

Deutsche Welle Anstalt des öffentlichen Rechts, Bonn

Notes to the annual financial statements for the financial year from 1 January 2023 to 31 December 2023

A. General disclosures

Deutsche Welle ("DW") is a broadcasting corporation under German federal law and is managed as a public-benefit public-law institution.

DW has a seat both in Bonn and in Berlin. The Director General's office and the registered office determining the place of jurisdiction are located in Bonn.

The annual financial statements of Deutsche Welle are compiled in accordance with the Deutsche Welle Act [Deutsche-Welle-Gesetz – DWG], as amended. The statement of profit and loss has been adapted to the classification used in the economic plan in order to enhance the clarity of presentation.

Under Section 55 DWG, the annual financial statements are to comprise the statement of net worth (balance sheet), the income statement, the financial account (cash flow statement), a revenue and expenditure account conforming to the German Federal Government's budgeting system, and the annual report to explain events of particular importance.

To improve the quality of the information provided, the annual financial statements have been supplemented with notes and the annual report prepared in the form of a management report under the German Commercial Code [Handelsgesetzbuch – HGB].

The balance sheet, income statement and the notes to the financial statements and management report have been prepared in accordance with the provisions applicable to large corporations of German commercial law. The special characteristics of broadcasting corporations are particularly taken into account by adjusting the statutory classifications.

B. Main accounting policies

The accounting policies are unchanged from the prior year.

Assets:

Purchased intangible assets and tangible fixed assets are measured at acquisition or production cost, less scheduled depreciation.

Straight-line depreciation has been applied, based on useful lives specific to broadcasters (ARD principles). Low-value assets up to EUR 800.00 net are written off in full in the year of acquisition and shown as disposals in the following year in the table of fixed asset movements.

Shares in affiliated companies and long-term equity investments are recognised at acquisition cost or at their lower of cost or market value.

Other loans are recognised at nominal value.

The compensation claim against the German Federal Government was established for the portion of pension provisions, early retirement provisions and other obligations from benefits not covered by reinsurance policies. The compensation claim is indirectly recoverable based on the funding guarantee laid down by Section 44 DWG.

Programme assets (contract productions and acquired licences) are recognised at acquisition cost after depreciation has been offset (year of first broadcast: 90%; following year: 10%).

Inventories of raw materials, consumables and supplies are recognised at acquisition cost. Write-downs on inventory risks resulting from the duration of storage or reduced usability are accounted for by a 10% marketability discount.

Receivables and other assets are recognised at nominal value after deduction of necessary write-downs. Reinsurance policy claims reported as other assets are measured at the fair value of the actuarial reserve.

Cash-in-hand and bank balances are recognised at par values.

Expenses incurred prior to the balance sheet date are recognised as prepaid expenses, to the extent that they relate to a certain period after that date.

Equity and liabilities:

Equity is recognised par value.

Pension provisions are determined using actuarial methods based on biometrical probabilities (2018 G Reference Tables published by Heubeck-Richttafeln-GmbH, Cologne) applying the projected unit credit method. In computing pension liabilities, the asset value of the reinsurance is carried in accordance with IDW Accounting Practice Statement IDW RH FAB 1.021 "Measurement of pension liabilities for old-age pension liabilities from commitments covered by reinsurance under German accounting law" to the extent that this accrued to pension commitments covered by reinsurance under the old pension agreement (VsTV) or the VTV pension scheme.

The interest is calculated as a ten-year average under Section 253(2) sentence 1 HGB. The interest rate applied as at the balance sheet date is 1.82% (PY: 1.78%). Future expected increases in remuneration and pensions have been taken into account in computing the obligation. For commitments under the old pension agreement (VsTV, commitments up to 3/1993), annual adjustments of 2.0% (PY: 2.0%) are currently assumed for salaries and 1.0% (PY: 1.0%) for pensions. Pension commitments under the ARD standardised pension scheme (VTV) are based on expected increases in remuneration of 2.0% (PY: 2.0%) and increases in pensions of 1.22% (PY: 1.22%). An employee turnover rate of 0.0% to 3.8%, specific to company, sex and age, is factored into the computation. Pension commitments, the amount of which is determined exclusively by the fair value of a reinsurance claim, are measured as pension commitments covered by reinsurance congruent to the benefit under Section 253(1) sentence 3 HGB at the fair value of the reinsurance claim. This results in a measurement of pension liabilities for employees of Deutsche Welle and former employees of RIAS amounting to EUR 646.3 million (PY: EUR 653.2 million).

The difference caused by discounting the provision for pensions at the average market interest rate for the last ten years instead of at the average market interest rate for the last seven years (Section 253(6) sentence 1 HGB) amounts to EUR 4.7 million (PY: EUR 21.6 million). The average market interest rate for the last seven years is 1.74% (PY: 1.44%).

Tax provisions and other provisions take account of all discernible risks and contingent liabilities and are measured at the settlement amount required according to prudent business judgement.

Provisions for allowances and for anniversary bonuses payable in the future are computed using actuarial methods based on the 2018 G Reference Tables published by Heubeck-Richttafel-GmbH, Cologne, applying the projected unit credit method or, for allowances, applying the present value method. Here an interest rate of 1.74% (PY: 1.44%) was taken as a basis for other long-service benefits and allowance obligations. In determining the obligations, expected future salary or allowance increases of 2.0% (PY: 2.0%) were taken into account. The measurement of the allowance and other long-service obligations takes into account an employee turnover rate of 1.0% up to the age of 55. The provision for allowances is calculated based on the average of allowances granted to pensioners within the last five years.

Liabilities are recognised at their settlement amounts.

Income accrued before the balance sheet date is recognised as deferred income to the extent that it relates to a certain period after that date.

Foreign currency translation

Receivables and liabilities in foreign currency with a term of up to one year are translated using the average spot rate on the balance sheet date. Where the term is more than one year, translation is based on the exchange rate at the date when they came about. In the case of changes to exchange rates up to the balance sheet date, measurement is based on the exchange rate on the balance sheet date, observing the lower-of-cost-or-market principle on the assets side and the higher-of-cost-or-market principle on the equity and liabilities side.

C. Notes to the balance sheet**1. Fixed assets**

The movement of assets is shown in the appendix to the notes.

2. List of shareholdings

Deutsche Welle directly holds at least one fifth of the shares in the following companies:

Name of participation, registered in	Share in %	Equity 31/12/2023 in EUR 000	Net income/loss 2023 in EUR 000
Pro-Funk Gesellschaft für Rundfunkförderung im In- und Ausland mbH, Bonn	100.00	1,507	0 ¹⁾
DW-Media Services GmbH, Bonn	100.00	126	-2 ²⁾
Internationale Beethovenfeste Bonn gGmbH, Bonn	33.33	1,021	-236
Deutsche Welle Pakistan (Private) Limited, Islamabad, Pakistan	100.00	6	0 ³⁾
Bonn Institute gGmbH, Bonn	25.00	33	3 ⁴⁾

1) Profit after compensation by DW under Section 3b of business operation lease agreement.

2) Annual financial statements as at 31/12/2023. Business activities until mid of 2023: Fiduciary management of a DW liaison office in Turkey. Since the closure of the liaison office the GmbH has been run as a shell company without active operations.

3) Equity 31/12/2023: PKR 1,000,000; investment book value DW EUR 7,391.36 (capital and incidental acquisition costs PKR 1,134,750)

4) Preliminary prior-year financial statements of Bonn Institute gGmbH as at 31/12/2023

3. Receivables and other assets

Receivables and other assets have the following remaining terms:

	Total	of which due		
		within 1 year	after 1 to 5 years	after > 5 years
	EUR	EUR	EUR	EUR
- Trade receivables	2,446,089.26	2,446,089.26	0.00	0.00
- Other assets	196,066,866.96	17,986,194.66	0.00	178,080,672.30
	198,512,956.22	20,432,283.92	0.00	178,080,672.30

Other assets include reinsurance claims amounting to EUR 177.8 million (PY: EUR 163.2 million) which were measured at their fair values under Section 253 (1) sentence 4 HGB.

4. Other provisions

Other provisions mainly include other allowance obligations (EUR 79.3 million; PY: EUR 77.9 million), settlement obligations towards shared facilities of public broadcasters (EUR 8.5 million, PY: EUR 8.6 million), as well as claims to annual leave not taken by own staff (EUR 6.1 million, PY: EUR 5.7 million).

5. Liabilities

As in the prior year, all liabilities are due within one year. Of the total amount of liabilities, EUR 3.0 million (PY: EUR 7.5 million) result from taxes. Liabilities relating to social security and similar obligations amount to EUR 1.2 million (PY: EUR 1.5 million).

D. Notes to the statement of profit and loss

1. Sales

In the financial year 2023, sales amount to EUR 8.4 million (PY: EUR 10.2 million). Significant items are income from advertising, amounting to EUR 4.7 million (PY: EUR 6.1 million), income from commercial licensing, amounting to EUR 1.2 million (PY: EUR 1.3 million), and income from subscription fees, amounting to EUR 0.9 million (PY: EUR 1.1 million).

2. Post-employment costs

Post-employment costs increased compared to the prior year by EUR 1.9 million to 34.0 EUR million. In the prior year a one-time effect on net income of EUR 14.6 million from the first-time measurement of pension commitments covered by reinsurance under IDW Accounting Practice Statement IDW RH FAB 1.021 reducing expenses, was recognised under post-employment expenses.

Without taking into account this effect, post-employment expenses decreased by EUR 12.7 million year on year. The main reason for this decrease is the lower level of expenses from the transfer to provisions for future pension liabilities. This reduction mainly resulted from the change as at 31 December 2023 to the actuarial interest rate that determines the computation of pension liabilities compared with the previous balance sheet date of +0.04 percentage points to 1.82%, as opposed to a change in the prior year of -0.09 percentage points to 1.78%.

3. Other operating expenses

As in the prior year, the difference of the compensation claim against the German Federal Government was reported under other operating expenses.

4. Prior-year income and expenses

Income not attributable to the financial year mainly resulted from the reversal of provisions amounting to EUR 0.1 million (PY: 0.8 million EUR).

5. Compounding and discounting of provisions

Interest and similar expenses of EUR 11.5 million (PY: EUR 12.8 million) relate to expenses on compounding provisions.

6. Interest to or from affiliated companies

Other interest and similar expenses amounting to EUR 88k (PY: EUR 20k) relate to affiliated companies.

E. Other disclosures

1. Contingent liabilities and other financial obligations

Letter of comfort and warranty:

Together with the other *Länder* broadcasting corporations and ZDF, Deutsche Welle has issued a letter of comfort and warranty in favour of Baden-Badener Pensionskasse VVaG (bbp). Deutsche Welle thereby undertakes to equip bbp with finances so that it can completely meet the regulatory requirements for solvency and the liquidity requirement for the funds needed to provide the insurance benefits.

The warranty only applies if the real solvency ratio threatens to fall below a threshold of 100%. The amount of the commitment relates to the relative amount of the financing necessary that equates to the portion of the provision for cover of those at Deutsche Welle entitled to a pension to the entire provision for cover. The warranty is valid until 30 June 2025. According to current estimates, it is not expected that the comfort letter will be used due to the shoring up of bbp's equity, the drop in the actuarial interest rate in prior years as well as the current favourable development of the capital markets and change in the direction of interest rates. A temporary extension of the comfort letter is currently being examined.

Blanket commitment for war and crisis zones:

Deutsche Welle has issued a blanket commitment to its employees for deployments to war or crisis zones to provide them with security in the case of accidents or illnesses (including continued payment of remuneration) that could arise from these deployments.

The commitment applies to all employees of Deutsche Welle who find themselves in particularly dangerous regions or particularly risky situations abroad as part of their professional deployment for Deutsche Welle. This commitment only applies to the extent that a Deutsche Welle insurance policy or employers' liability association policy or a policy taken out by the employee themselves does not apply. The allowance is capped at EUR 750k per employee. Deutsche Welle guarantees the allowances as a precautionary measure, revocable at any time.

In the reporting year, this blanket commitment was claimed in one case amounting to EUR 50k. There are currently no indications that any other claims will be made under this blanket commitment.

Other financial obligations:

Total other financial obligations (accumulated from 2024 to 2028) amount to EUR 68.1 million (PY: EUR 70.7 million) as of the balance sheet date. The obligations accounted for here, which are significant for assessing financial position, relate to the lease of satellites (EUR 6.9 million, PY: EUR 9.3 million) and obligations under other rental contracts (EUR 61.2 million, PY: EUR 61.4 million).

2. Fees for auditors' services

The annual financial statements include expenses for audit services amounting to EUR 34k and for other assurance services amounting to EUR 18k.

3. Organs of the institution

In the calendar year 2023, the executive bodies of Deutsche Welle were composed of the following members:

Members of the Administrative Board

- Peter Clever (Chairman), former Member of the Confederation of German Employers' Associations (BDA) (in agreement with the Association of German Chambers of Industry and Commerce [DIHK])
- Ulrich Silberbach (Deputy Chairman), Chairman of the German Civil Service Federation [dbb Beamtenbund und Tarifunion]
- Volker Kauder, Chairman of the Board of Trustees of the Chancellor Helmut Kohl Foundation [Bundeskanzler-Helmut-Kohl-Stiftung], former member of the German Bundestag
- Herzs Krymalowski, Member of the German Jewish Central Committee
- Prof. Dr phil. habil. Claudia Mast, University of Stuttgart-Hohenheim, communications science, German Rectors' Conference [Hochschulrektorenkonferenz]
- Steffen Saebisch, Permanent Secretary at the Federal Ministry of Finance
- Dr. Mark Speich, State Secretary for Federal, European and International Affairs of North Rhine-Westphalia, Plenipotentiary of the State at the German Bundesrat

Members of the Broadcasting Council

- Prelate Dr. Karl Jüsten (Chairman), Commissioner of the German Catholic Bishops Conference, Catholic office in Berlin
- Dagmar Freitag (Deputy Chairman), former Member of the German Bundestag
- Torsten Burmester, Chairman of the German Olympic Sports Confederation (DOSB)
- Ulrike Hiller, former state counsel [Staatsrätin a.D.]
- Prof. Christian Höppner, President of the German Cultural Council
- Katja Keul, Member of the German Bundestag (SPD), Minister of State at the Federal Foreign Office
- Dr Bärbel Kofler, Member of the German Bundestag, Parliamentary Permanent Secretary at the Federal Ministry for Economic Cooperation and Development
- Mr. Frank Kopania, Executive Director Global Ministries, Evangelical Church in Germany (EKD)
- Prof. Dr. Dr. h.c. Dieter Lenzen, President of the University of Hamburg
- Elisabeth Motschmann, former Member of the German Bundestag (Chairwoman of the Distribution Committee)
- Prof. Dr Klaus Reichert, Honorary President of Deutsche Akademie für Sprache und Dichtung [German Academy of Language and Poetry]
- Claudia Roth, Member of the German Bundestag, Minister of State for Culture and the Media
- Thorsten Schäfer-Gümbel, Spokesman of the Board of the German Agency for International Cooperation (GIZ) GmbH
- Sibylle Spoo, division director at the ver.di trade union (retired)
- Vera Szackamer, Member of the Board of Directors of the Jewish Central Council in Germany (Chairman of the committee of the DW Akademie)

- Frank Thewes, Head of Communication, Association of German Chambers of Industry and Commerce (Chairman of the Programme Committee)
- Markus Ulbig, minister of state (retired)

In 2023, the members of the executive bodies received allowances for expenses totaling EUR 152k.

Director General

Peter Limbourg was appointed Director General of Deutsche Welle.

- Peter Limbourg.

In the financial statements of DW, remuneration is not disclosed in accordance with section 286 (4) HGB. The remuneration of the Director General and the management can be viewed on the DW website.

The pension obligations recorded for former directors general amount to EUR 4,149k. Pensions paid to this pension group amounted to EUR 452k in the reporting year.

4. Number of employees

The number of employees as an annual average (head count, with management and part-time employees as well as trainees and volunteers):

	2023	2022
Directorate General	86	82
Business Administration	210	194
Distribution, Marketing and Technology	585	570
Programming	732	734
DW-Akademie	171	172
Average number of employees	1,784	1,752
<i>Of which Director General and Managing Directors</i>	5	5
Trainees + apprentices	71	74
Total:	1,855	1,826

F. Events after the balance sheet date

After the end of the financial year ended 31 December 2023, no other events of particular significance took place that would have an effect on the annual financial statements 2023 and would require reporting here.

Bonn, 19 July 2024

Deutsche Welle Anstalt des öffentlichen Rechts

Peter Limbourg

Director General