

# DISCOVERY COMMUNICATIONS EUROPE LIMITED

Annual Report and Financial Statements  
for the year ended 31 December 2023

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## **Company Information**

### **Directors**

James Richard Cooke  
Hester Jane Woolf  
Andrew Georgiou

### **Registered address**

Discovery House  
Chiswick Park Building 2  
566 Chiswick High Road  
London  
W4 5YB  
United Kingdom

### **Independent auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
United Kingdom  
WC2N 6RH

### **Bankers**

Bank Mendes Gans N.V.  
Herengracht 619  
1000 AD Amsterdam  
The Netherlands

Citi bank N.A.  
Citigroup Centre  
Canada Square  
London  
United Kingdom  
E14 5LB

Bank of America N.A.  
2 King Edward Street  
London  
United Kingdom  
EC1A 1HQ

## Strategic Report for the financial year ended 31 December 2023

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The directors present their Strategic Report for the financial year ended 31 December 2023.

The directors in preparing this Strategic Report have complied with section 414C of the Companies Act.

### Fair review of the business

Discovery Communications Europe Limited ("DCEL" or the "Company") presents its full year results in the following statements for the year to 31 December 2023. The Company is a wholly owned subsidiary of the Warner Bros. Discovery, Inc. Group ("WBD Inc. Group").

During the year, the Company provided funding to its investment, Discovery Medya Hizmetleri Limited Sirketi amounting to £40,342,000.

The Company's audited results for the financial year are shown on page 20.

The results for the Company show a profit before tax of £3,232,000 (2022: loss of £115,431,000). The Company has net assets of £518,720,000 (2022: £536,802,000).

No dividends were declared and paid during the year and up to the date of approval of the financial statements (2022: £nil).

The Company's key financial and other performance indicators during the year were as follows:

	2023	2022	Variance %
	£000	£000	
Turnover	1,039,107	1,123,152	(7%)
Gross profit	150,952	124,895	21%
Gross margin	15%	11%	4%
Number of employees	223	201	11%

### Principal risks and uncertainties

Risks are formally reviewed by management and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Company.

### Economic conditions

The Company's business is significantly affected by prevailing economic conditions and by disruptions to financial markets. The Company derives substantial revenues from advertisers, and these expenditures are sensitive to general economic conditions and consumer buying patterns. Financial instability or a general decline in economic conditions in countries where our networks are distributed could adversely affect advertising rates and volume, resulting in a decrease in the Company's revenues.

**Strategic Report (continued)**  
*for the financial year ended 31 December 2023*

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**Changes in the distribution of content**

Technology and business models in the Company's industry continue to evolve rapidly. Consumer behaviour related to changes in content distribution and technological innovation affect the Company's economic model and viewership in ways that are not entirely predictable.

**Employees**

The Company's performance depends upon the continued efforts, abilities and expertise of its employees. The resignation of key individuals and the inability to recruit people with the right experience and skills could adversely impact the Company's results. To mitigate these issues, the Company has introduced programmes and schemes linked to the WBD Inc. Group's performance that are designed to retain key individuals.

**Future developments**

International television markets vary in their stages of development. Some, notably the UK, are among the more advanced multi-channel television markets in the world with varying degrees of investment from operators in expanding channel capacity or converting to digital. The Company expects further profitability through investments focusing on insourcing development teams, scaling the platform for further market expansion and product improvements to drive customer value.

Full details of the WBD Inc. Group strategy are available in the consolidated financial statements, which can be obtained from the corporate website: <https://ir.wbd.com/investor-relations/>.

**Financial risk management, objectives and policies**

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks and liquidity risks.

The central treasury team of Discovery Communications LLC, an intermediate parent company, has the responsibility of setting risk management policies applied across the global WBD Inc. Group. The Company treasury team implements these policies to enable prompt identification of financial risks so that appropriate actions may be taken. The treasury team has a set of guidelines to manage exchange risk, credit risk and the use of financial instruments to manage these risks.

**Foreign exchange risk**

The Company has operations in multiple currencies and is exposed to foreign exchange risk mainly with respect to the Euro and US Dollar.

**Credit risk**

The Company's principal financial assets are cash at bank and in hand, trade and other receivables and derivative financial instruments. The credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for expected credit losses is made when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has very low exposure to credit risk in respect of intercompany loans and receivables.

**Strategic Report (continued)**  
*for the financial year ended 31 December 2023*

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**Liquidity risk**

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The objective of managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due.

The Company actively maintains short-term committed facilities with Bank Mendes Gans N.V. to ensure that the Company has sufficient available funds for operations and planned expansions. For more details refer to note 29.

**Statement of Compliance with S.172 Companies Act 2006**

**(1) Introduction**

Each of the directors of Discovery Communications Europe Limited (the “Company”) is aware of their obligation to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so to have regard to the matters set out in paragraphs (a) to (f) of Section 172(1) of the Companies Act 2006 (“Section 172(1)”).

The immediate parent company of the Company is DNI Europe Holdings Limited which holds all the shares in the Company. The Company and DNI Europe Holdings Limited are wholly-owned indirect subsidiaries of Warner Bros. Discovery, Inc. (“WBD Inc.”), a United States company listed on the Nasdaq Global Select Market and governed by the listing rules of the United States Securities and Exchange Commission. The board of the Company accepts WBD Inc.’s group policy that all of WBD Inc.’s directly and indirectly wholly-owned subsidiaries must have regard to the interests of all identifiable stakeholders when making board decisions.

The directors consider it essential to maintain the Company’s and WBD Inc.’s reputation for high standards of business conduct. The directors are responsible for setting, monitoring, and upholding the culture, values, standards, ethics, and brand of WBD Inc. in all markets the Company operates in, to ensure that the Company’s obligations to its shareholders, employees, customers and third parties are met. The directors are also focused on the wider social context in which the Company operates and looks to build relationships with all stakeholders based on continuing dialogue and openness.

The directors continue to have regard to the interests of the Company’s employees and other stakeholders, including the Company’s activities in the community and the Company’s reputation when making decisions. Whilst acting in good faith and fairly towards its sole member, the directors consider what is most likely to promote the success of the Company for its sole member in the long term.

**(2) Standards of Business Conduct**

A copy of the detailed Code of Ethics (the “Code”) approved by the directors is set out at: <https://ir.wbd.com/governance/ethics/default.aspx>. The Code includes details of the WBD Inc. Mission, Guiding Principles, and Purpose and Overview. The Code covers a broad range of topics which all employees must agree to observe at all times. Regular training is offered to all employees. The Code includes key topics such as complying with laws and regulations, making the right ethical decisions, accounting practices, conflicts of interest, anti-corruption, cross border business, fair competition, insider trading, misuse of funds and fraud, respecting human rights, confidential information and intellectual property, data privacy, communicating with the public, using social media, political activity, company resources, diversity, equal opportunity and non-discrimination, harassment free workplace, safe and healthy work environment and whistleblowing.

**Strategic Report (continued)**  
*for the financial year ended 31 December 2023*

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**Statement of Compliance with S.172 Companies Act 2006 (continued)**

**(3) Key Strategic Decisions**

For each matter which comes before the directors, they consider the likely consequences of any decision in the long-term and identify stakeholders who may be affected and carefully consider their interests and any potential impact as part of the decision-making process. The board is aware of the importance of the likely consequences of any decisions made, in the long term, which are also considered in the interests of our colleagues, the need to foster the Company's business relationships with suppliers, customers and other key stakeholders and the impact of the Company's operations on communities and the environment.

**(4) Relations with Employees and Employee Engagement Statement**

The Company actively seeks regular engagement with all employees. The Company deeply values its employees and works hard to provide a strong support system and inclusive environment to help them succeed at work and home. In 2023, the Company continued to ensure regular townhall meetings and messages to support all employees. The Company used WorkPlace, town hall meetings, employee forums, global internal communications, and informal meetings to facilitate engagement with employees on a wide range of matters.

Employee engagement surveys are launched on a yearly basis to provide ongoing feedback to directors. In 2023, the directors considered the results of the Employee Survey for the WBD Inc. international business on a regional basis and approved the required corporate actions arising from it. The Company carefully considered the results of the employee survey and employees views were directly taken into account when forming decisions regarding corporate actions, in relation to incentives, benefits, pay, performance and development.

The Company provides employees with access to an Employee Assistance Programme, which provides a confidential support line and a range of support such as counselling and information on issues such as family care, education and finance and debt.

The Company also strives to ensure that employees feel included and empowered by supporting a wide range of employee resource groups and the directors ensure that employee interests are met by a variety of People & Culture initiatives relating to: Talent Recruitment and Retention; Diversity, Equity, and Inclusion; and Leadership Diversity & Inclusion.

**(5) Relations with Shareholders**

The directors note that the need to act fairly as between members (i.e., shareholders) of the Company (as set out in paragraph (f) of Section 172(1)) requires less consideration in standard decision-making processes, given that the Company has only a single member, but note that they welcome opportunities to engage with the sole shareholder.

**(6) Relations with Stakeholders**

The directors engage directly with stakeholders on certain issues but due to the size and distribution of stakeholders, this engagement often takes place at operational level. The directors consider reporting and information from across the organisation to help them understand the impact of the Company's operations and the interests and views of the key stakeholders. The directors also review strategy, financial and operational performance, as well as information covering areas such as key risks, legal and regulatory compliance. As a result of these activities, the directors have an overview of engagement with stakeholders and other relevant factors.

**Strategic Report (continued)**  
*for the financial year ended 31 December 2023*

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**Statement of Compliance with S.172 Companies Act 2006 (continued)**

**(6) Relations with Stakeholders (continued)**

**(6.1) Consumers**

The Company receives regular reporting on customer outcomes and customer-related strategic initiatives throughout the year. The Company closely monitors customer metrics and addresses any issues and concerns if performance does not meet expectations.

**(6.2) Suppliers**

The Company maintains oversight of the management of its most important suppliers via reporting from the procurement organization. All supplier related activity is managed in line with WBD Inc.'s group Procurement Policy. WBD Inc. strongly encourages Supplier Diversity which the Company endorses. Further information on Supplier Diversity appears at: <https://wbd.com/supplier-diversity/>.

**(6.3) Communities**

As a purpose-driven company, the Company is committed to making the world a better place by leveraging the Company's market-leading global platform, and by extending the reach and influence of like-minded organisations and causes. The Company is also dedicated to employee volunteer programmes as part of a strategy of corporate social responsibility to improve the lives of the wider community in which the Company operates. A copy of the Community Policy for WBD Inc. appears at: <https://wbd.com/esg/our-community/>.

**(6.4) Environment**

A copy of WBD Inc.'s Environmental Strategy endorsed by the Company appears at: <https://wbd.com/esg/our-planet/> which sets out WBD Inc.'s commitment to curbing its impact on the environment. WBD Inc. has a dedicated team which is directly accountable for its environmental strategy. Furthermore, the Company is proud to endorse the first group-level Sustainability Report which appears at: <https://wbd.com/esg/#esg-governance-structure>.

**(6.5) Creditors**

The directors are committed to ensuring that the Company maintains and organises its business to ensure that it is always in a position to meet its liabilities and commitments to creditors including banks as they fall due.

**Strategic Report (continued)**  
*for the financial year ended 31 December 2023*

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**Non-financial and sustainability information statement (“NFSIS”)**

**1. Introduction**

This statement is made in accordance with the climate-related financial disclosure regulations 2022 (“Regulations”) which requires certain qualifying companies incorporated in the UK, to report on principal climate-related risks and opportunities and the impact of those matters on their business. For the period to 31 December 2023, Discovery Communications Europe Limited is required to comply with the Regulations for the first time.

The directors of the Company (“Directors”) consider that the climate-related risks and opportunities of the Company, including how they are identified, assessed and managed, are integrated with those of the WBD Inc. Group because the Company is an indirect subsidiary of WBD Inc. Group. WBD Inc. Group, as the ultimate parent of the Company, is therefore responsible for the overall environmental, social and governance (“ESG”) arrangements of the Company.

WBD Inc. Group is committed to identifying and integrating environmentally sustainable practices to support a more competitive business and a healthier environment for our employees, consumers and communities. At WBD Inc. Group, we prioritise efforts to minimize environmental impacts across our workplaces and productions by focusing on green buildings, reducing emissions, increasing energy efficiency and renewable energy, reducing waste, and managing water.

The Company recognises climate change as a critical global issue and, as part of the WBD Inc. Group, endeavors to do its part to drive positive change whilst acknowledging that, as part of a premier global media and entertainment group, its direct impact on this issue is limited. The WBD Inc. Group therefore focuses its efforts where it has the most significant opportunities for progress, balanced with investments in a range of critical ESG issues. WBD Inc. Group is committed to lowering its greenhouse gas (GHG) emissions, investing in clean energy, and telling stories that will inspire its audiences.

For more information on WBD Inc. Group's approach to sustainability, which is endorsed by the Company and its Directors, please read WBD Inc. Group's Sustainability Report which can be found at:  
<https://www.wbd.com/esg>.

**2. Governance**

WBD Inc. Group's board of directors provides oversight of the WBD Inc. Group's ESG activities, including climate-related issues, through the Nominating and Corporate Governance Committee and Audit Committee. The Nominating and Corporate Governance Committee is responsible for overseeing the monitoring of the WBD Inc. Group's strategy, policies, commitments and initiatives with respect to ESG matters. The Audit Committee reviews the WBD Inc. Group's key public ESG disclosures, including any climate-related disclosures, and the adequacy and effectiveness of applicable internal reporting and controls related to such disclosures. The Audit Committee also oversees key finance-related initiatives related to ESG generally and climate specifically.

WBD Inc. Group's Chief Executive Officer provides executive direction on the WBD Inc. Group's ESG strategy, which include including the Company's management of climate-related issues. In addition, WBD Inc. Group's EVP, Global Head of ESG, who reports directly to WBD Inc. Group's Chief Legal Officer, has functional responsibility for ESG and is charged with evaluating and implementing the strategic direction of the WBD Inc. Group's ESG and climate-related initiatives. The EVP, Global Head of ESG, is supported by other senior executives, including the WBD Inc. Group's Chief People and Culture Officer and Chief Global Diversity, Equity, & Inclusion Officer.

**Strategic Report (continued)**  
*for the financial year ended 31 December 2023*

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**Non-financial and sustainability information statement (“NFSIS”) (continued)**

**2. Governance (continued)**

To ensure that ESG is appropriately managed throughout the organization, WBD Inc. Group has designed the following governance structure as outlined in the previous paragraph:

**1. WBD Inc. board of directors**

ESG oversight is provided by the Nominating and Corporate Governance Committee and Audit Committee.

**2. CEO**

The CEO provides executive direction on ESG strategy.

**3. Corporate Leadership Team**

ESG at WBD Inc. Group is led by our EVP, Global Head of ESG, reporting directly to WBD Inc. Group's Chief Legal Officer, and is supported by our other senior executives including the WBD Inc. Group's Chief People and Culture Officer and Chief Global Diversity Equity and Inclusion Officer.

**4. ESG/Corporate Social Responsibility (“CSR”) Team**

Supports WBD Inc. Group's ESG Strategy and is directly accountable for the Group's environmental strategy.

The governance mechanisms into which climate-related issues are integrated include reviewing and guiding strategy and monitoring progress toward corporate targets. The Audit Committee discusses climate-related issues in connection with its review of WBD Inc. Group's annual report on Form 10-K which can be found at: <https://ir.wbd.com/financials/sec-filings/sec-filings-details/default.aspx?FilingId=17303605>. In addition, as needed or as requested by the Nominating and Corporate Governance Committee and Audit Committee, the EVP, Global Head of ESG, and/or other high-level executives with direct knowledge and oversight of the WBD Inc. Group's ESG strategy, schedule time allocated during the Nominating and Corporate Governance Committee and Audit Committee meetings to present on climate-related goals, initiatives, and progress.

**3. Risk Management**

WBD Inc. Group's approach to disclosing climate-related risks and opportunities is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

The WBD Inc. Group has identified ESG and climate-related risks that may have adverse effects on the Company. The nature of these risks depends on regulatory and market requirements, pressure to reduce its carbon footprint, and its ability to understand and respond to rapidly evolving developments. The identified risks include regulatory risks and reputational risks which are set out on page 20 of WBD Inc. Group's 10-K filing as referenced above.

WBD Inc. Group's senior executives and its board of directors are focused on managing and mitigating various risks to the WBD Inc. Group including the Company's business and financial performance, including climate-related risks. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire WBD Inc. Group's board of directors are regularly informed through committee reports and management presentations about such risks.

**Strategic Report (continued)**  
*for the financial year ended 31 December 2023*

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**Non-financial and sustainability information statement (“NFSIS”) (continued)**

**3. Risk Management (continued)**


Throughout 2023, WBD Inc. Group with a third-party consultant to advise on risks and opportunities. Key activities included conducting benchmarking, interviewing internal stakeholders to gather insights, identifying disclosure opportunities, and recommending next steps. The WBD Inc. Group established the greenhouse gas emissions inventory for Scope 1 and 2 and five material Scope 3 categories. Additionally, the WBD Inc. Group worked to understand and plan for forthcoming climate-related disclosure regulations which may impact the Company.

In 2024, WBD Inc. Group will continue its efforts to reduce emissions, for example, by increasing energy efficiency and exploring renewable energy projects and the potential purchase of Renewable Energy Credits (RECs) and carbon offsets, where appropriate. WBD Inc. Group believes these efforts are important to the ongoing success of its business as a premier global media and entertainment group.

More information about our approach to disclosing climate-related risks and opportunities can be found on page 60 of WBD Inc. Group’s Sustainability Report which can be found at: <https://www.wbd.com/esg>.

The Directors believe that, having regard to the nature of the Company’s business and the manner in which it is carried out, in conjunction with the required disclosures of the Companies Act 2006 sections 414CB(2A) a, b, c, and d, this NFSIS provides sufficient information for an understanding of the impact of climate risks and opportunities on the Company. As such for the 2023 reporting period, the Directors have applied the exemption available in the Regulations in respect of categories e, f, g & h.

Signed on behalf of the board of directors by:

  
Hester Jane Woolf (Dec 3, 2024 14:11 GMT)  
.....  
Hester Jane Woolf  
Director

## **Directors' Report**

*for the financial Year ended 31 December 2023*

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The directors present their report together with the audited financial statements for the Company for the financial year ended 31 December 2023.

### **Directors of the Company**

The directors of the Company who held office during the financial year, up to the date of signing these financial statements, were:

Hester Jane Woolf  
James Richard Cooke  
Andrew Georgiou (appointed on 17 October 2023)

### **Directors' indemnities**

The directors have the benefit of the indemnity provisions pursuant to the Company's articles of association. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of section 234 of Companies Act 2006 and which were in force throughout the year ended 31 December 2023 and remain in force.

### **Principal activity**

The principal activity of the Company is the distribution of factual and lifestyle television channels via cable and satellite throughout the UK, the rest of Europe, the Middle East, Africa and Latin America.

### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

### **Employee engagement**

Consultation with employees or their representatives takes place at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. The involvement of employees in the Company's performance is encouraged through the Company bonus scheme which is partly linked to the group companies' performance. Communication with all employees continues through in-house briefing groups and the Discovery Communications intranet.

Further details of employee engagement are included in the Section 172(1) Statement on page 5.

### **Stakeholder engagement**

Details of other stakeholder engagement are included in the Section 172(1) Statement on pages 5 to 6.

**Directors' Report (continued)**  
*for the financial year ended 31 December 2023*

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**Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

WBD Inc., the ultimate parent undertaking, has indicated its commitment to support the activities of the Company, including providing the means to enable it to meet its liabilities as they fall due for at least 12 months from the date of the approval of these financial statements. On that basis, the directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

**Results and dividends**

The results for the financial year are shown on page 20.

No dividends were declared and paid during the year (2022: £nil).

**Future developments and financial risk management, objectives and policies**

Details of future developments and the financial risk management of the Company are included in the Strategic Report on pages 3 to 4.

**Business review**

A review of the business of the Company is included in the Strategic Report on page 2.

**Events after the reporting period**

In March 2024, the loan granted to Discovery Medya Hizmetleri Limited Sirketi (see note 19) was converted to equity.

**Streamlined Energy & Carbon Reporting for 1 January to 31 December 2023**

The data relating to the SECR is consolidated within the SECR report prepared by Discovery Communications Europe Limited on behalf of all of WBD Inc.'s legacy Discovery entities which meet the relevant threshold criteria for reporting. The legacy Discovery UK entities share the same premises/facilities. It is therefore not practical to provide individual reporting on an entity-by-entity basis.

**Directors' Report (continued)**  
for the financial year ended 31 December 2023

**Streamlined Energy & Carbon Reporting for 1 January to 31 December 2023 (continued)**

The tables below set out the consolidated position for Discovery's UK entities:

**Energy consumption (kWh)**

	<b>2023</b>	<b>As restated*</b> <b>2022</b>
Natural Gas (Scope 1)	350,199	342,246
Electricity (Scope 2)	13,583,669	11,996,764
Transport Fuels (Scope 3)	35,367	35,320
<b>Total</b>	<b>13,969,235</b>	<b>12,374,330</b>

**Greenhouse Gas Emissions (tCO<sub>2</sub>e)**

**From combustion of fuel**

Natural Gas (Scope 1)	171.27	77.02
Purchased Electricity, Steam, Heat & Cooling (Scope 2)	2,812.83	2,319.93
Transport Fuel for Staff Owned & Rental Vehicles (Scope 3)	7.95	8.15
<b>Total emissions</b>	<b>2,992.05</b>	<b>2,405.10</b>

**Intensity ratios**

Annual kWh per No. of FTE employees	10,317	10,185
Annual tCO <sub>2</sub> e per No. of FTE employees	2.21	1.98

\*Certain figures for 2022 have been restated due to recalculation. The energy consumption, the relevant emissions and intensity ratios have been updated accordingly.

**Directors' Report (continued)**  
*for the financial year ended 31 December 2023*

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**Streamlined Energy & Carbon Reporting for 1 January to 31 December 2023 (continued)**

***Energy Efficiency***

DCEL is committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures available to DCEL has been compiled, with a view to implementing these measures in the next 5 years.

The Company prioritised for implementation in 2022/23:

- 1) Chillers upgrade- The Company is already at the level of 50% advancement in the process of replacement three existing chillers, with technically similar units, with high seasonal efficiency, for our technical load.
- 2) Enhancement of production facilities- In April 2022, the Company stripped the entire floor back to its initial slab and is in the process of installing new power, lighting and air conditioning systems, and modern control systems. This enables tighter control of the environment and disposes of inefficient technology originally installed in 2002.

The Company prioritised for implementation in 2023/24:

- 1) Chillers upgrade- Technical Chillers have been installed on the roof, demonstrating high seasonal efficiency and ultra-low noise for improved energy management and environmental impact.
- 2) Control Demand- Discovery has begun to implement demand control to offices on the 1st floor of Discovery House instead of relying on set occupancy time schedules. This will spread the demand for electric energy more evenly over the high-usage parts of the day.
- 3) Energy Valve and Port Control Valves- Energy valves and two port control valves have been installed to all new terminal units. The Energy Valve senses pressure and flow changes. It reacts to pressure changes by moving the valve until the correct flow is achieved.

***Methodology:***

***Conversion Factors***

All conversion factors and fuel properties used in this report have been taken from the 2023 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA). Average fuel prices have been taken from "Retail Prices of Petroleum Products and Crude Oil Price Index" published by BEIS. All greenhouse gas emissions have been converted and expressed in terms of their carbon dioxide equivalence.

***Utilities***

Energy consumption expressed in kilowatt-hours has been taken from suppliers' invoices. Conversion factors for the average UK generation mix have been used to calculate greenhouse gas emissions.

***Transport***

The cost of fuel purchases for staff owned vehicles has been taken from expense records and the average fuel price for each month has been used to estimate the quantity of fuel in litres. The conversion factors based on the engine size and fuel type have been used to calculate greenhouse gas emissions and underlying energy use.

**Directors' Report (continued)**  
*for the financial year ended 31 December 2023*

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**Streamlined Energy & Carbon Reporting for 1 January to 31 December 2023 (continued)**

***Other Fuels & Emissions***

During the reporting period there was a refill of R407C but the amount recovered matched the amount entered into the system. No fugitive emissions have been released so the net amount was recorded as zero.

**Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

**Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

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

**Directors' Report (continued)**  
*for the financial year ended 31 December 2023*


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**Independent auditors**

PricewaterhouseCoopers LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of the Annual General Meeting.

Approved by the board of directors on <sup>3</sup> December 2024

and signed on its behalf by:

  
Hester Jane Woolf (Dec 3, 2024 14:11 GMT)

Hester Jane Woolf  
Director

# Independent auditors' report to the members of Discovery Communications Europe Limited

## Report on the audit of the financial statements

### **Opinion**

In our opinion, Discovery Communications Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2023; the Profit and Loss Account, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and the Directors' Report**

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 year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to relevant UK tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Performing procedures over higher risk journal entries;
- Challenging assumptions made by management in determining their judgements and accounting estimates; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

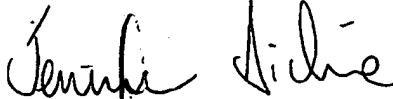
## Other required reporting

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jennifer Dickie (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
3 December 2024

**Profit and Loss Account**  
*for the financial year ended 31 December 2023*

	Note	2023 £000	2022 £000
Turnover	4	1,039,107	1,123,152
Cost of sales		(888,155)	(998,257)
<b>Gross profit</b>		<u>150,952</u>	<u>124,895</u>
Administrative expenses		(121,911)	(100,925)
Other operating income/(expenses)	6	146	(138)
<b>Operating profit</b>	7	<u>29,187</u>	<u>23,832</u>
Income from shares in group undertakings	10	-	63,727
Interest receivable and similar income	8	12,099	2,866
Amounts written off investments	17	(12,503)	(156,143)
Loss on disposal of investments	17	-	(40,565)
Interest payable and similar charges	9	(25,551)	(9,148)
<b>Profit /(loss) before taxation</b>		<u>3,232</u>	<u>(115,431)</u>
Tax on profit/(loss)	13	(28,866)	9,610
<b>Loss for the financial year</b>		<u><u>(25,634)</u></u>	<u><u>(105,821)</u></u>

All amounts are derived from continuing operations.

The notes on pages 25 to 65 form an integral part of these financial statements.

**Statement of Comprehensive Income**  
*for the financial year ended 31 December 2023*

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	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Loss for the financial year	(25,634)	(105,821)
	<hr/>	<hr/>
<b>Other comprehensive income/(expense):</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Gain/(loss) on cash flow hedges (net)	6,790	(13,657)
	<hr/>	<hr/>
Total comprehensive expense for the year	(18,844)	(119,478)
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 25 to 65 form an integral part of these financial statements.

**Balance Sheet**  
*as at 31 December 2023*

	Note	2023 £000	* As restated 2022 £000
<b>Fixed assets</b>			
Intangible assets	14	178,632	200,809
Property, plant and equipment	15	42,239	38,348
Right-of-use assets	16	91,754	101,650
Investments	17	605,535	617,318
		<u>918,160</u>	<u>958,125</u>
<b>Current assets</b>			
Deferred tax assets	13	38,721	54,727
Amounts owed by group undertakings: falling due after more than one year	19	40,342	-
Derivative financial instruments	30	2,382	7,347
Trade and other receivables	18	526,737	306,396
Cash at bank and in hand	20	1,098	5,746
		<u>609,280</u>	<u>374,216</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	21	(353,999)	(296,829)
Bank loans and overdrafts	23	(542,486)	(355,709)
Lease liabilities	24	(15,558)	(14,367)
Derivative financial instruments	30	(6,019)	(24,408)
		<u>(918,062)</u>	<u>(691,313)</u>
<b>Net current liabilities</b>		<u>(308,782)</u>	<u>(317,097)</u>
<b>Total assets less current liabilities</b>		<u>609,378</u>	<u>641,028</u>
<b>Creditors: amounts falling due after more than one year</b>			
Lease liabilities	24	(87,229)	(99,738)
Provision for liabilities	25	(3,362)	(3,341)
Deferred income		(67)	(1,147)
<b>Net assets</b>		<u>518,720</u>	<u>536,802</u>

**Balance Sheet (continued)**  
*as at 31 December 2023*

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**Capital and reserves**

Called-up share capital	33	1,459,591	1,459,591
Share premium account	34	249,536	249,536
Other reserves		91,947	91,185
Profit and loss account		(1,282,354)	(1,263,510)
<b>Total shareholders' funds</b>		<u>518,720</u>	<u>536,802</u>

\* The comparative figures for provision for liabilities, deferred income and fixed assets have been restated as set out in note 32.

The financial statements on pages 20 to 65 were approved by the board of directors and authorised for issue on 3.December.2024.....

They were signed on its behalf by:

  
.....  
Hester Jane Woolf (Dec 3, 2024 14:11 GMT)  
.....  
Hester Jane Woolf  
Director

The notes on pages 25 to 65 form an integral part of these financial statements.

**Statement of Changes in Equity**  
*for the financial year ended 31 December 2023*

	<b>Called-up share capital £000</b>	<b>Share premium account £000</b>	<b>Other reserves £000</b>	<b>Profit and loss account £000</b>	<b>Total shareholders' funds £000</b>
At 1 January 2022	1,459,591	249,536	90,481	(1,144,032)	655,576
Loss for the financial year	-	-	-	(105,821)	(105,821)
Other comprehensive expense	-	-	-	(13,657)	(13,657)
<b>Total comprehensive expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(119,478)</b>	<b>(119,478)</b>
Share-based payment transactions (note 27)	-	-	1,853	-	1,853
Recharge of share-based payments (note 27)	-	-	(1,149)	-	(1,149)
<b>At 31 December 2022 and 1 January 2023</b>	<b>1,459,591</b>	<b>249,536</b>	<b>91,185</b>	<b>(1,263,510)</b>	<b>536,802</b>
Loss for the financial year	-	-	-	(25,634)	(25,634)
Other comprehensive income	-	-	-	6,790	6,790
<b>Total comprehensive expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,844)</b>	<b>(18,844)</b>
Share-based payment transactions (note 27)	-	-	1,309	-	1,309
Recharge of share-based payments (note 27)	-	-	(547)	-	(547)
<b>At 31 December 2023</b>	<b>1,459,591</b>	<b>249,536</b>	<b>91,947</b>	<b>(1,282,354)</b>	<b>518,720</b>

The notes on pages 25 to 65 form an integral part of these financial statements.

**Notes to the Financial Statements**  
*for the financial year ended 31 December 2023*

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**1. General information**

Discovery Communications Europe Limited is a private company limited by shares which is incorporated in the United Kingdom under the Companies Act 2006 and registered in England. The address of its registered office is as given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 10.

The immediate parent undertaking is DNI Europe Holdings Limited, a company incorporated in the United Kingdom. The registered address of the parent is Discovery House Chiswick Park, Building 2, 566 Chiswick High Road, London, W4 5YB.

The ultimate parent undertaking and controlling party is WBD Inc. a company incorporated in the USA, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. WBD Inc. consolidated financial statements can be obtained from the corporate website: <https://ir.wbd.com/investor-relations/>.

These financial statements are presented in British pounds sterling as this the currency of the primary economic environment in which the Company operates.

The level of rounding is to the nearest thousand (£'000) unless otherwise stated.

**2. Accounting policies**

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

***Basis of preparation***

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities that are measured at fair value at the end of each reporting period, and in accordance with the Companies Act 2006

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 118(e) of IAS 38 Intangible assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- the requirement of IFRS 2 paragraph 45(b) and 46 to 52, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

***Basis of preparation (continued)***

- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of IFRS 7 Financial Instruments Disclosures;
- the requirements in paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraphs 45(b) and 46 to 52 of IFRS2, 'Share-based-payments' (details of the number and weighted average exercise price of shares options, and how the fair value of goods or services received was determined; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

***Exemption from preparing consolidated financial statements***

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as parent of a group.

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the financial statements of WBD Inc. a company registered in the USA. WBD Inc. is the Company's ultimate parent company and controlling party, heading up the smallest and largest group to consolidate these financial statements. The financial statements of WBD Inc. are publicly available and can be obtained from the Company website <https://ir.wbd.com/investor-relations/>.

***Going concern***

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

WBD Inc., the ultimate parent undertaking, has indicated its commitment to support the activities of the Company, including providing the means to enable it to meet its liabilities as they fall due for at least 12 months from the date of the approval of these financial statements. On that basis the directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

***Interest receivable***

Interest income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

***Interest payable/expense***

Interest payable is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to its net carrying amount.

***Foreign currency transactions and balances***

The Company's financial statements are presented in £ Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

***Derivatives and hedging***

The Company uses derivative financial instruments to modify its exposure to market risks from changes in foreign currency exchange rates. At the inception of a derivative contract, the Company designates the derivative based on the Company's intentions and qualifying conditions under IFRS 9, as follows:

- a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognised asset or liability ("cash flow hedge"); or
- an instrument with no hedging designation.

***Cash Flow Hedges***

The Company may designate derivative instruments as cash flow hedges to mitigate foreign currency risk arising from third-party revenue agreements. For instruments accounted for as cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income/(expense) and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss.

***No Hedging Designation***

The Company may also enter into derivative instruments that do not qualify for hedge accounting or are not designated as hedges. These instruments are measured at fair value through profit or loss.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

***Revenue***

Revenue represents amounts recognised in relation to content distribution, advertising, licensing agreements and service contracts shown as net of value added tax.

The Company recognises revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. A good or service is considered to be transferred when the customer obtains control. IFRS 15 states that “control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset”. Control also means the ability to prevent others from directing the use of, and receiving the benefit from, a good or service.

As per IFRS 15, the performance obligations are deemed to be satisfied in respect of the following when:

<b><i>Type of sale</i></b>	<b><i>Recognition</i></b>
Content Distribution	Revenue recognised over the term of the contract based on the license fee or subscriber levels.
Advertising (sponsorship, production)	A single spot is considered a distinct performance obligation if no impression guarantee is contained in the contract otherwise an advertising (sponsorship, production) campaign of spots is considered a single distinct performance obligation. Revenue is recognised net of rebates as spots air or as impression levels are delivered.
Licensing agreements (programming)	Each licensing agreement is separately considered at inception, the Company considers that each agreement has one performance obligation and is recognised at a point in time except for sales-based or usage-based royalty arrangements for which revenue is recognised at the later of when the subsequent sale or usage occurs and the satisfaction of the performance obligation allocated to the subsequent sale or usage.
Service contracts	Revenue is recognised as and when performance obligations are satisfied.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

***Contract balances***

***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The Company reports the contract asset under accrued income.

***Trade receivables***

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies for financial assets in financial instruments - initial recognition and subsequent measurement.

***Contract liabilities***

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. The Company reports the contract liability under deferred income.

***Taxation***

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, except:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

***Taxation (continued)***

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

***Intangible assets***

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software products so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Development costs that have not been finalised are classified as asset under construction and are not subject to amortisation until the software is capable of operating as intended. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives using the straight-line method, on the following bases:

Computer Software	3 years
Software License Fees	5 years
Other intangible assets	9 years

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

*Intangible assets (continued)*

Other intangible assets consist of customer relationships amortised over their useful life. The useful life of these intangible assets is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Company.

The method of amortisation of a finite-lived intangible asset reflects the pattern in which the asset's economic benefits are consumed or otherwise used up. The Company generally amortises its finite-lived intangible assets on a straight-line basis.

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment annually.

An impairment loss on goodwill, if any, is recognised immediately as part of Profit and Loss Account in line Administrative expenses.

The Company has goodwill in its balance sheet arising from an acquisition of trade and assets. Goodwill is not amortised under IFRS and there is no amendment to this in FRS 101. The non-amortisation of goodwill conflicts with company law, which requires acquired goodwill to be written off over its useful economic life. As a result this non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to SI 2008/410.

On disposal of a subsidiary or a jointly controlled entity or trade and assets which comprise a business, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the profit and loss account on disposal.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

***Property, plant and equipment***

Property, plant and equipment is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. During the construction phase of Property, plant and equipment, all expenditure is assigned to assets under construction until the project is completed and placed in service. No depreciation is charged on assets under construction. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is recognised so as to write-off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold improvements	Shorter of term of lease or useful life
Computer equipment	3 years
Film and edit equipment	3-7 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

***Investments - recognition, measurement and impairment***

Investments are accounted for at cost less, where appropriate, provisions for impairment.

The value of investments is reviewed annually by the directors at each financial year end or more frequently if there is a triggering event. If such indication exists, the recoverable amount of the asset is reviewed in order to determine the amount of any impairment. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. In estimating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects the time value of money and the risks specific to the asset. The fair value less costs of disposal is estimated with the use of both discounted cash flow and earnings multiple models. An impairment loss, if any, is recognised immediately as part of amounts written off investments.

An impairment loss recognised in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased amount will not exceed the value that would have been determined had no impairment been recognised in prior years. A reversal of impairment loss, if any, is recognised immediately as part of amounts written back to investments.

***Trade receivables***

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for the measurement and recognition of impairment loss on trade receivables.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

***Trade receivables (continued)***

The Company has a factoring agreement to sell certain portfolio of trade accounts receivable on a non-recourse basis to a third-party financial institution to the Factor. The Company accounts for these transactions as sales, as its continuing involvement subsequent to the transfer is limited to providing certain servicing and collection actions on behalf of the purchaser of the designated trade accounts receivable. Proceeds from amounts factored are recorded as an increase to cash and cash equivalents and a reduction to receivables.

***Trade payables***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

***Loans and borrowings***

Loans are recorded as the proceeds received, net of direct issue costs. Finance charges, including any premium payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest rate method and are added to the carrying amount of the underlying instrument to which they relate, to the extent that they are not settled in the period in which they arise.

***Dividends paid and received***

Dividend income is recognised when the shareholder's right to receive payment is established, that is on declaration of the dividend by the subsidiary. Dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

***Share capital***

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

*Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*Financial asset - recognition and measurement*

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

*Classification of financial assets*

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company classifies its financial assets in the following measurement categories:

- those measured at amortized cost,
- those to be measured subsequently at fair value, either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL).

*Financial asset at amortised cost*

A financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

*Financial instruments (continued)*

*Financial asset at FVTOCI*

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- The asset's contractual cash flows represent SPPI.

*Financial asset at FVTPL*

Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. FVTPL is a residual category for financial assets.

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*Impairment of financial assets*

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to accrued income and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

*Financial liabilities - recognition and measurement*

Financial liabilities are recognised when the entity becomes a party to the contract and, as a consequence, has a legal obligation to pay cash.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives as appropriate.

All financial liabilities are initially measured at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities comprises of loans and borrowings including bank overdrafts.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

*Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

*Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

*Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

*Asset Retirement Obligation*

Asset retirement obligations are additional costs and are recognised at fair value as a separate liability. The liability is incurred with a corresponding increase in the carrying amount of the related assets referred to as an asset retirement cost. These costs are depreciated using the same method and estimated useful life as the related asset. The Company recognises the asset retirement obligation in the period in which it is incurred when:

- There is an existing enforceable legal obligation associated with the retirement of a tangible asset; and
- The amount of the liability can be reasonably estimated.

*Share based payments*

The Company employs certain senior staff who are members of the WBD Inc. group's share-based compensation plans. There were two share-based compensation plans in existence during the period. Expenses arising under share-based compensation plans relate to stock options and restricted stock units. The share-based compensation plans are settled in cash by the Company and accounted for as equity-settled share-based payments in accordance with IFRS 2 'Share-based payments'.

The Company has applied the principles of IFRS 2 'Share-based payments' to its share-based compensation plans and has recorded all share-based compensation expenses as a component of administrative expenses.

The Company treats the award of units and stock options, and adjustments to the fair value of units and stock options, as a movement in equity as settlement of units and stock options is made by WBD Inc., the ultimate parent company.

The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The movement in share options reserve represents the share-based compensation expense which is recognised annually during the vesting period to reflect the estimates of the number of options that are expected to vest based on the vesting conditions that has a corresponding charge to the profit or loss account, and the recharges from WBD Inc., the ultimate parent.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

*Leases*

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The amortisation periods for the right-of-use assets are as follows:

Office Buildings	1-15 years
Transponders	3-9 years
Computer Equipment	3 years

The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate (IBR).

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss statement if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases (having a remaining lease term of less than 12 months from the date of initial application) and leases of low-value assets (less than £5000) using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position lease liabilities are listed as a separate line item.

*Lease activities*

The Company leases various offices, computer equipment and transponders. Rental contracts are typically made for fixed periods of 1 to 15 years but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**2. Accounting policies (continued)**

***Leases (continued)***

***Lease activities (continued)***

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

***Defined contribution pension obligation***

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

**3. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimated and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

***Extension options for leases***

Where the Company has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**3. Critical accounting judgements and key sources of estimation uncertainty (continued)**

**Estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

*(i) Impairment of Investments in subsidiaries*

Estimation of recoverable amount is required when there is objective evidence of impairment in the value of the investments. Impairment exists when the carrying value of investments is less than its recoverable amount. The directors determined that the recoverable amount of investments is the fair value less costs of disposal. The assumptions used to assess the investments' fair value less costs of disposal include the amount and timing of expected future cash flows, the discount rate, the long term growth rate, and an earnings multiple. The resulting recoverable amount is within level 3 of the fair value hierarchy.

The discount rates and long-term growth rates used to calculate the investments' fair value less costs of disposal are disclosed in note 17.

*(ii) Impairment of intangible assets-goodwill*

Impairment exists when the carrying value of goodwill is less than its recoverable amount. The directors have assessed the recoverable amount of goodwill by estimating its fair value less costs of disposal, which is higher than its value in use. Since the carrying value of goodwill is less than its recoverable amount, the net impairment in the amount of £31,640,000 was recognized in 2023 (2022: £nil).

The significant assumptions used to assess the goodwill's fair value less cost of disposal include the amount and timing of expected future cash flows, discount rate and growth rate. The resulting recoverable amount is within level 3 of the fair value hierarchy.

**4. Turnover**

	2023 £000	2022 £000
UK	269,027	280,348
Rest of Europe	714,289	777,432
Rest of World	55,791	65,372
	<u>1,039,107</u>	<u>1,123,152</u>

The geographical analysis above is based on the country in which the television channel producing the income is shown. The directors consider that the Company has one business class which is the broadcast of television channels.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**5. Contract balances**

The following table provides information about receivables, contracts assets and contract liabilities:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Trade receivables and amounts owed by group undertaking (refer to notes 18 and 19)	443,667	208,869
Contract assets	108,558	74,217
Contract liabilities: amounts falling due within one year (refer to note 21)	18,454	21,915
Contract liabilities: amounts falling due after more than a year	67	1,147
	<u>          </u>	<u>          </u>

**Contract assets**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
At 1 January	74,217	87,005
Plus: Accrued income recognised in the period	108,558	74,217
Less: Progress billings	(74,217)	(87,005)
	<u>          </u>	<u>          </u>
At 31 December	<u>108,558</u>	<u>74,217</u>

The Company recognises a contract asset for any contract work performed and reports this under accrued income. Any amount previously recognised as a contract asset is reclassified to trade receivables when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

**Contract liabilities**

Revenue recognised in the year that was included in the contract liability balance at the beginning of the period amounts to £21,915,000 (2022: £21,275,000).

The Company recognises a contract liability for any payments received in advance of performance under the contract and reports this under deferred income. Any amount previously recognised as a contract liability is recognised as revenue as or when the Company perform under the contract.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

<b>6. Other operating income/(expenses)</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Foreign exchange gains/(loss)	716	(4,183)
Other (expense)/ income	(570)	4,045
	<u>146</u>	<u>(138)</u>
	<u><u>146</u></u>	<u><u>(138)</u></u>
<b>7. Operating profit</b>		
Arrived at after charging:		
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Depreciation expense	13,854	13,229
Amortisation expense	7,431	6,136
Restructuring costs	131	1,284
	<u>13,854</u>	<u>13,229</u>
	<u><u>13,854</u></u>	<u><u>13,229</u></u>
<b>8. Interest receivable and similar income</b>		
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Interest income on derivative instruments	12,023	2,866
Interest from amounts owed by group undertakings	76	-
	<u>12,023</u>	<u>2,866</u>
	<u><u>12,099</u></u>	<u><u>2,866</u></u>
<b>9. Interest payable and similar charges</b>		
	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Interest on bank overdrafts and borrowings	22,801	4,897
Interest on obligations under finance leases and hire purchase contracts	2,505	3,381
Other finance costs	245	870
	<u>22,801</u>	<u>4,897</u>
	<u><u>25,551</u></u>	<u><u>9,148</u></u>

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**10. Income from shares in group undertakings**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Discovery Networks Sweden	-	23,727
DNI German Holdings I Ltd	-	40,000
	<u>-</u>	<u>63,727</u>
	<u><u>-</u></u>	<u><u>63,727</u></u>

**11. Auditors' remuneration**

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the Company's financial statements were £154,408 (2022: £320,000). This is borne by DCSL in the current and prior year.

There are no non-audit services fees payable to the auditor.

**12. Directors' remuneration and staff costs**

*(a) Staff costs*

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	17,611	16,071
Social security costs	1,933	2,307
Other pension costs	1,028	970
Share-based compensation plan (refer to note 27)	1,309	1,853
	<u>21,881</u>	<u>21,201</u>
	<u><u>21,881</u></u>	<u><u>21,201</u></u>

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**12. Directors' remuneration and staff costs (continued)**

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Administration	2	2
Broadcast and operations	73	58
Media and operations	59	53
Office and management	48	48
Sales and marketing	36	40
Programming and research	5	-
	<u>223</u>	<u>201</u>

*(b) Directors' remuneration*

The director's remuneration (in aggregate and in respect to the highest paid director) in the year was as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Aggregate remuneration	462	416
Company contributions to money purchase pension schemes	42	38
	<u>504</u>	<u>454</u>

The director exercised share options during the year and received shares under the executive long-term incentive scheme.

Retirement benefits are accruing to one (2022: one) director under the Company's money purchase pension scheme.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**12. Directors' remuneration and staff cost (continued)**

The above table includes remuneration of a director that is recharged to Discovery Corporate Services Limited (DCSL), a fellow subsidiary within the WBD Inc. Group, for their services to that Company. The amount recharged is £10,080 (2022: £17,000).

One director was remunerated by DCSL whose remuneration of £769,903 (2022: £592,156) is disclosed in that company's financial statements and not included in the table above as it is not recharged to the Company. The director has provided minimal qualifying services to the Company and receive no remuneration in respect of the Company and it is not possible to make an accurate apportionment of their remuneration in respect of each of the group's undertakings.

Another director was remunerated by DCSL whose remuneration is disclosed in that company's financial statements and not included in the table above as it is not recharged to the Company. The director is also a director across various companies within the group and it is not practicable to allocate the director's time and remuneration across these companies.

**13. Tax on profit/(loss)**

*(a) Tax charge/(credit) in the profit and loss account*

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
Foreign tax	12,728	14,518
Adjustment in respect of prior years	132	-
<b>Total current income tax</b>	<u>12,860</u>	<u>14,518</u>
<b>Deferred taxation:</b>		
Arising from origination and reversal of temporary differences	8,876	(18,345)
Arising from changes in tax rates and laws	558	(5,793)
Adjustment in respect of previous periods	6,572	10
<b>Total deferred taxation</b>	<u>16,006</u>	<u>(24,128)</u>
<b>Tax charge/(credit) in the profit and loss account</b>	<u>28,866</u>	<u>(9,610)</u>

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**13. Tax on profit/(loss) (continued)**

*(b) Reconciliation of the total tax charge/(credit)*

The tax charge in the profit and loss account for the financial year is higher (2022: higher) than the standard rate of corporation tax in the UK of 23.52% (2022: 19%). The differences are reconciled below

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Profit/(loss) before taxation	3,232	(115,431)
Corporation tax at the standard rate of 23.52% (2022: 19%)	760	(21,932)
<b>Effects of:</b>		
Adjustment to tax charge in respect of previous periods	6,704	10
Effect of expenses not deductible	10,986	37,708
Income not taxable	(3,134)	(15,422)
Tax rate changes	558	(5,793)
Group relief claimed	1,520	(3,953)
Increase arising from overseas tax suffered	12,728	14,518
(Non-taxable)/non-deductible hedging exchange movement	(1,256)	3,485
Unrecognised deferred tax on losses utilised	-	(18,231)
<b>Total tax charge/(credit)</b>	<b>28,866</b>	<b>(9,610)</b>

*(c) Factors affecting tax charge/(credit) for the financial year*

The standard rate of corporate tax in the UK at the balance sheet date is 25%. This gives a corporate tax rate for the Company for the full period of 23.52% (2022: 19%).

The Finance Act 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Act 2021 was enacted in June 2021 and accordingly, this rate is applicable to the measurements of deferred tax balances at 31 December 2023.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**13. Tax on profit/(loss) (continued)**

*(d) Deferred tax*

Deferred tax movement during the year:

	<b>At 1 January 2023 £000</b>	<b>Recognised as income/ (expense) £000</b>	<b>At 31 December 2023 £000</b>
Accelerated tax depreciation	28,693	(15,452)	13,241
Other items	2,494	(122)	2,372
Losses	23,540	(432)	23,108
Net tax assets	<u>54,727</u>	<u>(16,006)</u>	<u>38,721</u>

Deferred tax movement during the prior year:

	<b>At 1 January 2022 £000</b>	<b>Recognised as income/ (expense) £000</b>	<b>At 31 December 2022 £000</b>
Accelerated tax depreciation	27,732	961	28,693
Other items	2,867	(373)	2,494
Losses	-	23,540	23,540
Net tax assets	<u>30,599</u>	<u>24,128</u>	<u>54,727</u>

The entity is within the scope of the Organization for Economic Co-operation and Development ("OECD") Pillar Two model rules. Pillar Two legislation was enacted in the United Kingdom, the jurisdiction in which the entity is incorporated and will come into effect from 1 January 2024.

Since the Pillar Two legislation was not effective at the reporting date, the entity has no related current tax exposure. The entity applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Management performed a preliminary assessment of the Company and its subsidiaries' exposure in the jurisdictions where they operate where Pillar Two legislation has been enacted or substantively enacted as of the reporting date and will be effective for annual periods beginning on or after 1 January 2024. The legislation mandates a top-up tax liability for any difference between the Pillar Two effective tax rate per jurisdiction and the 15% minimum rate. Based on this preliminary assessment, the Company is not expected to have any material exposure to Pillar Two top-up taxes.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**14. Intangible assets**

	<b>Goodwill</b>	<b>Other</b>	<b>Computer</b>	<b>Assets under</b>	<b>Total</b>
	<b>£000</b>	<b>Intangible</b>	<b>Software &amp;</b>	<b>construction</b>	<b>£000</b>
		<b>assets</b>	<b>Software</b>		
		<b>£000</b>	<b>License Fees</b>	<b>£000</b>	<b>£000</b>
			<b>£000</b>		
<b>Cost</b>					
At 1 January 2023	732,423	9,855	25,228	-	767,506
Additions	-	-	16,654	240	16,894
Disposals	-	-	(772)	-	(772)
At 31 December 2023	<u>732,423</u>	<u>9,855</u>	<u>41,110</u>	<u>240</u>	<u>783,628</u>
<b>Accumulated amortisation/ Impairment loss</b>					
At 1 January 2023	541,273	9,739	15,685	-	566,697
Amortisation charge	-	-	7,431	-	7,431
Impairment charge	31,640	-	-	-	31,640
Disposals	-	-	(772)	-	(772)
At 31 December 2023	<u>572,913</u>	<u>9,739</u>	<u>22,344</u>	<u>-</u>	<u>604,996</u>
<b>Carrying amount</b>					
At 31 December 2023	<u>159,510</u>	<u>116</u>	<u>18,766</u>	<u>240</u>	<u>178,632</u>
At 31 December 2022	<u>191,150</u>	<u>116</u>	<u>9,543</u>	<u>-</u>	<u>200,809</u>

The average remaining amortisation period for each group of intangible assets as of 31 December 2023 is:

- \*Goodwill - unamortised
- \*Other intangible assets - 1 year
- \*Computer software & software license fees - 1 year
- \*Assets under construction - unamortised

The impairment of goodwill is determined based on the recoverable amount which is the fair value less cost of disposal as this is higher than the value in use. The fair value less cost of disposal is calculated based on a discounted cash flow approach that requires the entity to estimate the future cash flows and suitable discount rates.

In determining the fair value less costs of disposal of goodwill, a discount rate of 9%, long-term growth rate of 2% and an 11-year forecast period were used.

A 10% increase/(decrease) in the forecast cash flows as at 31 December 2023 would result to a £20,984,000 decrease/(increase) in the carrying amount of goodwill.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**15. Property, plant and equipment**

	<b>Leasehold improvements and office equipment £000</b>	<b>Computer equipment £000</b>	<b>Film and edit equipment £000</b>	<b>Asset under construction £000</b>	<b>Total £000</b>
<b>Cost or Valuation</b>					
At 1 January 2023	12,988	14,324	100,569	11,341	139,222
Additions	(2,758)	669	6,725	13,496	18,132
Transfers	8,251	586	4,202	(12,776)	263
Disposals	-	(17)	(6,352)	-	(6,369)
At 31 December 2023	18,481	15,562	105,144	12,061	151,248
<b>Accumulated depreciation</b>					
At 1 January 2023	11,818	12,482	76,574	-	100,874
Charge for the year	747	1,141	11,966	-	13,854
Disposals	-	(17)	(5,702)	-	(5,719)
At 31 December 2023	12,565	13,606	82,838	-	109,009
<b>Carrying amount</b>					
At 31 December 2023	5,916	1,956	22,306	12,061	42,239
At 31 December 2022	1,170	1,842	23,995	11,341	38,348

The gross carrying amount of fully depreciated items of property, plant and equipment still in use as of 31 December 2023 amounted to: £77,254,000 (2022: £74,259,000).

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**16. Right-of-use assets**

	Office buildings £000	Transponders £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 January 2023	78,543	55,243	10,785	144,571
Additions	-	-	10,904	10,904
Changes in lease contracts	(3,651)	-	-	(3,651)
Disposals	-	-	(1,813)	(1,813)
At 31 December 2023	74,892	55,243	19,876	150,011
<b>Accumulated depreciation</b>				
At 1 January 2023	14,552	22,950	5,419	42,921
Charge for the year	5,601	6,531	4,895	17,027
Disposals	122	-	(1,813)	(1,691)
At 31 December 2023	20,275	29,481	8,501	58,257
<b>Carrying amount</b>				
At 31 December 2023	54,617	25,762	11,375	91,754
At 31 December 2022	63,991	32,293	5,366	101,650

**Notes to the Financial Statements (continued)**  
for the financial year ended 31 December 2023

**17. Investments**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Subsidiaries, joint ventures and associated undertakings</b>		
<b>Cost</b>		
At 1 January	1,629,535	1,824,231
Additions	812	33,443
Disposals	-	(228,139)
At 31 December	<u>1,630,347</u>	<u>1,629,535</u>
<b>Provision for impairments</b>		
At 1 January	(1,012,217)	(1,035,648)
Amounts written off investments	(12,595)	(156,143)
Disposal of prior year impairment on Joyn GmbH	-	179,574
At 31 December	<u>(1,024,812)</u>	<u>(1,012,217)</u>
<b>Carrying amount</b>		
At 31 December	<u><u>605,535</u></u>	<u><u>617,318</u></u>

Additions:

During the year the Company provided funding to its existing investments and invested in new investments as follows:

Existing investment

- Reshet Media Ltd. - £813,000

Impairments:

An impairment assessment is performed for investments for which an impairment indicator was identified. The impairment is determined based on the recoverable amount which is the fair value less costs of disposal as this is higher than the value in use. The fair value less costs of disposal is calculated based on a discounted cash flow approach that requires the entity to estimate the future cash flows and suitable discount rates, and a market approach using an earnings multiple model.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**17. Investments (continued)**

The discount and long-term growth rates are detailed below per significant entity:

Subsidiary	Discount Rate (%)		Growth Rate (%)	
	2023	2022	2023	2022
Discovery Networks Denmark Aps	7.50%	9.50%	1.00%	1.00%
Discovery Italia SRL	11%	12%	2.00%	2.00%
Discovery Networks Norway AS	8.50%	10%	1.00%	1.00%

The carrying amount of investments at the balance sheet date was £605,535,000 (2022: £617,318,000) as a result of the additions of £812,000 (2022: £33,443,000), disposals of £nil (2022: £48,565,000) and the impairment of £12,595,000 (2022: £156,143,000) recognised during the year.

Investments	Impairment amount
	2023
	£000
Discovery Networks Denmark Aps	(2,693)
Reshet Media Ltd.	(8,111)
BLUTV Iletisim Ve Dijital Yayin Hizmetleri A.S. ("BLUTV")	(1,791)
<b>Total impairment</b>	<b>(12,595)</b>

The impairment of entities listed above is related to the revision of forecasts primarily for the impact of the changes in the expected growth.

Details of the Company's Investments are listed in note 22.

**18. Trade and other receivables**

	2023	2022
	£000	£000
Trade receivables	81,508	89,572
Amounts owed by group undertakings	321,817	119,297
Accrued income	108,558	74,217
Prepayments	8,585	21,795
Other receivables	-	1,515
Corporation tax	6,269	-
	<u>526,737</u>	<u>306,396</u>

Amounts owed by group undertakings are unsecured in nature, bear no interest and are repayable on demand.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**19. Amounts owed by group undertakings: falling due after more than one year**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Intercompany loan receivable	40,342	-

The intercompany loan agreement with Discovery Medya Hizmetleri Limited Sirketi was entered into on 22 December 2023. The loan is unsecured and earns interest at 13.65% receivable semi-annually.

In March 2024, the loan receivable from Discovery Medya Hizmetleri Limited Sirketi was converted to equity.

**20. Cash and cash equivalents**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	1,098	5,746

**21. Trade and other payables**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Trade payables	50,033	39,429
Amounts owed to group undertakings	266,807	208,343
Deferred income	18,454	21,915
Accrued expenses	3,419	22,183
Social security and other taxes	1,145	3,037
Other payables	14,141	1,922
	<u>353,999</u>	<u>296,829</u>

The fair value of the above trade and other payables classified as financial instruments approximate their carrying value. The Company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 31 "Financial risk management and impairment of financial assets". All amounts due to group undertakings are unsecured in nature and bear no interest. They are repayable on demand.

Trade payables include £8,560,000 (2022: £6,353,000) which is due to TNT Sports Broadcasting Limited, a joint venture of WBD Inc. Group, with respect to amounts billed to customers of TNT Sports Broadcasting Limited on its behalf. These are unsecured in nature, non-interest bearing and payable on demand.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**22. Subsidiary undertakings, associates, joint ventures and other investments**

**Company's directly owned subsidiaries**

Details of the investments in which the Company holds nominal value of any class of share capital are as follows:

<b>Name</b>	<b>Country of registration</b>	<b>Nature of business</b>	<b>Class and proportion of nominal value of issued shares held:</b>	
Discovery Communications Bulgaria EOOD	Bulgaria	Service Company	Ordinary	100%
Discovery Networks Denmark ApS	Denmark	TV Broadcaster	Ordinary	100%
Discovery Content Verwaltungs GmbH	Germany*	Management Company	Ordinary	99%
Discovery Czech Republic S.r.o.	Czech Republic	Service Company	Ordinary	100%
Discovery Italia S.r.l.	Italy	TV Broadcaster	Ordinary	100%
Discovery Medya Hizmetleri Limited Sirketi	Turkey*	Holding Company	Ordinary	100%
Discovery Networks Finland Oy	Finland	TV Broadcaster	Ordinary	100%
Discovery Networks OOO	Russia*	Service Company	Ordinary	100%
Discovery Networks Sweden AB	Sweden*	TV Broadcaster	Ordinary	100%
DNE Music Publishing Limited	UK	Holding Company	Ordinary	100%
DNI German Holdings I Limited	UK	Holding Company	Ordinary	100%
Discovery Networks Norway AS	Norway	TV Broadcaster	Ordinary	100%

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**22. Subsidiary undertakings, associates, joint ventures and other investments (continued)**

**Branches or representative offices owned by the Company**

Details of the branches or representative offices owned by the Company are as follows:

Name of company	Country of registration
The Representative Office of Discovery Communications Europe Limited in the Republic of Kazakhstan	Kazakhstan

**Company's indirectly owned subsidiaries**

Details of the investments in which the Company's indirectly holds nominal value of any class of share capital are as follows:

Name	Country of registration	Nature of business	Class and proportion of nominal value of issued shares held indirectly:	
Animal Planet Televizyon Yayincilik Anonim Sirketi	Turkey*	TV Broadcaster	Ordinary	99.99%
Avrupa Spor Televizyon Yayincilik Anonim Sirketi	Turkey*	TV Broadcaster	Ordinary	100%
Discovery Communications Deutschland GmbH & Co KG	Germany*	TV Broadcaster	Ordinary	100%
Discovery Science Televizyon yayincilik Anonim Sirketi	Turkey*	TV Broadcaster	Ordinary	99.99%
Discovery Televizyon Yayincilik Anonim Sirketi	Turkey*	TV Broadcaster	Ordinary	99.99%
DNI German Holdings II Limited	UK	Holding Company	Ordinary	100%
Enformasyon Reklamcilik Ve Filmcilik Sanayi ve Ticaret A.S.	Turkey*	TV Broadcaster	Ordinary	100%
Sportv Medya Hizmetleri A.S.	Turkey*	TV Broadcaster	Ordinary	100%
BluTV Iletisim Ve Dijital Yayin Hizmetleri A.S.	Turkey**	TV Broadcaster	Ordinary	100%

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**22. Subsidiary undertakings, associates, joint ventures and other investments (continued)**

**Company's directly owned associates**

Details of the investments in which the Company holds nominal value of any class of share capital are as follows:

<b>Name</b>	<b>Country of registration</b>	<b>Nature of business</b>	<b>Class and proportion of nominal value of Issued shares held:</b>	
Reshet Media Ltd.	Israel	Radio and Television Broadcasting	Ordinary	21%
Discovery Networks, S.L.	Spain	TV Broadcasting	Ordinary	30%

**Company's indirectly owned associate**

Details of the Company's indirectly owned associate as at 31 December 2023 are as follows:

<b>Name</b>	<b>Country of registration</b>	<b>Nature of business</b>	<b>Class and proportion of nominal value of Issued shares held indirectly:</b>	
Mediamatning I Skandinavien AB	Sweden**	Radio Broadcaster	Ordinary	24%

**Company's indirectly owned joint ventures**

Details of the investment in joint venture which the Company indirectly holds nominal value of any class of share capital are as follows:

<b>Name</b>	<b>Country of registration</b>	<b>Nature of business</b>	<b>Class and proportion of nominal value of Issued shares held indirectly:</b>	
Airtime Sales AB	Sweden*	Service company	Ordinary	50%

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**22. Subsidiary undertakings, associates, joint ventures and other investments (continued)**

**Company's directly owned other investments**

Details of the other investments in which the Company holds nominal value of any class of share capital are as follows:

Name	Country of registration	Nature of business	Class and proportion of nominal value of Issued shares held:	
Tink GmbH	Germany**	Service company	Ordinary	1.3%
TRI Sports LLC	United States	Activities of professional membership organisations	Ordinary	5.08%
Takhayal for Art Production JSC	Egypt	Service company	Ordinary	5%

The registered office for entities in the respective country of registration is as follows:

Country	Registered office
UK	Discovery House, Chiswick Park Building 2, London, W4 5YB
Denmark	H.C. Andersens Boulevard 1, 1553, Copenhagen V
Egypt	11 Sizostrees Street, Al Korba, Heliopolis, Cairo
Germany*	Stemstr. 5, 2. OG, Munich, 80538
Germany**	Gipsstraße 15, 10119 Berlin, Germany
Czech Republic	Na Pankraci 1724/129, Prague 4, 140-00
Israel	23 Habarzel TEL AVIV-JAFFA, Central District, 6971031, Israel
Turkey*	Buyukdere Caddesi, No: 127 Astoria, B Kule 1401, Kat 14 Esentepe 34394 Sisli/Istanbul
Turkey**	Eski Büyükdere Cd. No:1, Maslak, Istanbul, Turkey
Sweden*	Radmansgatan 42, 113 57, Stockholm
Sweden**	61 A, 6th Floor. 2nd North Avenue
Norway	Nydalen alle 37A, Oslo, 0484
Finland	Tallberginkatu 1C, Helsinki, 00180
Russia*	Fabrika Stanislavskogo Business Center, 3th floor, 21 buld.1 Stanislavskogo str., 109004
Italy	via Uberto Visconti di Modrone 11 Milano, 20122
Bulgaria	128 Georgi Rakovsk Str, 4th Floor, Office 2, Sofia 1000
United States	1209 Orange Street, Wilmington, Delaware 19801

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**23. Bank loans and overdrafts**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Bank overdrafts	542,486	355,709

The fair value of the above loans and borrowings classified as financial instruments approximate their carrying value. The Company's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings are disclosed in note 31 "Financial risk management and impairment of financial assets".

**24. Lease liabilities**

(i) Lease liabilities included in the statement of financial position at 31 December 2023:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Current	15,558	14,367
Non-current	87,229	99,738
	<u>102,787</u>	<u>114,105</u>

(ii) Amounts relating to leases recognised for the reporting period

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Depreciation charge of right-of-use assets		
Office buildings	5,601	4,487
Computer equipment	4,895	3,025
Transponders	6,531	7,385
	<u>17,027</u>	<u>14,897</u>
Interest expense (included in Interest payable and similar charges)	2,505	3,381
	<u>19,532</u>	<u>18,278</u>

(iii) Cash outflow for leases

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Principal	16,424	12,765
Interest	2,505	3,381
<b>Total Cash Outflows</b>	<u>18,929</u>	<u>16,146</u>

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**24. Lease liabilities (continued)**

(iv) Maturity Analysis - Total Gross Lease Payments

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Within one year	26,243	18,553
Between two to five years	58,890	61,205
More than five years	37,290	51,124
<b>Total gross payments</b>	<u>122,423</u>	<u>130,882</u>
Interest charges included above	(13,829)	(16,777)
	<u><u>108,594</u></u>	<u><u>114,105</u></u>

**25. Provision for liabilities**

The provision is an asset retirement obligation in relation to the future cost of removing leasehold improvements installed in the Chiswick Park property.

	<b>2023</b>	<b>* As restated 2022</b>
	<b>£000</b>	<b>£000</b>
At 1 January	3,341	3,320
Provisions created	21	21
At 31 December	<u><u>3,362</u></u>	<u><u>3,341</u></u>

\* The comparative figures for Provision for liabilities have been restated as set out in note 32.

**26. Pension and other schemes**

The Company operates a defined contribution pension scheme. The assets are held separately from those of the Company in an independently administered fund. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £1,028,000 (2022: £970,000).

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**27. Share-based payments**

The movements in Other reserves in respect of share-based payments represent the fair value adjustment on these share options, which has a corresponding charge to the profit or loss, and the recharges from the parent associated with employee share-based compensation.

Movements in other reserves, before tax, in respect of share-based compensation plans are as follows:

	2023 £000	2022 £000
Stock options	-	3
Restricted stock units	1,309	1,850
	<u>1,309</u>	<u>1,853</u>
<b>Share-based payment transactions</b>	<b>1,309</b>	<b>1,853</b>
<b>Recharge of share-based payments</b>	<b>(547)</b>	<b>(1,149)</b>

**Stock options**

Stock options are granted with exercise prices equal to, or in excess of, the fair value at the date of the grant.

These stock options vest either 25% or 33.3% per year, beginning one year after the grant date, and expire after three to ten years. Certain stock option awards provide for accelerated vesting upon an election to retire pursuant to the DCI group incentive plans or after reaching a specific age and years of service.

Out of the 1,557 (2022: 22,363) outstanding options 1,557 (2022: 22,363) were exercisable. There were no options exercised in 2023 (2022: nil) on shares being issued at weighted average price of £nil (2022: £nil).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant- Vest	Expiry date	Exercise price in £ per share option	Share options
2018-2022	2025	19.30	1,557

**Restricted stock units ("RSUs")**

Restricted stock units are granted with exercise prices equal to, or in excess of, the fair market value at the date of grant. Typically vesting over a maximum term of 4 years with 33% of units vesting in year 2, 33% in year 3 and 34% in year 4. Vesting is depending on an employee remaining employed throughout the applicable date of otherwise meeting the vesting requirements of the award. The fair value of the RSUs is the price of the stock at the grant date.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**27. Share-based payments (continued)**

**Restricted stock units ("RSUs") (continued)**

Grant-Vest	Grant price (\$)	Shares outstanding
2019 - 2024	29.08	260
2020 - 2024	25.70	1,087
2021 - 2025	58.18	8,181
2022 - 2026	23.39	39,255
2023 - 2027	14.10	110,153
<b>Total RSUs outstanding</b>		<b>158,936</b>

There were 158,936 (2022: 94,025) outstanding RSUs. RSUs exercised in 2023 resulted in 44,818 (2022: 72,572) shares being issued at a weighted average price of £25.69 (2022: £25.12).

**28. Other Commitments**

At 31 December 2023, the Company had other contractual commitments as follows:

	2023 £000	2022 £000
Transmission services - SDN	50,992	71,193
	<u>50,992</u>	<u>71,193</u>

Transmission services consist of long-term transmission agreements payable over a number of years as part of the normal course of business.

**29. Contingent liabilities**

The Company entered into an arrangement with Bank Mendes Gans N.V. (the "Bank") whereby the cash position of WBD Inc. subsidiaries (the "Subsidiaries") were combined, with cleared debit and credit balances being offset for interest calculation purposes.

Each of the Subsidiaries, which at any time have a negative balance, may set-off any amounts due to the Bank with any amounts due by the Bank to each of the Subsidiaries with a positive balance. When it wished to seek repayment of any negative balances, the Bank shall first seek recourse against positive balances.

The Company has a negative balance of £542,486,321 (2022: £355,708,527) with the "Bank" at 31 December 2023. The net balance for the Subsidiaries at 31 December 2023 under this arrangement was as positive balance of £228,096,090 (2022: £224,001,044). The combined bank balances of all subsidiaries are not permitted to be less than £nil.

**Notes to the Financial Statements (continued)**  
for the financial year ended 31 December 2023

**30. Derivative financial instruments**

In the normal course of business, the Company is exposed to foreign currency exchange rate market risk. As part of its risk management strategy, the Company uses derivative financial instruments, primarily foreign currency forward contracts. These derivative financial instruments are often designated as Cash Flow Hedges. The Company also holds fixed-to-fixed currency swaps, which are held at fair value through profit or loss. The fair value of the Company's derivative financial instruments was determined using a market-based approach.

***Cash Flow Hedges***

The Company is exposed to foreign currency risk related to revenues. As such, the management entered into foreign exchange forward contracts designated as cash flow hedges to mitigate this risk. These cash flow hedges are carried at fair market value on the Company's Balance Sheet. Hedge effectiveness is assessed using the spot method, with fair market value changes recorded in other comprehensive income until the hedged item affects earnings.

The following table presents the pre-tax impact of derivatives designated as cash flow hedges on profit and loss, and other comprehensive income.

<b>Particulars</b>	<b>2023</b>
	<b>£000</b>
Gains recognised in other comprehensive income	10,071
Gains reclassified into profit and loss from other comprehensive income	<u>(3,281)</u>

The following current derivative financial assets and financial liabilities are presented in the Statement of financial position at 31 December 2023:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Assets</b>		
Derivative financial instruments	2,382	7,347
<b>Liabilities</b>		
Derivative financial instruments	<u>(6,019)</u>	<u>(24,401)</u>
	<b>(3,637)</b>	<b>(17,054)</b>

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

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**31. Financial risk management and impairment of financial assets**

The Company enters into forward foreign exchange contracts to manage the risk associated with anticipated sales transactions in foreign currency out to 12 months within 50 per cent to 80 per cent of the exposure generated.

The fair values of derivative instruments are calculated using composite Bloomberg prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted composite Bloomberg forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to the Income statement only when the hedged transaction affects the profit or loss which is expected to take place during each month of the next financial year.

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**32. Prior-year restatements**

The Company identified an error in the presentation of deferred tax assets as fixed assets in the Balance Sheet as at 31 December 2022. The error has been corrected by reclassifying this balance from fixed assets to current assets in accordance with the Companies Act format under SI 2008/410. Consequently, the prior period has been restated. The Company has adjusted all comparative amounts presented in the current year's financial statements affected by the classification/presentation error. The restatement had no impact on net current liabilities and net assets as at 31 December 2022, and on the Profit and Loss Account for the financial year ended 31 December 2022 and the Statement for Changes in Equity for the year then ended.

The impact of the restatement is as follows:

	<b>As originally reported 2022 £ 000</b>	<b>Adjustments £ 000</b>	<b>As restated 2022 £ 000</b>
<b>Impact on Balance Sheet</b>			
<b>Fixed assets</b>			
Deferred tax assets	54,727	(54,727)	-
<b>Current assets</b>			
Deferred tax assets	-	54,727	54,727

The Company also identified an error in the classification of deferred income due after more than one year under provisions for liabilities in the Balance Sheet as at 31 December 2022. The error has been corrected by reclassifying the deferred income balances from provisions for liabilities to deferred income under non-current liabilities. The Company has adjusted all comparative amounts presented in the current year's financial statements affected by the classification error. The restatement had no impact on net current liabilities and net assets as at 31 December 2022, and on the Profit and Loss Account for the financial year ended 31 December 2022 and the Statement for Changes in Equity for the year then ended.

The impact of the restatement is as follows:

	<b>As originally reported 2022 £ 000</b>	<b>Adjustments £ 000</b>	<b>As restated 2022 £ 000</b>
<b>Provisions for liabilities (note 25)</b>			
At 1 January	3,320	-	3,320
Provisions created	1,168	(1,147)	21
At 31 December	4,488	(1,147)	3,341
<b>Impact on Balance Sheet</b>			
Provisions for liabilities	4,488	(1,147)	3,341
Deferred income	-	1,147	1,147

**Notes to the Financial Statements (continued)**  
*for the financial year ended 31 December 2023*

**33. Called up share capital**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
1,459,591,000 (2022: 1,459,591,000) ordinary shares of £1 each at 1 January	1,459,591	1,459,591

The shares have attached to them full voting, dividend and capital distribution rights (including on a winding up). They do not confer any rights of redemption.

**34. Share premium account**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 January	249,536	249,536
<b>Balance at 31 December</b>	<b>249,536</b>	<b>249,536</b>

**35. Events after the reporting period**

In March 2024, the loan granted to Discovery Medya Hizmetleri Limited Sirketi (see note 19) was converted to equity.

**36. Related party transactions**

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under the standard in relation to related party transactions.

**37. Parent and ultimate parent undertaking**

The Company's immediate parent undertaking is DNI Europe Holdings Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party is WBD Inc., a company incorporated in the USA, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. WBD Inc. consolidated financial statements can be obtained from the corporate website: <https://ir.wbd.com/investor-relations/>.