

# Turner Broadcasting System Denmark ApS

Jens Kofods Gade 1, 2.

1268 Copenhagen

CVR No. 26404509

## Annual Report 2016

15 financial year

The Annual Report was presented and  
adopted at the Annual General Meeting of  
the Company on 31 May 2017

---

Nina Henningsen  
Chairman

**Contents**

Management's Statement ..... 3

Independent Auditor's Report..... 4

Company Information..... 6

Management's Review ..... 7

Accounting Policies ..... 8

Income Statement ..... 11

Balance Sheet ..... 12

Notes ..... 14

## **Management's Statement**

Today, Management has considered and adopted the Annual Report of Turner Broadcasting System Denmark ApS for the financial year 1 January 2016 - 31 December 2016.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January 2016 - 31 December 2016.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 31 May 2017

### **Executive Board**

Bo Falk Østergaard  
Chief Executive officer

### **Supervisory Board**

Bo Falk Østergaard  
Chief Executive officer

Eleanor Caroline Browne

## Independent Auditor's Report

### To the shareholders of Turner Broadcasting System Denmark ApS

#### Opinion

We have audited the financial statements of Turner Broadcasting System Denmark ApS for the financial year 1 January 2016 - 31 December 2016 which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January 2016 - 31 December 2016 in accordance with the Danish Financial Statements Act.

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting in preparing the financial statements unless Management either intends to either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

#### The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements 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 no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- \* Identify and assess the risk of material misstatements in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- \* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

## Independent Auditor's Report

- \* Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- \* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- \* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which we identify during our audit.

### Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 31 May 2017

**Ernst & Young**

**Godkendt Revisionspartnerselskab**

CVR-no. 30700228

Alex Petersen

State Authorised Public Accountant

## Turner Broadcasting System Denmark ApS

### Company details

<b>Company</b>	Turner Broadcasting System Denmark ApS Jens Kofods Gade 1, 2. 1268 Copenhagen
CVR No.	26404509
Date of formation	1 January 2002
Registered office	Copenhagen
Financial year	1 January 2016 - 31 December 2016
<b>Supervisory Board</b>	Bo Falk Østergaard, Chief Executive officer Eleanor Caroline Browne
<b>Executive Board</b>	Bo Falk Østergaard, Chief Executive officer
<b>Shareholders according to the Danish Companies Act</b>	Turner Broadcasting System Europe Limited, UK
<b>Administration company</b>	Turner Broadcasting System Denmark ApS, Jens Kofods Gade 1,2, 1268 Copenhagen
<b>Auditors</b>	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmut's Vej 4 Postboks 250 2000 Frederiksberg CVR-no.: 30700228
<b>Bank</b>	Handelsbanken

## Management's Review

### **The Company's principal activities**

The main activity of the company is to distribute Cartoon Network, Boomerang, CNN, TCM and TNT both digitally and linear. As part of the distribution business, is the sale of advertising on participating channels.

### **Development in activities and financial matters**

The Company's Income Statement of the financial year 1 January 2016 - 31 December 2016 shows a result of DKK 3.041.758 and the Balance Sheet at 31 December 2016 a balance sheet total of DKK 21.253.649 and an equity of DKK 14.894.722.

### **Post financial year events**

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

### **Expectations for the future**

As part of management business review it has been decided to cease broadcasting TCM 31 May 2017.

## Accounting Policies

### Reporting Class

The Annual Report of Turner Broadcasting System Denmark ApS for 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

### Changed accounting policies

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following areas:

- Yearly reassessment of residual values of property, plant and equipment

In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

Above changes does not affect the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

### Reporting currency

The Annual Report is presented in Danish kroner.

### Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.



## Accounting Policies

### General Information

#### Basis of recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

The accounting value of intangible and tangible assets are examined on a yearly basis to determine if there are any indications of impairment, other than what has been declared by regular depreciations. If this is the case, an impairment will be done to the lowest recoverable value.

### Income Statement

#### Revenue

Income from delivery of services is recognised as revenue as the service is delivered.

#### Other external expenses

Other external expenses comprise expenses regarding sale and administration.

#### Staff expenses

Staff expenses comprise wages and salaries, pensions and social security costs.

Other staff expenses are recognised in other external expenses.

#### Amortisation and impairment of tangible assets

Amortisation and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	<b>Useful life</b>	<b>Residual value</b>
Other fixtures and fittings, tools and equipment	3-5 years	0%

Profit or loss resulting from the sale of tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement as other operating income or expenses.

## Accounting Policies

### Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding debt and foreign currency transactions as well as surcharges and allowances under the tax repayment scheme.

### Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity. The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

## Balance Sheet

### Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

An impairment test of tangible assets is performed in the event of indications of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

### Prepayments

Prepayments recognised in assets comprises prepaid costs regarding subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

### Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

### Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

### Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

## Income Statement

	Note	2016 kr.	2015 kr.
Revenue		37.580.592	29.722.965
Other external expenses		-17.478.114	-12.301.531
<b>Gross result</b>		<b>20.102.478</b>	<b>17.421.434</b>
Staff expense	1	-15.783.043	-15.123.573
Depreciation, amortisation expense and impairment losses of property, plant and equipment recognised in profit or loss		-325.991	-301.581
<b>Profit from ordinary operating activities</b>		<b>3.993.444</b>	<b>1.996.280</b>
Finance income		88.878	10.647
Other finance expenses		-61.824	-8.514
<b>Profit from ordinary activities before tax</b>		<b>4.020.498</b>	<b>1.998.413</b>
Tax expense on ordinary activities	2	-978.740	-499.651
<b>Profit</b>		<b>3.041.758</b>	<b>1.498.762</b>
<b>Proposed distribution of profit</b>			
Retained earnings		3.041.758	1.498.762
<b>Distribution of profit</b>		<b>3.041.758</b>	<b>1.498.762</b>

Turner Broadcasting System Denmark ApS

Balance Sheet as of 31. December

	Note	2016 kr.	2015 kr.
<b>Assets</b>			
Fixtures, fittings, tools and equipment		545.043	858.920
<b>Property, plant and equipment</b>		<b>545.043</b>	<b>858.920</b>
Deposits, investments		544.772	528.200
<b>Financial assets</b>		<b>544.772</b>	<b>528.200</b>
<b>Fixed assets</b>		<b>1.089.815</b>	<b>1.387.120</b>
Short-term receivables from group enterprises		10.129.779	8.406.031
Other short-term receivables		1.753.670	1.730.979
Prepayments		75.857	34.925
Current deferred tax		10.713	0
<b>Receivables</b>		<b>11.970.019</b>	<b>10.171.935</b>
<b>Cash and cash equivalents</b>		<b>8.193.815</b>	<b>5.668.428</b>
<b>Current assets</b>		<b>20.163.834</b>	<b>15.840.363</b>
<b>Assets</b>		<b>21.253.649</b>	<b>17.227.483</b>

**Balance Sheet as of 31. December**

	Note	2016 kr.	2015 kr.
<b>Liabilities and equity</b>			
Contributed capital	3	125.000	125.000
Retained earnings	4	14.769.722	11.727.964
<b>Equity</b>		<b>14.894.722</b>	<b>11.852.964</b>
Provisions for deferred tax		0	17.465
<b>Provisions</b>		<b>0</b>	<b>17.465</b>
Trade payables		1.084.536	500.280
Tax payables		1.041.153	515.551
Other payables		4.233.238	4.341.223
<b>Short-term liabilities other than provisions</b>		<b>6.358.927</b>	<b>5.357.054</b>
<b>Liabilities other than provisions within the business</b>		<b>6.358.927</b>	<b>5.357.054</b>
<b>Liabilities and equity</b>		<b>21.253.649</b>	<b>17.227.483</b>
Contingent liabilities	5		
Related parties	6		

## Notes

### 1. Staff expense

	<b>2016</b>	<b>2015</b>
Wages and salaries	14.528.518	13.975.312
Post-employment benefit expense	1.199.616	1.105.901
Social security contributions	54.909	42.360
	<b>15.783.043</b>	<b>15.123.573</b>
Average number of employees	24	20

### 2. Tax expense

	<b>2016</b>	<b>2015</b>
Tax for the year	1.006.918	497.636
Regulation deferred tax	-28.178	3.223
Regulation previous years tax	0	-18
Regulation tax percent	0	-1.190
	<b>978.740</b>	<b>499.651</b>

### 3. Contributed capital

Balance at the beginning of the year	125.000	125.000
<b>Balance at the end of the year</b>	<b>125.000</b>	<b>125.000</b>

The share capital is comprised of 125 shares of DKK 1.000,00 per share.

The share capital has remained unchanged for the last 5 years.

### 4. Retained earnings

Balance at the beginning of the year	11.727.964	10.229.202
Additions during the year	3.041.758	1.498.762
<b>Balance at the end of the year</b>	<b>14.769.722</b>	<b>11.727.964</b>

### 5. Contingent liabilities

The Company is liable for a rent obligation for DKK 2.788 (thousands) until 31 March 2019.

The Company is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

### 6. Related parties

The smallest group, in which these financial statements of the company are consolidated, are those of Turner Broadcasting Systems Europe Limited. The registered office of Turner Broadcasting Systems Europe Limited, is Turner House, 16 Great Marlborough Street, London W1F 7HS, UK.