

China Global Television Network Europe Ltd.

Notes to the financial statements For the Year Ended 31 December 2021

24. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	1,545,885	1,545,885
Later than 1 year and not later than 5 years	6,183,540	6,183,540
Later than 5 years	8,953,251	10,499,136
	<u>16,682,676</u>	<u>18,228,561</u>

25. Related party transactions

The Company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

26. Controlling party

The immediate parent undertaking company is China Global Television Network Corporation Limited, a company incorporated in China.

The smallest group for which consolidated financial statements are drawn up is headed by China Global Television Network Co., Ltd. The address of China Global Television Network Co., Ltd's registered office is Room 2210, Building 2, No.1 West Dawang Road, Chaoyang District, Beijing, China.

The ultimate controlling party is China Central Television, a company incorporated in China.