

Registration number: 04075079

# Discovery Education Europe Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015

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## **Discovery Education Europe Group Limited**

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## **Discovery Education Europe Group Limited**

### **Company Information**

<b>Directors</b>	K Campbell
	Y Shmulewitz
	R Weekes
	C Mathews
<b>Registered office</b>	Discovery House
	Chiswick Park Building 2
	566 Chiswick High Road
	London W4 5YB
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP
	London

## **Discovery Education Europe Group Limited**

### **Strategic Report for the Year Ended 31 December 2015**

The directors present their strategic report for the year ended 31 December 2015.

#### **Fair review of the business**

Discovery Education Europe Group Limited (the Company) has presented the audited results for the year on page 7. The results for the Company show a loss before tax of £886 (2014: £(266,502)). The Company has net liabilities of £1,397,564 (2014: £1,396,678).

No dividends were declared and paid during the year (2014: £nil).

#### **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.

The key business risks affecting the Company are set out below:


#### ***Economic Conditions***

The Company derives substantial revenues from the provision of support services to fellow group operating companies. The group operating companies face cyclical economic conditions in the countries where they operate. Economic conditions may adversely affect the economic prospects of the group companies and therefore they may have an adverse effect on our business.

#### ***Employees***

The Company's performance depends largely on 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 Group's performance that are designed to retain key individuals.

Approved by the Board on 22 September 2016 signed on its behalf by:

  
.....  
R Weekes  
Director

## **Discovery Education Europe Group Limited**

### **Directors' Report for the Year Ended 31 December 2015**

The directors present their report and the audited financial statements for the year ended 31 December 2015.

#### **Directors of the Company**

The directors who held office during the year were as follows:

K Campbell

D Forbes (resigned 6 June 2016)

Y Shmulewitz

R Weekes (appointed 28 August 2015)

J.A Rosenstock (resigned 12 March 2015)

M Papadimitriou (resigned 28 August 2015)

The following director was appointed after the year end:

C Mathews (appointed 6 June 2016)

#### **Principal activity**

The principal activity of the Company is that of a holding company.

#### **Future developments**

The Company will continue to provide management services to Discovery Education Europe Limited. The group as a whole will look to expand into the UK Secondary market looking to replicate its existing Primary market share, build up its Professional Development business and introduce Discovery Education's Techbooks (digital textbooks) into the UK market.

This report has been prepared in accordance with the special provisions of section 415A of the Companies Act 2006 relating to small companies exemption.

#### **Going concern**

Discovery Communications, Inc., the ultimate parent undertaking of the Company, has indicated its current intention to support the activities of the Company, including providing means to enable it to meet its liabilities as they fall due for at least 12 months from the date of 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.

#### **Disclosure of information to the auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Reappointment of auditors**

PricewaterhouseCoopers LLP have been appointed as auditor of the Company and a resolution to reappoint them was proposed at the Annual General Meeting.

## Discovery Education Europe Group Limited

### Statement of Directors' Responsibilities


The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' (FRS 101). Under company law the 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Approved by the Board on 22 September 2016 and signed on its behalf by:

  
.....  
R Weekes  
Director

## **Discovery Education Europe Group Limited**

### **Independent auditors' Report for the members of Discovery Education Europe Group Limited**

#### **Report on the financial statements**

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##### **Our opinion**

In our opinion, Discovery Education Europe Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

##### **What we have audited**

The financial statements, included within the financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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##### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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##### **Other matters on which we are required to report by exception**

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##### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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##### **Directors' remuneration**

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Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Discovery Education Europe Group Limited

### Independent auditors' Report for the members of Discovery Education Europe Group Limited (continued)

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#### Report on the financial statements

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##### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent 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.

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##### Our responsibilities and those of the directors

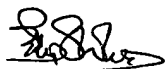
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



.....  
Philip Stokes (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP,  
Chartered Accountants and Statutory Auditor

London

Date: 22 September 2016



**Discovery Education Europe Group Limited****Profit and Loss Account for the Year Ended 31 December 2015**

	Note	2015 £	2014 £
Turnover		-	-
Administrative expenses		(886)	(374,231)
Impairment losses	4	-	(196,367)
Other operating income	3	-	304,096
Operating loss	5	(886)	(266,502)
Loss before tax		(886)	(266,502)
Tax on loss on ordinary activities	9	-	-
Loss for the year		(886)	(266,502)

The above results were derived from continuing operations.

**Discovery Education Europe Group Limited**

**Statement of Comprehensive Income for the Year Ended 31 December 2015**

	2015 £	2014 £
Loss for the year	<u>(886)</u>	<u>(266,502)</u>
Total comprehensive expense for the year	<u><u>(886)</u></u>	<u><u>(266,502)</u></u>

The notes on pages 11 to 16 form an integral part of these financial statements.

# Discovery Education Europe Group Limited

Registration number: 04075079

## Balance Sheet as at 31 December 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Investments	10	11	11
<b>Current assets</b>			
Debtors	11	2	1,700
Cash at bank and in hand		<u>35,186</u>	<u>356,541</u>
		35,188	358,241
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	13	<u>(1,432,763)</u>	<u>(1,754,930)</u>
Net current liabilities		<u>(1,397,575)</u>	<u>(1,396,689)</u>
Net liabilities		<u>(1,397,564)</u>	<u>(1,396,678)</u>
<b>Capital and reserves</b>			
Called up share capital	12	4,972,089	4,972,089
Share premium account		9,459,259	9,459,259
Profit and loss account		<u>(15,828,912)</u>	<u>(15,828,026)</u>
Total Shareholders' deficit		<u>(1,397,564)</u>	<u>(1,396,678)</u>

Approved by the Board on 22 September 2016 and signed on its behalf by:

.....*R Weekes*.....

R Weekes

Director

The notes on pages 11 to 16 form an integral part of these financial statements.

**Discovery Education Europe Group Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2015**

	<b>Called up Share capital £</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>	<b>Total shareholders' deficit £</b>
At 1 January 2015	<u>4,972,089</u>	<u>9,459,259</u>	<u>(15,828,026)</u>	<u>(1,396,678)</u>
Loss for the year	<u>-</u>	<u>-</u>	<u>(886)</u>	<u>(886)</u>
Total comprehensive expense	<u>-</u>	<u>-</u>	<u>(886)</u>	<u>(886)</u>
At 31 December 2015	<u><u>4,972,089</u></u>	<u><u>9,459,259</u></u>	<u><u>(15,828,912)</u></u>	<u><u>(1,397,564)</u></u>

	<b>Share capital £</b>	<b>Share premium £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 January 2014	<u>4,972,089</u>	<u>9,459,259</u>	<u>(15,561,524)</u>	<u>(1,130,176)</u>
Loss for the year	<u>-</u>	<u>-</u>	<u>(266,502)</u>	<u>(266,502)</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>(266,502)</u>	<u>(266,502)</u>
At 31 December 2014	<u><u>4,972,089</u></u>	<u><u>9,459,259</u></u>	<u><u>(15,828,026)</u></u>	<u><u>(1,396,678)</u></u>

The notes on pages 11 to 16 form an integral part of these financial statements.

## **Discovery Education Europe Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

#### **1 General information**

The address of its registered office is:

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

Discovery Education Europe Group Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1 and 11. The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 3.

These financial statements are presented in British pounds sterling because that is the currency of the primary economic environment in which the Company operates.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101).

The Company has transitioned to FRS 101 from UK Generally Accepted Accounting Practice for all periods presented. There were no differences in recognition or measurement arising on the adoption of FRS 101. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

##### **Summary of disclosure exemptions**

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

- a) the requirements of IAS 7 Statement of Cash Flows;
- b) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- c) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- d) 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 transactions is wholly owned by such a member.

##### **Consolidation**

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the 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 consolidated financial statements of its ultimate parent undertaking, Discovery Communications, Inc., a company registered in the USA.

## Discovery Education Europe Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 2 Accounting policies (continued)

##### Going concern

Discovery Communications, Inc., the ultimate parent undertaking of Discovery Education Europe Group Limited, has indicated its current intention 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 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.

##### Foreign currency transactions and balances

The financial statements are presented in pound sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences are recognised in the income statement in the period in which they arise.

##### Investments

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment. Investments are reviewed at each financial year end for any indication of impairment. If such indication exists, the recoverable amount of the investment is reviewed in order to determine the amount of any impairment. The recoverable is the higher of its net selling price (fair value less selling costs) 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 investment. Under IAS 36, the impairment test is performed at a cash-generating unit level, being the "smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets". An impairment loss is recognised immediately as part of operating income.

#### 3 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2015	2014
	£	£
Miscellaneous other operating income	-	304,096

Other operating income includes services provided to other group undertakings.

## Discovery Education Europe Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 4 Impairment losses

	2015 £	2014 £
Impairment of amount owed by fellow group undertakings	-	196,367

The impairment losses are made up of the write off of an intercompany loan with the US subsidiary of £nil (2014: £196,367).

#### 5 Operating loss

Arrived at after crediting

	2015 £	2014 £
Foreign exchange gains	(95)	(12,357)

#### 6 Staff costs

The aggregate payroll costs were as follows:

	2015 £	2014 £
Wages and salaries	-	285,487
Social security costs	-	21,037
	-	306,524

The Company had no employees in 2015 (2014: 1).

#### 7 Directors' remuneration

The directors' emoluments have been borne by a fellow group company. During the 2015 financial year, there was no apportionment of emoluments to the Company (2014: nil).

#### 8 Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the Company's financial statements were £10,000 (2014: £10,000). Audit fees are borne by Discovery Corporate Services Limited, a fellow group undertaking, in the current period.

#### 9 Income tax

Tax charged/(credited) in the income statement

# Discovery Education Europe Group Limited

## Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

### 9 Income tax (continued)

	2015 £	2014 £
<b>Current taxation</b>		
UK corporation tax	-	-
UK corporation tax adjustment to prior periods	-	-
	<u>-</u>	<u>-</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.49%).

The differences are reconciled below:

	2015 £	2014 £
Loss before tax	<u>(886)</u>	<u>(266,502)</u>
Corporation tax at standard rate	(179)	(57,280)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	-	42,205
Increase (decrease) arising from group relief tax reconciliation	<u>179</u>	<u>15,075</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

As at 31 December 2015 the Company had unused tax losses amounting to £3,531,131 (2014: £3,531,131) for which no deferred tax asset has been recognised.

### 10 Investments

<b>Subsidiaries</b>	£
<b>Cost or valuation</b>	
At 1 January 2015	<u>6,651</u>
At 31 December 2015	<u>6,651</u>
<b>Provision</b>	
At 1 January 2015	<u>6,640</u>
At 31 December 2015	<u>6,640</u>
<b>Carrying amount</b>	
At 31 December 2015	<u>11</u>
At 31 December 2014	<u>11</u>

#### Company's directly owned subsidiaries

Details of the Company's directly owned subsidiaries:



## Discovery Education Europe Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

Name	Country of registration	Nature of business	Class and proportion of nominal value of issued shares held	
Discovery Education Europe Limited	UK	Creation of digital education programming	Ordinary	100
Education Media Delivery Limited	UK	Delivery of digital education programming	Ordinary	100
Espresso Education Inc	USA	Creation of digital education programming	Ordinary	100

#### 11 Trade and other receivables

	2015 £	2014 £
Prepayments	2	-
Other receivables	-	1,700
	<u>2</u>	<u>1,700</u>

#### 12 Share capital

##### Allotted, called up and fully paid shares

	No.	2015 £	No.	2014 £
Ordinary shares of £0.10 each	36,901,507	3,690,151	36,901,507	3,690,151
Ordinary A shares of £0.10 each	12,727,412	1,272,741	12,727,412	1,272,741
Ordinary B shares of £0.00 each	87,467,213	8,747	87,467,213	8,747
Ordinary C shares of £0.00 each	4,500,000	450	4,500,000	450
	<u>141,596,132</u>	<u>4,972,089</u>	<u>141,596,132</u>	<u>4,972,089</u>

#### 13 Trade and other payables

	2015 £	2014 £
Accrued expenses	12,360	23,720
Amounts due to related parties	1,420,403	1,731,210
	<u>1,432,763</u>	<u>1,754,930</u>

#### 14 Related party transactions

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

## **Discovery Education Europe Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)**

#### **15 Parent and ultimate parent undertaking**

The ultimate UK parent company is DNI Foreign Holdings Limited, a company incorporated in England and Wales. The directors consider the ultimate parent company to be Discovery Communications, Inc., incorporated in the USA, which is the largest undertaking to consolidate these financial statements for the Company. Discovery Communications Inc. consolidated financial statements can be obtained from the corporate website: <http://ir.corporate.discovery.com>.