In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

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OS AA01

Statement of details of parent law and other information for an overseas company

Companies House

A14 *ABJS8A00* 28/12/2022 #213 COMPANIES HOUSE

A7 *ABHVREVT* 30/11/2022 #284 COMPANIES HOUSE

WEDNESDAY

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law.

✗ **What this form is NO**
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Part 1 Corporate company name

Corporate name of overseas company ❶	AT&T Global Network Services (UK) B.V.
UK establishment number	B R 4 9 9 3

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

❶ This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and audited.

Legislation ❷ Dutch law, including Dutch standards of auditing

❷ This means the relevant rules or legislation which regulates the preparation of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3**.

☑ **Yes.** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3**.

Name of organisation or body ❸ Dutch civil code

❸ Please insert the name of the appropriate accounting organisation or body.

A3 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. ☐ **No.** Go to **Part 3 'Signature'**. ☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.	❶ Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ❶	Dutch standards on auditing	

Part 3 Signature

	I am signing this form on behalf of the overseas company.
Signature	Signature X X
	This form may be signed by: Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Michael Springham
Company name	AT&T Global Network Services (UK)
	B.V.
Address	Highfield House
	Headless Cross Drive
Post town	Redditch
County/Region	Worcestershire
Postcode	B 9 7 5 E Q
Country	UK
DX	
Telephone	

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.

Important information

Please note that all this information will appear on the public record.

Where to send

You may return this form to any Companies House address:

England and Wales:
The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:
The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1

Northern Ireland:
The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

Further information

For further information, please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Financial report for the year ended 31 December 2021

AT&T Global Network Services (UK) B.V.

The Hague

Contents

Annual report of the directors

Annual report of the directors

The directors submit their report and audited financial statements of AT&T Global Network Services (UK) B.V. ('the Company') for the year ended 31 December 2021. The Company was incorporated in the Netherlands on 30 March 1999. The Company is registered in Amsterdam and the office is Wilhelmina van Pruisenweg 104 (2595 AN) Den Haag (The Hague), the Netherlands.

The Company's ultimate parent company and controlling party is AT&T Inc., which is registered in the United States of America. The parent company consolidates these financial statements. Copies of the ultimate parent company's consolidated financial statements are available from the United States Securities and Exchange Commission (www.sec.gov) or may be obtained by contacting AT&T's investor relations department at www.att.com or at the following address: AT&T Inc., Investor Relations, 208 S. Akard St, Dallas, Texas 75202, USA.

The immediate parent company is AT&T Global Network Holdings LLC, which is registered in the United States of America.

The Board of Directors' Report is prepared in accordance with Dutch Law (art. 2:391 BW) and Dutch Accounting Standard 400 ('RJ 400').

Mission Statement

The company's aim, as a subsidiary of AT&T Inc. is to support the group in its mission to exploit technical innovations for the benefit of AT&T and its customers by implementing next-generation technologies and network advancements in AT&T's services and operations

Principal activities

The principal activity of the Company is the supply of telecommunication and related services. The Company has established a branch in the United Kingdom to serve its principal market, which is within the UK.

Review of business and future developments

The Company supplies management and support of data, voice and e-business solutions to local and global customers as well as to business partners on a country and regional basis.

During 2021, the Company employed an average of 581 employees (2020: 705). The reduction in employees is due to the wider Group undertaking ongoing transformational initiatives to be more efficient and cost effective resulting in the Company being impacted. The reduction in employees has occurred during the year through the use of redundancies, both compulsory and voluntary, as well as transfers to companies outside the AT&T Group.

The Company's management team continues to work closely with the UK Works Council to monitor and manage headcount within the framework of the group's objectives.

During the year, the Company continued to operate under the AT&T Global Intercompany Trading Agreement ('AGITA'). Under this agreement the Company provides network, sales and marketing and general administrative support to AT&T's global enterprise business, which is operated by the AT&T Inc. group. As a result, the Company bears limited risk in relation to its local business and receives income from another group undertaking as specified in the agreement. The agreement includes a 3-month termination period; however, the directors do not have any intention to terminate this agreement within the next year from the date of these financial statements and to the best of their knowledge, are not aware of any intention of the ultimate parent company to terminate the agreement either.

Whilst the Company expects to be cash generative in the next 12 months, the Directors of the Company have also obtained assurance that in the unlikely event the company requires financial resources, AT&T Corp will provide financial resources to enable the company to conduct its business and to meet its obligations.

Revenue decreased by GBP 27.7 million from GBP 225.5 million to GBP 197.8 million; all revenue is derived from related parties in accordance with the AGITA.

Review of business and future developments continued

During the year the Company continued to manage its costs effectively with the aim of reducing long term non-essential expenditure and increasing operating efficiency.

The Company expects the operating environment in 2022 to remain challenging as competition in the telecommunications market remains strong. This competition will continue to put pressure on pricing, margins and customer retention.

The Company will continue to develop its local business in line with AT&T Inc. group strategy.

As the Company operates under the AGITA which results in stable operating profit margins the Company has a reasonable expectation that it will continue to trade profitability.

There are no significant future developments for the Company which are not currently disclosed.

Annual report of the directors

The Company's ability to operate, customer demand or customer's ability to pay for services provided has not been impacted by the ongoing conflict in Ukraine.

Environmental impact

The Company aims to minimize its impact on the environment. Further details on the policies can be found here;

https://about.att.com/csr/home/environment.html

Property, plant and equipment

The estimated useful lives of assets are between 1-15 years.

The Company periodically reassesses the expected useful lives of its property, plant and equipment in the light of experience.

The Company continues to invest in its AGN network (routers and nodes) during 2022.

Results and appropriation of reserves

The profit after tax and for the year is GBP 0.9 million (2020: GBP 1.0 million). The Company has a solvency ratio of 1.81 at 2021 year end (2020: 1.76) and current ratio of 2.06 (2020: 1.84).

The directors do not propose a dividend.

Principal risks and uncertainties

Financial risks

As noted above, during the year the Company continued to operate under the AGITA, under which the Company bears limited risk in relation to its local business and receives income from another group undertaking as specified in the agreement. The agreement includes a 3-month termination period; however, the directors do not have any intention to terminate this agreement within the next year from the date of these financial statements and to the best of their knowledge, are not aware of any intention of the ultimate parent company to terminate the agreement either. The financial statements have been prepared on a going-concern basis.

Annual report of the directors

Business risks

The telecommunication industry is highly dependent on the economic background of the country and the international markets it operates in. The operation of the AGITA limits the risks faced by the Company, however any potential decline in the commercial activities of the group would have an indirect negative influence on the Company.

Financial risks: disclosure and reporting

The AT&T Inc. group has established an internal reporting system, which applies to its European group companies including AT&T Global Network Services (UK) B.V. Local management reports at quarterly intervals on all determined possible risks and the possibilities to minimise or avoid these risks.

There was no significant impact of the Covid-19 pandemic on the Company's ability to operate, on customer demand or customer's ability to pay for services provided. The Company has adopted working practices to ensure the safety of its employees.

Financial instruments

Financial instruments recognised in the balance sheet consist of loans from group undertakings, receivables, cash at bank and in hand and current liabilities. The Company does not enter into transactions regarding financial instruments other than from its normal business operations. Except for the loans, the financial instruments are of a short-term nature (less than one year) and therefore the risks associated with these instruments are recognised in the profit and loss of the reporting year. Furthermore, the Company enters into short-term forward contracts with respect to material foreign currency exposures.

As at 31 December 2021 there were no outstanding forward contracts. In addition to the aforementioned risks resulting from the business operations, appropriate internal measures have been implemented to effectively manage market risk, credit risk and liquidity risk.

Modern Slavery Act

AT&T has implemented, and has legally obligated its suppliers to comply with, the policies set forth at
https://about.att.com/ecms/dam/csr/PDFs/Human_Rights_Policy.pdf

Research and Development Activities

The Company does not undertake research and development activities in its own right, being entitled, under the AGITA, to offer products and utilise infrastructure developed by the AT&T group.

Annual report of the directors

Directors

The directors who held office during the year ended 31 December 2021 are set out below, together with any changes subsequent to the year-end.

• Michael Springham	
• Mario Hoogweg	Appointed 1 December 2021
• Andrew Smith	Appointed 31 May 2022
• Pascale Frossard	Resigned 31 May 2022
• Ian Crowther	Resigned 1 December 2021

The Hague, 31 October 2022

Board of Directors,

Michael Springham   Andrew Smith   Mario Hoogweg

Financial statements

Balance sheet as at 31 December 2021
(before appropriation of result)

	Note	31 December 2021	31 December 2020
		GBP (000)	GBP (000)
Assets			
Non-current assets			
Property, plant and equipment	5.1	31,133	43,120
Financial assets	5.2	60,828	53,010
Current assets			
Inventory	5.3	4,118	3,034
Receivables	5.4	52,516	79,486
Cash at bank and in hand		39,926	8,487
		188,521	187,137

Balance sheet as at 31 December 2021 (continued)

(before appropriation of result)

	Note	31 December 2021	31 December 2020
		GBP (000)	**GBP (000)**
Equity and liabilities			
Shareholder's equity			
Issued share capital	5.5	**16**	**17**
Share premium	5.5	**104,965**	**104,965**
Other reserves	5.5	**14,802**	**13,377**
Legal reserve	5.5	**(3)**	**(4)**
Profit for the year	5.5	**935**	**993**
		120,715	**119,348**
Provisions	5.6	**20,428**	**17,148**
Non-current liabilities	5.7	**55**	**1,169**
Current liabilities	5.8	**47,323**	**49,472**
		188,521	**187,137**

Profit and loss account for the year ended 31 December 2021

	Note	2021	2020
		GBP (000)	GBP (000)
Revenue	6.1	197,751	225,512
Cost of sales		(150,629)	(173,610)
Gross profit		47,122	51,902
Selling expenses		(22,981)	(25,349)
General and administrative expenses		(18,913)	(21,461)
Total expenses		(41,894)	(46,810)
Operating profit		5,228	5,092
Financial income and expenses	6.4	(10)	(32)
Profit before taxation		5,218	5,060
Income tax charge	6.5	(4,283)	(4,067)
Profit after tax and for the year		935	993

Cash flow statement for the year ended 31 December 2021

	Note	2021	2020
		GBP (000)	GBP (000)
Cash flow from operating activities			
Operating profit		**5,228**	**5,092**
Adjustments for:			
Depreciation of property, plant and equipment	5.1	**13,678**	**14,905**
(Profit)/loss on disposal of fixed assets		**(264)**	**654**
Movement in deferred income	5.7, 5.8	**(512)**	**(874)**
Net periodic pension benefit	6.3	**(8,635)**	**(10,044)**
Share based payment – restricted stock units expense	5.5	**261**	**-**
Increase in other provisions	5.6	**119**	**1,676**
		9,875	**11,409**
Movement in working capital:			
(Increase)/decrease in inventory	5.3	**(1,084)**	**785**
Decrease in receivables	5.4	**26,970**	**12,629**
Decrease in liabilities	5.7, 5.8	**(3,762)**	**(1,315)**
		22,124	**12,099**
Cash generated from operations		**31,999**	**23,508**
Pension contributions	6.3	**(134)**	**(261)**
Tax paid		**-**	**-**
Interest received		**2**	**4**
Interest paid		**(12)**	**(36)**
		(144)	**(293)**
Net cash generated from operating activities		**31,855**	**23,215**

Cash flow statement for the year ended 31 December 2021 (continued)

		2021	2020
		GBP (000)	GBP (000)
Cash flow from investment activities			
Divestments in fixed assets		3,771	650
Investments in property, plant and equipment		(5,198)	(8,742)
Net cash generated from investment activities		(1,427)	(8,092)
Cash flow from financing activities			
Increase/(decrease) in bank overdraft	5.8	1,011	(9,225)
Net cash generated from financing activities		1,011	(9,225)
Increase in cash and cash equivalents		31,439	5,898
Movements in cash and cash equivalents:			
Cash and cash equivalents as at 1 January		8,487	2,589
Increase in cash and cash equivalents		31,439	5,898
Cash and cash equivalents as at 31 December		39,926	8,487

Notes to the balance sheet and profit and loss account

1 General

1.1 Activities

The principal activity of AT&T Global Network Services (UK) B.V. ('the Company') during the year ended 31 December 2021 was the supply of telecommunication and related services through its branch in the United Kingdom.

1.2 Registered office and registration number at the chamber of commerce

The Company is registered in Amsterdam and the office is Wilhelmina van Pruisenweg 104 (2595 AN) Den Haag (The Hague), the Netherlands and is registered at the chamber of commerce under number 34113585.

1.3 Group structure

The Company's ultimate parent company and controlling party is AT&T Inc., which is registered in the United States of America. The parent company consolidates these financial statements. Copies of the ultimate parent company's consolidated financial statements are available from the United States Securities and Exchange Commission (www.sec.gov) or may be obtained by contacting AT&T's investor relations department at www.att.com or at the following address: AT&T Inc., Investor Relations, 208 S. Akard St, Dallas, Texas 75202, USA.

The immediate parent company is AT&T Global Network Holdings LLC, which is registered in the United States of America.

1.4 Going concern

During the year, the Company has continued to operate under the AT&T Global Intercompany Trading Agreement ('AGITA'). Under this agreement the Company provides network, sales and marketing and general administrative support to AT&T's global enterprise business, which is operated by the AT&T Inc. group. As a result, the Company bears limited risk in relation to its local business and receives income from another group undertaking as specified in the agreement. The agreement includes a 3-month termination period; however, the directors do not have any intention to terminate this agreement within the next year from the date of these financial statements and to the best of their knowledge, are not aware of any intention of the ultimate parent company to terminate the agreement either.

AT&T Corp. has also indicated that should the need arise it will provide financial resources to the company to enable the company to meet their obligations for a period of at least 12 months from the date of the signing of the financial statements.

Based upon the above, it is the directors' opinion that the Company remains a going concern for the foreseeable future, and that it is appropriate to prepare the financial statements on a going-concern basis

Notes to the balance sheet and profit and loss account (continued)

1.5 International cost recharges

Under the AGITA, AT&T Global Network Services (UK) B.V. provides network, sales and marketing and general administrative support to AT&T's global enterprise business, which is operated by the AT&T Inc. group. In respect of this agreement an amount of GBP 10,267,286 (2020: GBP 21,851,008) is recognised under current assets and GBP 15,449,454 (2020: GBP 7,796,822) payable is recognised under current liabilities at the year-end.

1.6 Notes to the cash flow statement

The cash flow statement has been prepared applying the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. The value of the related asset and lease liability are disclosed in the notes to the balance sheet items. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

Under the investments in tangible fixed assets, only the investments are included for which cash was paid in 2021.

1.7 Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Company are considered a related party. In addition, statutory directors, other key management and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required to provide a true and fair view.

All related party transactions are at arm's length.

Notes to the balance sheet and profit and loss account (continued)

1.8 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. If necessary for the purposes of providing the view required under Book 2, article 362, paragraph 1, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

2 Accounting policies for the balance sheet

2.1 General

The financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the DASs for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

2.2 Comparison with prior year

The principles of valuation and determination of result remain unchanged compared to the prior year.

2.3 Foreign currencies

Functional currency

Items included in the financial statements of the companies are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in GBP, which is the functional and presentation currency of the Company.

Transactions, receivables and liabilities

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Notes to the balance sheet and profit and loss account (continued)

2.3 Foreign currencies (continued)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

2.4 Property, plant and equipment

Property, plant and equipment is valued at acquisition or manufacturing cost less straight-line depreciation over the estimated useful economic life of the asset.

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.5 Financial assets

Deferred tax asset** and **Pension asset

Further information on the deferred tax asset and pension asset can be found in note 2.9.

Deferred Charges

Deferred charges are initially measured at fair value, and subsequently carried at amortised cost. The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

Deferred charges with a maturity of less than one year are classified within current assets.

Notes to the balance sheet and profit and loss account (continued)

2.6 Inventory

Inventories are valued at cost price or lower realisable value.

The cost price consists of the historical cost (all costs relating to the acquisition) and costs incurred in order to bring the inventories to their current location and current condition.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value, the obsolescence of the inventories is taken into account.

2.7 Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value. The cash is at the free disposal of the Company.

2.9 Provisions

General information

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

Pension benefits

The Company operates two pension schemes – a defined benefit pension scheme and a defined contribution pension scheme.

The defined benefit pension scheme is valued in accordance with the United States accounting standard FASB ASC Topic 715 Compensation — Retirement Benefits. The obligation includes the present value of the expenditures that are probably required to settle. The present value factor is the market rate of interest of high-quality corporate bonds. If the obligation is due within a year, the obligation is not discounted.

Notes to the balance sheet and profit and loss account (continued)

Deferred tax assets and liabilities

Deferred tax assets and liabilities are included in respect of the temporary differences in valuation of assets and liabilities for financial statement purposes and tax purposes. The deferred tax assets and liabilities are calculated based on tax rates prevailing at the year-end or applicable future tax rates, insofar as already decreed by law. Deferred tax assets, including those resulting from losses carried forward, are recognised if it can be reasonably assumed that they will be realised. Deferred tax assets and liabilities are included at face value.

2.10 Fair value of financial instruments

Financial instruments recognised in the balance sheet consist of loans from group undertakings, receivables, cash at bank and in hand, provisions and current liabilities. These receivables are initially measured at fair value and subsequently carried at amortised cost.

The face values of the receivables, cash at banks and in hand, provisions and current liabilities do not differ significantly from the net realisable value due to their short-term nature (shorter than one year).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making allowance for entity-specific inputs.

2.10 Non-current liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, being the amount received taking account of any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest in the income statement over the period of the borrowings using the effective interest method

2.11 Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

2.12 Leases

Finance lease (as lessee)

The Company acts as the lessee of certain network assets, of which it has substantially all the risks and rewards incidental to the ownership. These assets are capitalised and recognised in the balance sheet at the commencement of the lease at the lower of the fair value of the asset and the present value of the minimum lease payments, each determined at the inception of the lease. The network assets acquired under finance leases are depreciated over the shorter of the useful life of the asset or, if shorter the contractual term.

Finance lease (as lessor)

The Company acts as a lessor of some network and telecommunications hardware associated with the provision of services. These arrangements are treated as finance leases as substantially all of the risks and rewards incidental to ownership have been passed to the customer. The customers paid the full fair value for the equipment upfront and have the option to use a bargain purchase clause at the end of the multi-year deals. Consequently, the Company has no outstanding receivables in respect of those finance leases.

Operating lease

Leases in which a significant portion of the risks and rewards incidental to the ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3 Principles of determination of the result

3.1 General

The result represents the difference between the value of the goods delivered and services rendered and the costs and other charges incurred during the year. The results on transactions are recognised in the year they are realised; losses are taken as soon as they are foreseeable.

3.2 Revenue

Revenue represents the income received from another group undertaking in accordance with the AGITA. Amounts invoiced to third-party customers are accounted for as due to that other group undertaking under the terms of the AGITA because this Company does not bear the risks and may have a limited reward associated with these invoices.

Revenue is stated net of VAT and similar sales-based taxes.

Sales of goods

Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.

Sales of services

Revenues from the services rendered are recognised in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered.

3.3 Cost of sales

Cost of sales represents the direct and indirect expenses attributable to revenue including employee cost, depreciation charges for buildings and equipment, and other operating expenses that are attributable to cost of sales.

3.4 Costs

Costs are recognised under the historical cost convention and are allocated to the reporting period to which they relate.

Depreciation of fixed assets is based on purchase price and is provided on a straight-line basis over the estimated economic useful life of the asset.

3.5 Selling and general and administrative expenses

Selling expenses and general and administrative expenses comprise costs chargeable to the year that are not directly attributable to the cost of the goods and services sold.

3.6 Exchange differences

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise.

3.7 Depreciation

Property, plant and equipment depreciated over their estimated useful lives as from the inception of their use. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

3.8 Employee benefits

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

Restricted stock units

The group grants forfeitable restricted stock units, which are valued at the ultimate parent common stock market price at the date of grant and vest over a three period, to employees of the company. The company records the cost of the restricted stock units.

At each balance sheet date before vesting the cumulative expense is calculated, representing the extent to which the vesting period has expired and managements best estimate of the achievement of vesting conditions and the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Pension and other post-retirement benefits

The charge against profits for the benefits of the defined contribution pension scheme is the amount of contributions payable to the pension scheme in respect of the accounting period.

The ongoing cost of providing pensions for current and former employees through the defined benefit scheme is charged to the profit and loss account over the period during which the benefit is derived from the employees' services, based on the calculations carried out by independent qualified actuaries applying United States accounting standard FASB ASC Topic 715 Compensation — '*Retirement Benefits*'.

The over- or under-funded status of post retirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation is recognised in accordance with the United States accounting standard FASB ASC Topic 715 Compensation — Retirement Benefits. Actuarial gains and losses are recognised immediately in the income statement.

Notes to the balance sheet and profit and loss account (continued)

3.9 Finance income and costs

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

3.10 Taxation

Tax on the result for the year is calculated by applying the current tax rate to the result reported in the profit and loss account, taking into account tax losses carried forward, tax exempt profit elements and after inclusion of non-deductible costs.

The Company is a UK tax resident, whose profits are subject to UK corporation tax.

4 Financial instruments and risk management

4.1 Currency risk

The currency risk for the Company concerns positions and future transactions in foreign currency, particularly US dollars.

During the year, the Company has continued to operate under the AT&T Global Intercompany Trading Agreement ("AGITA"). As a consequence of this agreement, all foreign exchange risk arising from sources other than inter-company arrangements is transferred to the ultimate parent company.

4.2 Market risk

The Company is not exposed to risk regarding valuation of securities disclosed under Financial assets and securities within current assets, other than risks in relation to the securities held by the pension scheme. As disclosed in note 6.3, the risk is managed by spreading it across a portfolio of different debt and security investments.

4.3 Interest rate and cash flow risk

The Company incurs interest rate risk on interest bearing receivables (in particular cash and pension scheme assets) and on interest bearing non-current and current liabilities (in particular overdraft and pension scheme obligations).

Where variable-interest loans and receivables are concerned, the Company incurs risk regarding future cash flows. The Company has no fixed interest loans and receivables. No financial derivatives for interest rate risk are contracted with regard to the receivables.

Notes to the balance sheet and profit and loss account (continued)

4.4 Credit risk

Credit risk arises principally from cash and credit exposures to customers, including outstanding receivables and committed transactions. For banks, only independently rated parties with a minimum rating of 'A' are accepted.

During the year, the Company has continued to operate under the AT&T Global Intercompany Trading Agreement ("AGITA"). As a consequence of this agreement, all customer credit risk is transferred to the ultimate parent company (see note 1.4).

4.5 Liquidity risk

The Company is part of the AT&T cash pooling facility in order to avail itself of a range of overdraft facilities.

5 Notes to the balance sheet

5.1 Property, plant and equipment

	Network and computer equipment	Leasehold improvements	Total assets
	GBP (000)	GBP (000)	GBP (000)
Cost			
As at 1 January 2021	217,506	5,050	222,556
Additions	5,584	67	5,651
Disposals	(14,488)	(393)	(14,881)
Net transfer from inventory*	(3,857)	-	(3,857)
Balance as at 31 December 2021	204,745	4,724	209,469
Accumulated depreciation			
As at 1 January 2021	175,646	3,790	179,436
Charge for the year	13,298	380	13,678
Disposals	(11,163)	(211)	(11,374)
Net transfer from inventory*	(3,404)	-	(3,404)
Balance as at 31 December 2021	174,377	3,959	178,336
Net book value			
As at 31 December 2021	**30,368**	**765**	**31,133**
As at 31 December 2020	41,860	1,260	43,120
Depreciation rates	1-15 years	lease term	1-15 years

* This represents equipment which is not in use and is immediately available for resale to other AT&T group undertakings and reclassified to inventory, net of equipment previously held as inventory but has been brought back into use by the company and no longer available for resale.

The carrying amount of network assets under finance lease is GBP'000 392 (2020: GBP'000 688).

Notes to the balance sheet and profit and loss account (continued)

5.2 Financial assets

		31 December 2021	31 December 2020
		GBP (000)	GBP (000)
Deferred tax assets		**10,877**	12,091
Pension asset	6.3	**49,951**	40,919
		60,828	53,010

Movements in financial non-current assets are as follows:

	Deferred tax assets	Pension asset	Total
	GBP (000)	GBP (000)	GBP (000)
Balance as at 1 January 2021	12,091	40,919	53,010
Credited/(charged) to profit and loss account	(1,214)	8,634	7,420
Other movement/additions	-	398	398
Balance as at 31 December 2021	**10,877**	**49,951**	**60,828**

Deferred tax assets refer to, amongst others, the difference between the tax base of fixed assets and the carrying amount as recognised in the financial statements.

The composition of deductible temporary differences (recognised as well as unrecognised) and unutilised tax losses carried forward is as follows:

	31 December 2021		31 December 2020	
	Recognised	Not recognised	Recognised	Not recognised
	GBP (000)	GBP (000)	GBP (000)	GBP (000)
Deductible temporary differences	**10,877**	**15,632**	12,091	7,616
Other timing differences	-	-	-	
Tax losses carried forward	-	**2,852**	-	2,168
	10,877	**18,484**	12,091	9,784

Notes to the balance sheet and profit and loss account (continued)

5.2 Financial assets (continued)

In respect of the items disclosed in the column 'recognised' a deferred tax asset is included in financial fixed assets. An amount of GBP'000 790 is expected to be realised within one year, GBP'000 4,315 is expected to be realised in one to five years and GBP'000 5,772 is expected to be realised in more than five years.

For the unrecognised deductible temporary differences and tax losses carried forward it is not yet probable that these may be utilised against future taxable profits or set off against other tax liabilities.

5.3 Inventory

	31 December 2021	31 December 2020
	GBP (000)	GBP (000)
Finished products and goods for resale	4,118	3,034

A provision of GBP'000 9,177 (2020 GBP'000 12,814) is included within the above inventory.

5.4 Receivables

	31 December 2021	31 December 2020
	GBP (000)	GBP (000)
Trade debtors	29,623	38,288
Amounts due from group companies	10,745	24,544
Other receivables	-	56
Prepayments and accrued income	12,148	16,598
	52,516	79,486

Amounts shown within current receivables are due within one year. A provision of GBP'000 10,198 (2020: GBP'000 10,165) is included within Trade debtors.

The company is exposed to foreign exchange risk for receivables arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

During the year, the company has continued to operate under the AT&T Global Intercompany Trading Agreement ("AGITA"). As a consequence of this agreement all foreign exchange risk arising from sources other than inter-company financing arrangements is transferred to the AT&T Inc. group and the company has no net exposure to foreign exchange risk at the year-end.

5.5 Shareholder's equity

	Issued share capital GBP (000)	Share premium GBP (000)	Legal reserve GBP (000)	Other reserves GBP (000)	Profit before appropriation GBP (000)	Total reserves GBP (000)
Balance as at 31 December 2020	17	104,965	(4)	13,377	993	119,348
Appropriation of gain for the year-ended 31 December 2020	-	-	-	993	(993)	-
Profit for the year ended 31 December 2021	-	-	-	-	935	935
Amortisation of prior service pension cost	-	-	-	263	-	263
Deferred tax in relation to prior service costs	-	-	-	(92)	-	(92)
Capital contribution and Restricted stock units				261	-	261
Revaluation of share capital	(1)	-	1	-	-	-
Balance as at 31 December 2021	**16**	**104,965**	**(3)**	**14,802**	**935**	**120,715**

Issued share capital

The authorised share capital of the Company as at 31 December 2021 amounts to EUR 90,000 and consists of 900 ordinary shares of EUR 100 each.

Issued share capital amounts to EUR 18,700 (2020: EUR 18,700) and consists of 187 (2020: 187) ordinary shares with a nominal value of EUR 100 each. The share capital was translated to GBP at 31 December 2021 using a closing rate of 1.19.

The directors propose to allocate the result for the year to other reserves.

Capital contribution and restricted stock units

The capital contribution reserve relates to the cost the company has incurred in relation to restricted stock units. The restricted share unit plan entitles certain employees to received shares in AT&T Inc. at no cost to themselves subject to continued employment through the vesting period.

The restricted stock units are given to employees in tranches of 33.33% on the anniversary of the grant date over a 3 year period.

No recharge is received from any other AT&T company in relation to this and therefore the amount is considered a capital contribution from the group.

Notes to the balance sheet and profit and loss account (continued)

A summary of the company's restricted share unit activity under the restricted stock unit plan during the year is set out below.

	Number of units
Non-vested at 1 January 2021	-
Granted in year	**11,010**
Vested during the year	**(997)**
Non-vested at 31 December 2021	**10,013**

The fair value of the restricted stock units is GBP'000 196 based on the common stock price at 31 December 2021.

Notes to the balance sheet and profit and loss account (continued)

5.6 Provisions

	31 December 2021	31 December 2020
	GBP (000)	GBP (000)
Deferred tax liabilities	**17,483**	14,322
Other provisions	**2,945**	2,826
	20,428	17,148

Movements in provisions are as follows:

	Deferred tax liabilities	Other provisions	Total
	GBP (000)	GBP (000)	GBP (000)
Balance as at 1 January 2021	14,322	2,826	17,148
Other movement/additions	3,161	1,095	4,256
Utilised	-	(976)	(976)
Balance as at 31 December 2021	**17,483**	**2,945**	**20,428**

Deferred tax labilities refer to the difference between the tax base of pension asset and the carrying amount as recognised in the financial statements. GBP'000 17,483 (2020: GBP'000 14,322) are expected to be of a long-term nature.

Other provisions represent the Company's estimate of amounts that may be payable in respect of a long-term incentive plan and other payroll related provisions.

Within other provisions, GBP'000 2,343 (2020: GBP'000 1,646) is expected to be of a long-term nature (over one year).

5.7 Non-current liabilities

	31 December 2021	31 December 2020
	GBP (000)	GBP (000)
Deferred income	**3**	379
Other non-current liabilities	**52**	790
	55	1,169

All amounts fall due within 5 years

Notes to the balance sheet and profit and loss account (continued)

5.8 Current liabilities

	31 December 2021	31 December 2020
	GBP (000)	**GBP (000)**
Bank overdraft	**1,011**	-
Trade creditors	**9,252**	13,414
Amounts due to group undertakings	**15,597**	9,719
Social security liabilities	**779**	1,068
Other liabilities	**8,050**	13,065
VAT payable	**3,389**	4,537
Accruals	**8,969**	7,257
Deferred income	**276**	412
	47,323	49,472

All current liabilities fall due in less than one year.

The company is exposed to foreign exchange risk for current liabilities arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

During the year, the company has continued to operate under the AT&T Global Intercompany Trading Agreement ("AGITA"). As a consequence of this agreement all foreign exchange risk arising from sources other than inter-company financing arrangements is transferred to the AT&T Inc. group and the company has no net exposure to foreign exchange risk at the year-end.

5.9 Contingencies and commitments

Financial obligations

The obligations from operating leases at the end of the reporting year can be specified as follows:

	2021		2020	
	Land and buildings	**Vehicles, plant & equipment**	**Land and buildings**	**Vehicles, plant & equipment**
Obligations to pay:	**GBP (000)**	**GBP (000)**	**GBP (000)**	**GBP (000)**
Within one year	**6,236**	**304**	6,476	502
Within two to five years	**19,552**	**225**	21,090	478
Over five years	**1,906**	**-**	4,737	-
	27,694	**529**	32,303	980

5.9 Contingencies and commitments (continued)

The Company is committed to make payments under telecommunication service contracts. The directors estimate that the minimum expenditure that the Company is committed to under these telecommunication service contracts is GBP'000 8,438 (2020: GBP'000 7,906). The actual amount to be paid depends on how many of the circuits the Company uses during the contract, subject to a minimum and maximum usage capacity.

	31 December 2021
	GBP (000)
Obligations to pay:	
Within one year	8,369
Between one and five years	69
Total	**8,438**

The agreements relating to this balance expire no later than December 2023.

6 Notes to the profit and loss account

6.1 Revenue

All revenue originates in the United Kingdom and arises from the provision of services.

All revenue is classified as being from related parties in accordance with the AGITA.

	2021	2020
	GBP (000)	GBP (000)
Amounts derived from other group undertakings	197,751	255,512

As outlined in note 3.2, amounts billed and accrued in respect of third-party customers are not included in revenue. The aggregate amount involved is GBP'000 153,272 (2020: GBP'000 185,900).

6.2 Employee benefits

	2021	2020
	GBP (000)	**GBP (000)**
Wages and salaries	**66,105**	75,049
Pension costs	**4,067**	5,946
Pension (credit)/charge relating to defined benefit scheme	**(8,635)**	(10,044)
Other social security costs	**11,714**	12,901
	73,251	83,852

The above employee benefits expense is included in cost of sales, selling expenses and general and administrative expenses, depending on the activities of the employees in question.

In the current year salaries and wages, an amount of GBP'000 362 Restricted Stock Unit-expenses is included.

The above pension costs are in relation to both the defined benefit and the defined contribution pension schemes; further details in respect of the defined benefit schemes are given in note 6.3 below.

6.3 Pensions

As detailed in Section 3.8 the United States accounting standard FASB ASC Topic 715 Compensation — Retirement Benefits, which has resulted in the full recognition of accumulated actuarial gains and losses.

The AT&T Pension Scheme closed to future accrual with effect from 31 January 2010.

During the year the remaining members ceased active service in the Scheme, meaning the Scheme is now entirely closed to future accrual. This has been recognised as a curtailment event at 31 December 2021. The break in salary linkage for these members has been recognized immediately in the pension expense as a curtailment credit of £682K.

Notes to the balance sheet and profit and loss account (continued)

6.3 Pensions (continued)

Benefit obligation and asset reconciliations

Change in projected benefit obligation	**2021**	**2020**
	GBP (000)	**GBP (000)**
Projected benefit obligation at the beginning of the year	**175,507**	174,172
Service cost	**220**	475
Interest cost	**2,415**	3,415
Actuarial (gains)/losses	**(6,284)**	9,183
Benefits paid	**(6,309)**	(11,740)
Curtailments	**(682)**	-
Plan participant contributions	**-**	2
Projected benefit obligation at the end of the year	**164,867**	175,507

Change in plan assets	**2021**	**2020**
	GBP (000)	**GBP (000)**
Fair value of plan assets at the beginning of the year	**216,426**	204,523
Actual return on plan assets	**4,567**	23,380
Benefits paid	**(6,309)**	(11,740)
Employer contributions	**134**	261
Plan participant contributions	**-**	2
Fair value of assets at the end of the year	**214,818**	216,426

Fair value of assets by category	**2021**	**2020**
	GBP (000)	**GBP (000)**
Fixed income securities	**33,371**	55,135
Equity securities	**179,600**	158,818
Cash	**1,847**	2,473
Fair value of assets at the end of the year	**214,818**	216,426

6.3 Pensions (continued)

Development of the accrued benefit asset	2021	2020
	GBP (000)	GBP (000)
Accrued benefit asset at the beginning of the year	40,919	30,351
Net pension benefit	8,898	10,307
Employer contributions	134	261
Accrued benefit asset at the end of the year	49,951	40,919

Funded status – net amount recognised	31 December 2021	31 December 2020
	GBP (000)	GBP (000)
Funded status	49,951	40,919
Net amount recognised	49,951	40,919

Weighted average assumptions at the end of the year	2021	2020
Discount rate	2.0%	1.4%
Rate of compensation increase	n/a	3.9%
Measurement date used	31 December 2021	31 December 2020

Net periodic pension benefit	2021	2020
	GBP (000)	GBP (000)
Net periodic pension benefit		
Service cost	220	475
Interest cost	2,415	3,415
Expected return on plan assets	(2,789)	(4,523)
Actuarial gains	(8,062)	(9,674)
Amortisation of unrecognised prior service cost	263	263
Curtailment	(682)	-
Total net periodic pension credit	(8,635)	(10,044)

Notes to the balance sheet and profit and loss account (continued)

6.3 Pensions (continued)

Weighted average assumptions at the beginning of the year	**2021**	**2020**
Discount rate	**1.4%**	**2.0%**
Expected return on plan assets	**1.7%**	**2.25%**
Rate of compensation increase	**3.9%**	**4.2%**
Measurement date used	**1 January 2021**	**1 January 2020**

The investment strategy for the AT&T Pension Scheme targets a set rate of return, with the actual allocation of the assets between different asset classes being relatively fluid in order to achieve this.

The target rate of return is equal to the return on a liability benchmark measure plus 1.0% p.a. At the year-end the future return on the liability benchmark was estimated to be 1.1% p.a. The long-term rate of return on pension plan assets has therefore been set at 1.1% p.a.

There are no employer-related investments.

All plan assets are categorised as level 2 assets with significant observable inputs, with the exception of the cash balances of GBP'000 1,847 (2020: GBP'000 2,473) which are level 1.

	Cash flows	**GBP (000)**
(1)	Expected contributions for fiscal year ending 31/12/2022 (a) Expected employer contributions	**-**
(2)	Estimated future benefit payments reflecting expected future service for the fiscal year(s) ending	
	(a) 31/12/2022	**6,472**
	(b) 31/12/2023	**6,640**
	(c) 31/12/2024	**6,812**
	(d) 31/12/2025	**6,989**
	(e) 31/12/2026	**7,170**
	(f) 31/12/2027-31/12/2031	**38,736**

Notes to the balance sheet and profit and loss account (continued)

6.3 Pensions (continued)

Other accounting items	Fiscal year ended 31 December	
	2021	2020
	GBP (000)	GBP (000)
(1) Market value of assets at the beginning of the year	**216,426**	**204,523**
(2) Alternative amortisation methods used to amortise		
(a) Prior service cost	Straight-line	Straight-line
(3) Employer commitments to make future plan amendments (that serve as the basis for the employer's accounting for the plan)	None	None

6.4 Financial income and expenses

	2021	2020
	GBP (000)	GBP (000)
Interest income	**2**	4
Interest expense	**(12)**	(36)
	(10)	(32)

Notes to the balance sheet and profit and loss account (continued)

6.5 Income tax credit/(charge)

	2021	2020
	GBP (000)	GBP (000)
Profit before taxation	5,218	5,060
Income tax (charge)/credit	(4,283)	(4,067)
Effective tax rate	82.1%	80.4%
Applicable tax rate	19.0%	19.0%

The effective tax rate differs from the applicable tax rate due to the movement on the unrecognised deferred tax asset, the effect of the change in tax rates and the taxation of pension asset at a higher rate.

During the year the Company has continued to operate under the AGITA. Given the expected continued operation of this agreement, under which the Company has a reasonable expectation of generating taxable profits in the future, the Company considers it probable that certain deductible temporary differences existing at 31 December 2021 will be utilised against future taxable profits. Accordingly, based on profit forecasts for the next ten years and the enacted UK tax rate of 25.0%, a deferred tax asset of GBP'000 10,877 (2020:UK tax rate of 19%, GBP'000 12,091) has been recognised at 31 December 2020 leaving a further GBP'000 18,484 (2020: GBP'000 9,784) unrecognised as disclosed in note 5.2.

In the Spring Budget 2021, the UK Government announced that it had the intention to increase the corporation tax rate to 25% from 1 April 2023. The proposal to increase the corporation tax rate was substantively enacted on 24 May 2021 and received Royal Assent on 10 June 2021. The effects of the corporate tax rate change are reflected in these financial statements. There is no impact on the deferred tax liability.

Supplementary information

6.6 Independent Auditor's remuneration

	2021	2020
	GBP (000)	GBP (000)
Independent auditor's remuneration charged in respect of:		
Audit of the financial statements*	20	20
Other audit services	-	-
Tax services	-	-
Other non-audit services	-	-
	20	20

The fees listed above relate to the procedures applied to the Company by accounting firms and external independent auditor as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the 2021 financial statements, regardless of whether the work was performed during the financial year.

6.7 Employees

During 2021, an average of 581 employees were employed by the Company (2020: 705). All of the employees are employed outside of the Netherlands.

Breakdown of employee numbers by activity:

	2021	2020
	Number	Number
Administration	91	99
Sales &marketing	109	135
Operations	381	471
	581	705

The reduction in employees is due to the wider Group undertaking ongoing transformational initiatives to be more efficient and cost effective resulting in the Company being impacted. The reduction in employees has occurred during the year through the use of redundancies, both compulsory and voluntary, as well as transfers to companies outside the AT&T Group.

Notes to the balance sheet and profit and loss account (continued)

6.8 Directors' remuneration

Directors received remuneration for their qualifying services as director of the Company of GBP 7,000 (2020: GBP 8,000). The directors are also remunerated for their other roles within the wider AT&T group.

None of the directors have benefits accruing under the Company's defined benefit or defined contribution pension schemes (2020: nil directors). None of the directors have any share options in the Company or the wider AT&T group (2020: none). During 2021, a long-term incentive award plan was established that provides certain members of the Company's management with restricted stock units in AT&T Inc. The number of directors eligible as at 31 December 2021 was 3 (2020: none).

6.9 Subsequent events

The Company's ability to operate, customer demand or customer's ability to pay for services provided has not been impacted by the ongoing conflict in Ukraine.

The Hague, 31 October 2022

Board of Directors,

Michael Springham

Andrew Smith

Mario Hoogweg

Other information

Appropriation of the result for the year

According to Article 14 of the Articles of Association, the result for the year should be allocated according to the wishes of the General Meeting of the Shareholder. The Company can only distribute dividends when net equity is larger than the paid-up share capital plus legal reserves, if any.

The directors propose to allocate the result for the year to other reserves.

Building a better
working world

Independent auditor's report

To: the shareholder and board of directors of AT&T Global Network Services (UK) B.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of AT&T Global Network Services (UK) B.V., based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of AT&T Global Network Services (UK) B.V. as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2021
- The profit and loss account for 2021
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of AT&T Global Network Services (UK) B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The report of the directors
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the report of the directors in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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

- Obtaining 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
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding 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 a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

Amsterdam, 1 November 2022

Ernst & Young Accountants LLP

signed by A.N.A. Drost