SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City, 1209, Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph

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Company Information

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March 10, 2023

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **TV5 NETWORK INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Isla Lipana & Co., the independent auditors, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

[redacted]	[redacted]	[redacted]
Manuel V. Pangilinan Chairman of the Board	**Guido Xavier R. Zaballero** President and Chief Executive Officer	**Pierre Paul S. Buhay** Chief Financial Officer

SUBSCRIBED AND SWORN to before me this APR 11 2023 day of ______ 2023 affiants exhibiting to me their Passports, as follows: MANDALUYONG CITY

Name	Passport/Driver's License No.	Date of Expiry	Place of Issue
Manuel V. Pangilinan	[redacted]	December 17, 2028	DFA, NCR East
Guido Xavier R. Zaballero		November 6, 2028	DFA, NCR East
Pierre Paul S. Buhay		June 7, 2024	LTO, NCR West

Notary Public

[redacted]

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Page No. 11 ;
Book No. V ;
Series of 2023.

PTR No. [redacted] issued on January 5, 2023
Mandaluyong City, Metro Manila
Roll of Attorney's No. [redacted]
IBP No. [redacted] issued on January 10, 2023
[redacted]
Commission No. 0494-23/Until December 31, 2024

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	0	0	0	0	1	4	2	6	9

COMPANY NAME

TV5 NETWORK, INC.

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

762 QUIRINO HIGHWAY,
NOVALICHES, QUEZON CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS		N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	(02) 8 689 3100	

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
51	December 31	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Pierre Paul S. Buhay	[redacted]	[redacted]	

CONTACT PERSON's ADDRESS

[redacted]

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

Independent Auditor's Report

To the Board of Directors and Shareholders of
TV5 Network Inc.
762 Quirino Highway
San Bartolome, Novaliches
Quezon City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TV5 Network Inc. (the "Company") as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of total comprehensive income for the years ended December 31, 2022 and 2021;
- the statements of changes in equity for the years ended December 31, 2022 and 2021;
- the statements of cash flows for the years ended December 31, 2022 and 2021; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 PSA 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 PSA, we exercise professional judgment and maintain professional skepticism 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

pwc

Isla Lipana & Co.

- Conclude on the appropriateness of management'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 Company'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 Company 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 those charged with governance 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.

Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 26 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

[redacted]

Nelson Charsegun L. Aquino
Partner
CPA Cert. No. [redacted]
P.T.R. No. [redacted] issued on January 9, 2023, Makati City
SEC A.N. (individual) as general auditors [redacted]-SEC , Category A,
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors [redacted]-SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN [redacted]
BIR A.N. [redacted] issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. [redacted], effective until November 14, 2025

Makati City
March 14, 2023

Isla Lipana & Co.

Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Shareholders of
TV5 Network Inc.
762 Quirino Highway
San Bartolome, Novaliches
Quezon City

None of the partners of the firm have any financial interest in TV5 Network Inc. or any family relationships with its president, manager, or shareholders.

The supplementary information on taxes and licenses for the year ended December 31, 2022 is presented in Note 26 to the financial statements.

Isla Lipana & Co.

[redacted]

Nelson Charsegun L. Aquino
Partner
CPA Cert. No. [redacted]
P.T.R. No. [redacted], issued on January 9, 2023, Makati City
SEC A.N. (individual) as general auditors [redacted]-SEC , Category A,
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors [redacted]-SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN [redacted]
BIR A.N. [redacted], issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. [redacted], effective until November 14, 2025

Makati City
March 14, 2023

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
TV5 Network Inc.
762 Quirino Highway
San Bartolome, Novaliches
Quezon City

We have audited the financial statements of TV5 Network Inc. (the "Company"), as at and for the year ended December 31, 2022, on which we have rendered the attached report dated March 14, 2023.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, as at December 31, 2022 the Company has a total number of eighteen (18) shareholders owning one hundred (100) or more shares each.

Isla Lipana & Co.

[redacted]

Nelson Charsegun L. Aquino
Partner
CPA Cert. No. [redacted]
P.T.R. No. [redacted] issued on January 9, 2023, Makati City
SEC A.N. (individual) as general auditors [redacted]-SEC , Category A,
valid to audit 2021 to 2025 financial statements
SEC A.N. (firm) as general auditors [redacted]-SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN [redacted]
BIR A.N. [redacted] issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. [redacted] effective until November 14, 2025

Makati City
March 14, 2023

TV5 Network Inc.

Statements of Financial Position
As at December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
ASSETS			
Current assets			
Cash	24	503,556,753	217,447,330
Receivables, net	2	533,760,377	777,068,230
Audio-visual program rights, net	3	154,403,835	201,086,945
Set-top boxes	4	190,600,802	-
Other current assets, net	5	692,128,450	523,256,886
Total current assets		2,074,450,217	1,718,859,391
Non-current assets			
Property and equipment, net	6	3,599,166,977	2,494,068,448
Investment properties, net	7	199,311,000	193,813,000
Investment in subsidiaries and associates, net	8	274,733,985	258,910,923
Audio-visual program rights, net	3	370,000,000	518,000,000
Other non-current assets, net	9	2,538,905,205	2,525,650,595
Total non-current assets		6,982,117,167	5,990,442,966
Total assets		9,056,567,384	7,709,302,357
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other liabilities	10	2,523,635,775	2,078,384,776
Lease liabilities	16	36,230,179	9,245,048
Borrowings	19	100,000,000	-
Obligations for audio-visual program rights	3	245,769,570	308,021,090
Provision for employee benefits	21	79,263,671	67,839,744
Total current liabilities		2,984,899,195	2,463,490,658
Non-current liabilities			
Borrowings	19	1,300,000,000	-
Lease liabilities, net of current portion	16	164,793,992	16,422,072
Obligations for audio-visual program rights	3	370,000,000	518,000,000
Retirement benefit obligation	15	278,569,700	296,566,900
Other non-current liabilities	16	6,698,481	6,336,108
Total non-current liabilities		2,120,062,173	837,325,080
Total liabilities		5,104,961,368	3,300,815,738
Equity			
Share capital	11	1,200,000,000	1,200,000,000
Additional paid in capital	11	3,575,388,819	4,375,657,490
Deficit	11	(909,762,703)	(1,200,268,671)
Reserve for remeasurement on retirement obligation	15	85,979,900	33,097,800
Total equity		3,951,606,016	4,408,486,619
Total liabilities and equity		9,056,567,384	7,709,302,357

(The notes on pages 1 to 53 are integral part of these financial statements)

TV5 Network Inc.

Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Share capital (Note 11)					
	Preferred	Common	Additional paid in capital (Note 11)	Deficit (Note 11)	Reserve for remeasurement on retirement obligation (Note 15)	Total equity
Balances as at January 1, 2021	200,000,000	1,000,000,000	5,347,147,631	(1,571,490,141)	(4,228,100)	4,971,429,390
Comprehensive income for the year						
Loss for the year	-	-	-	(1,200,268,671)	-	(1,200,268,671)
Other comprehensive income for the year	-	-	-	-	37,325,900	37,325,900
Total comprehensive loss for the year	-	-	-	(1,200,268,671)	37,325,900	(1,162,942,771)
Transactions with owners						
Additional paid-in capital	-	-	600,000,000	-	-	600,000,000
Equity restructuring (Note 11)	-	-	(1,571,490,141)	1,571,490,141	-	-
Total transactions with owners	-	-	(971,490,141)	1,571,490,141	-	600,000,000
Balances as at December 31, 2021	200,000,000	1,000,000,000	4,375,657,490	(1,200,268,671)	33,097,800	4,408,486,619
Comprehensive income for the year						
Loss for the year	-	-	-	(909,762,703)	-	(909,762,703)
Other comprehensive income for the year	-	-	-	-	52,882,100	52,882,100
Total comprehensive loss for the year	-	-	-	(909,762,703)	52,882,100	(856,880,603)
Transactions with owners						
Additional paid-in capital	-	-	400,000,000	-	-	400,000,000
Equity restructuring (Note 11)	-	-	(1,200,268,671)	1,200,268,671	-	-
Total transactions with owners	-	-	(800,268,671)	1,200,268,671	-	400,000,000
Balances as at December 31, 2022	200,000,000	1,000,000,000	3,575,388,819	(909,762,703)	85,979,900	3,951,606,016

(The notes on pages 1 to 53 are integral part of these financial statements)

Securities and Exchange Commission
PHILIPPINES

TV5 Network Inc.

Statements of Total Comprehensive Income
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
Service revenues	12	1,977,714,612	1,220,916,213
Direct costs	13	(2,153,361,397)	(1,713,764,215)
Gross loss		(175,646,785)	(492,848,002)
Operating expenses	14	(713,227,927)	(692,834,459)
Loss from operations		(888,874,712)	(1,185,682,461)
Other income (expenses), net			
Finance cost	16,19,22	(30,874,793)	(2,714,666)
Foreign exchange losses, net	24	(14,268,449)	(9,063,579)
Interest income		347,959	1,226,873
Other income (expenses), net	18	23,907,292	(4,034,838)
		(20,887,991)	(14,586,210)
Loss before income tax		(909,762,703)	(1,200,268,671)
Income tax expense	20	-	-
Loss for the year		(909,762,703)	(1,200,268,671)
Other comprehensive income for the year			
Item that will not be subsequently reclassified to profit or loss			
Remeasurement gain on retirement obligation	15	52,882,100	37,325,900
Total comprehensive loss for the year		(856,880,603)	(1,162,942,771)

(The notes on pages 1 to 53 are integral part of these financial statements)

TV5 Network Inc.

Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
Cash flows from operating activities			
Loss before income tax		(909,762,703)	(1,200,268,671)
Adjustments for:			
Depreciation and amortization	6, 13, 14	402,044,125	412,329,495
Amortization of audio-visual program rights	3, 13, 19	194,683,110	236,211,227
Retirement benefit expense	14, 15	41,138,700	52,288,700
Provision for impairment of trade and other receivables	2, 14	34,645,636	18,361,252
Unrealized foreign exchange loss, net	24	7,816,466	12,839,009
Provision for (reversal of) impairment of subsidiaries and associate	8, 18	(15,823,062)	3,788,449
Fair value gain on investment properties	7, 18	(5,498,000)	(1,719,000)
Gain on disposal of property and equipment	18	(1,759,851)	(62,622)
Dividend income	8, 18	(750,036)	(1,500,071)
Reversal of impairment of other assets	5, 18	(149,394)	-
Interest expense	16, 19, 22	30,874,793	2,714,666
Interest income		(347,959)	(1,226,873)
Operating loss before changes in assets and liabilities		(222,888,175)	(466,244,439)
Decrease (increase) in:			
Receivables		(482,605,692)	50,048,712
Audio-visual program rights		-	510,206
Set-top boxes		(190,600,802)	-
Other current assets		(168,864,755)	(65,521,846)
Other non-current assets		1,186,789	(3,252,699)
Increase (decrease) in:			
Accounts payable and other liabilities		301,876,129	(201,450,103)
Obligations for audio-visual program rights		(208,465,179)	(215,248,010)
Provision for employee benefits		11,423,927	(6,558,313)
Other non-current liabilities		362,373	(7,213,703)
Cash used in operating activities		(958,575,385)	(914,930,195)
Benefits paid directly by the Company	15	(6,253,800)	(9,737,700)
Interest received		345,714	1,404,641
Income taxes paid		(14,441,399)	(18,027,656)
Net cash used in operating activities		(978,924,870)	(941,290,910)
Cash flows from investing activities			
Acquisition of property and equipment	6	(504,202,836)	(254,698,372)
Dividends received	8, 18	750,036	1,500,071
Additions to investment in subsidiaries	8	-	(20,000,000)
Proceeds from disposal of property and equipment	5	2,004,934	62,622
Net cash used in investing activities		(501,447,866)	(273,135,679)
Cash flows from financing activities			
Proceeds from borrowings	19	1,400,000,000	-
Additional paid in capital	11	400,000,000	600,000,000
Lease payments, including interest	16, 22	(40,429,491)	(10,832,050)
Net cash from financing activities		1,759,570,509	589,167,950
Net increase (decrease) in cash		279,197,773	(625,258,639)
Cash at beginning of year		217,447,330	840,403,412
Effects of foreign exchange difference on cash		6,911,650	2,302,557
Cash at end of year		503,556,753	217,447,330

(The notes on pages 1 to 53 are integral part of these financial statements)

TV5 Network Inc.

Notes to the Financial Statements
As at and for the years ended December 31, 2022 and 2021
(All amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

1.1 Organization

TV5 Network, Inc. (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on August 4, 1958, primarily to own, lease, control, maintain, operate and manage radio or broadcasting and television (TV) stations, among others. On November 8, 2005, the Philippine SEC approved the Company's amendments to its articles of incorporation which include extending the corporate life of the Company for another fifty years starting on August 3, 2008.

On December 8, 1994, the Company was granted a franchise by Congress, under the provisions of Republic Act No. 7831 (RA 7831) to construct, install, operate and maintain for commercial purposes and in the public interest radio and television broadcasting stations in the Philippines with the corresponding technological auxiliary or facilities, special broadcast and other broadcast distribution services and relay stations. The Company's franchise was granted for a term of twenty-five (25) years from the date of effectivity of such Act unless sooner revoked or cancelled. On April 22, 2019, the Company was granted by Congress under RA 11320, renewal of its franchise for another twenty-five (25) years.

The Company operates TV5's Digital Terrestrial Television (DTT) and analog networks and provides managed services to One Sports and radio network - Radyo5 92.3 News FM, in the Philippines.

MediaQuest Holdings, Inc. (MediaQuest) or the Parent Company owns directly and indirectly 99.6% of the total outstanding common shares and 100% of the outstanding preferred shares of the Company. The Company's ultimate parent company is the Beneficial Trust Fund (BTF) of Philippine Long Distance Telephone Company (PLDT Co.), a trust organized and domiciled in the Philippines.

The Company's registered office address is 762 Quirino Highway, San Bartolome, Novaliches, Quezon City.

1.2 Status of operations

The Company continued to be affected by the intense competition in the television industry and the deep-seated TV viewing habits of majority of TV viewers in the country. In addition, the Company is also facing a changing media landscape brought about by the proliferation of alternative platforms that deliver content and media to consumers. For the year ended December 31, 2022, the Company incurred losses of P909.8 million (2021 - P1.2 billion) which resulted to accumulated deficit at December 31, 2022 of P909.8 million (2021 - P1.2 billion).

The Company continues to adjust its programming line-up to improve its operating and financial results. As such, the Company has implemented changes in its business strategies to enhance differentiated values against the competition, deliver a focused but wider target audience, maximize revenues and manage production and operating costs.

In 2020, TV5 included in its programming line-up more entertainment programs through its blocktime arrangement with Cignal TV, Inc. (Cignal), the Company's affiliate, while maintaining its news and strong sports contents. In July 2022, the Company and Cignal mutually terminated the blocktime agreement and the relationship on content supply with Cignal becoming purely content provider. To balance the risk, TV5 strategically programmed its grid with network produced and licensed contents while the balance of its airtime is offered to strategic partners for blocktime.

The Company is continuously building its DTT infrastructure to be able to deliver a competitive reach and consistent signal clarity. It will also continue enhancing its digital or online presence and capability to support its 360° strategy in making content available on multiple screens and platforms beyond the free-to-air broadcast television. All these strategies aim to reach and attract wider viewership base bringing better opportunities in airtime monetization while maintaining cost efficiency. The effective implementation of the foregoing is expected to deliver favorable results on the Company's business operations and financial performance.

Moreover, the Parent Company continues to provide financial support to the Company to enable it to meet its financial obligations when they fall due and carry out its business operations, going forward. For the year ended December 31, 2022, MediaQuest directly and indirectly provided additional paid in capital to the Company aggregating to P400 million (2021 - P600 million) (Note 11).

The Company's financial statements were prepared on a going concern basis.

1.3 Impact of the corona virus disease 2019 (COVID-19)

Management has assessed that the pandemic did not have a significant impact on the Company's financial position and results as at and for the year ended December 31, 2022. The Company consistently implemented health and safety protocols within its operations to prevent the spread of the virus.

Management will continue to monitor the business developments amidst the pandemic and update the assessments made.

1.4 Approval of the Company's financial statements

The financial statements of the Company were authorized and approved for issue by the Board of Directors (BOD) on March 10, 2023.

Note 2 - Receivables, net

Receivables, net as at December 31 consist of:

	Note	2022	2021
Trade receivables			
Airtime and blocktime receivables - third party		642,340,721	776,969,510
Allowance for impairment		(471,175,429)	(437,390,376)
Airtime and blocktime receivables - third party, net		171,165,292	339,579,134
Due from related parties	19	356,310,165	417,863,958
		527,475,457	757,443,092
Non-trade receivables			
Due from related parties	19	2,327,400	16,390,675
Advances to officers and employees		3,819,705	2,581,324
		6,147,105	18,971,999
Other receivables		61,183,420	60,838,161
Allowance for impairment		(61,045,605)	(60,185,022)
Other receivables, net		137,815	653,139
		533,760,377	777,068,230

Receivables from television and radio airtime and blocktime receivables are unsecured, non-interest-bearing and are generally on 90 day terms upon receipt of invoice by advertisers. Billing for airtime advertising normally takes 30 days from airing.

Television and radio airtime receivables include unbilled airtime receivables, which arises from advertisements that were aired during the year but are not billed as of the cut-off time. Requirements for billing include the completion of the matching of telecast orders, issuance of the certificate of completion and preparation of the invoice.

The Company's unbilled receivables as at December 31, 2022 amounted to P14.1 million (2021 - P48.6 million). These amounts are included in airtime and blocktime receivables with age of 30-60 days from airing date.

Advances to officers and employees and other receivables are noninterest-bearing and are normally collected within the next financial year.

The movements in allowance for impairment of trade and other receivables for the years ended December 31 are as follows:

	Note	2022	2021
Balance at beginning of year		497,575,398	479,214,146
Provision for impairment	14	34,645,636	18,361,252
Balance at end of year		532,221,034	497,575,398

Critical accounting estimate: Provision for impairment of trade and other receivables

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Expected credit losses (ECL) on trade and non-trade receivables are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company has used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

Management believes, based on its assessment that the carrying amount of trade and other receivables is recoverable.

Note 3 - Audio-visual program rights, net

As part of its overall programming strategy, the Company regularly acquires audio visual program rights for sports program, movies and TV series. Audio-visual program rights, net as at December 31 consist of:

	Note	2022	2021
Opening gross carrying value		762,975,707	1,003,383,107
Amortization	13	(194,683,110)	(236,211,227)
Write-off of expired and unused rights		-	(3,685,967)
Adjustments		-	(510,206)
		568,292,597	762,975,707
Allowance for impairment of program rights			
Balance at beginning of the year		(43,888,762)	(47,574,729)
Write-off of expired and unused rights		-	3,685,967
		(43,888,762)	(43,888,762)
Closing net carrying value		524,403,835	719,086,945

Audio-visual program rights are classified in the statements of financial position at December 31 as follows:

	2022	2021
Current	154,403,835	201,086,945
Non-current	370,000,000	518,000,000
	524,403,835	719,086,945

Obligation for audio-visual program rights represents liabilities to foreign and local content suppliers for program rights purchased by the Company. These are classified in the statements of financial position at December 31 as follows:

	2022	2021
Current	245,769,570	308,021,090
Non-current	370,000,000	518,000,000
	615,769,570	826,021,090

Critical accounting estimate: Amortization of audio-visual program rights

The Company estimates the amortization of audio-visual program rights based on the manner and pattern of usage of the acquired rights. The Company estimates that programs are generally more marketable in its initial airing as compared to the replays. In addition, the amortization is estimated based on the Company's experience with such rights. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned.

Critical accounting judgement: Recoverability of audio-visual program rights

The Company reviews at each reporting date whether there is any objective evidence that audio-visual program rights are impaired. On a regular basis, management determines if there are circumstances that the carrying amount may not be recoverable through subsequent airing. In making this judgment, the Company considers, among other factors, its broadcast program line-up and the age of its remaining rights. Management believes that there are no events or changes in circumstances that indicate that the remaining carrying amount of program rights may not be recoverable at reporting date.

Note 4 - Set-top boxes

On May 31, 2022, the Company entered into an agreement for the purchase of Cignal's set-top boxes for an aggregate amount of P202.5 million (Note 19). The set-top boxes are the digital TV receiver which allows analog TVs access to the free-to-air digital television channels available in an area. These are intended for sale and will be charged to profit or loss once sold.

The carrying amount of set-top boxes as at December 31, 2022 amounted to P190.6 million.

Critical accounting estimate: Net realizable value of set-top boxes

The Company provides allowance for inventory write-down for cost of set-top boxes whenever their net realizable value becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The lower of cost and net realizable value of set-top boxes is reviewed on a periodic basis and any provision is recognized as part of direct costs in the statement of total comprehensive income.

Note 5 - Other current assets, net

Other current assets, net as at December 31 consist of:

	2022	2021
Current portion of input value-added tax (VAT)	471,901,913	285,310,600
Deferred production costs	98,556,810	102,287,750
Advances to suppliers	72,026,630	71,480,566
Prepayments	47,297,595	62,517,970
	689,782,948	521,596,886
Other assets	22,150,724	21,614,616
Allowance for impairment	(19,805,222)	(19,954,616)
Other assets, net	2,345,502	1,660,000
	692,128,450	523,256,886

The Company's input VAT represents input taxes on purchases of property and equipment, materials and supplies and payment for goods and services that is expected to be utilized and applied against output VAT in the next 12 months.

Deferred production costs are payments for content production related expenses, including but not limited to talent fees and production materials prior to the airing of the programs or episodes. The Company expects to air the related programs or episodes within the next financial year.

Advances to suppliers mainly represent advance payments made by the Company to suppliers and/or building contractors for acquisition of fixed assets and purchase of goods and services. These are generally applied within the next financial year.

Prepayments are payments made in advance of obtaining rights of access to goods or receipt of services. This mainly consists of prepaid taxes, insurance, maintenance and subscriptions. The Company expects to recognize the expenses within the next financial year either with the passage of time or through use.

Other assets pertain mainly to goods and consumables arising from barter transactions. These are received in exchange for advertising and are not held for sale. These are intended by the Company to be used internally and will be charged to profit or loss as consumed.

The movements in allowance for impairment of other assets for the years ended December 31 are as follows:

	Note	2022	2021
Balance at beginning of year		19,954,616	19,954,616
Reversal of provision for impairment	18	(149,394)	-
Balance at end of year		19,805,222	19,954,616

Critical accounting judgement: Recoverability of input VAT

The Company reviews at each reporting date whether there is any objective evidence that the Company's input VAT is impaired. In making this judgment, the Company evaluates its revenue forecasts against which the input VAT can be applied. Management believes that input VAT will be utilized and can be applied against output VAT payable from service revenues.

Note 6 - Property and equipment, net

Property and equipment, net at December 31 consist of:

	Land	Broadcast equipment (Note 16)	Building and improvements	Office furniture, fixtures, and transportation equipment	Leasehold improvements (Note 16)	Construction in progress	Total
At January 1, 2021							
Cost	479,555,427	4,548,689,912	1,889,410,317	864,829,255	62,297,184	119,217,383	7,963,999,478
Accumulated depreciation and amortization	-	(3,740,378,434)	(737,520,588)	(799,096,038)	(33,179,225)	-	(5,310,174,285)
Net carrying value	479,555,427	808,311,478	1,151,889,729	65,733,217	29,117,959	119,217,383	2,653,825,193
Year ended December 31, 2021							
Opening net carrying value	479,555,427	808,311,478	1,151,889,729	65,733,217	29,117,959	119,217,383	2,653,825,193
Acquisition	-	35,428,827	6,651,551	17,757,203	8,236,911	187,318,279	255,392,771
Disposal							
Cost	-	-	-	(1,296,385)	(5,310,746)	-	(6,607,131)
Accumulated depreciation	-	-	-	1,296,385	2,490,725	-	3,787,110
Depreciation and amortization (Notes 13 and 14)	-	(292,414,940)	(80,469,439)	(28,174,649)	(11,270,467)	-	(412,329,495)
Closing net carrying value	479,555,427	551,325,365	1,078,071,841	55,315,771	23,264,382	306,535,662	2,494,068,448
At December 31, 2021							
Cost	479,555,427	4,584,118,739	1,896,061,868	881,290,073	65,223,349	306,535,662	8,212,785,118
Accumulated depreciation and amortization	-	(4,032,793,374)	(817,990,027)	(825,974,302)	(41,958,967)	-	(5,718,716,670)
Net carrying value	479,555,427	551,325,365	1,078,071,841	55,315,771	23,264,382	306,535,662	2,494,068,448
Year ended December 31, 2022							
Opening net carrying value	479,555,427	551,325,365	1,078,071,841	55,315,771	23,264,382	306,535,662	2,494,068,448
Acquisition	-	422,385,431	3,325,590	73,606,947	170,852,012	837,217,757	1,507,387,737
Reclassification	-	984,892,699	47,862,213	3,314,571	65,201,236	(1,101,270,719)	-
Disposal							
Cost	-	-	-	(15,762,014)	-	-	(15,762,014)
Accumulated depreciation	-	-	-	15,516,931	-	-	15,516,931
Depreciation and amortization (Notes 13 and 14)	-	(248,067,887)	(79,024,075)	(45,006,372)	(29,945,791)	-	(402,044,125)
Closing net carrying value	479,555,427	1,710,535,608	1,050,235,569	86,985,834	229,371,839	42,482,700	3,599,166,977
At December 31, 2022							
Cost	479,555,427	5,991,396,869	1,947,249,671	942,449,577	301,276,597	42,482,700	9,704,410,841
Accumulated depreciation and amortization	-	(4,280,861,261)	(897,014,102)	(855,463,743)	(71,904,758)	-	(6,105,243,864)
Net carrying value	479,555,427	1,710,535,608	1,050,235,569	86,985,834	229,371,839	42,482,700	3,599,166,977

Acquisition for the year ended December 31, 2022 includes the transferred DTT related assets from Cignal amounting to P699.1 million (Note 19).

Depreciation and amortization of property and equipment is charged to profit or loss for the years ended December 31 as follows:

	Notes	2022	2021
Direct costs	13	350,619,961	351,231,365
Operating expenses	14	51,424,164	61,098,130
		402,044,125	412,329,495

Construction in progress represents television and broadcast equipment, leasehold and building improvements, fixtures and other capitalizable properties and equipment in relation to its studio and network expansion. Assets under construction are not depreciated until they are completed and ready for operational use, at which time these are reclassified from construction in progress to the specific classification in property and equipment.

There are no borrowing costs incurred and capitalized for the years ended December 31, 2022 and 2021.

The Company's management determines the estimated useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, regulatory requirements, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned.

The Company's land, building (excluding construction in progress) and broadcast equipment with a total carrying amount of P1.7 billion as at December 31, 2022 have been appraised by an independent appraiser on January 3, 2023. Based on the latest appraisal report, the fair value of the assets appraised is P3.3 billion. In calculating the fair value of the Company's property and equipment, below are the methods applied by the third party appraisal company:

a) Buildings and improvements, broadcast equipment - replacement cost method. This is the estimated amount of money needed to replace the group of assets taking in consideration the current prices of materials, labor, manufactured equipment, and contractor's overhead and all other costs associated with the acquisition and installation. The Company's broadcast equipment are constructed using modern technologies.

b) Land - fair value method. This is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. This include recent market prices or similar property listing of land properties in the vicinity.

Estimated useful lives of property and equipment

The useful life of each of the Company's property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is consistent with group policies and is based on a collective assessment of practices of similar business, internal technical evaluation, experience with similar assets and where available, supplier specifications. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset.

As shown above, the Company estimates that its significant assets mainly broadcast equipment, building and building improvements have useful lives ranging from 10 to 15 years. This is based on the Company's assumption and judgment that it can continue to operate on a going concern basis and these assets are not significantly affected by immediate technological and commercial obsolescence.

It is possible that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded expenses and decrease non-current assets.

Critical accounting judgement: Recoverability of property and equipment

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. On a regular basis, management determines if there are triggering events or impairment indicators based on current circumstances. An impairment loss is recognized whenever evidence exists that the carrying value is not recoverable.

As discussed in Note 1.2, the Company continuous to build up its property and equipment to be able to support farther signal reach and wider target audience. Broadcast equipment which comprise the significant portion of its fixed assets are utilized to its utmost capacity into content production as it continuous to air news and sports programs, as well as to bring more entertainment contents.

Management believes that there are no events or changes in circumstances indicating that the carrying amount of its property and equipment may not be recoverable as at reporting date.

Note 7 - Investment properties, net

Changes in investment properties for the years ended December 31 consist of:

	Land	Building and improvements	Equipment	Total
Year ended December 31, 2021				
Balance at beginning of year	6,890,000	179,338,594	5,865,406	192,094,000
Fair value gain (loss) (Note 18)	265,000	2,333,811	(879,811)	1,719,000
Balance at end of year	7,155,000	181,672,405	4,985,595	193,813,000
Year ended December 31, 2022				
Balance at beginning of year	7,155,000	181,672,405	4,985,595	193,813,000
Fair value gain (loss) (Note 18)	636,000	5,741,811	(879,811)	5,498,000
Balance at end of year	7,791,000	187,414,216	4,105,784	199,311,000

Some of the Company's properties are held to earn rentals or capital appreciation. As these portions can be sold or leased out separately, the property is accounted for as investment property.

For the year ended December 31, 2022, rent income from investment properties amounted to P22.5 million (2021 - P18.3 million) (Note 12).

For the year ended December 31, 2022, direct costs related to investment properties that generates rent income amounted to P2.9 million (2021 - P1.6 million).

The cumulative fair value adjustment on investment properties as at December 31 are as follows:

	Note	2022	2021
Balance at beginning of year		84,375,485	82,656,485
Fair value gain	18	5,498,000	1,719,000
Balance at end of year		89,873,485	84,375,485

Critical accounting estimate: Fair value of investment properties

Investment properties, which consist of land and building and improvements are stated at fair values, which have been determined based on appraisal performed on November 18, 2022 by an independent firm of appraisers, an industry specialist in valuing these types of investment properties. In calculating the fair value of the Company's investment properties, below are the methods applied by the third party appraisal company:

a) Building and improvements and equipment - replacement cost method. This is the estimated amount of money needed to replace the group of assets taking in consideration the current prices of materials, labor, manufactured equipment, and contractor's overhead and all other costs associated with the acquisition and installation.

b) Land - fair value method. This is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. This include recent market prices or similar property listing of land properties in the vicinity.

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The above investment properties were categorized under Level 3 of the fair value hierarchy and represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Note 8 - Investment in subsidiaries and associates, net

Investment in subsidiaries and associates, net are all incorporated in the Philippines except for PGNL which is incorporated in the British Virgin Islands and consists of the following as at December 31:

	Effective interest	2022	2021
Subsidiaries:			
Cost			
Studio5, Inc. (Studio5)	100%	937,971,630	937,971,630
Media5 Marketing Corporation (Media5)	100%	629,089,968	629,089,968
Cinegear, Inc. (Cinegear)	65.7%	4,781,650	4,781,650
Balance at end of year		1,571,843,248	1,571,843,248
Allowance for impairment			
Studio5		(937,971,630)	(937,971,630)
Media5		(611,481,806)	(619,903,003)
Cinegear		(121,085)	(121,085)
Balance at end of year		(1,549,574,521)	(1,557,995,718)
Net carrying value		22,268,727	13,847,530
Associates:			
Pilipinas Global Network Limited (PGNL)	35.4%	164,345,455	164,345,455
UXS, Inc. (formerly Unitel Productions, Inc.) (UXS)	30%	115,868,563	115,868,563
		280,214,018	280,214,018
Allowance for impairment			
PGNL		(27,748,760)	(35,150,625)
Net carrying value		252,465,258	245,063,393
Total		274,733,985	258,910,923

The movements of investment in subsidiaries and associates for the years ended December 31 are as follows:

	Note	2022	2021
Acquisition costs			
Balance at beginning of year		1,852,057,266	1,832,057,266
Additions during the year			
Media5		-	20,000,000
Balance at end of year		1,852,057,266	1,852,057,266
Allowance for impairment			
Balance at beginning of year		1,593,146,343	1,589,357,894
Additions (reversal) during the year			
Media5		(8,421,197)	10,813,035
PGNL		(7,401,865)	(7,024,586)
	18	(15,823,062)	3,788,449
Balance at end of year		1,577,323,281	1,593,146,343
Closing net carrying value		274,733,985	258,910,923

Studio5

Studio5 is primarily engaged in the business of developing programming content for television and radio as well as providing consultancy services for the marketing, development and sales of television and radio programs.

Studio5 had very limited transactions focusing only on minimal marketing for advertisements. In view of this, the Company impaired in full the carrying amount of its investment amounting to P938.0 million as at December 31, 2013.

Media5

Media5 was incorporated and registered primarily to operate and carry on the business of sales and marketing of airtime, advertising space, audio-visual programs, recordings, tapes, and all kinds of audio and video programs to various media platforms, such as but not limited to television, radio, internet, mobile, print and billboards; to provide marketing support and research services and act as sales and marketing counsel.

As discussed in Note 1, the Company continues to adjust its programming line-up as well as long term strategies to improve future operating results and deliver sustainable positive economic performance. In 2021, the Company infused additional cash amounting to P20 million for Media5's working capital requirements. The Company recognized reversal of impairment on its investment in Media5 amounting to P8.4 million for the year ended December 31, 2022 (2021 - P10.8 million additional provision for impairment). As at December 31, 2022, the remaining carrying amount of the investment in Media5 is considered recoverable.

Cinegear

Cinegear was set up to provide rental of movie and television equipment, lights and grips, props and costumes, set design and construction and other related services. As at December 31, 2022, Cinegear has not yet commenced commercial operations. As at December 31, 2022 and 2021, allowance for impairment against investment in Cinegear amounted to P121,085. As at December 31, 2022, the remaining carrying amount of the investment in Cinegear is considered recoverable.

PGNL

PGNL was incorporated in the British Virgin Islands on March 16, 2011 whose principal business activity is to transact with various television companies abroad for the distribution of the Company's television programs and content. The territories are United States, Canada, Middle East, Singapore, Japan, Hong Kong, Australia, New Zealand, Italy, United Kingdom and Spain.

The remaining balance of P35.6 million subscription remained unpaid as at December 31, 2022 and 2021.

The Company recognized reversal of prior year impairment of P7.4 million for the year ended December 31, 2022 (2021 - P7 million). As at December 31, 2022, the remaining carrying amount of the investment in PGNL is considered recoverable.

UXS

UXS is registered primarily to engage in the production of film and video commercials, video features, documentaries, advertising and promotions, entertainment and media presentations and programs, television and programming, event management, feature films and other content.

For the year ended December 31, 2022, dividend income amounted to P0.7 million (2021 - P1.5 million) (Note 18).

Critical accounting judgement: Recoverability of investment in subsidiaries and associates

The Company's investment in subsidiaries and associate is carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those assessment and judgment could have a significant effect on the carrying value of investment in subsidiaries and associate and the amount and timing of recorded provision for any period. Management believes that there are no other events or changes in circumstances indicating that the carrying amounts of the investments in subsidiaries and associate may not be recoverable.

Note 9 - Other non-current assets, net

Other non-current assets, net as at December 31 consist of:

	2022	2021
Tax credits	1,004,254,910	1,004,254,910
Allowance for impairment	(1,004,254,910)	(1,004,254,910)
Tax credits, net	-	-
Input VAT, net of current portion	2,214,504,504	2,223,145,779
Prepaid income taxes	298,076,337	283,634,938
Refundable deposits	13,505,377	8,341,504
Others	12,818,987	10,528,374
	2,538,905,205	2,525,650,595

Tax credits represent claims of the Company arising from airtime credits from government sales (Note 25.14)

Critical accounting judgement: Recoverability of input VAT and tax credits

The Company reviews at each reporting date whether there is any objective evidence that the Company's tax credits are impaired. The Company's management has been diligently reviewing its future programming strategies to provide the Company sustainable positive economic performance in the near future. More information about these plans are discussed in Note 1. Management continues to make changes in future operating plans, including future planned importations of broadcast equipment, against which the tax credits can be applied. In view of the changes in plans and programming strategies, the Company's management has determined that it may no longer be probable for the tax credit certificates to be utilized, hence, the Company impaired in full the carrying amount of its tax credits amounting to P1 billion.

The non-current portion of input taxes represents excess input taxes that are not expected to be utilized in the next 12 months.

Prepaid income taxes mainly consist of creditable withholding taxes. These are recognized to the extent that it is probable that future tax liabilities will be available against which tax credits can be utilized. Determining the realizability of creditable withholding taxes requires the assessment of the availability of taxable profit expected to be generated from the operations which effectively drives the tax liabilities against which such creditable taxes can be applied. Management believes that the carrying amount of creditable withholding taxes is recoverable.

Note 10 - Accounts payable and other liabilities

Accounts payable and other liabilities as at December 31 consist of:

	Notes	2022	2021
Accounts payable		702,341,080	479,928,475
Unearned revenues	12,16,17	130,106,144	117,319,728
Due to related parties	19	252,058,900	184,676,779
Accrued expenses			
Production materials, services and capital expenditures		699,529,137	631,793,325
Advertising and promotions		230,434,987	197,613,524
Utilities, communication and outside services		208,244,815	187,170,801
Rental		131,097,312	132,559,733
Advertising revenue share		53,982,646	59,056,368
Taxes		41,795,167	41,760,693
Talent fees and other employee benefits		26,294,320	23,400,753
Interest	19	21,300,822	-
Ploughback liability		16,400,924	12,560,874
Others		10,049,521	10,543,723
		2,523,635,775	2,078,384,776

Accounts payable are non-interest bearing and are normally settled within 60-90 days.

Unearned revenues pertain to advance payments made by customers prior to actual airing of advertisements (Note 17) and advance payments made by lessees prior to the lease period (Note 16).

Ploughback liability pertains to free airtime incentives given to advertising agencies upon reaching a certain amount of advertisements placed over a period of time.

Note 11 - Share capital

Share capital at December 31, 2022 and 2021 consists of:

	Number of shares	Amount
Preferred shares at P100 par value per share		
Authorized	2,000,000	200,000,000
Issued and outstanding	2,000,000	200,000,000
Common shares at P100 par value per share		
Authorized	18,000,000	1,800,000,000
Issued and outstanding	10,000,000	1,000,000,000

Preferred shares

Preferred shares are voting and redeemable at any time at the option of the Company. Dividends are cumulative from the date of subscription thereof and is intended to be payable upon formal declaration by the BOD, and at which time, the related obligation on dividend is recognized in the accounts.

As at December 31, 2022, dividend in arrears amounted to P133.0 million (2020 - P120.2 million).

Additional paid-in-capital

At various dates in 2022, MediaQuest further infused additional cash aggregating to P400 million (2021 - P600 million) for the Company's working capital requirements.

On October 13, 2022, SEC approved the Company's request to undertake equity restructuring to wipe out the deficit as at December 31, 2021 amounting to P1.2 billion against the additional paid-in capital of P4.38 billion.

On December 6, 2021, SEC approved the Company's request to undertake equity restructuring to wipe out the deficit as at December 31, 2020 amounting to P1.57 billion against the additional paid-in capital of P5.35 billion.

Additional paid-capital as at December 31, 2022 as a result of the above transactions amounted to P3.58 billion (2021 - P4.38 billion).

On March 9, 2023, the BOD approved the equity restructuring of the Company to wipe out the deficit as at December 31, 2022 amounting to P909.8 million against the additional paid-in capital of P3.58 billion. The Company is in the process of filing the approved equity restructuring with the SEC.

Note 12 - Service revenues

Service revenues for the years ended December 31 are as follows:

	Notes	2022	2021
Revenues recognized over time			
Airtime revenues, net		873,444,598	302,879,630
Blocktime revenues	19	614,003,605	537,187,916
Production service revenues	19	220,064,245	178,166,284
Others	19	115,053,975	76,904,872
Revenue recognized at point in time			
Syndication revenue	19	122,521,941	107,456,522
Sale of set-top boxes		10,098,540	-
Rent income	7,16,19	22,527,708	18,320,989
		1,977,714,612	1,220,916,213

Other revenues recognized over time mainly pertain to digital revenues and shared service fees.

Liabilities related to contracts with customers

The Company has recognized the following liabilities related to contracts with customers as at December 31:

	Note	2022	2021
Unearned revenue			
Airtime	17	83,157,873	70,024,348
Production services		45,975,667	45,975,667
Rent income		4,087,228	4,174,001
		133,220,768	120,174,016

These are classified in the statements of financial position as at December 31 as follows:

	Notes	2022	2021
Current	10	130,106,144	117,319,728
Non-current		3,114,624	2,854,288
		133,220,768	120,174,016

Revenue recognized in relation to unearned revenue

The following table shows how much of the revenue recognized for the year ended December 31 relates to carried-forward unearned revenues:

	2022	2021
Airtime revenues	50,164,729	77,136,573
Rent income	606,634	589,574
	50,771,363	77,726,147

Note 13 - Direct costs

Direct costs for the years ended December 31 are as follows:

	Notes	2022	2021
Talent fees and personnel costs		709,256,880	621,875,019
Facilities and production services		400,942,135	341,316,968
Depreciation and amortization	6	350,619,961	351,231,365
Production fee	19	274,137,744	45,412,822
Amortization of audio-visual program rights	3, 19	194,683,110	236,211,227
Tapes, sets and production supplies		92,160,823	59,929,981
Transportation and communication		83,334,504	36,712,033
Rent	16	28,035,622	9,346,302
Airtime costs	19	20,190,618	11,728,498
		2,153,361,397	1,713,764,215

Note 14 - Operating expenses

Operating expenses for the years ended December 31 are as follows:

	Notes	2022	2021
Advertising and promotions	19	250,505,889	125,781,421
Salaries and wages		110,422,931	132,923,863
Professional fees	19	109,824,096	103,135,799
Repairs and maintenance		58,296,837	103,945,605
Depreciation and amortization	6	51,424,164	61,098,130
Retirement benefit expense	15	41,138,700	52,288,700
Provision for impairment of trade and other receivables	3	34,645,636	18,361,252
Taxes and licenses		17,587,536	46,603,537
Communications		9,423,906	24,690,379
Insurance and securities		9,117,013	8,993,614
Transportation and travel		3,595,418	1,385,780
Rent	16	1,575,935	1,192,146
Others	19	15,669,866	12,434,233
		713,227,927	692,834,459

Note 15 - Retirement benefit obligation

The Company has an unfunded, noncontributory defined benefit plan covering substantially all of its qualified employees. The plan provides for a lump-sum benefit payment upon retirement based on the length of service and salary at the time of retirement. The retirement benefit expense is determined in accordance with the annual actuarial valuation of the defined benefit plan using the projected unit cost method.

The changes in the present value of defined benefit obligation for the years ended December 31 are as follows:

	2022	2021
Beginning of year	296,566,900	291,341,800
Remeasurement gain	(52,882,100)	(37,325,900)
Current service cost	25,628,800	25,761,700
Interest cost	15,509,900	10,907,200
Benefits paid directly by the Company	(6,253,800)	(9,737,700)
Transfers	-	15,619,800
End of year	278,569,700	296,566,900

In 2021, a number of employees were transferred from the Mediaquest Holdings to the Company which resulted to increase in retirement benefit obligation. This was charged to profit or loss as additional retirement benefit expense.

As of December 31, 2022, the Company has 566 employees (2021 - 525 employees).

The movement in the retirement benefit obligation recognized in the statements of financial position at December 31 are as follows:

	Note	2022	2021
Beginning of year		296,566,900	291,341,800
Remeasurement gain		(52,882,100)	(37,325,900)
Retirement benefit expense	14	41,138,700	52,288,700
Benefits paid directly by the Company		(6,253,800)	(9,737,700)
End of year		278,569,700	296,566,900

Retirement benefit expense charged in the statements of total comprehensive income as part of operating expenses for the years ended December 31 are as follows:

	Note	2022	2021
Current service cost		25,628,800	25,761,700
Interest cost		15,509,900	10,907,200
Transfers		-	15,619,800
Retirement benefit expense	14	41,138,700	52,288,700

Movements in remeasurements on retirement benefits presented in equity are as follows:

	2022	2021
Beginning of year	(33,097,800)	4,228,100
Remeasurement recognized in other comprehensive income		
Remeasurement gain due to liability assumption changes	(52,741,000)	(56,527,900)
Remeasurement loss (gain) due to liability experience	(141,100)	19,202,000
Remeasurements for the year, net	(52,882,100)	(37,325,900)
End of year	(85,979,900)	(33,097,800)

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the cost for retirement benefit include the discount rate and future salary increases. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation. The principal actuarial assumptions used at December 31 were as follows:

	2022	2021
Discount rate	7.00%	5.25%
Future salary increases	5.00%	5.00%

Discount rate

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligation and retirement benefit expense.

Future salary increase rate

The salary increase rate used to project current salaries into the future to determine the amount of the salary related benefit payable at a future date considering the effects of productivity improvement, inflation and promotional increases. A higher salary increase rate will lead to a higher expected amount of benefits to be paid, and consequently, a higher retirement benefit obligation and retirement benefit expense. Other key assumptions for retirement benefit obligation are based in part on current market conditions.

Demographic assumptions

Assumptions regarding future mortality and disability are set based on published statistics and experience in the Philippines.

Other key assumptions for net retirement benefit obligation are based in part on current market conditions.

Critical accounting estimate: Principal assumptions for estimation of retirement benefit liability

The determination of the Company's net retirement benefit liability is dependent on the selection of certain assumptions used by the actuary in calculating such amount. Those assumptions include among others, discount rate and future salary increase rate. Actual results that differ from the Company's assumptions generally affect the recognized expense and recorded obligation in such future periods. One or more of the actuarial assumptions may differ significantly and as a result, the actuarial present value of the defined benefit obligation estimated at the reporting dates may differ significantly from the amounts reported. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
December 31, 2022			
Discount rate	+/- 1.00%	(8.76%)	10.19%
Salary growth rate	+/- 1.00%	10.22%	(9.12%)
December 31, 2021			
Discount rate	+/- 1.00%	(10.32%)	12.16%
Salary growth rate	+/- 1.00%	12.07%	(10.43%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the retirement liability recognized within the statements of financial position.

Assumption regarding future mortality and disability are set based on published statistics and experience in the Philippines. The rate used to discount retirement benefit obligations are based on the PDEx (PDST-R2) rates adjusted based on the average durations of the benchmark government bonds as at the valuation date, considering the average years of remaining working life of the employees. The weighted average duration of the defined benefit obligation as at December 31, 2022 is 10.1 years (2021 - 12.3 years).

Note 16 - Leases

Operating leases - Company as a Lessor

The Company has entered into various operating lease agreements covering office spaces with various establishments. The lease agreements are for various periods from 3 to 10 years, renewable under terms and conditions mutually agreed by the parties. Rent income related to these agreements for the year ended December 31, 2022 amounted to P22.5 million (2021 - P18.3 million) (Notes 7, 12 and 19).

The total estimated future minimum rental receivable on non-cancellable lease agreements at December 31 are as follows:

	2022	2021
Not later than 1 year	19,233,666	19,145,680
Later than 1 year but more than 5 years	52,145,653	41,960,098
Later than 5 years	-	6,117,089
	71,379,319	67,222,867

As at December 31, 2022, security deposit of P3.6 million (2021 - P3.5 million) and advance rent of P3.1 million (2021 - P2.9 million) were agreed by the parties to secure its performance on other obligations under the contract of lease. Advance rent will be applied against rent dues on the last months of the lease while security deposit is refundable at the end of the lease term. These are presented under other non-current liabilities in the statements of financial position.

As at December 31, 2022, unearned revenue outstanding from the foregoing agreement amounted to P4.1 million (2021 - P4.2 million) of which P1.0 million (2021 - P1.3 million) is presented as part of accounts payable and other liabilities (Note 10) and P3.1 million (2021 - P2.9 million) is presented under other non-current liabilities in the statements of financial position.

Operating leases - Company as a Lessee

The Company leases various collocated space and equipment for its operations.

Lease terms are negotiated either on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

DTT Transponder Service Agreement - APT Satellite Company Limited

On May 31, 2022, the Company entered into an agreement with Cignal whereby, Cignal assigned all its obligations, rights, title and interest in the service agreement with APT Satellite Company Limited for the use of the latter's transponder space for the Company's DTT business until August 31, 2026. APT Satellite shall provide the Company with space segment capacity of Apstar 5C satellite.

(i) Amounts recognized in the statements of financial position

The statements of financial position as at December 31 show the following amounts relating to leases:

	Notes	2022	2021
Right-of-use assets			
Leasehold improvements	6	164,650,726	22,638,819
Broadcast equipment	6	30,215,350	-
		194,866,076	22,638,819
Lease liabilities			
Current		36,230,179	9,245,048
Non-current		164,793,992	16,422,072
		201,024,171	25,667,120

Details of movements of right-of-use assets as at and for the years ended December 31 are as follows:

	Broadcast equipment	Leasehold improvements	Total
At January 1, 2021			
Cost	-	44,849,098	44,849,098
Accumulated amortization	-	(17,939,640)	(17,939,640)
Net carrying value	-	26,909,458	26,909,458
For the year ended December 31, 2021			
Opening net carrying value	-	26,909,458	26,909,458
Additions	-	8,062,311	8,062,311
Retirement			
Cost	-	(5,310,746)	(5,310,746)
Accumulated amortization	-	2,490,725	2,490,725
Amortization (Note 13)	-	(9,512,929)	(9,512,929)
Closing net carrying value	-	22,638,819	22,638,819
At December 31, 2021			
Cost	-	47,600,663	47,600,663
Accumulated amortization	-	(24,961,844)	(24,961,844)
Net carrying value	-	22,638,819	22,638,819
For the year ended December 31, 2022			
Opening net carrying value	-	22,638,819	22,638,819
Additions	35,022,337	170,852,013	205,874,350
Amortization (Note 13)	(4,806,987)	(28,840,106)	(33,647,093)
Closing net carrying value	30,215,350	164,650,726	194,866,076
At December 31, 2022			
Cost	35,022,337	218,452,676	253,475,013
Accumulated amortization	(4,806,987)	(53,801,950)	(58,608,937)
Net carrying value	30,215,350	164,650,726	194,866,076

Movement in lease liabilities for the year ended December 31 follows:

	Note	2022	2021
Beginning		25,667,120	28,769,614
Additions	6	205,874,350	8,062,311
Principal and interest payments		(40,429,491)	(10,832,050)
Interest expense	22	9,573,971	2,714,666
Unrealized foreign exchange loss		338,221	-
Termination		-	(3,047,421)
		201,024,171	25,667,120

(ii) Amounts recognized in the statements of total comprehensive income

The statements of total comprehensive income for the years ended December 31 show the following amounts relating to leases:

	Notes	2022	2021
Amortization expense			
Leasehold improvements		28,840,106	9,512,929
Broadcast equipment		4,806,987	-
	13	33,647,093	9,512,929
Interest expense	22	9,573,971	2,714,666
Rental expense	13, 14	29,611,557	10,538,448
		72,832,621	22,766,043

Rent expense for the years ended December 31, 2022 and 2021 relates to payments associated with short-term leases and lease of low-value assets which are recognized on a straight-line basis in the statements of total comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(iii) Discount rate

Payments for leases of various office space and equipment are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Critical accounting estimate: Determining the incremental borrowing rate

To determine the incremental borrowing rate, the Company uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Company uses the government bond yield, adjusted for the (1) credit spread specific to the Company and (2) security using the right-of-use asset.

Critical accounting judgment: Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Future minimum lease payments under lease liabilities and the net present value of the minimum lease payments as at December 31 follows:

	2022	2021
Not later than 1 year	46,254,400	10,644,960
Later than 1 year but not later than 5 years	161,373,850	17,406,870
Later than 5 years	28,065,420	-
	235,693,670	28,051,830
Future finance charges	(34,669,499)	(2,384,710)
	201,024,171	25,667,120

The present value of lease liabilities at December 31 follows:

	2022	2021
Not later than 1 year	36,230,179	9,245,048
Later than 1 year but not later than 5 years	138,950,310	16,422,072
Later than 5 years	25,843,682	-
	201,024,171	25,667,120

Note 17 - Commitments

The Company entered into an advertising commitment with advertisers in consideration for the future airing and telecast of advertisements and commercials on TV5's network. The cost of telecast of the related advertisement is applied against and deducted from the placement amount (paid before broadcast) anytime within the contracted dates and only after the relevant advertisement is aired in full.

As at December 31, 2022, unearned revenue outstanding from the foregoing agreement amounted to P129.1 million (2021 - P116.0 million) are presented as part of accounts payable and other liabilities in the statements of financial position (Note 10).

Note 18 - Other income (expenses), net

The components of other income (expenses), net for the years ended December 31 are as follows:

	Notes	2022	2021
Reversal of (provision for) impairment of subsidiary and associate	8	15,823,062	(3,788,449)
Fair value gain on investment properties	7	5,498,000	1,719,000
Gain on disposal of property and equipment		1,759,851	62,622
Dividend income	8	750,036	1,500,071
Reversal of impairment of other assets	5	149,394	-
Others, net		(73,051)	(3,528,082)
		23,907,292	(4,034,838)

Note 19 - Related party transactions

The Company, in the ordinary course of business, has transactions with related parties, as follows:

For the years ended December 31:

	Terms and conditions	Transactions 2022	2021
(A) Billings made on behalf *Entity under common control*	These are billings made by the related party on behalf of the Company for airtime, blocktime and digital revenues and sale of set-up boxes.	896,845,976	180,125,732
(B) Blocktime revenue *Entity under common control*	The Company entered into a blocktime agreement with Cignal allowing the latter to block certain spots withinTV5's channel grid for various Cignal programs beginning July 1, 2020, subject to renewal upon mutual agreement by both parties. TV5 shall, throughout the term, continuously air, broadcast, transmit and distribute the programs on its entirety without any downtime, interruption, modification or alteration and in accordance with the agreed service levels and performance. In consideration of the services, the Company bills Cignal a fixed monthly blocktime fee, subject to annual escalation in case of renewals. This was terminated effective July 31, 2022.	437,500,000	500,000,000

	Terms and conditions	Transactions 2022	2021
(C) Production services revenue *Entity under common control*	The Company entered into a production agreement with Cignal to produce content. Amount charged by the Company to Cignal is based on actual cost plus an agreed service fee. This is presented as part of service revenues in profit or loss.	219,175,158	157,471,200
(D) Shared service fee *Entity under common control*	The Company entered into an agreement with an affiliate, whereby the Company provides operations support services to its affiliate. Shared service fee is based on a monthly service fee mutually agreed by the parties and is included as part of other service revenues in profit or loss.	15,000,000	15,000,000
(E) Syndication fee *Entities under common control*	The Company entered into various licensing agreements with its related parties. Amount charged by the Company is based on the agreed fees. This is presented as part of service revenues in profit or loss.	106,440,303	107,456,522
(F) Rent income *Entities under common control*	The Company entered into various lease agreements with its related parties. Amount charged by the Company is based on the agreed fees. This is presented as part of service revenues in profit or loss.	8,880,256	8,267,233
(G) Reimbursements *Entities under common control*	The Company paid for certain operating expenses, mainly consisting of travel and transportation, utilities, advertising and promotion, rental expenses and taxes and licenses, on behalf of its related parties. Such outstanding advances and payments were recorded as part of due from related parties in the statements of financial position.	12,583,996	26,996,358
(H) License fee *Entity under common control*	The Company entered into various agreements with its related parties to use the latter's licenses on audio-visual program rights. This is charged to profit or loss as part of amortization of audio-visual program rights.	-	1,939,000
(I) Billings made on behalf *Entities under common control*	These are airtime revenues earned by Cignal from advertising placements delivered through the blocktime agreement as described in "b" above. Delivered and completed advertising placements are reconciled on a monthly basis and are recorded as due to related parties.	57,546,993	341,498,789
(J) Blocktime fees *Entities under common control*	Blocktime fee is based on service fee mutually agreed by the parties. This is charged to profit or loss under facilities and production services. The blocktime contract with NBC was terminated effective July 31, 2022.	38,300,000	55,800,000
(K) Airtime costs *Entity under common control*	Advertising and other airtime monetization activities aired in Cignal and are presented as part of direct costs.	20,190,618	11,728,498
(L) Syndication cost *Entity under common control*	The Company entered into a content licensing agreement with its related party whereby the latter would provide and produce contents that are available to be aired on the Company's channel. Amount charged by its related party is based on the agreed fees and are recognized in profit or loss as part of production fee.	231,839,788	-

	Terms and conditions	Transactions 2022	2021
(M) Service fee *Subsidiary*	The Company entered into a managed service agreement with its subsidiary for the marketing, selling, digital and creatives services. This is charged to profit or loss as part of advertising and promotions in operating expenses. In consideration of these services, fees are negotiated and billed equivalent to actual costs and expenses incurred plus a fixed pre-agreed mark-up.	100,291,114	35,173,563
(N) Subscription fee *Entity under common control*	The Company subscribes monthly DTH services and pays a monthly service fee based on its subscription plan. This is charged to profit or loss as part of other operating expenses.	16,877	41,223
(O) Management fees *Parent Company*	The Company has an existing agreement with its Parent Company, whereby the latter provides management services including those performed by the executives to direct the Company's business operations and affairs. Management fee is based on a monthly service fee mutually agreed by the parties and is included as part of professional fees in operating expenses.	64,544,966	58,241,947
(P) Interest expense *Parent company* *Entity under common control*	The Company entered into various loan agreements with its related parties. Interest charged by its related parties are based on the prevailing market rates.	 21,156,164 144,658	 -
(Q) Borrowings *Parent company* *Entity under common control*	On May 12, 2022, the Company secured P1.0 billion loan from the Parent Company with a 5-year term, maturing on May 12, 2027. The borrowing, which bears an annual interest based on BVAL + 1.30% is subject to annual repricing and is to be paid semi-annually, was unsecured and obtained to finance working capital requirements. On December 29, 2022, Cignal extended a loan to the Company amounting to P400 million and is due and demandable on December 29, 2027. The borrowing, which bears an annual interest based on BVAL + 1.39% is subject to annual repricing and is to be paid semi-annually, was unsecured and obtained to finance working capital requirements.	 1,000,000,000 400,000,000	 - -
(R) Reimbursements *Parent company* *Entity under common control*	There are certain operating expenses, mainly consisting of market research, advertising and promotion and commission and transfer of assets paid by its related party in behalf of the Company. Such outstanding advances and payments were recorded as part of due to related parties in the statements of financial position.	 8,831,789 55,064,071	 - 27,727,791
(S) Transfer of assets *Entity under common control* Property and equipment Set-top boxes Refundable deposit	As discussed in Note 1, the Company continues to build up its assets in order to deliver a competitive reach and provide a consistent signal. With these in the pipeline, on May 31, 2022, the Company and Cignal entered into a sale and purchase agreement for certain assets at a mutually agreed price.	 699,095,061 202,487,033 770,456	 - - -

	Terms and conditions	Transactions 2022	2021
(T) Transfer of employees *Parent company*	A number of employees were transferred from the Parent Company to the Company resulting to increase in retirement benefit obligation as show in Note 15.	-	15,619,800
(U) Key management compensation	Key management compensation covering salaries and wages and other short-term benefits are determined based on contract of employment and payable in accordance with the Company's payroll process. These were fully paid at reporting date. The Company does not have receivables from/payables to key management personnel arising from the above compensation agreement as at December 31, 2022 and 2021. There are also no termination benefits and other long-term employee benefits for key management personnel in 2022 and 2021.		
Salaries and other short-term employee benefits		24,734,844	25,133,603
Retirement benefits		2,455,400	2,455,400

Net balances at December 31:

	Terms and conditions	2022	2021
Trade receivables	Amounts are settled in cash on a net basis or based on special offsetting arrangements made between related parties. These are unsecured, unguaranteed, non-interest bearing and collectible on demand. There are no provisions recognized for amounts due from related parties.		
Entities under common control		356,310,164	417,863,958
Due from related parties			
Parent		-	6,389,092
Subsidiary		2,327,400	2,327,400
Entities under common control		-	7,674,183
		358,637,564	434,254,633
Due to related parties	Amounts are settled in cash on a net basis. These are unsecured, unguaranteed, non-interest bearing and payable on demand. There are no collaterals pledged or guarantees issued with respect to related party transactions and balances.		
Parent		18,694,282	-
Subsidiary		26,503,279	11,686,962
Entities under common control		206,861,339	172,989,817
		252,058,900	184,676,779
Borrowings, current	Amounts are settled in cash on a net basis, unsecured and interest-bearing. These are payable in accordance with the terms agreed by the parties.		
Parent		100,000,000	-
		100,000,000	-
Borrowings, noncurrent	Amounts are settled in cash on a net basis, unsecured and interest-bearing. These are payable in accordance with the terms agreed by the parties.		
Parent		900,000,000	-
Entity under common control		400,000,000	-
		1,300,000,000	-
Accrued interest payable	Amounts are settled in cash on a net basis, unsecured and interest-bearing. These are payable in accordance with the terms agreed by the parties.		
Parent		21,156,165	-
Entity under common control		144,657	-
		21,300,822	-

Note 20 - Income tax

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

On March 26, 2021, the president signed into law Republic Act No. 11534 or the CREATE Act, which is the reconciled version of the Bicameral Conference Committee. It settled the disagreeing provisions of House Bill No. 4157 and Senate Bill No. 1357. The CREATE Act was previously known as the Corporate Income Tax and Incentives Reform Act (CITIRA) bill. The law became effective on April 11, 2021.

Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) as follows:

1. Reduction in CIT rate effective July 1, 2020 as follows:
   a. Domestic corporations will be subject to the following reduced CIT rates depending on their assets and taxable income:
      i. Those with assets amounting to P100,000,000 and below, and with taxable income equivalent to P5,000,000 and below will be subjected to a 20% tax rate; and
      ii. Those with assets above P100,000,000 or those with taxable income amounting to more than P5,000,000 will be subjected to a 25% tax rate.
   b. Foreign corporations (resident and nonresident foreign corporations) will have a fixed reduced tax rate of 25%.

2. Effective July 1, 2020 until June 30, 2023, the minimum corporate income tax rate shall be 1%.

There is no provision for current income tax recognized for the years ended December 31, 2022 and 2021.

The reconciliation of income tax computed at the statutory income tax rate to income tax expense as shown in the statements of total comprehensive income for the years ended December 31 follows:

	2022	2021
Provision at statutory tax rate of 25%	(227,440,676)	(300,067,168)
Adjustments in income tax arising from:		
Interest income subjected to final tax	(86,990)	(306,718)
Dividend income from domestic corporation	(187,509)	(375,018)
Non-deductible expenses	15,695,817	6,936,446
Movement in unrecognized deferred tax assets	26,552,933	10,034,660
Unrecognized tax expense from NOLCO	185,466,425	283,777,798
Income tax expense	-	-

DIT assets are determined using income tax rates in the period the temporary differences are expected to be recovered or settled. Unrecognized DIT assets at December 31 are as follows:

	2022	2021
Net operating loss carry over (NOLCO)	860,083,381	1,307,779,704
Allowance for impairment of receivables (net of recognized portion)	110,586,888	103,299,979
Retirement benefit obligation	69,642,425	74,141,725
Unearned revenues	33,305,192	30,043,504
Allowance for impairment of program rights	10,972,191	10,972,191
Provision for employee benefits	19,815,918	16,959,936
Unrealized foreign exchange loss	6,249,707	2,567,678
Allowance for impairment of other assets	4,951,306	4,988,654
Lease liabilities, net	1,539,524	757,075
	1,117,146,532	1,551,510,446

Realization of the future tax benefit related to DIT assets is dependent on the Company's ability to generate future taxable income during the periods in which these are expected to be recovered. On this basis, management has assessed and concluded that as at December 31, 2022 and 2021, it is not probable that sufficient taxable profit will be available to allow the benefits of the deferred income tax assets to be utilized in the future.

For the year ended December 31, deferred tax asset recognized to the extent of future taxable income follows:

	2022	2021
Allowance for impairment of receivables	22,468,371	21,093,871
Fair value adjustment on investment property	(22,468,371)	(21,093,871)
Deferred tax liability, net	-	-

Movement of unrecognized deferred tax assets on remeasurement gains (loss) on retirement benefit obligation for the years ended December 31 and therefore not forming part of the reconciliation above follows:

	Note	2022	2021
Remeasurement gain on retirement obligation	15	52,882,100	37,325,900
Tax rate		25%	25%
Tax effect		13,220,525	9,331,475

NOLCO could be carried over as a deduction from taxable income for the next three consecutive taxable years following the year of such loss. Pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

Details of the Company's unrecognized NOLCO at December 31 are as follows:

Year loss was incurred	Year of expiration	2022	2021
2018	2021	-	1,900,866,925
2019	2022	2,532,650,993	2,532,650,993
2020	2025	1,563,356,629	1,563,356,629
2021	2026	1,135,111,193	1,135,111,193
2022	2025	741,865,701	-
		5,972,984,516	7,131,985,740
Less: Expired NOLCO		2,532,650,993	1,900,866,925
		3,440,333,523	5,231,118,815
Tax rate		25%	25%
Unrecognized DIT asset on NOLCO		860,083,381	1,307,779,704

Note 21 - Provisions and contingencies

Provision for employee benefits

The movements in provision for employee benefits for the years ended December 31 are as follows:

	2022	2021
Beginning of year	67,839,744	74,398,057
Additions	81,982,364	75,937,389
Payments	(70,558,437)	(82,495,702)
End of year	79,263,671	67,839,744

Provisions mainly represents cumulative, earned and unused leave credits. The actual amount of pay-out is contingent upon certain conditions established and determined by the Company, including but not limited to years of services and latest salary information.

Contingencies

In the normal course of business, the Company has contingencies, including those that may arise from suits and claims under litigation, that are presently being contested. In the opinion of management, based on advice of legal counsels, the ultimate disposition of these contingencies will not have any significant effect on the financial position, results of operations and cash flows of the Company as at and for the years ended December 31, 2022 and 2021.

The Company determines whether to provide for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable. Management's assessment is developed, in consultation with the Company's outside counsels and advisors, and is based on an analysis of possible outcomes under various circumstances. Contingency assumptions involve judgments that are inherently subjective and can involve matters that are in litigation, which by its nature is unpredictable.

Management believes that its assessment of the probability of contingencies is reasonable, but because of the subjectivity involved and the unpredictable nature of the subject matter at issue, management's assessment may prove ultimately to be incorrect, which could materially impact the financial statements in current or future periods. Management believes, in consultation with their counsels and advisors, that ultimate obligations arising from these contingencies will not have a significant effect on the Company's financial position or results of operations at the reporting dates.

Note 22 - Notes to cash flows

The following are the movements in financing activities for the years ended December 31:

	Lease liabilities (Note 16)	Paid-up capital (Note 11)	Borrowings (Note 19)	Interest (Note 19)	Total
Balances as at January 1, 2021	28,769,614	6,547,147,631	-	-	6,575,917,245
Cash flows	(10,832,050)	600,000,000	-	-	589,167,950
ROU assets	8,062,311	-	-	-	8,062,311
Interest expense	2,714,666	-	-	-	2,714,666
Termination of lease liabilities	(3,047,421)	-	-	-	(3,047,421)
Equity restructuring	-	(1,571,490,141)	-	-	(1,571,490,141)
Balances as at December 31, 2021	25,667,120	5,575,657,490	-	-	5,601,324,610
Cash flows	(40,429,491)	400,000,000	1,400,000,000	-	1,759,570,509
ROU assets	205,874,350	-	-	-	205,874,350
Interest expense	9,573,971	-	-	21,300,822	30,874,793
Unrealized foreign exchange loss	338,221	-	-	-	338,221
Equity restructuring	-	(1,200,268,671)	-	-	(1,200,268,671)
Balances as at December 31, 2022	201,024,171	4,775,388,819	1,400,000,000	21,300,822	6,397,713,812

Non-cash transactions for the years ended December 31 consist of:

	Note	2022	2021
Investing activities			
Net movement of accrued capital expenditures		105,133,360	(7,367,912)
Due from related party (Cignal)			
Transfer of property and equipment	19	692,177,191	-
		797,310,551	(7,367,912)

Note 23 - Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company believes the following represent a summary of the critical accounting estimates, assumptions and judgments and related impact and associated risks in the financial statements.

(a) Critical accounting estimates and assumptions

- Provision of impairment of trade and other receivables (Notes 2 and 19)
- Amortization of audio-visual program rights (Note 3)
- Useful lives of property and equipment (Note 6)
- Fair value of investment properties (Note 7)
- Retirement benefit obligation (Note 15)
- Determining the incremental borrowing rate for leases (Note 16)

(b) Critical accounting judgments in applying the entity's accounting policies

- Recoverability of due from related parties (Note 19)
- Recoverability of audio-visual program rights (Note 3)
- Recoverability of input VAT and tax credits (Notes 5 and 9)
- Recoverability of property and equipment (Note 6)
- Recoverability of investment in subsidiaries and associates (Note 8)
- Determining the lease term (Note 16)
- Realizability of deferred income tax assets (Note 20)
- Provision for contingencies (Note 21)

Note 24 - Financial risk and capital management

24.1 Financial risk factors

The Company's activities expose it to a variety of financial risks and these activities involve the analysis, evaluation and management of some degree of risk or combination of risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial risk management is carried out by management under the direction of the Board of Directors. Management identifies and evaluates financial risks in close cooperation with the Company's department heads. The Board of Directors reviews and approves policies and procedures covering specific financial risk areas.

These policies and procedures enable the Company's management to make strategic and informed decisions with regard to the operations of the Company. The Company does not actively engage in the trading of financial assets for speculative purposes, nor does it write options.

The most important types of risk the Company manages are credit risk, market risk and liquidity risk. Market risk includes foreign exchange, interest and price risks.

24.2 Components of financial assets and liabilities

Details of the Company's financial assets as at December 31 categorized as financial assets at amortized cost are as follows:

	Notes	2022	2021
Cash		503,556,753	217,447,330
Receivables, at gross	2		
Airtime and blocktime receivables - third parties		642,340,721	776,969,510
Airtime and blocktime receivables - related parties		356,310,165	417,863,958
Due from related parties		2,327,400	16,390,675
Advances to officers and employees		3,819,705	2,581,324
Other receivables		61,183,420	60,838,161
Refundable deposits	9	13,505,377	8,341,504
Total financial assets		1,583,043,541	1,500,432,462

The other components of other current assets (Note 5) and other non-current assets (Note 9) are considered non-financial assets. These consist substantially of input value-added tax, deferred production costs, advances to suppliers and prepaid taxes.

Details of the Company's financial liabilities as at December 31 categorized as financial liabilities at amortized cost are as follows:

	Notes	2022	2021
Accounts payable and other liabilities	10		
Accounts payable		702,341,080	479,928,475
Accrued expenses		1,349,583,217	1,231,594,504
Due to related parties		252,058,900	184,676,779
Others		10,049,521	10,543,723
Security deposit	16	3,583,857	3,481,820
Obligations for audio-visual program rights	3	615,769,570	826,021,090
Borrowings	19	1,400,000,000	-
Interest payable	10	21,300,822	-
Lease liabilities	16	201,024,171	25,667,120
Total financial liabilities		4,555,711,138	2,761,913,511

Other components of accounts payable and other liabilities (Note 10) are considered as non-financial liabilities.

24.3 Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation. Significant changes in the economy that may represent a concentration in the Company's business, could result to losses that are different from those provided for at reporting date.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivable from customers, related parties and other counterparties. The fair values of these financial assets approximate their net carrying amounts.

The Company has no significant concentration of credit risk. Credit exposure is spread over a large number of counterparties. The Company has a robust credit review process. A credit assessment is being made to check the creditworthiness of all counterparties prior to signing the contract. In addition, credit risk is minimized by monitoring receivables regularly.

The Company has the following financial assets as at December 31 where the expected credit loss model has been applied:

Class of financial assets	Gross carrying amount	Allowance provided	Net carrying amount	Internal credit rating	Basis for recognition of ECL
2022					
Cash in bank	502,958,753	-	502,958,753	Performing	12- month ECL
Trade receivables					
Group 1	426,294,924	-	426,294,924	Performing	Lifetime ECL
Group 2	101,180,533	-	101,180,533	Performing	Lifetime ECL
Group 3	471,175,429	(471,175,429)	-	Credit-impaired	Full provision
Other receivables					
Group 1	2,482	-	2,482	Performing	12- month ECL
Group 2	135,333	-	135,333	Performing	12- month ECL
Group 3	61,045,605	(61,045,605)	-	Credit-impaired	Full provision
Due from related parties	2,327,400	-	2,327,400	Performing	12-month ECL
Advances to officers and employees	3,819,705	-	3,819,705	Performing	12- month ECL
Refundable deposit	13,505,377	-	13,505,377	Performing	12- month ECL
Total	1,582,445,541	(532,221,034)	1,050,224,507		
2021					
Cash in bank	216,764,330	-	216,764,330	Performing	12- month ECL
Trade receivables					
Group 1	622,860,479	-	622,860,479	Performing	Lifetime ECL
Group 2	134,582,613	-	134,582,613	Performing	Lifetime ECL
Group 3	437,390,376	(437,390,376)	-	Credit-impaired	Full provision
Other receivables					
Group 1	132,837	-	132,837	Performing	12- month ECL
Group 2	520,302	-	520,302	Performing	12- month ECL
Group 3	60,185,022	(60,185,022)	-	Credit-impaired	Full provision
Due from related parties	16,390,675	-	16,390,675	Performing	12-month ECL
Advances to officers and employees	2,581,324	-	2,581,324	Performing	12- month ECL
Refundable deposit	8,341,504	-	8,341,504	Performing	12- month ECL
Total	1,499,749,462	(497,575,398)	1,002,174,064		

Cash in banks

To minimize credit risk exposure from cash in banks, the Company maintains all its cash deposits with universal banks with strong financial ratings. The Company assesses that cash in banks have low credit risk considering the bank's external credit ratings.

The remaining balance of cash as presented in the statements of financial position as at December 31, 2022 amounting to P598,000 (2021 - P683,000), represent cash on hand, which is not exposed to credit risk.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit quality of trade and other receivables are further classified and assessed by reference to historical information about each counterparty's historical default rates.

Group 1 - Customer balances without history of default and assessed to be fully recoverable.
Group 2 - Customers with some defaults in the past. All defaults were fully recovered.
Group 3 - Individual assessed customer with defaults and which the Company no longer expects to recover the balance despite its collection efforts.

Due from related parties

Due from related parties arising mainly from airtime placements, blocktime revenues, syndication fees, production services and shared service fees rendered by the Company to its related parties are collectible on demand. Expected credit losses over these outstanding balances are based on the assumption that repayment of balances outstanding are demanded at the reporting date.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of related parties, Company has assessed that the outstanding balances are exposed to low credit risk. Expected credit losses on these balances have therefore been assessed to be immaterial.

Advances to officers and employees

Advances to officers and employees are collectible on demand and with no history of default. Credit risk exposure is not considered significant.

Refundable deposit

Refundable deposits pertain to required deposits on certain agreements entered into by the Company which are refundable at the end of the agreement terms. Credit risk exposure is not considered significant.

24.4 Market risk

Interest rate risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

Cash flow interest rate risk

The Company's exposure to cash flow interest rate risk relates to long-term borrowings which are subject to interest rates that are repriced at periodic intervals in accordance with the terms of the agreement. The Company's practice is to manage its interest cost by reference to current market rates in borrowings.

Management conducted a survey among its banks to determine the outlook of Philippine Peso interest rate until December 31, 2022. The Company's outlook is that the Philippine Peso interest rate may move 35 basis points as compared to the levels as at December 31, 2022. If the Philippine Peso interest rate had been 35 basis points lower/higher as at December 31, 2022 with all other variables held constant, loss for the year and deficit would have been P2.3 million lower/higher mainly as a result of the higher/lower interest expense on borrowings.

Fair value interest rate risk

Long-term borrowings are subject to annual repricing in accordance with the terms of the agreement. These are measured at amortized cost and are not exposed to fair value interest rate risk. The details of the Company's long-term borrowings are shown in Note 19.

Price risk

The Company has no financial assets and liabilities subject to price fluctuations. Accordingly, management does not foresee exposure on price risk.

Foreign currency exchange risk

The Company's US dollar denominated monetary assets and liabilities at December 31 are as follows:

	2022	2021
Assets:		
Cash	1,189,432	663,408
Liabilities:		
Accounts payable	(3,571,239)	(2,008,544)
Obligations for audio-visual program rights	(44,668)	(791,335)
Net foreign currency denominated monetary liabilities	(2,426,475)	(2,136,471)
Closing rate of US$1 to Philippine Peso	55.815	50.974
Philippine Peso equivalent	(135,433,702)	(108,904,473)

The closing rate used by the Company approximates the closing rate prescribed by the Bangko Sentral ng Pilipinas at reporting date.

Net foreign exchange loss recognized in the statements of total comprehensive income for the year ended December 31, 2022 amounted to P14.3 million (2021 - P9.1 million), of which P7.8 million pertains to unrealized portion (2021 - P12.8 million). Foreign currency risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company closely monitors changes in foreign exchange rates and records any exchange gains or losses in profit or loss. Most of the Company's transactions are carried out in Philippine peso. Exposures to currency exchange rates arise from the Company's overseas purchases, which are primarily denominated in United States (US) Dollar.

The Company manages its foreign currency exchange risk through minimizing transactions in foreign currency.

Management conducted a survey among its banks to determine the outlook of Philippine Peso-US Dollar exchange rate until December 31, 2022. The Company's outlook is that the Philippine Peso-US Dollar exchange rate may strengthen/weaken by 0.56% as compared to the exchange rate of P55.815 to US$1.00 as at December 31, 2022. If the Philippine Peso-US Dollar exchange rate had strengthened/weakened by 0.56% as at December 31, 2022 with all other variables held constant, loss for the year and deficit would have been P0.8 million lower/higher mainly as a result of the foreign exchange gain/loss on translation of US Dollar - denominated net monetary liabilities.

24.5 Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to meet the Company's operational commitment. The Company also obtains funding from MediaQuest, as necessary, to finance its operation and working capital requirements.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates.

	Less than 3 months	Between 3 to 12 months	More than 1 year less than 7 years	Total
At December 31, 2022				
Accounts payable and other liabilities				
Accounts payable	702,341,080	-	-	702,341,080
Accrued expenses	1,349,583,217	-	-	1,349,583,217
Due to related parties	252,058,900	-	-	252,058,900
Others	10,049,521	-	-	10,049,521
Security deposit	-	-	3,583,857	3,583,857
Obligations for audio-visual program rights	171,769,570	74,000,000	370,000,000	615,769,570
Borrowings	-	100,000,000	1,300,000,000	1,400,000,000
Future interest on borrowings	14,646,575	43,474,110	187,923,700	246,044,385
Lease liabilities	11,563,600	34,690,800	189,439,270	235,693,670
	2,512,012,463	252,164,910	2,050,946,827	4,815,124,200
At December 31, 2021				
Accounts payable and other liabilities				
Accounts payable	479,928,475	-	-	479,928,475
Accrued expenses	1,231,594,504	-	-	1,231,594,504
Due to related parties	184,676,779	-	-	184,676,779
Others	10,543,723	-	-	10,543,723
Security deposit	-	-	3,481,820	3,481,820
Obligations for audio-visual program rights	160,021,090	148,000,000	518,000,000	826,021,090
Lease liabilities	2,661,240	7,983,720	17,406,870	28,051,830
	2,069,425,811	155,983,720	538,888,690	2,764,298,221

Prudent liquidity risk management implies maintaining sufficient cash, timely collection of receivables and availability of funding through an adequate amount of facilities. The Company aims to maintain flexibility in funding by keeping track of its cash collections, as well as maintaining committed credit lines available with banks. The Company may also obtain funding from its Parent Company, other related parties, as well the third party banking institutions, as necessary, to finance its operations and working capital requirements. The amounts disclosed are the contractual undiscounted cash flows. Amounts due within twelve months equal their carrying balances, as the impact of discounting is not significant.

24.6 Fair value estimation

As at December 31, 2022 and 2021, the carrying amounts of cash, trade and other receivables, due from related parties and trade payables disclosed in Note 24.2 reasonably approximate their fair values due to the short-term nature of these financial instruments.

As at December 31, 2022, the fair value of non-current obligation for audio visual rights which are expected to be settled beyond 12 months amounted to P351,355,764 (2021 - P498,190,162).

The different levels in the fair value hierarchy have been defined in Note 25.5. There were no transfers between Levels 1, 2 and 3 during the year.

24.7 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can implement its key operating plans to achieve profitable operations in the near future.

The Company manages its capital structure, which is the total equity as shown in the statements of financial position, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may convert advances into deposits for future stock subscriptions or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2022 and 2021.

The capital being managed by the Company is equal to the total equity presented in the statements of financial position, excluding reserve for remeasurement on retirement benefit obligation.

The Company is not subject to externally imposed capital requirements.

Note 25 - Summary of significant accounting policies

These financial statements are prepared as the Company's separate financial statements. The Company did not present consolidated financial statements because it is considered a subsidiary of its parent company, MediaQuest, and the latter publishes consolidated financial statements which includes the financial statements of the Company, which are available for public use and prepared in accordance with Philippine Financial Reporting Standards (PFRS). In accordance with PFRS 10, Consolidated Financial Statements, a parent that is in itself is a controlled subsidiary and that meets certain requirements need not present consolidated financial statements. The Parent Company's consolidated financial statements include the financial statements of the Company and its subsidiaries namely Studio5, Cinegear Inc. and Media5 (Note 25.2).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

25.1 Basis of preparation

These financial statements of the Company have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations of the Standing Interpretations Committee (SIC), International Financial Reporting Interpretations Committee (IFRIC) and Philippine Interpretations Committee (PIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These financial statements have been prepared under the historical cost basis, except for investment properties that are measured at fair values.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 23.

Changes in accounting policies and disclosures

There are no new standards, amendments and interpretations which are effective for the financial year beginning January 1, 2022 and onwards that are relevant to and have a material impact on the Company's financial statements.

25.2 Separate financial statements

Following the Company's adoption of PFRS 10, the Company elected not to present consolidated financial statements, and presented only separate financial statements.

The consolidated financial statements of MediaQuest Holdings, Inc. and Subsidiaries, which include the Company, as at and for the years ended December 31, 2022 and 2021 can be obtained from the SEC.

These consolidated financial statements have been prepared in accordance with PFRS that give a true and fair view of the financial position, results of operations and cash flows of the entire group.

Considering that the Company presents only separate financial statements, the investment in shares of stock of subsidiaries and associate above, is accounted using the cost method (Note 25.13).

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Accounting policies and reporting period of subsidiaries are consistent with the policies adopted by the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the subsidiaries is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognizes the amount adjacent to net income of the subsidiary in profit or loss.

Acquisition/disposal of subsidiaries under common control

If the Company acquires a subsidiary under common control, the Company accounts for the investment in subsidiary at cost. The difference between the consideration and cost of the assets acquired, if any, is charged or credited to equity. Accordingly, no gain or loss is recognized in the transfer.

When the Company surrenders control to a related party within the group it ultimately belongs, the Company accounts for the transfer at transaction price, or the amount of cash or cash equivalent received or the fair value of the consideration received. The difference between the transaction price and the carrying value of the subsidiary at transfer date is recognized as other charges or credits to equity.

Associate

An associate is an entity over which the Company has a significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies. The existence of significant influence is presumed to exist when the Company holds 20% or more, but less than 50% of the voting power of another entity. Significant influence is also exemplified when the Company has one or more of the following: (a) a representation on the board of directors or the equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions with the investee; (d) interchange managerial personnel with the investee; or (e) provision of essential technical information.

25.3 Financial assets

Classification and Presentation

The Company classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. The Company did not hold financial assets under category (a) during and as at December 31, 2022 and 2021. The Company's financial assets under (b) category includes cash, receivables, security deposits and due from related parties.

Recognition and measurement

The Company recognizes a financial asset in the statements of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of financial assets are recognized on trade date - the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Loss allowances of the Company are measured on either of the following bases:

- 12-month expected credit losses (ECLs): these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables arising from contract with third parties and related parties. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on non-trade receivables. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss.

25.4 Financial liabilities

Classification and presentation

The Company classifies its financial liabilities in the following categories: (i) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (ii) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Company did not hold financial liabilities at fair value through profit or loss during and at the end of each reporting period.

The Company's financial liabilities at amortized cost consist mainly of accounts payables and other liabilities (excluding unearned revenues, payables to government agencies for value-added tax, withholding, ploughback liabilities and other taxes), obligation for audio-visual program rights, security deposits, borrowings and lease liabilities.

Initial recognition and subsequent measurement

The Company's financial liabilities at amortized cost are initially measured at fair value plus transaction costs. Subsequently, these are measured at amortized cost using the effective interest method.

Interest expense on financial liabilities is recognized within finance cost, at gross amount, in the statements of total comprehensive income.

Derecognition

Financial liabilities are derecognized when extinguished, that is, when the obligation specified in a contract is discharged or cancelled or when the obligation expires.

25.5 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

For assets that are recognized on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

The Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Company determines the policies and procedures for recurring fair value measurement, such as investment properties. External valuers are involved for valuation of investment properties. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. At each reporting date, the Company analyze the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company, in conjunction with its external valuers, also compare the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations. For the purpose of fair value disclosures, the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Company has no financial assets and liabilities carried at fair value.

The carrying values of other financial assets disclosed in Note 24.2 approximate their fair values considering that they have short-term maturity or the impact of discounting is not significant. The fair values of investment properties are disclosed in Note 7 - Investment Properties.

25.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. The Company has no offsetting arrangements as at December 31, 2022 and 2021.

25.7 Cash

Cash includes cash on hand and deposits held at call with banks. These are carried in the statements of financial position at face amount or at nominal amount, which approximates its amortised cost using the effective interest rate method. Cash in banks earn interest at prevailing bank deposit rates.

25.8 Receivables

Trade receivables arising from regular sales with an average credit term of approximately 90 days are measured initially at fair value plus transaction costs, which approximates the original invoice amount, and subsequently measured at amortized cost less any provision for impairment. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

The relevant policies on classification, recognition, measurement, impairment and derecognition are further disclosed in Note 25.3.

25.9 Audio-visual program rights

Audio-visual program rights

Audio-visual program rights available for broadcast, are considered as intangible asset, and are initially recognized at cost. Subsequently, these are carried at cost less accumulated amortization and any accumulated impairment losses. These are classified as current assets, except those which are expected to be fully aired or its contract license period extended beyond twelve months from the reporting date which are presented as non-current assets.

Audio-visual program rights are amortized on the basis of program usage or contract license period, whichever is shorter, and assessed for impairment whenever events or changes in circumstances indicate that the asset may be impaired.

The amortization period and method are reviewed at each reporting period. Changes in the expected amortization period or the expected pattern of consumption of future economic benefits embodied in the audio-visual program rights are accounted for by changing the amortization period or method, as appropriate, and treated prospectively as changes in accounting estimates. The amortization expense is recognized in the statements of total comprehensive income as part of production costs.

Audio-visual programs rights are derecognized upon usage, full airing, contract license expiry or when no future economic benefits are expected from its use or disposal.

Obligations for audio-visual program rights

Obligations for audio-visual program rights are recognized in the period in which the related audio-visual program rights are delivered to the Company. These financial liabilities are recognized at fair value and subsequently measured at amortized cost using effective interest method.

Obligations for audio-visual program rights are derecognized when the obligation under the liability is discharged, cancelled or expired.

25.10 Set-top boxes

Set-top boxes pertain to the digital TV receiver which allows analog TVs to access the free-to-air digital television channels available in an area.

These are carried in the statement of financial position at the lower of cost and net realizable value (NRV). Cost is determined using the moving average method. The cost of inventories does not include borrowing costs. Cost of set-top boxes includes the purchase price, import duties and taxes, freight, handling and other costs directly attributable to the acquisition of such assets. Whenever the cost of set-top boxes and related equipment is deemed unrecoverable due to damage, defects and obsolescence, an allowance for impairment is recognized to write-down the cost to NRV. NRV is the current replacement cost or cost less any impairment losses.

Set-top boxes sold are charged to direct costs in profit or loss.

25.11 Prepaid expenses and other assets

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services and measured at nominal amounts. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Advances to suppliers represent advance payments to suppliers relating to importation of goods purchased and payments to contractors for acquisition of capital equipment that require certain percentage of down payments. These are recognized at fair value, which approximate the suppliers' invoice amounts, and subsequently capitalized as inventories or property and equipment when the related goods or equipment have been delivered.

Prepayments and advances to suppliers are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve (12) months after the reporting date which are classified as non-current assets.

Deferred production costs represent costs paid in advance prior to the airing of the programs or episodes. These costs include talent fees of artists and production staff and other costs directly attributable to production of programs. These are charged to expense under "production costs" account in the statements of total comprehensive income upon airing of the related program or episodes. Costs related to previously taped episodes determined not to be aired are charged to expense.

Prepaid taxes consist substantially of creditable withholding taxes which are recognized as assets to the extent that it is probable that the benefit will flow to the Company. These are derecognized when there is a legally enforceable right to apply the recognized amounts against related liability with the period prescribed by the relevant tax laws.

Other assets in the form of Input VAT represent taxes imposed on the Company for the acquisition of goods and services. These are stated at face value less any provision for impairment and are utilized when there is a legally enforceable right to offset the recognized amounts against output VAT obligations and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Input VAT are included in current assets, except when utilization and claims against output VAT are expected to be more than twelve (12) months after the reporting date, in which these are classified as non-current assets.

25.12 Property and equipment

Property and equipment is recognized at cost during initial recognition. Cost includes expenditures that are directly attributable to the acquisition of the items including the cost of bringing the asset to its working condition and location for its intended use. Following initial recognition at cost, all property and equipment, except land, are recorded at cost less accumulated depreciation, amortization and impairment, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Valuations are performed with sufficient regularity, at least once every three years or when there are changes in the use of property and equipment identified to determine if the fair value of items of property and equipment do not differ significantly from its carrying value. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance are expensed in the statements of total comprehensive income during the financial period in which they are incurred.

Construction in progress represents fixed assets under construction or undergoing commissioning or major renovation. Construction in progress is not depreciated until such time that the relevant assets are completed, qualified and declared ready for operational use.

Depreciation is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives, as follows:

Broadcast equipment	10 to 15 years
Building and improvements	25 to 50 years
Office furniture, fixtures and transportation equipment	5 to 10 years
Leasehold improvements	10 years

Leasehold improvements are depreciated over the shorter of the term of the lease and the life of the improvements.

Fully depreciated assets are retained in the property and equipment accounts until these are retired.

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 25.16).

Land is not depreciated but assessed for impairment whenever events or changes in circumstances indicate that the asset maybe impaired.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its disposal, at which time the cost and their related accumulated depreciation are removed from the accounts. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are charged to profit or loss.

25.13 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Company, are classified as investment property. Properties which comprise a portion that is held to earn rentals or for capital appreciation and a small portion that is held for administrative purposes (i.e., owner-occupied) and cannot be sold or leased out separately are classified as investment properties if only an insignificant portion is owner-occupied. Investment properties comprise of land, building and improvements, and equipment leased out under operating lease agreements or capital appreciation.

Recognition of investment property takes place only when it is probable that the future economic benefits that are associated with the property will flow to the Company and the cost can be measured reliably.

Investment property is measured initially at cost, including transaction costs. Cost is the fair value of the consideration given to acquire the property which includes transaction costs such as legal fees and taxes directly attributable to the purchase of the property. The cost of self-constructed investment properties includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the other costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying investment properties are capitalized as part of the cost of those assets during the construction period.

Subsequent expenditures incurred after the assets have been put into operation are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Property that is being constructed or developed for future use as investment property is classified as investment property under construction in progress. Construction in progress is stated at cost, which includes all directly attributable costs required to bring the property to its intended working condition. Upon completion, these properties are reclassified to an appropriate investment property account.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Valuations are performed with sufficient regularity, at least annually, to determine the fair value of items of investment properties. Gains or losses arising from changes in the fair values of investment properties are recognized in profit or loss in the period in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, we account for such property in accordance with the policy stated under property and equipment up to the date of change in use. The difference between the carrying amount of the owner-occupied property and its fair value at the date of change is accounted for as revaluation increment recognized in other comprehensive income. On subsequent disposal of the investment property, the revaluation increment recognized in other comprehensive income is transferred to retained earnings.

Investment properties are derecognized when they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

25.14 Investment in subsidiaries and associate

Investment in shares of stock of subsidiaries and associate is accounted for using the cost method. Under this method, investments are recognized at cost and income from investments is recognized in the statements of total comprehensive income only to the extent that the Company (as investor) receives distribution from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

The Company determines at each reporting date whether there is any objective evidence that the investment in a subsidiary or associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary or associate and its carrying value and allowance is set up for any substantial or permanent decline in the carrying value of an investment in a subsidiary or associate.

Investments in subsidiaries and associate are derecognized when the Company ceased to have control or shareholdings over the entities or when the risks and rewards of ownership have been transferred or extinguished.

25.15 Tax credits

Tax credits represent the aggregate airtime credits from government sales availed under Presidential Decree (PD) No. 1362 and are recognized in the books upon airing and/or execution of broadcast contract pending the receipt of the certificate from the concerned government agency. These are derecognized upon usage for payment of duties and taxes of imported capital equipment. Tax credits are included in non-current assets, except for tax credits expected to be utilized within 12 months after reporting date which are classified as current assets.

Tax credits are carried at cost less provision for impairment (Note 25.16).

25.16 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life, such as land, are not subject to amortization and are assessed annually for impairment. Other non-financial assets, mainly property and equipment and investment properties which are subject to depreciation and amortization, investment in shares of stock of subsidiaries and associate, and other current and non-current assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses, if any, are recognized in the statements of total comprehensive income.

Non-financial assets other than goodwill for which an impairment loss has been recognized are reviewed for possible reversal of the impairment at each reporting date.

25.17 Current and deferred income tax

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax (DIT) is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. DIT is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related DIT asset is realized or the DIT liability is settled.

DIT liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. DIT assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, including the carryforward benefit of unused tax losses (net operating loss carryover or NOLCO) to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses and tax credits can be utilized. The Company re-assesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority and where there is an intention to settle the balances on a net basis.

DIT expense or credit is recognized for changes in DIT assets and liabilities during the reporting period. Income tax expense includes income tax as currently payable and those deferred because of temporary differences in the financial and tax reporting bases of assets and liabilities, and unused tax losses and tax credits.

As at December 31, 2022 and 2021, no DIT assets were recognized for temporary differences and NOLCO as management believes that it will not be able to generate sufficient taxable profit to allow for the benefits of the DIT assets to be utilized in the near future.

25.18 Accounts payable and other liabilities

Accounts payable and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost using effective interest method. Accounts payable and other liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accounts payable and other liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

25.19 Provisions

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized from the statements of financial position.

25.20 Share capital and additional paid-in capital

Common shares are classified as equity and measured at par value for all shares issued.

Any amount received by the Company in excess of par value of its shares is credited to additional paid-in capital which forms part of the non-distributable reserve of the Company and can be used only for purposes specified under the corporate legislation.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

When the Company receives consideration or additional investment in the form of cash or other assets, from one or more shareholders without a contractual obligation to repay it or to deliver equivalent number of shares, it is credited to additional paid-in capital account.

Deficit pertains to the accumulated losses from operations of the Company.

25.21 Revenue recognition

Airtime and production services

The Company provides airtime services which represents performance obligations for services for free-to-air placement of advertisements and other media values. These are entered under fixed-priced contracts which are recognized over time as the services are rendered.

The Company also provides project-related services in relation to production of certain sports or news programs and other contents. These are also entered under fixed-priced contracts which are recognized over time as the services are rendered.

Revenue from providing these services is recognized in the accounting period in which the services are rendered based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Billings for these services are issued on a monthly basis, in accordance with the service agreement and are usually collectible within 90 days.

Blocktime revenue

Blocktime revenue represents performance obligations for transmission services on certain airtime spots agreed. These are entered under fixed-priced contracts which are recognized over time as the services are rendered.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised services.

Hardware revenue

Hardware revenue pertains to the sale of set-top-boxes and related equipment to be used by the subscribers. Revenue for the hardware is recognized at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware which coincides with the date of activation.

Payment of the transaction price is due immediately when the subscriber purchases the hardware. There is no right of return policy on the sale of hardware.

The Company's obligation to repair or replace faulty hardware under the standard warranty terms is recognized as a provision.

Syndication

Syndication fees represents revenue from distribution of its content. These are entered under fixed-priced contracts which are recognized at point in time upon delivery of content, the legal right has passed, and the customer has accepted the content.

The Company derives revenue from grants of licenses of distinct intellectual property particularly original audio-visual programs. The Company determines whether the license transfers to a customer either at a point in time or over time. In making this determination, the company considers whether the nature of the Company's promise in granting the license to a customer is to provide the customer with either:

(a) A right to access the Company's original audio visual programs as it exists throughout the license period; or
(b) A right to use the Company's original audio visual programs as it exists at the point in time at which the license is granted.

The Company provides a right to access the original audio visual programs and accordingly recognizes revenue over time if all of the following criteria are met:

- The contract requires, or the customer reasonably expects, that the Company will undertake activities that significantly affect the original audio-visual programs to which the customer has rights;
- The rights granted by the license directly expose the customer to any positive or negative effects of the Company's activities; and
- Those activities do not result in the transfer of a good or service to the customer as those activities occur.

If the criteria above are not met, the Company provides a right to use license of which the corresponding revenue is being recognized at a point time when the license has been transferred which coincides the point in time upon which the customer can direct the use of, and obtain substantially all of the remaining benefits from, the license.

Contract assets and liabilities

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If the performance obligations fulfilled by the Company exceed the total payments received to date, a contract asset is recognized. If the total payments received to date exceed the performance obligation fulfilled, a contract liability is recognized and is presented as unearned revenue. The contract assets are transferred to receivables when the Company's rights to the contract consideration become unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Contract liabilities (or unearned revenues) (Note 10)

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company transfers services to the customer, a contract liability is recognized. Contract liabilities mainly consists of unearned revenues received from customers prior to actual airing of advertisements. These are recognized as revenue when the free-to-air placement of advertisements and other media values have been fulfilled.

25.22 Other income

Rent income

Rent income is recognized on the straight line basis over the term of the lease.

Interest income

Interest income on bank deposits, which is presented net of final taxes paid or withheld, is recognized on a time-proportion basis using the effective interest rate method.

Other income

All other income is recognized when earned or when the right to receive payment is established.

25.23 Plough back and other incentives

Plough back represents free airtime incentives given to advertising agencies upon reaching a certain amount of advertisements placed over a period of time. Incentives include early placement discounts or volume discounts which are given to agencies and advertisers based on specific contract terms. Incentives and plough back are recognized as a reduction from gross airtime revenue upon grant which normally coincides when a legally enforceable claim against the Company is established in relation to incentives and plough back.

25.24 Costs and expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. These are presented in the statement of total comprehensive income according to function of such costs and expenses.

Direct costs

Direct costs represent costs incurred in relation to the airing of the programs or episodes. These costs include talent fees of artists and production staff, amortization of program rights and other costs directly attributable to production of programs.

Costs incurred prior to the airing of the programs or episodes are included in other current assets as part of deferred production costs in the statements of financial position. These are charged to expense upon airing of the related program or episodes. Costs related to previously taped episodes which are not to be aired are charged to expense.

Operating expenses

Costs of day-to-day operations are generally expensed when incurred.

25.25 Employee benefits

Short-term benefits

Provision is made for benefits accruing to employees in respect of vacation leave and sick leave benefits when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within twelve months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Retirement benefits

The Company has an unfunded, noncontributory defined benefit plan covering substantially all of its qualified employees. The obligation and costs of retirement benefits of the Company are actuarially computed by an independent actuary on an annual basis using the projected unit credit method. This method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employee's projected salaries.

Retirement costs consist of service cost and interest on the defined benefit obligation. Service cost which includes current service costs, past service costs and gain or losses on non-routine settlements are recognized as part of profit or loss. Interest on the defined benefit obligation is the change during the period in the defined benefit obligation that arises from the passage of time which is determined by applying the discount rate based on the Philippine government treasury bond yields that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement obligation.

The liability recognized in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise and presented as reserve for remeasurements on retirement benefit obligation in the statement of financial position.

Curtailment gain or loss resulting from the reduction in number of employees covered by the plan are recognized immediately in profit or loss.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in profit or loss.

25.26 Leases

Company as the lessee

The Company recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Company as the lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the Company are classified as operating leases. Assets leased to a related party under operating lease are included in investment property in the statements of financial position. Rental income, net of any incentives received from the lessee, is recognized in profit or loss on a straight-line basis over the period of the lease.

Unearned revenues represents amounts received from customers which the revenue recognition criteria have yet to be satisfied and presented under accounts payable and other liabilities. The revenues are recognized as the services are provided.

Security deposit to guarantee the faithful compliance of the lessee with all the terms and conditions of the contract and answer for the obligations at the end of the contract is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Security deposit is derecognized in the statement financial position when the right to receive cash flows has expired or the Company has transferred substantially all the risks and rewards of ownership relating to the asset. Security deposit is classified as current liability, except when the remaining term of the lease is more than 12 months after the reporting date which is classified as non-current liability.

25.27 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among entities which are under control with the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

25.28 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are prepared in Philippine Peso, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the Philippine Peso using the exchange rates prevailing at the dates of the transaction or valuation where items are remeasured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of total comprehensive income.

25.29 Subsequent events

Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Note 26 - Supplementary information required by the Bureau of Internal Revenue (BIR)

Below is the additional information required by RR No. 15-2010:

(i) Output value-added tax (VAT)

Output VAT declared for the year ended December 31, 2022 and the gross revenues upon which the same was based consist of:

	Gross amount of revenues, net of VAT	Output VAT declared
Regular rate:		
Sale of services	918,524,580	110,222,950
Government sales	1,674,107	200,893
Sale of goods	12,103,474	1,452,417
	932,302,161	111,876,260
Zero-rated sale of services	85,108,161	-
Exempt sale	300,000	-
	1,017,710,322	111,876,260

The gross revenues on sale of services are based on gross receipts of the Company while gross revenues amounting to P2 billion presented in the statements of total comprehensive income are measured in accordance with the policy in Note 25.21.

(ii) Input VAT

Movements in input VAT for the year ended December 31, 2022 follows:

Beginning balance	2,364,965,251
Current year's domestic purchases:	
Domestic purchases of goods other than capital goods	31,228,772
Domestic purchases of capital goods	115,782,140
Importation of goods other than capital goods	7,223,539
Domestic purchases of services	109,255,870
Purchase of services from non-resident	4,438,251
Amortization of deferred input VAT	9,447,920
Creditable VAT withheld	83,705
Balance at the end of the year	2,642,425,448
Less: Application of output vat	(111,876,260)
Balance at the end of the year	2,530,549,188

Unamortized input VAT from purchase of capital goods amounting to P19.5 million and deferred input VAT from unpaid purchases amounting to P136.4 million as at December 31, 2022 were excluded from the analysis above.

(iii) Importations

The total landed cost of imports and the amount of custom duties and tariff fees paid for the year ended December 31, 2022 are as follows:

Paid landed cost of imports	60,215,889
Paid customs duties and tariff fees	1,255,779

(iv) Excise taxes

The Company is not engaged in the manufacture or production of certain specified goods or articles subject to excise tax for domestic sale or consumption or for any other disposition.

(v) *Documentary stamp taxes*

The Company paid P10.5 million of documentary stamp tax related to its borrowings for the for the year ended December 31, 2022.

(vi) *All other local and national taxes*

All other local and national taxes accrued and paid as at and for the year ended December 31, 2022 consists of:

NTC station license fee	28,167,423
Real property tax	12,465,670
Business tax	8,441,597
Others	14,102,718
	63,177,408

Others include payment of registration fees to MTRCB, Registry of Deeds and other various government agencies. The above local and national taxes are presented in the statements of total comprehensive income as part of direct costs within facilities and productions services and part of operating expenses within taxes and licenses.

(vii) Withholding taxes

Withholding taxes accrued and paid as at and for the year ended December 31, 2022 consists of:

	Paid	Accrued	Total
Withholding tax on compensation	72,044,730	6,759,621	78,804,351
Expanded withholding tax	33,612,572	34,334,613	67,947,185
Final withholding tax	2,412,257	613,194	3,025,451
Withholding value added tax	4,438,251	-	4,438,251
Fringe benefit tax	209,790	87,739	297,529
	112,717,600	41,795,167	154,512,767

Accrued withholding taxes are presented as accrued taxes within accounts payable and other liabilities.

(viii) Tax assessments

As at December 31, 2022, the Company settled its deficiency tax assessment covering all taxes for taxable years 2018 to 2020 aggregating to P99.6 million (including interest and surcharges).

(ix) Tax cases

The Company does not have any outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside of the BIR as at and for the year ended December 31, 2022.

March 10, 2023

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The management of **TV5 NETWORK INC.** (the "Company") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including any and all tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of December 31, 2022, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
(c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippines tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

[redacted]	[redacted]	[redacted]
Manuel V. Pangilinan Chairman of the Board	**Guido Xavier R. Zaballero** President and Chief Executive Officer	**Pierre Paul S. Buhay** Chief Financial Officer

SUBSCRIBED AND SWORN to before me this APR 03 2023 day of ____ 2023 affiants exhibiting to me their Passports, as follows:

Name	Passport/Driver's License No.	Date of Expiry	Place of Issue
Manuel V. Pangilinan	[redacted]	December 17, 2028	DFA NCR East
Guido Xavier R. Zaballero		November 6, 2028	DFA, NCR East
Pierre Paul S. Buhay		June 7, 2024	LTO, NCR West

[redacted]
Notary Public
ATTY. HENRY D. ADASA
NOTARY PUBLIC CITY OF MANILA
APPOINTMENT [redacted] 12/31/2023 MANILA
IBP NO [redacted] 01/03/2023
PTR NO. [redacted] 01/03/2023
ROLL NO [redacted] TIN NO [redacted]
1411 TAYUMAN ST., STA. CRUZ, MANILA

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