



REPORT
&
ANNUAL ACCOUNTS

2018/2019

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CHIEF EXECUTIVE'S REVIEW

Plans to relocate GBC to South Jumpers Bastion continued to be progressed. System Integrators for both television and radio were appointed after a rigorous selection process. The firm, DEGA, was selected to design and fit out the television technical requirements, while the company, Radio Studio Services, was selected to carry out the radio design and installation. Detailed discussions with both firms resulted in submissions being provided for funding approval by the Government. In the meantime, room configurations were agreed and submitted to the developers for integration into the wider building plans, which are now locked for works to progress towards completion in Summer 2020.

GBC Television continues in its efforts to maintain programming at the highest level of quality and creativity possible within the resources available. This has included the angling series, 'Sea Hunters', emergency services series, 'Sirens', 'A Life Abroad' featuring Gibraltarians living in the United Kingdom where they have built successful careers, and local history documentary series, 'Fortress of Fortresses', amongst numerous others. Specials included the Vienna Philharmonic's 'Concert for Peace' live from Paris, 'Miss World' live from China, 'Miss Gibraltar', 'National Day' events, 'New Year's Eve' celebrations and the 'New Year Concert' live from Vienna amongst several others. All of this while the news team was kept extremely busy with coverage and reporting on the ongoing repercussions from the Brexit Referendum result.

In addition, GBC has struck a three-year deal on broadcast rights for all 'Gibraltar' games in the new 'Nations League', as well as in the 'FIFA World Cup' Qualifiers and the 'UEFA Euro Championship' until 2021. The package also includes the rights to all 'Gibraltar' friendlies during the period, when GBC will be the official host broadcaster for the territory. The first of the games to be broadcast under the deal were this year's 'Nations League' group play offs.

Radio Gibraltar continued to celebrate its Diamond Anniversary year, which was marked with an expansion of the alternative radio service, Radio Gibraltar Plus, for this to offer specialist music shows every evening and non-stop easy listening songs overnight, in addition to the afternoon Spanish language programme. This means that Radio Gibraltar Plus now offers a minimum of fourteen hours of alternative programming every weekday. This has allowed the 'Evening Show' on Radio Gibraltar to be doubled to a two-hour duration till 8pm, with the introduction of new additional 'Evening Shows' at weekends, thereby extending programming on Saturdays and Sundays as well. All enhancements have been carried out within existing resources.

GBC routinely carries out as much training as possible within the budget available. As in previous years, a UK radio consultant has carried out one-to-one training with all presenters to ensure standards are maintained and radio broadcasts keep up with international practices. In TV, a video-editing consultant spent a few days with us to bring those tasked with video editing up to speed with the newly installed FCPX video-editing platform. In addition to the technical aspects of the editing process, the consultant also advised those attending on the latest creative techniques in respect of news and programme production respectively. The Sports team also underwent training on reporting and commentating, and Journalists and News Camera Operators underwent training by another consultant in news writing and news camera work.

A restructure of News Department operations resulted in the recruitment of Shelina Assomull as a part time Reporter. Michael Heslegrave was promoted to full time Technician and Rochelle Ferreri joined us as a part time Broadcast Assistant. Like their new colleagues, all of GBC's employees consistently deliver for our viewers and listeners from what has become in the past seven years a most productive workplace.

GBC was represented at the biennial Public Media Alliance conference that took place in Kingston, Jamaica. CEO, Gerard Teuma, was re-elected onto the PMA's Board for a further two-year term, assuring the Corporation of continuity in respect of close links with major international public service broadcasters.

The annual salary review amounted to a 2.5% increase. This was initially capped at 60p per hour for salaries greater than £46,000 per annum, but which was subsequently reversed and retrospection paid to those affected, all of whom benefitted from the full 2.5% pay rise, in line with other sectors of the public service.

The GBC Open Day was held on Wednesday 12th December, with the sum of £165,000 raised for worthy causes as nominated by local charities to the Open Day Charitable Trust. This is the highest amount ever collected by the Open Day, which apart from holding a firm position amongst the public in relation to contributions to those in need, is also a rallying point for everyone on the Rock by way of bringing the community together for a single purpose through their public service broadcaster.

Gerard J Teuma
Chief Executive
1st July 2020

Gibraltar Broadcasting Corporation

REPORT AND FINANCIAL STATEMENTS

31 March 2019



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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GIBRALTAR BROADCASTING CORPORATION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gibraltar Broadcasting Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements

- give a true and fair view of the state of the Corporation's affairs as at 31 March 2019 and of the Corporation's income for the year then ended; and
- have been properly prepared in accordance with Gibraltar Financial Reporting Standards.

This report, including the opinion, has been prepared for and only for the Corporation as a body corporate in accordance with Section 57(3) of the Gibraltar Broadcasting Act 2012 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Corporation in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), 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.



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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GIBRALTAR BROADCASTING CORPORATION (*Continued*)

Responsibilities of Board for the Financial Statements

The Board are responsible for the preparation and true and fair presentation of the financial statements in accordance with applicable law in Gibraltar and Gibraltar Financial Reporting Standards, and for such internal control as the Board 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 Board are responsible for assessing the Corporation'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 Board either intend 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GIBRALTAR BROADCASTING CORPORATION (*Continued*)

Report on Other Legal and Regulatory Requirements

Opinion on other matters prescribed by the Broadcasting Act 2012

We have nothing to report in respect of the following matters where the Gibraltar Broadcasting Act 2012 requires us to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit, or
- proper books of account have not been kept by the Corporation, or
- the Corporation's statement of financial position and statement of comprehensive income are not in agreement with the books of account, or
- the provisions of this Act and in any directions of the Authority, in so far as they relate to the accounts, have not been complied with.



Dale Cruz

Statutory auditor for and on behalf of

EY LIMITED

Registered auditors

Chartered Accountants

Regal House

Queensway

Gibraltar

14 September 2020

Gibraltar Broadcasting Corporation
 STATEMENT OF FINANCIAL POSITION
 as at 31 March 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	4	2,140,299	2,570,199
Investment in shares in group undertakings	5	21,443	30,000
		<u>2,161,742</u>	<u>2,600,199</u>
CURRENT ASSETS			
Stocks of spares & materials		5,091	4,453
Debtors	6	604,348	348,169
Cash in hand and at bank		718,183	579,196
		<u>1,327,622</u>	<u>931,818</u>
CREDITORS: amounts falling due within one year	7	(1,209,246)	(888,308)
NET CURRENT ASSETS		<u>118,376</u>	<u>43,510</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,280,118</u>	<u>2,643,709</u>
CREDITORS: amounts falling due after more than one year	8	(45,539)	(87,576)
ACCRUALS AND DEFERRED INCOME			
Deferred Government contributions	3(d)	(2,140,964)	(2,470,586)
NET ASSETS		<u>93,615</u>	<u>85,547</u>
Financed by:			
ACCUMULATED FUNDS			
As at 1 April		85,547	251,821
Surplus for the year		8,068	83,726
Distribution of accumulated surplus to Government		-	(250,000)
As at 31 March		<u>93,615</u>	<u>85,547</u>

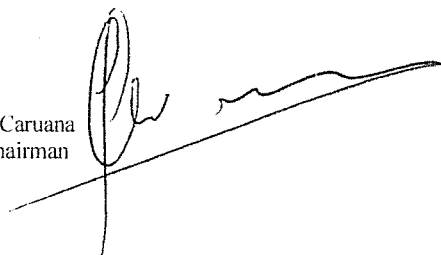
The notes on pages 5 to 12 form part of these financial statements.

Approved by the Board on... 8/9/2020

G. Teuma
CEO



J. Caruana
Chairman



Gibraltar Broadcasting Corporation
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2019

	<i>Notes</i>	<i>2019</i> £	<i>2018</i> £
INCOME			
Contributions by Government of Gibraltar	3(c)	5,236,221	5,178,904
Advertising		294,948	301,905
Premium lines		828	1,542
		<u>5,531,997</u>	<u>5,482,351</u>
EXPENDITURE			
Staff costs		3,030,869	2,936,647
Programme & operating expenses		847,849	846,261
Selling expenses		70,340	58,685
Administrative expenses		561,195	534,059
Pension shortfall contribution		250,000	250,000
Depreciation	4	761,120	750,964
		<u>5,521,373</u>	<u>5,376,616</u>
Interest payable and similar charges		(4,754)	(28,727)
Other finance cost		(5,199)	(3,503)
Other income		7,397	10,221
		<u>8,068</u>	<u>83,726</u>
SURPLUS FOR THE YEAR			
		<u>8,068</u>	<u>83,726</u>
Total comprehensive income for the year		8,068	83,726

The notes on pages 5 to 12 form part of these financial statements.

Gibraltar Broadcasting Corporation
STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2019

	Accumulated reserves £
At 1 April 2017	251,821
Surplus for the year	83,726
Distribution of accumulated surplus to Government	(250,000)
At 31 March 2018	85,547
Surplus for the year	8,068
At 31 March 2019	93,615

Gibraltar Broadcasting Corporation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

1. Corporation information

The Gibraltar Broadcasting Corporation (“GBC” or “the Corporation”) is a body corporate operating under the framework established under the Broadcasting Act 2012. Its office is in Broadcasting House, 18 South Barrack Road. The financial statements cover those of the individual entity and for the year ended 31 March 2019.

2. Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102, as adopted in Gibraltar (“GFRS 102”) and with the Broadcasting Act 2012. The financial statements are presented in pound sterling (£) which is the currency of the primary economic environment in which the Corporation operates (its “functional currency”) and is rounded to the nearest pound sterling.

A summary of the more important accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

As permitted by GFRS 102 Section 1A, the Corporation qualifies and has taken advantage of the exemption to prepare a cash flow statement on the grounds of the Corporation’s size.

Fixed assets and depreciation

All fixed assets are initially recorded at cost. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less residual value, over their estimated useful lives by the straight line/reducing balance basis method. The rates used are as below:

Broadcasting equipment	12.5% Straight Line
Transmission & other equipment	10% Straight Line
Motor vehicles	25% Straight Line
Furniture & office equipment	10% Reducing Balance
Records & transcription	20% Reducing Balance
Building improvements	20% Straight Line
Electrical equipment	12.5% Straight Line
Software	33 1/3% Straight Line

Stocks of spares and materials

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Investment in shares in group undertakings

Investments in joint ventures in the Corporation’s financial statements are included in using cost less any provision for impairment or equity method.

Gibraltar Broadcasting Corporation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

2. Principal accounting policies (*continued*)

Government grants

Government grants applied to capital expenditure are credited to a deferred income account and subsequently released to the statement of comprehensive income over the expected useful lives of the relevant assets.

Government grants applied to revenue expenditure are credited to income so as to match them with the expenditure to which they relate.

Pensions

The Corporation operates the Gibraltar Broadcasting Corporation Staff Retirement Benefits Scheme, a funded defined benefits pension scheme for eligible employees. The Scheme is administered by Prudential Assurance Company Limited. The Corporation also makes contributions to the Gibraltar Provident Trust (No 2) Pension Scheme, a defined contribution scheme, in respect of other employees.

Both schemes require contributions from the employer and the employees to be made to independently administered funds.

Defined benefit scheme

The Corporation operates a defined benefit pension scheme, registered in the name of Gibraltar Broadcasting Corporation Staff Retirement Benefits Scheme, for eligible employees. The defined benefit scheme is closed to new entrants, who instead participate in a defined contribution (money purchase) scheme (see below). The defined benefit pension scheme requires contributions to be made to a separately administered fund. Contributions take account of the advice of an independent qualified actuary and are charged to the Statement of Comprehensive Income.

Since the Corporation is almost exclusively funded from subventions received from Government of Gibraltar and the Government of Gibraltar has committed to provide the necessary financial support by way of subventions to the effect that, should on the retirement date of any of the beneficiaries the Scheme is underfunded, the necessary financial support will be made available by way of subventions to ensure that the benefit due can be provided.

Accordingly, as the liability of the Corporation is limited to amounts of contributions made, the scheme is treated as if it was a defined contribution scheme with the contributions payable accounted for as if the scheme was a defined contribution scheme.

Defined contribution scheme

Contributions payable by the Corporation are charged to the Statement of Comprehensive Income. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright, capitalised in the balance sheet and depreciated over the asset's useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the Statement of Comprehensive Income over the period of the leases.

Gibraltar Broadcasting Corporation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

3. Contributions by Government of Gibraltar	<i>2019</i>	<i>2018</i>
	<i>£</i>	<i>£</i>
<u>(a) Contributions receivable</u>		
Subvention - original	4,450,000	4,450,000
Pension shortfall contribution	250,000	250,000
	<hr/>	<hr/>
Approved subvention	4,700,000	4,700,000
Supplementary subvention transferred to next year	168,288	90,000
Supplementary subvention from previous year utilized this year	(328,520)	(125,000)
	<hr/>	<hr/>
	4,539,768	4,665,000
Other grants	366,831	524,149
	<hr/>	<hr/>
Total contributions for the year	4,906,599	5,189,149
	<hr/>	<hr/>
<u>(b) Application of contributions</u>		
Revenue expenditure (taken to income and expenditure account - see (c) below)	4,466,544	4,427,940
Capital expenditure (taken to deferred contributions - see (d) below)	440,055	761,209
	<hr/>	<hr/>
Total contribution	4,906,599	5,189,149
	<hr/>	<hr/>
<u>(c) Contributions taken to income and expenditure account</u>		
Revenue expenditure	4,466,544	4,427,940
Release of deferred capital expenditure contributions (see below)	769,677	750,964
	<hr/>	<hr/>
	5,236,221	5,178,904
	<hr/>	<hr/>
<u>(d) Deferred contributions</u>		
Balance as at 1 April	2,470,586	2,460,341
Received during the year	440,055	761,209
Released during the year:		
By way of depreciation (see note 4)	(761,120)	(750,964)
Through share in profit or loss of joint venture (see note 5)	(8,557)	-
	<hr/>	<hr/>
Balance as at 31 March	2,140,964	2,470,586
	<hr/>	<hr/>

Gibraltar Broadcasting Corporation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

4. Tangible fixed assets

	Broadcasting Equipment £	Transmission & other equipment £	Motor Vehicles £	Building improvements £	Electrical Equipment £	Furniture & office Equipment £	Records & transcriptions £	Software £	Total
COST									
At 1 April 2018	5,248,271	747,609	173,900	189,437	406,126	137,684	166,075	153,083	7,222,185
Additions the year	198,543	29,811	13,995	-	-	3,512	-	85,359	331,220
At 31 March 2019	<u>5,446,814</u>	<u>777,420</u>	<u>187,895</u>	<u>189,437</u>	<u>406,126</u>	<u>141,196</u>	<u>166,075</u>	<u>238,442</u>	<u>7,553,405</u>
DEPRECIATION									
At 1 April 2018	3,334,834	449,135	147,676	155,658	239,415	60,573	163,276	101,419	4,651,986
Charge for the year	576,006	51,041	14,227	11,975	42,262	8,343	560	56,706	761,120
At 31 March 2019	<u>3,910,840</u>	<u>500,176</u>	<u>161,903</u>	<u>167,633</u>	<u>281,677</u>	<u>68,916</u>	<u>163,836</u>	<u>158,125</u>	<u>5,413,106</u>
NET BOOK VALUE									
At 31 March 2019	<u>1,535,974</u>	<u>277,244</u>	<u>25,992</u>	<u>21,804</u>	<u>124,449</u>	<u>72,280</u>	<u>2,239</u>	<u>80,317</u>	<u>2,140,299</u>
At 31 March 2018	<u>1,913,437</u>	<u>298,474</u>	<u>26,224</u>	<u>33,779</u>	<u>166,711</u>	<u>77,111</u>	<u>2,799</u>	<u>51,664</u>	<u>2,570,199</u>

Gibraltar Broadcasting Corporation
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

5. Investment in shares in group undertakings

	2019 £	2018 £
Investments in joint venture		
Gibraltar Entertainment Network Limited		
500 ordinary shares of £1 each (at cost)	500	500
Permanent diminution in value of investment	(500)	(500)
	-	-
Wheelhouse Media Limited		
1,000 ordinary shares of £1 each (at cost)	30,000	30,000
Share in the profits of joint venture	(8,557)	-
	21,443	30,000

<i>Name of company</i>	<i>Domicile</i>	<i>Holdings</i>	<i>Proportion held</i>	<i>Nature of Business</i>	<i>Total capital and reserves</i> £	<i>Profit (loss) for the year</i> £
Gibraltar Entertainment Network Limited	Gibraltar	500 ordinary shares of £1 each	100%	Holding company	1,000*	200,000*
Wheelhouse Media Limited	Gibraltar	1,000 ordinary shares of £1 each	100%	Production company	(15,114)*	(17,114)*

*Based on unaudited management accounts to 31 March 2019

In 2013, the Corporation entered into a joint venture agreement and established joint venture company Gibraltar Entertainment Network Limited ("GEN"). The Corporation acquired 50% of the joint venture company's share capital. The investment was in preparation for a project that later did not materialise and so the trustees made a provision for diminution in value for cost of the investment.

On 23 January 2018, the Corporation established a joint venture, Wheelhouse Media Limited (WML) for a consideration of £30,000. WML was incorporated in Gibraltar with a registered address at Suite 1 Burn's House, 19 Town Range, Gibraltar. In 2019 the Corporation recognised £8,557 (2018:nil) as its share in the net income or loss of joint venture under "Administrative expenses".

6. Debtors

	2019 £	2018 £
Due from Government of Gibraltar	2,151	159,345
Advertising accounts receivable	21,508	14,199
Deposit for turnstile equipment	66,800	-
Other debtors and prepayments	513,889	174,627
	604,348	348,171

In 2019, receivables from Government of Gibraltar totalling £4,109 (2018: nil) were written off and is included under "Administrative expenses".

Gibraltar Broadcasting Corporation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

7. Creditors: amounts falling due within one year	2019	2018
	£	£
Obligations under finance leases (see note 8)	42,037	42,036
Government grant received in advance	648,725	344,077
Amount due to Wheelhouse Media Limited	14,210	30,000
Other creditors and accruals	504,274	472,195
	<u>1,209,246</u>	<u>888,308</u>

Cash at bank includes corporate funds and segregated accounts containing amounts due to WML. As at 31 March 2019, the segregated cash accounts are equal to the amounts due to WML amounting to £14,210 (2018: £30,000) that is restricted for use by the Corporation.

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

Lease purchase agreements

	2019	2018
	£	£
Amounts payable:		
In one year or less	42,037	42,036
	<u> </u>	<u> </u>
Between one to two years	45,539	87,576
Between two to five years	-	-
	<u>45,539</u>	<u>87,576</u>
	<u>87,576</u>	<u>129,612</u>

On 27 March 2013, the Corporation entered into an interest bearing lease purchase agreement with a principal amount of £1,005,003 repayable over 5 years. As of 31 March 2018, the lease purchase agreement is extinguished.

On 18 April 2016, the Corporation entered into an interest bearing lease purchase agreement with a principal amount of £210,181 repayable over 5 years. Obligations under lease purchase agreements are secured on related fixed assets.

Gibraltar Broadcasting Corporation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

9. Pension and other post employment commitments

The Corporation contributed to Staff Retirement Benefits Scheme, with effect from 1 April 2003, and to Gibraltar Provident Trust (No 2) Pension Scheme. The contributions during the year which were charged to statement of comprehensive income are as follows:

	2019	2018
	£	£
Contributions to Gibraltar Provident Trust (No 2) Pension Scheme	263,077	258,184
Contributions to Staff Retirement Benefits Scheme	382,218	366,666
	<u>645,295</u>	<u>624,850</u>

As explained in the section on principal accounting policies, the Corporation operates a defined benefit pension scheme ("the scheme"). The total pension cost charged in the Statement of Comprehensive Income amounted to £645,295 (2018: £624,850). The Government of Gibraltar has provided the Corporation with a letter of support to the effect that, should on the retirement date of any of the beneficiaries the Scheme is under-funded, the necessary financial support will be made available by way of subventions to ensure that the benefit due can be provided. Given this support the scheme is treated as if it were a defined contribution scheme with the contributions payable accounted for as if the scheme were a defined contribution scheme. The liability of the Corporation is accordingly limited to amounts of contributions made.

As at 21 August 2019, the triennial review provided by the appointed actuaries indicated that there is a deficit of £4,021,000 (2018: £4,021,000) in the scheme. Future contributions payable by the Corporation may increase to reflect the Corporation's contribution of making good the deficit in the scheme, if any.

This scheme has now closed to new entrants, who will instead participate in a defined contribution Gibraltar Provident Trust (No 2) Pension Scheme.

10. Related party transactions and balances

	2019	
	<i>Income/ (Expense)</i>	<i>Due from/ (to) parties</i>
	£	£
Amount due to WML ¹	-	(14,210)
HM Government of Gibraltar ²		
Contributions by HM GOG	5,236,221	-
Amounts due from HM GOG	-	2,151
Amounts due to HM GOG	-	(648,725)
	2018	
	<i>Income/ (Expense)</i>	<i>Due from/ (to) parties</i>
	£	£
Amount due to WML ¹	-	(30,000)
HM Government of Gibraltar ²		
Contributions by HM GOG	5,178,904	-
Amounts due from HM GOG	-	159,345
Amounts due to HM GOG	-	(344,077)

¹ Investment in participating interest. ² Ultimate controlling party

Amounts due to/(from) the related parties are unsecured, interest free and repayable on demand.

Gibraltar Broadcasting Corporation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

11. Ultimate controlling party

The operations of the Corporation are controlled and governed by a Board consisting of a Chairman and not more than nine other members appointed by the Chief Minister, after consultation with the Leader of the Opposition, by notice in the Gazette.

12. Events after the end of the reporting period

The Corporation's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives have been considered by the Board. Subsequent to the year end, the spread of COVID-19 has severely affected countries, businesses and people across the globe. The duration and impact of the COVID-19 pandemic remains unclear.

The board members have considered the impact of COVID-19 on the Corporation and do not foresee any significant impact on the Corporation.

Following the safety measures of the HM Government of Gibraltar on COVID-19, the Corporation decided to close its offices to the public as from 16 March 2020 however staff continued to work inside the premises. Most 'on-air' work, of necessity, had to continue in the Corporation's studios. Teams were separated as far as possible by changing the hours of work, stretching the working week to seven days and deploying some staff to work from home. A number of additional laptops were purchased for this purpose, in addition to other specialist equipment allowing reporters to record at home and deliver audio files electronically to base. Some video editing was also carried out at home and video files sent electronically for broadcast. Various social media applications were used extensively to record interviews remotely. The Corporation implemented strict measures to minimise the risk of infection such as use of facemasks became compulsory in the television control rooms, hand sanitizer was made available in all floors, disinfectant wipes were provided in all departments and general cleaning was increased. From 18 May 2020, the Corporation also started taking the temperature of all employees and visitors using a thermal imaging scanner, which the Corporation has acquired. Since lockdown was lifted, all of the employees are office-based. The Newsroom has been split into two rooms with the installation of a temporary screen, to enable the team to social distance from each other.

Given the nature of the services provided and the use of current technology, lockdown has not affected the ability of the Corporation to do business as usual. In fact, the Corporation was able to provide more broadcasting services than usual. The Corporation was able to deliver 61 live press conferences, 74 live masses, 4 religious services from the Vatican and 2 live messages from HM the Queen with an additional of 300 hours of programming. During the period, the Corporation also aired 20 extended editions of Newswatch and News Updates every weekend while increasing the news activity in their social media platforms.

With respect to the Government grants for the fiscal year 2020/2021, the budget has been kept at the same level as 2019/2020 and payments are now made on a monthly basis. Changes in the estimates of income and expenditure were made and the Corporation is making huge efforts in keeping its costs down and is not filling in any vacant position until necessary. Should the funds fall short, the Corporation will request for supplementary funding from the Government.

Whilst the Corporation has remained operational throughout the COVID-19 lockdown, the Board have requested and received confirmation in writing from the ultimate controlling party that it will provide the necessary financial support to the Corporation to continue to meet its financial commitments as and when they fall due. Accordingly, the Board have felt it is appropriate to prepare the financial statements on a going concern basis.

Gibraltar Broadcasting Corporation

STAFF, ADMINISTRATION, SELLING EXPENSES & GENERAL PROGRAMMING EXPENSES

for the year ended 31 March 2019

	2019	2018
	£	£
STAFF COSTS		
Salaries & wages	2,452,965	2,380,431
Social insurance	140,143	129,039
Pension contributions	395,295	374,850
Freelancer salary	20,126	31,456
Other fees	22,340	20,871
	<u>3,030,869</u>	<u>2,936,647</u>
OTHER ADMINISTRATION EXPENSES		
Rates	12,842	12,842
Electricity & water	50,941	64,566
Telephone	27,621	25,018
Cable carriage fees	38,500	9,625
Transmission site rent	6,936	6,000
Postage	255	247
Printing & stationery	4,573	4,623
Security of premises	26,706	22,960
Insurance libel & slander	94,540	81,685
Repairs & maintenance	62,719	47,894
Travelling & entertainment	19,123	11,725
Relocation expenses	11,310	11,414
General expenses	1,703	1,790
Legal and professional fees	16,275	15,417
Multiplex management	(8,990)	-
Tape digitisation	105,216	125,856
Accountancy fees	54,880	42,210
Software copyright	20,753	27,972
International projects	1,557	-
Write off of General Entertainment Network expenses	1,069	22,215
Write of receivable from Government	4,109	-
Share in the loss of joint venture	8,557	-
	<u>561,195</u>	<u>534,059</u>
SELLING EXPENSES		
Advertising, marketing and website	58,373	58,705
Bad debts written off (recovered)	11,967	(20)
	<u>70,340</u>	<u>58,685</u>

This page does not form part of the financial statements.

Gibraltar Broadcasting Corporation

STAFF, ADMINISTRATION, SELLING EXPENSES & GENERAL PROGRAMMING EXPENSES

for the year ended 31 March 2019

	2019	2018
	£	£
GENERAL PROGRAMMING AND PRODUCTION COSTS		
Copyright and Royalties	68,293	66,498
Local Costs – Props, wardrobe, etc.	2,315	8,345
Live programmes: General	69,627	79,090
UEFA football transmissions	30,995	11,268
TV films	125,218	166,552
Programme commissions	71,765	73,720
Van hire	111,092	137,069
Current affairs	28,811	22,117
Weather report	34,296	34,209
Training	3,103	25,882
Wire service	14,278	8,494
Other costs	48,484	45,584
New training vote (transfer Government funding from 2017/2018)	68,288	-
International body subscriptions	5,962	2,962
Maintenance & repairs	153,778	153,244
Motor vehicle expenses	11,544	11,227
	<hr/>	<hr/>
	847,849	846,261

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