

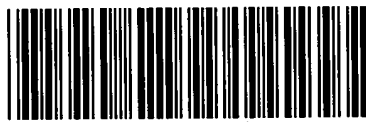
Registration number: 07628820

# DNI German Holdings I Ltd

Annual Report and Financial Statements

for the Year Ended 31 December 2015

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# **DNI German Holdings I Ltd**

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## **DNI German Holdings I Ltd**

### **Company Information**

<b>Directors</b>	Y Shmulewitz
	J Cooke
	H Wheeley
<b>Registered office</b>	Discovery House Chiswick Park Building 2 566 Chiswick High Road London W4 5YB
<b>Independant Auditors</b>	Crowe Clark Whitehill St Bride's House 10 Salisbury Square London EC4Y 8EH

## **DNI German Holdings I Ltd**

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

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

#### **Principal activity**

The Company holds an investment in a fellow group undertaking which operates to promote a number of television channels in Germany.

This report has been prepared in accordance with the special provisions of section 415A of the Companies Act 2006 relating to small companies exemption. A strategic report has not been prepared in accordance with section 414B of the Companies Act 2006 relating to the small companies exemption.

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

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

Y Shmulewitz

D Forbes (resigned 13 May 2016)

*The following directors were appointed after the year end:*

J Cooke (appointed 12 May 2016)

H Wheeley (appointed 12 May 2016)

#### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Discovery Communications, Inc., the ultimate parent undertaking of DNI German Holdings I Ltd, has indicated its current intention to continue to support the activities of the Company, including providing the means to enable it to meet its liabilities as they fall due for at least 12 months from the date of the approval of these accounts. On that basis the directors believe it is appropriate for the accounts to be prepared on a going concern basis.

#### **Consolidation**

The financial statements contain information about DNI German Holdings I Ltd as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 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 incorporated in the USA.

#### **Financial risk management**

The directors consider that the Company's key financial instruments are cash and receivable or payable balances to related group companies.

Financial exposures exist to the extent that a change in the underlying base rate of interest will affect the level of income received or paid on any cash balances or overdrafts. The risk is not considered material and thus the Company does not employ the use of hedging instruments.

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

## **DNI German Holdings I Ltd**

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

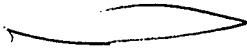
#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditors**

Crowe Clark Whitehill LLP have been appointed as auditor of the Company and a resolution to reappoint them was signed at the Annual General Meeting.

Approved by the Board on 23 September 2016 and signed on its behalf by:



.....  
Y Shmulewitz  
Director

## **DNI German Holdings I Ltd**

### **Statement of Directors' Responsibilities**

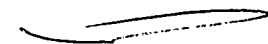
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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 23 September 2016 and signed on its behalf by:



.....  
Y Shmulewitz  
Director

## **DNI German Holdings I Ltd**

### **Independent Auditor's Report**

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

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##### **Our opinion**

In our opinion, DNI German Holdings I Ltd'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"), which comprise:

- the balance sheet as at 31 December 2015
- the profit and loss account for the year then ended
- the 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).

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

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In our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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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**

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
- certain disclosures of directors' remuneration specified by law are not made

We have no exceptions to report arising from this responsibility.

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

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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.

## **DNI German Holdings I Ltd**

### **Independent Auditor's Report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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#### **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.

In addition, we read all the financial and non-financial information in the Directors 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.

*Nigel Bostock*

Nigel Bostock (Senior Statutory Auditor)

For and on behalf of Crowe Clark Whitehill, Statutory Auditor

St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

Date: 23 September 2016



## **DNI German Holdings I Ltd**

### **Profit and Loss Account for the Year Ended 31 December 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
Administrative expenses		<u>(3,114)</u>	<u>(1,239)</u>
Operating loss	4	(3,114)	(1,239)
(Loss)/income from partnership	7	(2,740,379)	4,423,982
Loss on impairment of investment	7	(1,823,182)	-
Interest payable and similar charges	5	<u>(3,390)</u>	<u>(1,880)</u>
(Loss)/profit before tax		(4,570,065)	4,420,863
Tax on (loss)/profit on ordinary activities	6	<u>(1,088,560)</u>	<u>(1,542,637)</u>
(Loss)/profit for the year		<u><u>(5,658,625)</u></u>	<u><u>2,878,226</u></u>

The above results were derived from continuing operations.

The Company has no recognised gains or losses other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented.

**DNI German Holdings I Ltd**

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

	2015 £	2014 £
(Loss)/profit for the year	<u>(5,658,625)</u>	<u>2,878,226</u>
Total comprehensive income for the year	<u><u>(5,658,625)</u></u>	<u><u>2,878,226</u></u>

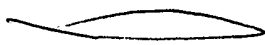
The notes on pages 11 to 17 form an integral part of these financial statements.

## DNI German Holdings I Ltd

### Balance Sheet as at 31 December 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Investments	7	19,295,519	23,859,080
<b>Current assets</b>			
Trade and other receivables	8	14	26,640
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	9	(2,174,735)	(1,481,198)
Loans and borrowings	10	(1,248,026)	(961,111)
Income tax liability	6	(87,986)	-
Creditors: Amounts falling due within one year		<u>(3,510,747)</u>	<u>(2,442,309)</u>
Net current liabilities		<u>(3,510,733)</u>	<u>(2,415,669)</u>
Net assets		<u>15,784,786</u>	<u>21,443,411</u>
<b>Capital and reserves</b>			
Called up share capital	11	30,874,850	30,874,850
Profit and loss account		<u>(15,090,064)</u>	<u>(9,431,439)</u>
Shareholders' funds		<u>15,784,786</u>	<u>21,443,411</u>

Approved by the Board on 23 September 2016 and signed on its behalf by:



.....

Y Shmulewitz  
Director

# **DNI German Holdings I Ltd**

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

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 January 2014	30,874,850	(12,309,665)	18,565,185
Profit for the year	-	2,878,226	2,878,226
Total comprehensive income	-	2,878,226	2,878,226
At 31 December 2014	30,874,850	(9,431,439)	21,443,411
	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 January 2015	30,874,850	(9,431,439)	21,443,411
Loss for the year	-	(5,658,625)	(5,658,625)
Total comprehensive income	-	(5,658,625)	(5,658,625)
At 31 December 2015	30,874,850	(15,090,064)	15,784,786

The notes on pages 11 to 17 form an integral part of these financial statements.

# **DNI German Holdings I Ltd**

## **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

DNI German Holdings I 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. The nature of the Company's operations and its principal activities are set out in the Directors report on pages 2 to 3.

The 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 previously extant UK Generally Accepted Accounting Practice for all periods presented. There were no differences in recognition or measurement on 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 requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- b) the requirements of IAS 7 Statement of Cash Flows;
- c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- e) 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.

## **DNI German Holdings I Ltd**

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

#### **2 Accounting policies (continued)**

##### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Discovery Communications, Inc., the ultimate parent undertaking of DNI German Holdings I Limited, has indicated its current intention to continue to support the activities of the Company, including providing the means to enable it to meet its liabilities as they fall due for at least 12 months from the date of the approval of these accounts. On that basis the directors believe it is appropriate for the accounts to be prepared on a going concern basis.

##### **Exemption from preparing group accounts**

Group accounts of the Company and its subsidiary undertaking have not been prepared. The Company is exempt from the requirement to prepare group accounts under the provisions of Section 400 of the Companies Act 2006. The accounts present information about the Company as an individual undertaking and not about its group.

##### **Foreign currency transactions and balances**

The financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities 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 partnerships are accounted for at cost, adjusted for the share of profit or loss if the partnership less, where appropriate, provisions for impairment.

##### **Impairment**

Assets are reviewed at each financial year end for any indication of impairment. If such indication exists, the recoverable amount of the asset is reviewed in order to determine the amount of any impairment. The recoverable amount is the higher of its 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 asset. 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.

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

##### **Cash and cash equivalents**

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

## **DNI German Holdings I Ltd**

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

#### **2 Accounting policies (continued)**

##### **Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

##### **Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividend income is recognised when the right to receive payments is established.

##### **Financial assets and liabilities**

###### ***Classification***

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

Other financial assets are classified as 'loans and receivables'. These include trade and other receivables that have fixed or determinable payments and are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed on initial recognition. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying value of the allowance account are recognised in the profit and loss account.

## DNI German Holdings I Ltd

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

#### 2 Accounting policies (continued)

##### *Recognition and measurement*

Financial assets are recognised in the Company's balance sheet when it becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through the profit and loss account) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in the profit and loss account.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in the statement of other comprehensive income and accumulated in equity is recognised in the profit and loss account.

Financial liabilities are recognised in the Company's balance sheet when it becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through the profit and loss account) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in the profit and loss account.

##### **Employees, directors and auditors**

The Company had no employees in 2015 (2014: nil). Directors remuneration was £nil in the period (2014: £nil). Audit fees of £3,000 (2014: £3,000) are borne by Discovery Corporate Services Ltd, a fellow group undertaking.

#### 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.

#### 4 Operating loss

Arrived at after charging

	2015	2014
	£	£
Foreign exchange loss	2,195	-



# DNI German Holdings I Ltd

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

### 5 Interest payable and similar charges

	2015 £	2014 £
Interest on bank overdrafts and borrowings	<u>3,390</u>	<u>1,880</u>

### 6 Income tax

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

	2015 £	2014 £
<b>Current taxation</b>		
UK corporation tax	1,045,577	985,902
Adjustments in respect of prior years	-	(10,852)
Double taxation relief	<u>(1,045,577)</u>	<u>(985,902)</u>
	-	(10,852)
Foreign tax	1,491,944	1,682,301
Adjustment in respect of prior years (foreign tax)	<u>(403,384)</u>	<u>(128,812)</u>
Current tax charge	<u>1,088,560</u>	<u>1,542,637</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)/profit before tax	<u>(4,570,065)</u>	<u>4,420,863</u>
Corporation tax at standard rate	(925,283)	950,185
Increase (decrease) in current tax from adjustment for prior periods	(403,383)	(139,664)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	369,133	-
Increase (decrease) from effect of joint-ventures and associates results reported net of tax	1,601,725	35,718
Increase (decrease) arising from overseas tax suffered (expensed)	1,491,945	1,682,301
Increase (decrease) from effects of double taxation relief	<u>(1,045,577)</u>	<u>(985,903)</u>
Total tax charge	<u>1,088,560</u>	<u>1,542,637</u>

## DNI German Holdings I Ltd

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

#### 7 Investments

##### Company's directly owned subsidiaries

<b>Subsidiaries</b>	<b>£</b>
<b>Cost</b>	
At 1 January 2015	23,859,080
Share of partnership loss	(2,740,379)
At 31 December 2015	<u>21,118,701</u>
<b>Provision</b>	
At 1 January 2015	-
Impairment	(1,823,182)
At 31 December 2015	<u>(1,823,182)</u>
<b>Carrying amount</b>	
At 31 December 2015	<u>19,295,519</u>
At 31 December 2014	<u>23,859,080</u>

During the period the investment in Discovery Communications Deutschland GmbH & Co KG was impaired by £1,823,182.

##### Company's directly owned subsidiary

Details of the investments in which the Company holds 50% or more of the nominal value of any class of share capital are as follows:

<b>Name</b>	<b>Country of registration</b>	<b>Nature of business</b>	<b>Class and proportion of nominal value of issued shares held</b>	
Discovery Communications Deutschland GmbH & Co KG	Germany	TV broadcaster	Ordinary	98.02 %

#### 8 Trade and other receivables

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Other receivables	<u>14</u>	<u>26,640</u>

#### 9 Trade and other payables

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Amounts due to group undertakings	<u>2,174,735</u>	<u>1,481,198</u>

## DNI German Holdings I Ltd

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

#### 10 Loans and borrowings

	2015	2014
	£	£
Bank overdrafts	<u>1,248,026</u>	<u>961,111</u>

The overdraft is part of the Bank Mendes Gans N.V. arrangement detailed in note 12.

#### 11 Share capital

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

	2015		2014	
	No.	£	No.	£
Authorised ordinary shares of £1 each	<u>30,874,850</u>	<u>30,874,850</u>	<u>30,874,850</u>	<u>30,874,850</u>

#### 12 Contingent liabilities

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

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

The Company has an overdraft of £1,248,026 (2014: overdraft £961,111) with the Bank at 31 December 2015. The net balance for the Subsidiaries at 31 December 2015 under this arrangement was a positive balance of £139,647,303 (2014: £18,357,354). The combined bank balances of all Subsidiaries are not permitted to be less than nil.

#### 13 Parent and ultimate parent undertaking

The Company's immediate parent is Discovery Communications Europe Ltd a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Discovery Communications, Inc. 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>.