



REPORT
&
ANNUAL ACCOUNTS

2019/2020

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CHIEF EXECUTIVE'S REVIEW

Construction work at South Jumpers Bastion took centre stage during this financial year, as GBC continued its preparations to relocate to the new premises on Rosia Road. However, the works suffered delays that were out of the Corporation's control, resulting in the actual migration date initially being pushed back to August 2020. Further significant delays were communicated by the contractor to GBC towards the end of the financial year, meaning that the transfer of broadcasting facilities to the new location will now not happen until mid 2021.

Notwithstanding this, the steel superstructure began to rise from the original bastion walls, ending with the final image of the three storey building making itself apparent as part of the south district skyline. Internal works were progressed simultaneously, as the various spaces for the future studios, control rooms, technical areas and offices took shape, with most glass curtain walls also installed. Behind the scenes, intensive work continued to ensure all aspects of the technical infrastructure required for a building of such complexity were considered.

Discussions with the television and radio System Integrators, DEGA and RSS, remained active both virtually and face to face on site and at their respective headquarters in the United Kingdom. The new television equipment acquired arrived and was stored within the new building. Monthly meetings with the developer's teams have also taken place. Despite the delays, everyone at GBC remains excited over the prospect of moving to the new purpose-built premises, which are long-overdue.

While the Relocation team presses ahead with the plans, the production teams have remained focused on programming, including comprehensive coverage of the 2019 General Election, that included a variety of campaign programmes on both television and radio, as well as live coverage of The Result. Also on politics, GBC provided ample coverage of the final European Elections on the Rock both at a local and UK level. A major effort was also made in respect of the Gibraltar Island Games in July. By drafting staff members from most departments, several reporting teams were created and deployed at all venues, followed by nightly special live programmes throughout the week, which started on Day 1 with live coverage of a windswept Opening Ceremony.

Other TV specials included Miss Gibraltar, National Day and several Easter and Christmas shows. GBC also aired a number of UEFA football games and two classical concerts from Austria as part of the Corporation's deal with the Vienna Philharmonic. In addition, the series 'Inspired by India', 'Sea Hunters', 'Break a Leg', 'Join the Club', 'Rise to the Prize', 'Mission: Environmental Health', 'Jock's Monkey Mayhem', 'Flight for Life', 'A Life Abroad' and 'Gourmet Escapes' were produced and aired, joining staples such as 'Viewpoint', 'City Pulse', 'The Powder Room', 'The Sports Locker' and 'The Hub', all of which have received favourable feedback.

On Radio, outside broadcasts included the 'Summer Roadshow' series and the 'Literary Festival', as well as live coverage of 'Budget Day' from the Parliament Lobby.

Our on-air product cannot be achieved without the efforts made by our support departments of Engineering & Technology and Administration, Finance & Sales. Working as a team we have ensured that Gibraltar can be proud of having its own television and radio service, and of a quality that is undoubtedly unparalleled in such a small territory.

Given the operational changes expected upon the relocation of Broadcasting House, the Engineering Department was reconfigured for it to become the Engineering & Technology Department. Under the direction of the Head of Engineering & Technology, each strand is now led by a Principal Engineer and a Principal Technologist, leading on broadcast operations and IT respectively, the latter increasingly dominating on infrastructure and systems. A Technologist was also recruited to support this specialised strand.

Other staff movements included the retirement of news cameraman, Alan Guerrero, after thirty-six years working in GBC News. Dani Fa was promoted to News Camera Operator, Sebastian Porral was recruited as an Audio-Visual Assistant, Tiago Lino-da Costa as a Sports Reporter, and Adriana Lopez and Joseph Lathey as Broadcast Assistants.

A new GBC Board was appointed effective from 1st March 2020. Among the members is Joseph Caruana, who was named Chairman.

GBC was represented at the NAB broadcast trade fair in Las Vegas, the IBC broadcast trade fair in Amsterdam and the Media Production Show in London, where vital networking contacts were maintained. CEO, Gerard Teuma, who is a Board Member of the international organisation, Public Media Alliance, was named its Vice President, further strengthening GBC's links with media organisations in other countries.

The annual salary review amounted to a 2.10% increase, in line with other sectors of the public service.

The GBC Open Day was held on Wednesday 11th December, with the sum of £160,000 raised for worthy causes as nominated by local charities to the Open Day Charitable Trust.

The end of the financial year coincided with the Covid-19 health emergency. As March drew to a close, GBC increased the duration of the nightly television news bulletin, providing sufficient capacity to cover the various angles to the developing story. At the same time, sports coverage was suspended due to the halting of all sports events. The annual GBC Sports Awards gala went ahead without the presence of the nominees or audience. From Monday 30th March, GBC began airing on all platforms the daily 3pm Government Covid News Conference,

followed on television by archive programming throughout the afternoon. The extended daily 'lockdown' transmissions also included Holy Mass live from the Shrine of our Lady of Europe. On radio, three daily Listener Forums were introduced enabling listeners to join the national conversation during the unprecedented times. Pandemic programming rolled into the next financial year.

Gerard J Teuma
Chief Executive
1st September 2020

Gibraltar Broadcasting Corporation

REPORT AND FINANCIAL STATEMENTS

31 March 2020



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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 2020, 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 2020 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 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	4	2,451,088	2,140,299
Investments	5	21,443	21,443
		<u>2,472,531</u>	<u>2,161,742</u>
CURRENT ASSETS			
Stocks of spares & materials		4,622	5,091
Debtors	6	503,917	604,348
Cash in hand and at bank		602,026	718,183
		<u>1,110,565</u>	<u>1,327,622</u>
CREDITORS: amounts falling due within one year	7	(1,506,019)	(1,209,246)
NET CURRENT ASSETS		<u>(395,454)</u>	<u>118,376</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,077,077</u>	<u>2,280,118</u>
CREDITORS: amounts falling due after more than one year	8	-	(45,539)
ACCRUALS AND DEFERRED INCOME			
Deferred Government contributions	3(d)	(1,983,462)	(2,140,964)
NET ASSETS		<u>93,615</u>	<u>93,615</u>
Financed by:			
ACCUMULATED FUNDS			
As at 1 April		93,615	85,547
Surplus for the year		-	8,068
As at 31 March		<u>93,615</u>	<u>93,615</u>

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

Approved by the Board on 2/9/2020

G. Teuma
CFO

J. Caruana
Chairman

Gibraltar Broadcasting Corporation
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2020

	<i>Notes</i>	<i>2020</i> £	<i>2019</i> £
INCOME			
Contributions by Government of Gibraltar	3(c)	5,512,967	5,236,221
Advertising		334,587	294,948
Premium lines		1,793	828
		<u>5,849,347</u>	<u>5,531,997</u>
EXPENDITURE			
Staff costs		3,344,284	3,030,869
Programme & operating expenses		868,877	847,849
Selling expenses		59,304	70,340
Administrative expenses		533,975	561,195
Pension shortfall contribution		250,000	250,000
Depreciation	4	786,448	761,120
		<u>5,842,888</u>	<u>5,521,373</u>
Interest payable and similar charges		(4,754)	(4,754)
Other finance cost		(4,383)	(5,199)
Other income		2,678	7,397
(DEFICIT)/ SURPLUS FOR THE YEAR		<u>-</u>	<u>8,068</u>
Total comprehensive (loss)/ income for the year		-	8,068

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 2020

	Accumulated reserves £
At 1 April 2018	85,547
Surplus for the year	8,068
	<hr/>
At 31 March 2019	93,615
Deficit for the year	-
At 31 March 2020	<hr/> 93,615

Gibraltar Broadcasting Corporation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

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 2020.

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.

Cash in hand and at bank

Cash in hand and at bank in the statement of financial position earn interest using the effective interest method.

Debtors

Debtors, including amounts owed by related parties, are recognised initially at transaction price (including transaction costs) unless a financing arrangement exists in which case they are measured at the present value of future receipts discounted at a market rate. Subsequently these are measured at amortised cost less any provision for impairment.

Creditors

Creditors, including amounts owed to related parties, are classified as current if payment is due within one year or less. Otherwise, they are presented as non-current. Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using effective interest method.

Gibraltar Broadcasting Corporation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

2. Principal accounting policies (*continued*)

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.

Investments in joint ventures

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

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 2020

3. Contributions by Government of Gibraltar

	2020 £	2019 £
<u>(a) Contributions receivable</u>		
Subvention - original	4,550,000	4,450,000
Pension shortfall contribution	250,000	250,000
	<u>4,800,000</u>	<u>4,700,000</u>
Approved subvention	361,315	168,288
Supplementary subvention transferred to next year	(210,262)	(328,520)
Supplementary subvention from previous year utilized this year	<u>4,951,053</u>	<u>4,539,768</u>
Other grants	404,412	366,831
Total contributions for the year	<u>5,355,465</u>	<u>4,906,599</u>
<u>(b) Application of contributions</u>		
Revenue expenditure (taken to income and expenditure account - see (c) below)	4,659,719	4,466,544
Capital expenditure (taken to deferred contributions - see (d) below)	695,746	440,055
Total contribution	<u>5,355,465</u>	<u>4,906,599</u>
<u>(c) Contributions taken to income and expenditure account</u>		
Revenue expenditure	4,659,719	4,466,544
Release of deferred capital expenditure contributions (see below)	786,448	769,677
	<u>5,446,167</u>	<u>5,236,221</u>
<u>(d) Deferred contributions</u>		
Balance as at 1 April	2,140,964	2,470,586
Received during the year	628,946	440,055
Released during the year:		
By way of depreciation (see note 4)	(786,448)	(761,120)
Through share in profit or loss of joint venture (see note 5)	-	(8,557)
Balance as at 31 March	<u>1,983,462</u>	<u>2,140,964</u>

Gibraltar Broadcasting Corporation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

4. Tangible fixed assets

	Broadcasting Equipment £	Transmission & other equipment £	Motor Vehicles £	Building improvements £	Electrical Equipment £	Furniture & office Equipment £	Records & transcriptions £	Computer & Software £	Assets under construction £	Total
COST										
At 1 April 2019	5,446,814	777,420	187,895	189,437	406,126	141,196	166,075	238,442	-	7,525,177
Additions the year	215,340	-	-	-	-	150	-	135,803	745,944	1,097,237
At 31 March 2020	5,662,154	777,420	187,895	189,437	406,126	141,345	166,075	374,245	679,144	8,650,642
DEPRECIATION										
At 1 April 2019	3,910,840	500,176	161,903	167,633	381,677	68,916	163,836	158,125	-	5,413,106
Charge for the year	569,715	47,448	13,995	9,007	41,264	7,442	447	97,130	-	786,448
At 31 March 2020	4,480,555	547,624	175,898	176,640	422,941	76,358	164,283	255,255	-	6,199,554
NET BOOK VALUE										
At 31 March 2020	1,181,599	229,796	11,997	12,797	83,185	64,988	1,792	118,990	745,944	2,451,088
At 31 March 2019	1,535,974	277,244	25,992	21,804	124,449	72,280	2,239	80,317	-	2,140,299

Gibraltar Broadcasting Corporation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

5. Investment in shares in group undertakings

	2020 £	2019 £
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)	21,443	30,000
Share in the profits of joint venture	-	(8,557)
	21,443	21,443

Name of company	Domicile	Holdings	Proportion held	Nature of Business	Total capital and reserves £	Profit/loss for the year £
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 2020 the Corporation recognised nil (2019: £8,557) as its share in the net income or loss of joint venture under "Administrative expenses".

6. Debtors

	2020 £	2019 £
Due from Government of Gibraltar	2,607	2,151
Advertising accounts receivable	35,485	21,508
Deposit for turnstile equipment	-	66,800
Other debtors and prepayments	465,825	513,889
	503,917	604,348

In 2020, receivables from Government of Gibraltar totalling nil (2019: £4,109) were written off and is included under "Administrative expenses".

Gibraltar Broadcasting Corporation

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

7. Creditors: amounts falling due within one year

	2020	2019
	£	£
Obligations under finance leases (see note 8)	45,539	42,037
Government grant received in advance	598,638	648,725
Government grant with respect to assets under construction	443,527	-
Amount due to Wheelhouse Media Limited	3,461	14,210
Other creditors and accruals	414,854	504,273
	<u>1,506,019</u>	<u>1,209,245</u>

Cash at bank includes corporate funds and segregated accounts containing amounts due to WML. As at 31 March 2020, the segregated cash accounts are equal to the amounts due to WML amounting to £3,461 (2019: £14,210) that is restricted for use by the Corporation.

On 21 November 2019, the Corporation received grant from the Government of Gibraltar in relation to the Corporation's assets under construction totalling £443,527. Such grant will be reimbursed back to the Government of Gibraltar upon receipt of proceeds from a local bank.

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

Lease purchase agreements

	2020	2019
	£	£
Amounts payable:		
In one year or less	45,539	42,037
Between one to two years	-	45,539
Between two to five years	-	-
	<u>-</u>	<u>45,539</u>
	<u>45,539</u>	<u>87,576</u>

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 2020

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:

	2020	2019
	£	£
Contributions to Gibraltar Provident Trust (No 2) Pension Scheme	344,565	263,077
Contributions to Staff Retirement Benefits Scheme	345,832	382,218
	<u>690,397</u>	<u>645,295</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 £690,397 (2019: £645,295). 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 (2019: £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

	2020	
	Income (Expense)	Due from (to) parties
	£	£
Amount due to WML	-	(3,461)
HM Government of Gibraltar:		
Contributions by HM GOG	5,446,167	-
Amounts due from HM GOG	-	2,607
Amounts due to HM GOG	-	(1,042,165)
	2019	
	Income (Expense)	Due from (to) parties
	£	£
Amount due to WML	-	(14,210)
HM Government of Gibraltar:		
Contributions by HM GOG	5,236,221	-
Amounts due from HM GOG	-	2,151
Amounts due to HM GOG	-	(648,725)

Investment in participating interest. † 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 2020

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 2020

	2020 £	2019 £
STAFF COSTS		
Salaries & wages	2,737,070	2,452,965
Social insurance	139,894	140,143
Pension contributions	440,397	395,295
Freelancer salary	15,879	20,126
Other fees	11,044	22,340
	<u>3,344,284</u>	<u>3,030,869</u>
OTHER ADMINISTRATION EXPENSES		
Rates	12,465	12,842
Electricity & water	55,547	50,941
Telephone	27,985	27,621
Cable carriage fees	38,500	38,500
Transmission site rent	7,050	6,936
Postage	313	255
Printing & stationery	4,664	4,573
Security of premises	29,300	26,706
Insurance – libel & slander	110,222	94,540
Repairs & maintenance	36,559	62,719
Travelling & entertainment	4,645	19,123
Relocation expenses	41,528	11,310
General expenses	3,235	1,703
Legal and professional fees	13,810	16,275
Multiplex management	-	(8,990)
Fape digitisation	60,740	105,216
Accountancy fees	57,436	54,880
Software copyright	20,735	20,753
International projects	9,241	1,557
Write of receivable from Government	-	4,109
Share in the loss of joint venture	-	8,557
TOTAL ADMINISTRATION EXPENSES	<u>533,975</u>	<u>561,195</u>
SELLING EXPENSES		
Advertising, marketing and website	57,051	58,373
Bad debts written off	2,253	11,967
TOTAL SELLING EXPENSES	<u>59,304</u>	<u>70,340</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 £	2019 £
GENERAL PROGRAMMING AND PRODUCTION COSTS		
Copyright and Royalties	70,274	68,293
Local Costs - Props, wardrobe, etc.	7,050	2,315
Live programmes: General	83,741	69,627
UEFA football transmissions	19,112	30,995
TV films	173,827	125,218
Programme commissions	95,411	71,765
Van hire	105,763	111,092
Current affairs	13,889	28,811
Weather report	34,144	34,296
Training	504	3,103
Wire service	6,180	14,278
Other costs	45,476	48,484
New training vote	23,552	68,288
International body subscriptions	2,083	5,962
Maintenance & repairs	176,576	153,778
Motor vehicle expenses	11,295	11,544
	<hr/> 868,877	<hr/> 847,849

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