

DNI German Holdings I Limited

Annual Report and Financial Statements

for the year ended 31 December 2018

MONDAY



L8F4FRLC

LD7

30/09/2019

#31

COMPANIES HOUSE

Contents

	Page(s)
Company Information	1
Directors' Report	2 to 4
Independent auditors' report to the members of DNI German Holdings I Limited	5 to 7
Profit and Loss Account	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11 to 23

Company Information

Officers and professional advisors

Directors J Cooke
H Wheeley

Registered address Discovery House
Chiswick Park Building 2
566 Chiswick High Road
London
W4 5YB
United Kingdom

Independent Auditors PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH
United Kingdom

Banker Bank Mendes Gans N.V.
Herengracht 619
1000 AD Amsterdam
The Netherlands

Directors' Report *for the financial year ended 31 December 2018*

The directors present their annual report together with the audited financial statements for the Company for the financial year ended 31 December 2018.

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 of the company who held office during the financial year, up to the date of signing these financial statements, except as otherwise noted, were as follows:

Y Shmulewitz (resigned 26 July 2018)

J Cooke

H Wheeley

Directors' indemnities

Pursuant to the company's articles of association, the directors were throughout the financial year ended 31 December 2018 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006.

Principal activities

The principal activity of the Company is that of a holding company. The Company holds an investment in a fellow group undertaking which operates to promote a number of television channels in Germany.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Discovery, Inc. (previously known as Discovery Communications, Inc.), the ultimate parent undertaking of DNI German Holdings I 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 the 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.

Results and dividends

The results for the financial year are shown on page 8.

No dividends were declared and paid during the year (2017: £nil).

Future developments

The directors expect the general level of operational activity to remain the same in the forthcoming year.

Financial risk management, objectives and policies

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks and liquidity risks.

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

Directors' Report

for the financial year ended 31 December 2018

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 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.

Events since the balance sheet date

There have been no material adjusting or disclosable events since the financial year end.

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 Generally Accepted Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

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 Company and of the profit or loss for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

In the case of each director in office at the date the Directors' Report is approved:

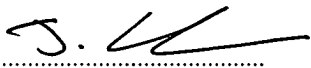
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's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

Directors' Report
for the financial year ended 31 December 2018

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of the Annual General Meeting.

Approved by the board on 27/09/19 and signed on its behalf by:


.....
~~H. Wheeley~~ **JAMIE COOKE**
Director

Independent auditors' report to the members of DNI German Holdings I Limited

Report on the audit of the financial statements

Opinion

In our opinion, DNI German Holdings I Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the profit and loss account, the statement of changes in equity for the year then ended and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of DNI German Holdings I Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of DNI German Holdings I Limited

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



.....
Phil Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 30 September 2019

Profit and Loss Account
for the financial year ended 31 December 2018

	Note	2018 £	2017 £
Other operating (expense)/income		<u>(10,242)</u>	<u>988</u>
Operating (loss)/profit	5	(10,242)	988
Profit from joint venture	10	12,884,095	13,960,679
Interest payable and similar expenses	8	<u>(33,446)</u>	<u>(5,666)</u>
Profit before taxation		12,840,407	13,956,001
Tax on profit	9	<u>(2,228,684)</u>	<u>(3,097,517)</u>
Profit for the financial year		<u><u>10,611,723</u></u>	<u><u>10,858,484</u></u>

All amounts are derived from continuing operations.

There is no material difference between the profit before taxation and the profit for the financial year stated above and their historical cost equivalents.

No separate statement of comprehensive income has been presented because the company has no other comprehensive income other than profit for the financial year.

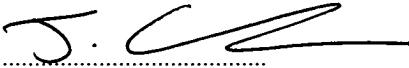
The notes on pages 11 to 23 form an integral part of these financial statements.

Balance Sheet
as at 31 December 2018

	Note	2018 £	2017 £
Fixed Assets			
Investments	10	<u>55,755,861</u>	<u>42,871,766</u>
Creditors: Amounts falling due within one year			
Trade and other payables	11	(190)	(171)
Loans and borrowings	12	(6,473,288)	(3,622,094)
Income tax liability		<u>(1,453,803)</u>	<u>(2,032,644)</u>
Net current liabilities		<u>(7,927,281)</u>	<u>(5,654,909)</u>
Total assets less current liabilities		<u>47,828,580</u>	<u>37,216,857</u>
Net assets		<u>47,828,580</u>	<u>37,216,857</u>
Capital and reserves			
Called up share capital	13	30,874,850	30,874,850
Profit and loss account	13	<u>16,953,730</u>	<u>6,342,007</u>
Total shareholders' funds		<u>47,828,580</u>	<u>37,216,857</u>

The financial statements on pages 8 to 23 were approved by the board of directors and authorised for issue on 27/09/19.....

They were signed on its behalf by:


.....
~~H. Wheeley~~ **JULIE COOKE**
Director

The notes on pages 11 to 23 form an integral part of these financial statements.

Statement of Changes in Equity
for the financial year ended 31 December 2018

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2017	30,874,850	(4,516,477)	26,358,373
Profit for the financial year, being Total comprehensive income	-	10,858,484	10,858,484
At 31 December 2017	30,874,850	6,342,007	37,216,857

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2018	30,874,850	6,342,007	37,216,857
Profit for the financial year, being Total comprehensive income	-	10,611,723	10,611,723
At 31 December 2018	30,874,850	16,953,730	47,828,580

The notes on pages 11 to 23 form an integral part of these financial statements.

Notes to the financial statements
for the financial year ended 31 December 2018

1 General information

DNI German Holdings I Limited is a private company limited by shares which is incorporated in the United Kingdom under the Companies Act 2006 and registered in England. The address of its registered office is as given on page 1. The nature of the company's operations and its principal activities are set out in the Directors' report on pages 2-4.

The immediate parent undertaking is Discovery Communications Europe Limited, a company incorporated in England and Wales. The registered address of the parent is Discovery House, Chiswick Park Building 2, 566 Chiswick High Road London W4 5YB.

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

The level of rounding is to the nearest pound (£), unless otherwise stated.

2 Accounting policies

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.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the financial statements
for the financial year ended 31 December 2018

2 Accounting policies (continued)

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- 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;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- 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 transaction is wholly owned by such a member; and
- standards not yet effective.

Going concern

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

Discovery, Inc. (previously known as Discovery Communications, Inc.), the ultimate parent undertaking of DNI German Holdings I 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 the 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.

Exemption from preparing group financial statements

The financial statements contain information about DNI German Holdings I Limited 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, Inc. (previously known as Discovery Communications, Inc.), a company incorporated in the USA.

Notes to the financial statements
for the financial year ended 31 December 2018

2 Accounting policies (continued)

Foreign currency transactions and balances

The Company's financial statements are presented in £ Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Taxation

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. 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 and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

- 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. Deferred income tax assets and liabilities are offset only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Notes to the financial statements
for the financial year ended 31 December 2018

2 Accounting policies (continued)

Investments - recognition, measurement and impairment

Investments in joint ventures are accounted for at cost, adjusted for the share of profit or loss of the joint venture less, where appropriate, provisions for impairment.

The value of investments is reviewed annually by the directors at each financial year end or more frequently if there is a triggering event. 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 IAS39, 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 year. A reversal of impairment loss is recognised immediately as part of operating income.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings

Loans are recorded as the proceeds received, net of direct issue costs. Finance charges, including any premium payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest rate method and are added to the carrying amount of the underlying instrument to which they relate, to the extent that they are not settled in the period in which they arise.

Dividends paid and received

Dividend income is recognised when the shareholder's right to receive payment is established, that is on declaration of the dividend by the subsidiary. Dividend distribution to the Company's shareholder 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 payment is established.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Notes to the financial statements
for the financial year ended 31 December 2018

2 Accounting policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset - recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

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

The Company classifies its financial assets in the following measurement categories:

- those measured at amortized cost,
- those to be measured subsequently at fair value, either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL)

Financial asset at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Financial asset at FVTOCI

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Notes to the financial statements
for the financial year ended 31 December 2018

2 Accounting policies (continued)

However, there are no instruments which have been classified under this category.

Financial asset at FVTPL

Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. FVTPL is a residual category for financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with IFRS 9, the company applies expected credit loss (ECL) model for the measurement and recognition of impairment loss on financial assets measured at amortised cost e.g., investments, loans and bank balance.

ECL is the weighted average of difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the financial statements
for the financial year ended 31 December 2018

2 Accounting policies (continued)

Financial liabilities - recognition and measurement

Financial liabilities are recognised when the entity becomes a party to the contract and, as a consequence, has a legal obligation to pay cash.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives as appropriate.

All financial liabilities are initially measured at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities comprises of loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes to the financial statements
for the financial year ended 31 December 2018

2 Accounting policies (continued)

Financial Instruments - Accounting policies applied until 31 December 2017

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

At the date of each balance sheet management assesses whether there is any objective evidence that any financial asset is impaired. Financial assets are derecognised from the Company's balance sheet when the Company contractual rights to the cash flows expire or the Company transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the Company's balance sheet when the obligation specified in the contract is discharged, cancelled or expires.

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.

Judgements

There are no judgements that have a significant effect on amounts recognised in the financial statements.

Estimates and assumptions

There are no estimates or assumptions made that have a significant effect on amounts recognised in the financial statements.

Notes to the financial statements
for the financial year ended 31 December 2018

4 New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the impact of each new standard or amendment is described below:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment and hedge accounting.

There was £nil impact of IFRS 9 in the financial statements of the Company.

5 Operating (loss)/profit

This is stated after charging/(crediting):

	2018	2017
	£	£
Loss/(gain) on foreign exchange	<u>10,242</u>	<u>(988)</u>

6 Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates for the audit of the Company's financial statements were £10,000 (2017: £9,000). Audit fees are borne by Discovery Corporate Services Limited, a fellow group undertaking and not recharged to the Company.

There are no non-audit services fees payable to the auditors.

7 Employees and directors' remuneration

The directors were not remunerated in respect of their services to this company in the 2018 or in 2017.

The company had no employees in 2018 (2017: no employees).

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on bank overdrafts	<u>33,446</u>	<u>5,666</u>

Notes to the financial statements
for the financial year ended 31 December 2018

9 Tax on profit

(a) Tax charged in the profit and loss account

	2018 £	2017 £
Current tax:		
UK corporation tax	2,439,677	3,342,532
Double taxation relief	(2,439,677)	(3,342,532)
Foreign tax	2,195,844	2,742,986
Adjustment in respect of prior periods (foreign tax)	32,840	354,531
Tax charge in the profit and loss account	<u>2,228,684</u>	<u>3,097,517</u>

(b) Reconciliation of the total tax charge

The tax expense in the profit and loss account for the financial year is lower than the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	<u>12,840,407</u>	<u>13,956,001</u>
Corporation tax at standard rate	2,439,677	2,686,052
<i>Effects of:</i>		
Increase in current tax from adjustment for prior periods	32,840	354,531
Expenses not deductible for tax purposes	-	656,480
Income arising from overseas tax suffered	2,195,844	2,742,986
Decrease from effects of double taxation relief	<u>(2,439,677)</u>	<u>(3,342,532)</u>
Total tax charge	<u>2,228,684</u>	<u>3,097,517</u>

(c) Factors affecting tax charge for the financial year

The main rate of UK corporation tax is 19% and falls to 17% from 1 April 2020.

Notes to the financial statements
for the financial year ended 31 December 2018

10 Investments

	£
Cost	
At 1 January 2018	43,000,400
Additions	<u>12,755,461</u>
At 31 December 2018	<u>55,755,861</u>
Provision	
At 1 January 2018	<u>-</u>
At 31 December 2018	<u>-</u>
Net book value as at 31 December 2018	<u><u>55,755,861</u></u>

The directors believe that the book value of the investments is not less than the value of the underlying net assets.

Details of the Company's investments are listed in note 15.

11 Trade and other payables

	2018	2017
	£	£
Trade payables	<u>190</u>	<u>171</u>

12 Loans and borrowings

	2018	2017
	£	£
Bank overdrafts	<u>6,473,288</u>	<u>3,622,094</u>

The overdraft is part of the Bank Mendes Gans B.V. arrangement detailed in note 14.

Notes to the financial statements
for the financial year ended 31 December 2018

13 Called up share capital

	2018 £	2017 £
30,874,850 (2017: 30,874,850) Authorised Ordinary shares of £1 each at 1 January	<u>30,874,850</u>	<u>30,874,850</u>
30,874,850 (2017: 30,874,850) Authorised Ordinary shares of £1 each at 31 December	<u>30,874,850</u>	<u>30,874,850</u>

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

14 Contingent liabilities

The Company entered into an arrangement with Bank Mendes Gans N.V. (the "Bank") whereby the cash position of Discovery, Inc. (previously known as 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 £6,473,288 (2017: overdraft £3,622,094) with the Bank at 31 December 2018. The net balance for the Subsidiaries at 31 December 2018 under this arrangement was a positive balance of £118,575,687 (2017: £225,950,194). The combined bank balances of all Subsidiaries are not permitted to be less than nil.

15 Subsidiary undertakings, associates and joint ventures

Company's directly owned joint ventures

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

Name of the company	Country of registration	Nature of business	Class and proportion of nominal value of issued shares held
Discovery Communications Deutschland GmbH & Co KG	Germany	TV Broadcaster	Ordinary 98.02%

Notes to the financial statements
for the financial year ended 31 December 2018

15 Subsidiary undertakings, associates and joint ventures (continued)

The registered office for entities in the respective country of registration is as follows:

Country	Registered office
Germany	Sternstr. 5, 2. OG, Munich, 80538

16 Events after balance sheet date

There have been no material adjusting or disclosable events since the financial year end.

17 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, Inc. (previously known as Discovery Communications, Inc.), a company incorporated in USA, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Discovery, Inc. (previously known as Discovery Communications, Inc.) consolidated financial statements can be obtained from the corporate website: <http://ir.corporate.discovery.com>.