

Turner Broadcasting System Holdings (Europe) Limited

**Annual report and financial statements
for the year ended 31 December 2019**



Turner Broadcasting System Holdings (Europe) Limited

Company information

Directors	E Browne P Dogra R Friend
Company secretary	E Browne
Registered number	02802926
Registered office	160 Old Street London EC1V 9BW
Independent auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers	Barclays Bank PLC PO Box 544 1st Floor 54 Lombard Street London EC3V 9EX

Turner Broadcasting System Holdings (Europe) Limited

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Turner Broadcasting System Holdings (Europe) Limited

Strategic report for the year ended 31 December 2019

The directors present their strategic report together with the audited financial statements of the company for the year ended 31 December 2019.

Principal activity

The principal activity of the company is that of investment holding activities.

Principal risks and uncertainties

The risks and uncertainties of the company are integrated with the risks of AT&T Inc. and are not managed separately.

Financial key performance indicators

The directors consider that key performance indicators are not necessary for an understanding of the development, performance or position of the business due to the fact the success of the business is measured as part of AT&T Inc..

Section 172 (1) Statement

The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations") have been in force with effect from 1 January 2019. The Regulations aim to extend sustainable and responsible governance practice beyond listed companies to private limited companies. The Regulations require Turner Broadcasting System Holdings (Europe) Limited (the "company") to report how the directors of the company (the "board") have considered their duties under section 172 ("Section 172") of the Companies Act 2006 (the "Act") during the reporting period.

The duty under Section 172 is owed by the directors to the company. In the context of a group of companies, being the Turner group of companies, which is wholly owned by AT&T Inc., the company's directors owe their primary duty to the company and not the parent company (though of course the parent company is considered as part of stakeholder engagement). The board recognises that the overall framework that Section 172 promotes is to drive the long-term success and economic viability of the company for the benefit of its sole shareholder and other stakeholders.

The long-term

The company and the board strive to create value for its shareholders in the medium and long-term and to take into account interests of their wider stakeholder base and the impact of their decisions on these stakeholders and their interests. In order to achieve this objective the company implements and makes decisions which are aligned with the core values and the set strategy of the Turner group and the AT&T group as a whole. In line with its purpose, the company's aim is to maintain a successful and sustainable business for the benefit of its direct and ultimate shareholder and other stakeholders, with whom the directors and senior management formally consult. Throughout the reporting year, the company has made a strategic decision as part of the implementation of its business strategy. The principal decision made by the board of directors included:

- the declaration of an interim dividend payable to the sole shareholder of the company.

Further detail of this strategic decision can be found in the 'Principal decisions' section on page 3.

The board of directors of the company consider long-term consequences of their decisions during their decision-making process. When making decisions the directors do consider detailed financial information, the key risk reporting and whether the relevant approvals have been obtained. These supplementary informal discussions allow the directors to make informed decisions with the interests of the key stakeholders of the company in mind.

Turner Broadcasting System Holdings (Europe) Limited

Strategic report (continued) for the year ended 31 December 2019

Section 172 (1) Statement (continued)

Stakeholders

The board does not delegate its stakeholder engagement responsibilities to senior management and instead opts to make considerations for the company's impacts on stakeholders collectively when making decisions. The board considers its subsidiaries, its shareholder and the WarnerMedia group as a whole to be its key stakeholders. The company also operates within WarnerMedia's Standards of Business Conduct (SBC) which applies to all employees (including directors) and serves as a model for comparable codes of conduct. The SBC stresses the importance of abiding by the law, being truthful, being transparent in business dealings and putting the needs of shareholders and customers first. The board uses this as part of their guiding approach when making decisions.

Decision making process

Board meetings are usually held on an ad hoc basis as and when there are significant decisions to be approved. The board meeting process consists of an initial discussion of agenda items with supporting board packs containing pertinent information to the items at hand. This ensures that decisions are made on the basis of high quality information being reviewed. The board considers their Section 172 duties during each board meeting and these considerations are documented in the relevant minutes. Board papers are prepared to provide the board with the right levels of information to consider all relevant issues before making a decision and ensure consistency in the way the required information is presented to the directors ahead of each meeting. The board also holds a number of annual board meetings to approve the annual accounts for the company and its annual Modern Slavery Declaration.

To support effective decision-making of the board, the directors take into account various group-wide governance policies and practices, including the existing delegations of authority and powers of attorney, Modern Slavery, WarnerMedia's SBC, WarnerMedia's Ethical Sourcing and Supply Chain Policy, and the company's Supplier Code of Conduct when making decisions on behalf of the company, together with established practices. These sources also feed into culture which is expanded on below.

Culture

The company follows the culture set by WarnerMedia LLC which applies to all of its subsidiaries on a global scale. This culture is composed of a series of group policies and procedures that have been devised to promote the long-term sustainable success of the group whilst ensuring that risk is mitigated and reputation strengthened - the standardisation of ways of conducting business and ways of behaving creates a culture set from the top down. The board of the company is conscious of the WarnerMedia culture and they aim to consider the policies within it whenever decisions are being made, both at board level and during the normal course of business.

The company and the board of directors ensure that the policies outlined above are implemented in the business as part of group-wide strategy and make all decisions with sustainable growth in mind by continuously seeking ways to enhance relationships with its direct and ultimate shareholders and other stakeholders. Through adopting and following the key policies and procedures the company is able to set a clear course for its business and fulfill its purpose in the long-term. The company's culture and its values are further reinforced by training on how to adhere to the organisation's policies and procedures and maintain a continuously high standard of business ethics and making sure that the working environment is built on mutual respect and tolerance. Details of strategic decisions and developments taken by the company and its board can be found in the 'Principal decisions' section on page 3.

Turner Broadcasting System Holdings (Europe) Limited

Strategic report (continued) for the year ended 31 December 2019

Section 172 (1) Statement (continued)

Training

The current directors of the company have held their positions for a number of years and are fundamentally familiar with their statutory duties under the Companies Act 2006. At present, there is no formal induction process for new directors as there have been no plans to introduce new directors to the board of the company. The company is, however, considering implementing comprehensive Section 172 duties and wider regulatory requirements training to support the board with their obligations as regulations continue the trend of being tightened. This would include periodic refresher training as well as relevant informative material including new developments being provided. The directors also, as employees of the WarnerMedia group, are required to undergo annual training, including on the corporate culture and code of conduct.

Board composition

The current directors, in addition to their roles as statutory directors of the company, also occupy key positions within the wider organisation such as CEO, CFO and Senior Legal officer and ensure on-going oversight of various segments of the business. The level of seniority, extensive business and industry experience and in-depth understanding of the company's and the wider organisation's affairs enable the directors to identify the key stakeholders of the company and to recognise the nature and extent of the likely consequences, including the long-term impact, of their decisions on these stakeholders.

Principal decisions

Principal decisions are defined as those which: (i) are linked to matters of strategic importance; (ii) are commercially material matters of financial or operational importance; and (iii) impact key stakeholders are reserved for the board and include:

- dividends;
- changes to key investments owned by the company;
- substantial reorganisation projects;
- business contracts above certain value;
- changes to the company's strategic objectives; and
- matters that will substantially affect the company's employees.


In making its decisions, the board is required to consider the outcome of any stakeholder impact assessment that has been undertaken to support it making that principal decision.

The principal decision made during the year was the declaration of an interim dividend payable to the sole shareholder of the company. Taking into account the working capital needs of the company and future cash flow requirements the directors considered that there was sufficient distributable profit to declare an interim dividend for the benefit of its members as a whole in December 2019.

Shareholder engagement statement

There is active engagement with all the stakeholders of the company, including subsidiaries, shareholder and the WarnerMedia group as a whole. Please refer to the Section 172 (1) statement for further detail.

This report was approved by the board and signed on its behalf by:


Ellie Browne (Dec 18, 2020 19:12 GMT)

E Browne
Director

Date: Dec 18, 2020

Turner Broadcasting System Holdings (Europe) Limited

Directors' report for the year ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to €55,000,000 (2018: €161,000,000).

During the year, the company proposed and paid dividends amounting to €55,000,000 (2018: €161,000,000).

Dividends totalling €55,000,000 (2018: €161,000,000) were received in the year.

Going concern

As the company is only engaged in investment holding activities and not trading, the directors believe that the company is well placed to manage its business risk successfully. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements for the period to 31 December 2021.

The company has a support letter from its ultimate parent AT&T Inc. confirming it will provide any resources required by the company to enable it to meet its obligations for the going concern period to 31 December 2021.

Post balance sheet events

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. For the company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events.

The company currently assesses that the virus will not have a significant effect on the company's financial position, results of operations or cash flows in the future for the following reasons. The company has no trading activities, and instead exists as an investment vehicle and holdings company incorporated to facilitate the operations of its subsidiaries. The company's balance sheet consists of investments in subsidiaries, called up share capital and retained earnings. The cash inflows and outflows of the company are limited to dividend income/expense from its subsidiaries, or to its controlling parent. Consequently, there is no impact on the recognition and measurement of assets and liabilities in these financial statements due to the COVID-19 pandemic.

The directors will continue to monitor the possible impact and uncertainty of the Coronavirus on the activities of the company and its subsidiaries as the situation develops, and adopt the appropriate measures to ensure that its ability to continue as a going concern is not affected.

Turner Broadcasting System Holdings (Europe) Limited

Directors' report (continued) for the year ended 31 December 2019

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise indicated, are as follows:

E Browne
P Dogra (appointed 2 November 2020)
R J Friend
G Stock (resigned 30 June 2020)

The company may indemnify one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 and the company may purchase insurance for this purpose. AT&T Inc. has purchased a Directors and Officers liability insurance policy for the benefit of the company and its directors and such a policy was in force during the year and is in force as at the date of approving the Directors' report.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Turner Broadcasting System Holdings (Europe) Limited

Directors' report (continued) for the year ended 31 December 2019

Disclosure of information to auditors

The directors at the time when this Directors' report is approved has confirmed that:

- so far as they is aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Auditors

Ernst & Young LLP will be appointed as the company's auditors in accordance with the elective resolution passed by the company under Section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



Ellie Browne (Dec 18, 2020 19:12 GMT)

E Browne
Director

Date: Dec 18, 2020

Turner Broadcasting System Holdings (Europe) Limited

Independent auditors' report to the members of Turner Broadcasting System Holdings (Europe) Limited

Opinion

We have audited the financial statements of Turner Broadcasting System Holdings (Europe) Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusion relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Turner Broadcasting System Holdings (Europe) Limited

Independent auditors' report to the members of Turner Broadcasting System Holdings (Europe) Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Turner Broadcasting System Holdings (Europe) Limited

Independent auditors' report to the members of Turner Broadcasting System Holdings (Europe) Limited (continued)

Responsibilities of directors

As explained more fully in the statement of Director's responsibilities on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

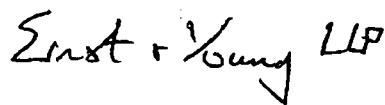
Auditors' responsibilities for the audit of the financial statements

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 Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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

Handwritten signature of Philip Young in black ink, followed by the letters 'LLP'.

Philip Young (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
1 More London Place
London
SE1 2AF

Date: 22 December 2020

Turner Broadcasting System Holdings (Europe) Limited

Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 €	2018 €
Income from shares in group undertakings	7	55,000,000	161,000,000
Profit before tax		55,000,000	161,000,000
Tax on profit	8	-	-
Profit for the financial year		55,000,000	161,000,000
Other comprehensive income		-	-
Total comprehensive income for the year		55,000,000	161,000,000

All amounts relate to continuing operations.

The notes on pages 13 to 19 form part of these financial statements.


Turner Broadcasting System Holdings (Europe) Limited

Registered number:02802926

Statement of financial position as at 31 December 2019

	Note	2019 €	2018 €
Fixed assets			
Investments	9	151,048,526	151,048,526
Net assets		<u>151,048,526</u>	<u>151,048,526</u>
Capital and reserves			
Called up share capital	10	149,986,126	149,986,126
Retained earnings		1,062,400	1,062,400
Total equity		<u>151,048,526</u>	<u>151,048,526</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Ellie Browne (Dec 18, 2020 19:12 GMT)

E Browne
Director


R J Friend (Dec 21, 2020 08:21 GMT)

R Friend
Director

Date: Dec 18, 2020

Dec 21, 2020

The notes on pages 13 to 19 form part of these financial statements.

Turner Broadcasting System Holdings (Europe) Limited

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital €	Retained earnings €	Total equity €
At 1 January 2019	149,986,126	1,062,400	151,048,526
Comprehensive income for the year			
Profit for the financial year	-	55,000,000	55,000,000
Total comprehensive income for the year	-	55,000,000	55,000,000
Contributions by and distributions to owners			
Dividends paid	-	(55,000,000)	(55,000,000)
Total transactions with owners	-	(55,000,000)	(55,000,000)
At 31 December 2019	149,986,126	1,062,400	151,048,526

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital €	Retained earnings €	Total equity €
At 1 January 2018	149,986,126	1,062,400	151,048,526
Comprehensive income for the year			
Profit for the financial year	-	161,000,000	161,000,000
Total comprehensive income for the year	-	161,000,000	161,000,000
Contributions by and distributions to owners			
Dividends paid	-	(161,000,000)	(161,000,000)
Total transactions with owners	-	(161,000,000)	(161,000,000)
At 31 December 2018	149,986,126	1,062,400	151,048,526

The notes on pages 13 to 19 form part of these financial statements.

Turner Broadcasting System Holdings (Europe) Limited

Notes to the financial statements for the year ended 31 December 2019

1. General information

The principal activity of Turner Broadcasting System Holdings (Europe) Limited is that of investment holding activities.

The company is a private company limited by shares and incorporated and domiciled in England and Wales. The address of its registered office is 160 Old Street, London, EC1V 9BW.

2. Statement of compliance

The individual financial statements of Turner Broadcasting Systems Holdings (Europe) Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

3.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions are estimates are significant to the financial statements discussed in note 4.

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions in its financial statement:

- from preparing a statement of cashflows;
- from preparing certain financial instruments disclosures;
- from disclosure of key management personnel compensation in total; and
- from disclosing transactions with other related parties.

The company has taken advantage of these exemptions on the basis that it meets the definition of a qualifying entity and its ultimate parent company, AT&T Inc., includes the necessary disclosures in its consolidated financial statements, which are publically available.

Other than the exemptions taken above, the company has applied the recognition, measurement and disclosure requirements of FRS 102.

3.2 Going concern

As the company is only engaged in investment holding activities and not trading, the directors believe that the company is well placed to manage its business risk successfully. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements for the period to 31 December 2021.

The company has a support letter from it's ultimate parent AT&T Inc. confirming it will provide any resources required by the company to enable it to meet its obligations for the going concern period to 31 December 2021.

Turner Broadcasting System Holdings (Europe) Limited

Notes to the financial statements for the year ended 31 December 2019

3. Summary of significant accounting policies (continued)

3.3 Consolidated financial statements

The financial statements contain information about Turner Broadcasting System Holdings (Europe) Limited as an individual company and do not contain consolidated financial statements as the parent of the group. The company has taken advantage of the exemption conferred by section 401 of the Companies Act 2006 not to produce consolidated financial statements as it is included in non-EEA group accounts of a larger group (see note 11).

3.4 Functional and presentational currency

The company's earning streams are predominantly Euro denominated. It is therefore appropriate to treat the Euro as the company's functional and presentational currency.

3.5 Investments

Investments in subsidiary undertakings are stated in the statement of financial position at cost less provision for impairment.

3.6 Share Capital

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

3.7 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made judgements in determining whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching a decision include the economic viability, expected future financial performance of the investments as well as any significant changes to the technological, market, economic or legal environments in which the investments operate.

The company's directors are of the opinion that there are no further judgements or key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying value of assets or liabilities for the company within the next financial year.

5. Auditors' remuneration

The statutory audit fee for the current year of €4,078 (£3,500) (2018: €3,741 (£3,300)) will be borne by another group undertaking.

Turner Broadcasting System Holdings (Europe) Limited

Notes to the financial statements for the year ended 31 December 2019

6. Employees and Directors' remuneration

There were no employees other than the directors in the current and preceding financial year.

The directors did not receive remuneration for their qualifying services during the current or preceding financial year.

Directors emoluments for qualifying services are borne by another group undertaking.

7. Income from shares in group undertakings

	2019 €	2018 €
Dividend income	<u>55,000,000</u>	<u>161,000,000</u>

8. Tax on profit

a) There is no tax charge based on the results for the current or prior period.

b) Circumstances affecting total tax charge:

The standard rate of current tax for the period, based on the UK standard rate of corporation tax is 19% (2018: 19%). The tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

	2019 €	2018 €
Profit on ordinary activities before tax	<u>55,000,000</u>	<u>161,000,000</u>
Tax on profit on ordinary activities at standard rate	<u>10,450,000</u>	<u>30,590,000</u>
Factors affecting charge:		
Dividend income not taxable	<u>(10,450,000)</u>	<u>(30,590,000)</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

c) Factors that may affect future tax charges

The Finance Act 2016 included legislation to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. The effect of these changes on the deferred tax balance is reflected in these accounts. In the 2020 Budget, it was announced that the reduction to 17% will not now take place. This change became substantively enacted on 17 March 2020 when the Budget Resolution was passed and was enacted when the Finance Act 2020 was given Royal Assent on 22 July 2020.

It is not yet possible to quantify the impact of this rate change upon current tax.

Turner Broadcasting System Holdings (Europe) Limited

Notes to the financial statements for the year ended 31 December 2019

9. Fixed asset investments

Investments
in subsidiary
undertakings
€

Cost and net book value

At 1 January 2019 and 31 December 2019

151,048,526

Subsidiary undertakings

The following were direct and indirect subsidiary undertakings of the company at the year end:

Name	Country of incorporation or registration	Registered office address
Turner Broadcasting System Europe Limited ("TBSEL")	United Kingdom *	160 Old Street, London, EC1V 9BW
Turner Broadcasting System Italia S.r.l	Italy *	Via dei Magazzini Generali, 18/20, 00154 Rome, Italy
Turner Broadcasting System Deutschland GmbH	Germany *	Leopoldstrasse 57, Munich 80802, Germany
Turner Broadcasting System France SAS	France *	115-123 Avenue Charles de Gaulle, 92200, Neuilly-sur-Seine, France
Turner Broadcasting System Espana SL	Spain *	Calle Serrano 38, 3a planta, Madrid, Spain
Turner Broadcasting System Denmark ApS	Denmark *	Jens Kofods gade 1, 2 sal, 1268, Denmark
Turner Broadcasting System Arabia FZ-LLC	United Arab Emirates *	Office No.320, Building No.2, Third Floor, Dubai Media City, United Arab Emirates
Turner Broadcasting System Arabia Studios FZ-LLC	United Arab Emirates *	Office No. 1-01, 1st Floor, Park Rotana Building, Media Zone, Abu Dhabi, United Arab Emirates
Turner Broadcasting System Limited Liability Company	Russia ^	Office 757, Business Centre 'Regus', Smolensky Passage, 3 Smolenskaya Square, Moscow, Russian Federation, 121099
Turner Information and Lifestyle Limited Liability Company	Russia ^^	Office 757, Business Centre 'Regus', Smolensky Passage, 3 Smolenskaya Square, Moscow, Russian Federation, 121099
TNT Televizyon Produksiyon Limited Sirketi	Turkey +	Turkali Mah, Odalar Sokak No:9, Kat 3 Besiktas, Istanbul, Turkey
Eda Televizyon Yayincilik ve Produksiyon Anonim Sirketi	Turkey **	Turkali Mah, Odalar Sokak No:9, Kat 3 Besiktas, Istanbul, Turkey
Turner Broadcasting System Romania S.r.l	Romania *	6 Maria Rosetti Street, Ground Floor, Section 2, Bucharest, Romania

Turner Broadcasting System Holdings (Europe) Limited

Notes to the financial statements for the year ended 31 December 2019

9. Fixed asset investments (continued)

Name	Country of incorporation or registration	Registered office address
Turner Broadcasting System Poland SP Z.O.O	Poland ^	Warsaw Financial Centre, 53, Emilii Plater Street, 00-113, Warsaw, Poland
Boing S.p.A	Italy	Via Paleocapa, No.3, 20121 Milan, Italy
Great Marlborough Productions Limited	United Kingdom *	160 Old Street, London, EC1V 9BW
Millennium Media Group AB	Sweden *	Kungsträdgårdsgatan 20 111 47 Stockholm, Sweden
Turner Nordic and Baltic AB	Sweden *	Kungsträdgårdsgatan 20 111 47 Stockholm, Sweden
NonStop Sales AB	Sweden *	Kungsträdgårdsgatan 20 111 47 Stockholm, Sweden
Latibaer Ehf	Iceland *	Efstaleiti 5, 103 Reykjavik, Iceland
Ninth Floor UK Productions Limited	United Kingdom *	160 Old Street, London, EC1V 9BW
Turner Broadcasting System Istanbul Yayincilik Ve Produksiyon Anonim Sirketi	Turkey *	Turkali MAH, Sehit Ali Kerem Mergen SK NO: No. 9/Kat: 3, Besiktas, Istanbul, Turkey
Turner South Africa (Pty) Ltd	South Africa *	7 Cherry Street, Newlands, Cape Town 7700, South Africa
Turner Entertainment LLC	Russia ^^	Office 757, Business Centre 'Regus', Smolensky Passage, 3 Smolenskaya Square, Moscow, Russian Federation 121099
Turner OTT Limited	United Kingdom-	160 Old Street, London, EC1V 9BW
Bright Little Labs Limited	United Kingdom^	Finsgate, 5-7 Cranwood Street, London, EC1V 9EE

*100% owned by a subsidiary undertaking.

^ 1% owned by Turner Entertainment Networks International Limited ("TENIL"), 99% owned by a subsidiary undertaking.

^^ 1% owned by TENIL, 99% owned by subsidiary undertakings.

+ 67.88% is owned by Turner Broadcasting System Inc., 32.12% owned by subsidiary undertakings.

** 0.04% owned by Turner Broadcasting System Holdings (Europe) Limited ("TBSHEL"), 99% owned by TNT Televizyon Produksiyon Limited Sirketi, 0.02% owned by TBSEL, 0.02% owned by TENIL, and 0.02% owned by Time Warner Limited.

- 50% owned by TBSEL and 50% owned by Warner Bros Digital Networks Inc.

Turner Broadcasting System Holdings (Europe) Limited

Notes to the financial statements for the year ended 31 December 2019

9. Fixed asset investments (continued)

All the above undertakings are wholly owned unless noted otherwise. The class of share capital held is ordinary shares. The principal area of operations is in the UK and Europe.

TBSEL operates 24 hour entertainment television networks throughout the United Kingdom, Europe, Africa and Middle East. TBSEL also licenses a 24 hour news programme of Turner Broadcasting System Inc., and operates 24 hour cartoon and classic movie networks throughout the same regions. TBSEL also provides advertising representative and management services to group undertakings.

All other companies carry out marketing services and consultancy in relation to distribution licensing with the exception of Millennium Media Group AB ("MMG"). MMG operates television channels primarily in Nordic countries, Baltic States, Benelux and Africa. Turner Nordic and Baltic AB operates television channels primarily in Nordic countries, Baltic States, Benelux and Africa.

An advertising sales function is also performed by Turner Broadcasting Systems Italia S.r.l., Turner Broadcasting System Deutschland GmbH, Turner Broadcasting System France SAS, Turner Broadcasting System Denmark ApS and Turner Broadcasting System Arabia FZ-LLC.

TNT Televizyon Produksiyon Limited Sirketi ceased operations and is dormant.

Eda Televizyon Yayincilik ve Produksiyon Anonim Sirketi and Turner Broadcasting System Istanbul Yayincilik Ve Produksiyon Anonim Sirketi operate a cartoon television channel in Turkey.

Turner Broadcasting System Iceland Ehf was merged with Latibaer Ehf in January 2018 due to a legal entity rationalisation

10. Called up share capital

	2019 €	2018 €
Allotted and fully paid		
2 Ordinary shares of £1 (€1.48) each	3	3
20,470,979 Ordinary shares of US\$1 (€0.85) each	17,462,235	17,462,235
132,523,888 Ordinary shares of €1- each	132,523,888	132,523,888
	149,986,126	149,986,126

11. Controlling party

The company's ultimate parent undertaking and the parent of the smallest and largest group in which the results are consolidated is AT&T Inc., which is incorporated in the United States of America. Copies of the group financial statements are available from 208 S. Akard Street, Suite 2954, Dallas, Texas 75202.

The company's immediate parent undertaking is Turner Entertainment Networks International Limited, a company incorporated in England and Wales.

Turner Broadcasting System Holdings (Europe) Limited

Notes to the financial statements for the year ended 31 December 2019

12. Post balance sheet events

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. For the company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events.

The company currently assesses that the virus will not have a significant effect on the company's financial position, results of operations or cash flows in the future for the following reasons. The company has no trading activities, and instead exists as an investment vehicle and holdings company incorporated to facilitate the operations of its subsidiaries. The company's balance sheet consists of investments in subsidiaries, called up share capital and retained earnings. The cash inflows and outflows of the company are limited to dividend income/expense from its subsidiaries, or to its controlling parent. Consequently, there is no impact on the recognition and measurement of assets and liabilities in these financial statements due to the COVID-19 pandemic.

The directors will continue to monitor the possible impact and uncertainty of the Coronavirus on the activities of the company and its subsidiaries as the situation develops, and adopt the appropriate measures to ensure that its ability to continue as a going concern is not affected.