

Registration number: 04075079

Discovery Education Europe Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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Discovery Education Europe Group Limited

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Discovery Education Europe Group Limited

Company Information

Directors	K Campbell Y Shmulewitz R Weekes C Mathews
Registered office	Discovery House Chiswick Park Building 2 566 Chiswick High Road London W4 5YB
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Discovery Education Europe Group Limited

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

Directors of the Company

The directors of the Company who were in office during the year and up to date of signing the financial statements were as follows:

K Campbell

D Forbes (resigned 13 May 2016)

Y Shmulewitz

R Weekes

C Mathews (appointed 6 June 2016)

Principal activities

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

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

Dividends

The directors do not propose the payment of a dividend for the period.

Financial instruments

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other debtors, and investments.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where 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 no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Discovery Education Europe Group Limited

Directors' Report for the Year Ended 31 December 2016 (continued)

Future developments

The Company will continue to provide management services to Discovery Education Europe Limited. The group as a whole will look to consolidate its prominent place in the UK primary market with both Espresso and Coding, whilst expanding further into Professional Development services and corporate partnerships to deliver educational benefits. The group will continue to both expand internationally, and introduce new digital products into the UK market.

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

Directors' Report for the Year Ended 31 December 2016 (continued)

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 27/9/17 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

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 2016 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 2016;
- 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.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- 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 Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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.

Directors' remuneration

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)

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

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.

What an audit of financial statements involves

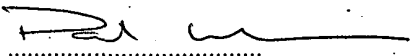
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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 Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Paul Wheeler (Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors

London

Date: 28 September 2017

Discovery Education Europe Group Limited

Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Administrative expenses		<u>(12,009)</u>	<u>(886)</u>
Operating loss	4	<u>(12,009)</u>	<u>(886)</u>
Loss before taxation		(12,009)	(886)
Tax on loss	8	<u>-</u>	<u>-</u>
Loss for the financial year		<u><u>(12,009)</u></u>	<u><u>(886)</u></u>

The above results were derived from continuing operations.

The notes on pages 11 to 15 form an integral part of these financial statements.

Discovery Education Europe Group Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

	2016	2015
	£	£
Loss for the financial year	<u>(12,009)</u>	<u>(886)</u>
Total comprehensive expense for the year	<u><u>(12,009)</u></u>	<u><u>(886)</u></u>

The notes on pages 11 to 15 form an integral part of these financial statements.

Discovery Education Europe Group Limited

Registration number: 04075079

Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	9	11	11
Current assets			
Debtors		-	2
Cash at bank and in hand		<u>152,117</u>	<u>35,186</u>
		152,117	35,188
Creditors: Amounts falling due within one year			
Trade and other payables	10	<u>(1,561,701)</u>	<u>(1,432,763)</u>
Net current liabilities		<u>(1,409,584)</u>	<u>(1,397,575)</u>
Net liabilities		<u>(1,409,573)</u>	<u>(1,397,564)</u>
Capital and reserves			
Called up share capital	11	4,972,089	4,972,089
Share premium account		9,459,259	9,459,259
Profit and loss account		<u>(15,840,921)</u>	<u>(15,828,912)</u>
Total Shareholders' deficit		<u>(1,409,573)</u>	<u>(1,397,564)</u>

The financial statements on pages 7 to 15 were approved by the Board of Directors on 27/9/17 and signed on its behalf by:


.....

R Weekes

Director

The notes on pages 11 to 15 form an integral part of these financial statements.

Discovery Education Europe Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

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

	Called up Share capital £	Share premium account £	Profit and loss account £	Total shareholders' deficit £
At 1 January 2016	4,972,089	9,459,259	(15,828,912)	(1,397,564)
Loss for the financial year	-	-	(12,009)	(12,009)
Total comprehensive expense	-	-	(12,009)	(12,009)
At 31 December 2016	4,972,089	9,459,259	(15,840,921)	(1,409,573)

The notes on pages 11 to 15 form an integral part of these financial statements.

Discovery Education Europe Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

The address of the Company's registered office is:

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

Discovery Education Europe Group Limited is a private company limited by shares incorporated in England and Wales and domiciled in the United Kingdom. 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 page 2.

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 the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101).

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, presentation of a cash-flow statement, standards not yet effective, and related party transactions.

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 2016 (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 profit and loss account 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 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 estimates and associated assumptions are based on historical experience and other factors that are considered to be 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.

The key accounting judgements and key sources of estimation uncertainty relate to the valuation of investments.

Discovery Education Europe Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

4 Operating loss

Arrived at after crediting

	2016 £	2015 £
Foreign exchange gains	<u>(277)</u>	<u>(95)</u>

5 Staff costs

The Company had no employees in the current or prior year.

6 Directors' remuneration

The directors' emoluments have been borne by a fellow group company. During the 2016 financial year, there was no apportionment of emoluments to the Company (2015: nil).

7 Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the Company's financial statements were £10,000 (2015: £10,000).

8 Tax on loss

Tax charged/(credited) in the profit and loss account

	2016 £	2015 £
Current taxation		
UK corporation tax	-	-
UK corporation tax adjustment to prior periods	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The tax on loss before taxation for the year is higher than the standard rate of corporation tax in the UK (2015: higher than the standard rate of corporation tax in the UK) of 20% (2015: 20.25%).

The differences are reconciled below:

	2016 £	2015 £
Loss before taxation	<u>(12,009)</u>	<u>(886)</u>
Corporation tax at standard rate	(2,402)	(179)
Increase arising from group relief tax reconciliation	<u>2,402</u>	<u>179</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

Discovery Education Europe Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

8 Tax on loss (continued)

As at 31 December 2016 the Company had unused tax losses amounting to £3,531,131 (2015: £3,531,131) for which no deferred tax asset has been recognised.

9 Investments

Subsidiaries	£
Cost or valuation	
At 1 January 2016	6,651
Disposals	(6,640)
At 31 December 2016	11
Provision	
At 1 January 2016	6,640
Eliminated on disposals	(6,640)
At 31 December 2016	-
Carrying amount	
At 31 December 2016	11
At 31 December 2015	11

Company's directly owned subsidiaries

Details of the Company's directly owned subsidiaries:

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., subsidiary of Discovery Education Europe Group Limited, was dissolved on 27 June 2016.

10 Trade and other payables

	2016 £	2015 £
Accrued expenses	10,454	12,360
Amounts due to related parties	1,551,247	1,420,403
	<u>1,561,701</u>	<u>1,432,763</u>

Discovery Education Europe Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

11 Called up share capital

Allotted, called up and fully paid shares

	No.	2016 £	No.	2015 £
Ordinary shares of £0.1000 each	36,901,507	3,690,151	36,901,507	3,690,151
Ordinary A shares of £0.1000 each	12,727,412	1,272,741	12,727,412	1,272,741
Ordinary B shares of £0.0001 each	87,467,213	8,747	87,467,213	8,747
Ordinary C shares of £0.0001 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>

12 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.

13 Parent and ultimate parent undertaking

The Company's immediate parent company is DNI Europe Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Discovery Communications, Inc., incorporated in the USA, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Discovery Communications, Inc. consolidated financial statements can be obtained from the corporate website: <http://ir.corporate.discovery.com>