

Registered number: 4757516

ABS-CBN Europe Limited

**Report and financial statements
for the year ended 31 December 2013**



ABS-CBN Europe Limited
Company Information
for the Year Ended 31 December 2013

DIRECTORS:

R L Lopez
E B Garcia

COMPANY SECRETARY:

E B Garcia

REGISTERED NUMBER:

4757516

REGISTERED OFFICE:

117 Earls Court Road
London
SW59RL

AUDITORS:

Ernst & Young LLP
Barony House
Stoneyfield Business Park
Inverness
IV2 7PA

ABS-CBN Europe Limited

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for the Year Ended 31 December 2013**

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ABS-CBN Europe Limited
Strategic Report
for the Year Ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013

REVIEW OF BUSINESS

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

	2013 £	2012 £	Change %
Turnover	4,868,677	5,088,206	-4%
Total operating (loss)/profit from continuing operations	(67,421)	304,966	-122%
Profit/(loss) after tax	(75,630)	298,327	-125%
Shareholders' funds	2,045,379	2,217,688	-8%

Turnover decreased by 4% during the year which was caused by the net effect of decrease in subscription revenue, airtime revenue and increase in sponsorship income, merchandising revenue, gate receipts and online ad sales. The subscription revenue account is lower in 2013 by 4% compared to the 2012 balance due to the corresponding 4% decline in the Company's subscriber count versus prior year. The decline in the subscription revenue was triggered by the prominent problem of piracy wherein Filipinos abroad get to watch ABS-CBN TV programs and movies for free. According to one of the news in Los Angeles Times last 17 September 2013, online piracy of entertainment content kept soaring and has jumped 160% from 2010 to 2013. In addition, another study stated that the number of people engaging in copyright infringement has also grown dramatically. In January 2013, 327 million unique users illegally sought copyrighted content therefore generating 14 billion page views of websites focusing on piracy.

Airtime revenue for the year ended 31 December 2013, on the other hand, is significantly lower by 56% from its 2012 balance as a result of the shift in the advertisers' target market. The slow recovery of the UK economy affected the financial capacity of the Overseas Filipino Workers (OFW) in the region. USA's economy, however, grew at a rate of 3.2% that caused the growth in personal consumption expenditures of the OFWs in USA. Given this, major advertisers including real estate companies, preferred to market their product in USA than in UK.

From an operating profit from continuing operations in 2012, the Company incurred an operating loss for the year ended 31 December 2013. The decrease in the overall revenue of the Company and the corresponding increase in administrative expenses as a result of provisions for uncollectible receivables amounting to £185,170 contributed to the recorded operating loss of the Company. This significant increase was partially offset by the Company's savings from the reorganization of ABS-CBN Italy and the cessation of operations of ABS-CBN Spain starting September 2012.

ABS-CBN Europe Limited
Strategic Report (continued)
for the Year Ended 31 December 2013

FINANCIAL INSTRUMENTS

Price risk

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

Credit risk

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

Liquidity risk

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

Cash flow risk

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

RISKS AND UNCERTAINTIES

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

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

EXISTENCE OF BRANCHES IN EUROPE

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


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

ABS-CBN Europe Limited
Strategic Report (continued)
for the Year Ended 31 December 2013

However, due to the economic crisis experienced in various European countries, specifically in Spain, the Company decided to suspend its Spain branch starting September 2012 and transfers all its transactions to UK. In 2013, European countries, where services were previously provided by the Milan branch, were also transferred to UK office. As of 31 December 2013, the Milan office only processes the transactions of customers from Italy.

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

ON BEHALF OF THE BOARD:


E B Garcia – Director
Date 25 SEPT. 2014

ABS-CBN Europe Limited
Directors' report
for the Year Ended 31 December 2013

The directors present their report with the financial statements of the Company for the year ended 31 December 2013

PRINCIPAL ACTIVITY

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

DIRECTORS

The directors of the Company during the year were as follows

R L Lopez
E B Garcia

FUTURE DEVELOPMENTS

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

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

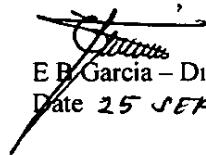
The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

ABS-CBN Europe Limited
Directors' report (continued)
for the Year Ended 31 December 2013

ON BEHALF OF THE BOARD:


E B Garcia – Director
Date 25 SEPT. 2014

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

We have audited the financial statements of ABS-CBN Europe Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

Opinion on the matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

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

Date *26 September 2014*

ABS-CBN Europe Limited
Profit and Loss Account
Continuing Operations
for the Year Ended 31 December 2013

		2013 £	2012 £
TURNOVER: Continuing Operations	Notes 2	4,868,677	5,088,206
Cost of sales		(2,405,283)	(2,484,474)
GROSS PROFIT		2,463,394	2,603,732
Administrative expenses		(2,668,466)	(2,449,120)
		(205,072)	154,612
Other operating income		137,651	150,354
OPERATING (LOSS) INCOME: Continuing Operations	3	(67,421)	304,966
Interest receivable and similar income		166	868
		(67,255)	305,834
Interest payable and similar charges	5	(8,375)	(7,507)
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(75,630)	298,327
Tax on ordinary activities	6	–	–
PROFIT (LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		(75,630)	298,327

Statement of Total Recognised Gains and Losses
For the Year Ended 31 December 2013

	2013 £	2012 £
Profit (loss) for the financial year	(75,630)	298,327
Exchange difference in retranslation of foreign branch	(96,679)	(43,596)
TOTAL GAINS (LOSS) RELATING TO THE YEAR	(172,309)	254,731

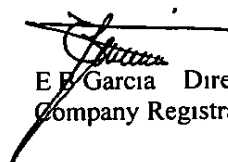
The notes form part of these financial statements

ABS-CBN Europe Limited

**Balance Sheet
31 December 2013**

	Notes	2013 £	2012 £
FIXED ASSETS			
Tangible assets	7	137,847	149,988
Investments	8	1,335,946	1,122,946
		1,473,793	1,272,934
CURRENT ASSETS			
Stocks		96,331	302,129
Debtors	9	2,588,325	2,093,037
Cash at bank		1,450,172	637,954
		4,134,828	3,033,120
CREDITORS			
Amounts falling due within one year	10	3,563,242	2,088,366
NET CURRENT ASSETS		571,586	944,754
TOTAL ASSETS LESS CURRENT LIABILITIES		2,045,379	2,217,688
CAPITAL AND RESERVES			
Called up share capital	13	5,050,000	5,050,000
Paid up capital		6,283,499	6,283,499
Movement on foreign exchange	14	(1,451,045)	(1,354,366)
Profit and loss account	14	(7,837,075)	(7,761,445)
SHAREHOLDERS' FUNDS		2,045,379	2,217,688

The financial statements were approved by the Board of Directors on 25 September 2014 and were signed on its behalf by


 E. B. Garcia Director
 Company Registration No 4757516

ABS-CBN Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

1 ACCOUNTING POLICIES

Basis of accounting

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

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

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

Accounting convention

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

Exemption from preparing consolidated financial statements

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

Cash flow statement

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

Turnover and revenue recognition

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

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

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

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

ABS-CBN Europe Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets

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

Asset Type	2013	2012
Improvements to property	Over 5 years	Over 5 years
Office furniture and fixtures	Over 3 years	Over 3 years
Motor vehicles	Over 5 years	Over 4 years
Computer equipment	Over 5 years	Over 3 years

Stocks

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

Deferred tax

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

Foreign currencies

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

Operating leases

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

Accounting for subsidiaries

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

Pensions

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

2. TURNOVER

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

An analysis of turnover by geographical market is given below.

ABS-CBN Europe Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

2. TURNOVER (continued)

	2013	2012
United Kingdom	80.66%	60.75%
Italy	19.34%	25.29%
Spain	–	13.96%
	100.00%	100.00%

3. OPERATING INCOME

The operating income is stated after charging/(crediting)

	2013	2012
	£	£
Depreciation - owned assets	27,993	62,634
Auditors' remuneration – audit services	37,700	26,944
– tax services	4,300	4,400
Foreign exchange differences	(144,679)	(78,078)
Operating lease charges Land and buildings	158,718	149,861
Directors' emoluments and other benefits etc	91,832	136,518

4. STAFF COSTS

	2013	2012
	£	£
Wages and salaries	776,173	768,340
Social security costs	88,490	88,786
Other pension costs	23,360	2,687
	888,023	859,813

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

	2013 Number	2012 Number
Management	1	1
Finance	3	4
Human Resources and Administration	1	1
Information Technology	2	1
Marketing	–	1
Sales	3	4
Customer Service	1	3
Technical Operation	1	1
News Production	1	1
	13	17

ABS-CBN Europe Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Bank loans and overdrafts	8,250	7,507
Others	125	—
	8,375	7,507

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2013 nor for the year ended 31 December 2012

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporate tax in the UK of 23.25% in 2013 and 20.25% in 2012. The differences are reconciled below

	2013	2012
	£	£
Profit (Loss) on ordinary activities before tax	(75,630)	298,327
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 20.25%)	(17,584)	59,665
Effect of		
Unrelieved tax losses carried forward	—	—
Expenses not deductible for tax	—	9,184
Other timing differences	—	(174)
Utilization of brought forward tax losses	22,599	(64,010)
Depreciation in excess of capital allowances	(5,015)	(4,665)
	—	—

The Company has losses available for carry forward of approximately £7,016,545 and £6,919,340 in 2013 and 2012, respectively. No deferred tax asset has been recognised in respect of these losses as the criteria for recognising that asset is not met.

ABS-CBN Europe Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

7. TANGIBLE FIXED ASSETS

	Improvements To Property	Office furniture And Fixtures	Motor vehicles	Computer Equipment	Totals
	£	£	£	£	£
COST					
At 1 January 2013	126,592	86,999	14,466	439,993	668,050
Additions	15,445	—	—	—	15,445
Disposals	—	—	—	—	—
Reclassification	(12,572)	—	—	12,572	—
Translation adjustment	40	1,124	—	633	1,797
At 31 December 2013	129,505	88,123	14,466	453,198	685,292
DEPRECIATION					
At 1 January 2013	26,516	67,524	14,465	409,557	518,062
Charge for year	12,280	6,198	—	9,515	27,993
Disposals	—	—	—	—	—
Translation adjustment	(8)	842	—	556	1,390
At 31 December 2013	38,788	74,564	14,465	419,628	547,445
NET BOOK VALUE					
At 31 December 2013	90,717	13,559	1	33,570	137,847
At 31 December 2012	100,076	19,475	1	30,436	149,988

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2013	1,122,946
Additions	213,000
Exchange differences	—
At 31 December 2013	1,335,946
NET BOOK VALUE	
At 31 December 2013	1,335,946
At 31 December 2012	1,122,946

ABS-CBN Europe Limited

Notes to the Financial Statements - continued **for the Year Ended 31 December 2013**

8. FIXED ASSET INVESTMENTS (continued)

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

ABS-CBN Japan Inc

Country of incorporation Japan

Nature of business Provision of satellite services

	%	
Class of shares	holding	
Ordinary Japanese Yen	100 00	
		2013
		£
Aggregate capital and reserves		<u>(1,632,867)</u>

ABS-CBN Europe Remittance Limited

Country of incorporation United Kingdom

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

	%	
Class of shares	holding	
Ordinary Shares £1 each	100 00	
		2013
		£
Aggregate capital and reserves		<u>122,830</u>

9. DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Trade debtors	1,126,353	1,241,038
Amounts owed by group undertakings	1,039,736	396,095
Other debtors	318,748	358,932
Prepayments and accrued income	65,459	33,397
VAT	38,029	63,575
	<u>2,588,325</u>	<u>2,093,037</u>

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

ABS-CBN Europe Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

10. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Trade creditors	43,893	81,423
Amounts owed to group undertakings	2,296,116	1,033,876
Social security and other taxes	16,160	1,321
Other creditors	848,212	591,466
Accrued expenses	358,861	380,280
	3,563,242	2,088,366

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

11. OPERATING LEASE COMMITMENTS

At 31 December 2013, the Company had annual commitments under non-cancellable leases as follows

	2013	2012
	£	£
Expiry date		
Within one year	-	-
Between one and five years	-	-
After five years	50,713	50,713
	£50,713	£50,713

12. PENSION COMMITMENTS

The Company operates a defined benefit contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £23,360 (2012 £2,787). Contributions totaling £25,894 (2012 2,787) were payable to the fund at the balance sheet date.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid				
Number	Class	Nominal value	2013	2012
5,050,000	Ordinary	£1	£5,050,000	£5,050,000

ABS-CBN Europe Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2013

14. RESERVES	£
At 1 January 2012	(9,370,542)
Income for the year	298,327
Movement in foreign exchange	(43,596)
At 31 December 2012	<u>(9,115,811)</u>
At 1 January 2013	(9,115,811)
Loss for the year	(75,630)
Movement in foreign exchange	(96,679)
At 31 December 2013	<u>(9,288,120)</u>

15. RELATED PARTY DISCLOSURES

On 31 December 2013, the Company increased its equity investment in ABS-CBN Europe Remittance Limited by subscribing to the increased paid-in capital of the subsidiary equivalent to an additional 213,000 shares at par value of £1 00 per share amounting to a total of £213,000. The subscription was settled through the conversion of the Company's advances to ABS-CBN Europe Remittance Limited amounting to £213,000.

During the year, recharges for license fees amounting to £2,048,593 were received from ABS-CBN Luxembourg. At year end, the same amount was payable to ABS-CBN Luxembourg, a 100% subsidiary of ABS-CBN Global Limited, which in turn is a 100% subsidiary of ABS-CBN Corporation.

The Company has taken advantage of the exemption provided by FRS 8 to disclose transactions with entities that are part of the group qualifying as related parties on the grounds that the consolidated financial statements in which the Company is included are publicly available.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

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

ABS-CBN Europe Limited

**Trading and Profit and Loss Account
for the Year Ended 31 December 2013**

	2013 £	2012 £
Turnover		
Subscription revenue	4,032,472	4,170,217
Other revenues	1,202,566	1,201,908
Sales discounts	<u>(366,361)</u>	<u>(283,919)</u>
	4,868,677	5,088,206
Cost of sales		
Cost of merchandise	2,405,283	2,484,474
Installation and satellite	<u>—</u>	<u>—</u>
	2,405,283	2,484,474
GROSS PROFIT	2,463,394	2,603,732
Other income		
Foreign exchange differences	144,679	78,078
Interest receivables	166	868
Other income (loss)	<u>(7,028)</u>	<u>72,276</u>
	137,817	151,222
	2,601,211	2,754,954
Expenditure		
Wages	515,493	532,472
Staff benefits	345,474	299,910
Recharged employment expenses	205,821	98,391
Bad debts	185,170	(39,925)
Freight and delivery expense	170,711	103,871
Rent	158,718	149,861
Travel and hotels	131,885	236,947
Telephone	102,397	101,273
Recharged management expenses	62,061	105,032
Intercompany other services	51,319	34,270
Legal and professional fees	45,255	116,634
Provision for losses and obsolescence	42,088	—
Auditor's remuneration	42,000	31,344
Licenses and taxes	36,220	61,863
Advertising, promotions, and other media	29,544	52,607
Director's salaries	27,056	27,431

(Forward)

This page does not form part of the statutory financial statements

ABS-CBN Europe Limited
Trading and Profit and Loss Account (continued)
for the Year Ended 31 December 2013

	2013 £	2012 £
Representation and entertainment	22,473	34,243
Insurance	19,797	14,938
Repairs and maintenance	10,385	15,329
Utilities	6,488	6,142
Stationery, postage and office supplies	5,201	18,098
Other miscellaneous expense	<u>424,917</u>	<u>385,755</u>
	2,640,473	2,386,486
	(39,262)	368,468
Finance costs		
Bank charges	8,250	7,507
Other interest	<u>125</u>	<u>—</u>
	<u>8,375</u>	<u>7,507</u>
Depreciation		
Improvements to property	12,280	11,678
Office furniture and fixtures	6,198	5,227
Computer equipment	<u>9,515</u>	<u>45,729</u>
	<u>27,993</u>	<u>62,634</u>
Tax on ordinary activities	<u>—</u>	<u>—</u>
NET INCOME/(LOSS)	<u>(£75,630)</u>	<u>£298,327</u>

This page does not form part of the statutory financial statements