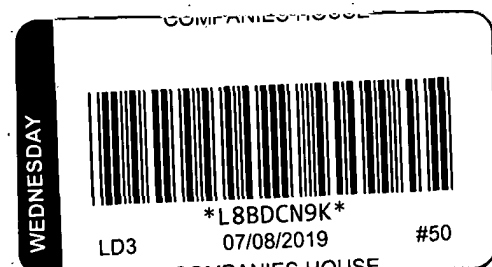


Registered number: 07542144

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**D2L EUROPE LTD  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019**



**D2L EUROPE LTD**  
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**D2L EUROPE LTD**  
**COMPANY INFORMATION**

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<b>Director</b>	J Baker
<b>Company secretary</b>	W Trick
<b>Registered number</b>	07542144
<b>Registered office</b>	5 New Street Square London EC4A 3TW
<b>Independent auditors</b>	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

**D2L EUROPE LTD**  
**BALANCE SHEET**  
**AS AT 31 JANUARY 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	4	860	2,006
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	5	508,294	289,657
Debtors: amounts falling due within one year	5	1,199,064	705,543
Cash at bank and in hand		2,640,821	1,553,490
		<u>4,348,179</u>	<u>2,548,690</u>
Creditors: amounts falling due within one year	6	(4,011,939)	(2,334,347)
<b>Net current assets</b>		<u>336,240</u>	<u>214,343</u>
<b>Total assets less current liabilities</b>		<u>337,100</u>	<u>216,349</u>
<b>Net assets</b>		<u>337,100</u>	<u>216,349</u>
<b>Capital and reserves</b>			
Called up share capital	7	100	100
Other reserves		38,680	28,984
Profit and loss account		298,320	187,265
<b>Total equity</b>		<u>337,100</u>	<u>216,349</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and in accordance with Section 1A of Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime. The profit and loss account and directors' report have not been filed.

The financial statements were approved, authorised signed by the sole director.



J. Baker  
Director

Date: 31/07/2019

The notes on pages 3 to 10 form part of these financial statements.

## **D2L EUROPE LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019**

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#### **1. General information**

D2L Europe Ltd is a private company limited by shares incorporated in England. The address of its principal place of business is 2 Eastbourne Terrace, London, W2 6LG.

The financial statements are presented in Sterling (£).

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### **2.2 Going concern**

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. The director has also received a letter of financial support from the parent company which covers at least twelve months from the date of approval of these financial statements. Accordingly, he continues to adopt the going concern basis in preparing the financial statements.

##### **2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue associated with multiple element contracts is allocated based on the fair value of the services included within the contract.

Revenue for license fees are recognised on a straight line basis over the term of the contract. Unearned revenue is reported as deferred income on the balance sheet.

Revenue for the implementation stage and other services being provided, that is spread over two accounting periods, is recognised on a stage of completion basis.

## **D2L EUROPE LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019**

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

##### **2.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short term leasehold property	- Over lease life
Computer equipment	- 3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

##### **2.5 Financial instruments**

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

##### **Financial assets**

Basic financial assets, including trade and other debtors, cash and bank balances and intercompany working capital balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

## **D2L EUROPE LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019**

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

##### **2.5 Financial instruments (continued)**

###### **Financial liabilities**

Basic financial liabilities, including trade and other creditors and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

###### **Impairment of financial assets**

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

###### **Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

###### **Offsetting of financial assets and financial liabilities**

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

## **D2L EUROPE LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019**

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

##### **2.6 Deferred commissions**

The Company capitalises commission costs that are incremental and directly related to the acquisition of customer contracts. Commission costs are accrued and capitalised upon execution of the sales contract by the customer. Deferred commissions are amortised over the term of the related future subscription revenue streams.

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

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

##### **2.8 Deferred income**

Deferred income consists of billings or payments received in advance of revenue recognition and is recognised as the revenue recognition criteria are met. The Company generally invoices its customers annually. Accordingly, the deferred income balance does not represent the total contract value of multi-year, non-cancellable subscription agreements.

##### **2.9 Share capital**

Ordinary shares are classified as equity.

##### **2.10 Foreign currency translation**

###### **Functional and presentation currency**

The company's functional and presentational currency is Sterling (£).

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, within 'Administrative expenses'.



## **D2L EUROPE LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019**

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

##### **2.11 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit and loss account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with fair value of goods and services received.

The company has taken advantage of the exemption available in FRS102 from accounting for share based payments arrangements which were granted prior to 1 January 2016.

##### **2.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## **D2L EUROPE LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019**

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

##### **2.13 Operating leases**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### **3. Employees**

The average monthly number of employees, including directors, during the year was 23 (2018 - 19).

#### **4. Tangible fixed assets**

	<b>Computer equipment £</b>
<b>Cost</b>	
At 1 February 2018 and at 31 January 2019	<b>3,438</b>
	<hr/>
<b>Depreciation</b>	
At 1 February 2018	<b>1,432</b>
Charge for the year on owned assets	<b>1,146</b>
	<hr/>
At 31 January 2019	<b>2,578</b>
	<hr/>
<b>Net book value</b>	
At 31 January 2019	<b>860</b>
	<hr/> <hr/>
At 31 January 2018	<b>2,006</b>
	<hr/> <hr/>

**D2L EUROPE LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2019****5. Debtors**

	2019 £	2018 £
<b>Due after more than one year</b>		
Other debtors	508,294	289,657
	<u>508,294</u>	<u>289,657</u>
	2019 £	2018 £
<b>Due within one year</b>		
Trade debtors	785,171	401,102
Amounts owed by group undertakings	-	4,768
Other debtors	324,780	244,332
Prepayments and accrued income	68,269	30,246
Deferred taxation	20,844	25,095
	<u>1,199,064</u>	<u>705,543</u>

**6. Creditors: amounts falling due within one year**

	2019 £	2018 £
Trade creditors	33,203	46,068
Amounts owed to group undertakings	820,252	6,274
Corporation tax	24,734	11,051
Other taxation and social security	207,188	172,706
Other creditors	3,447	35,705
Accruals	274,420	146,606
Deferred income	2,648,695	1,915,937
	<u>4,011,939</u>	<u>2,334,347</u>

**7. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
100 (2018 - 100) Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

## **D2L EUROPE LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019**

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#### **8. Commitments under operating leases**

At 31 January 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	<u>145,600</u>	<u>35,360</u>

#### **9. Related party transactions**

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

#### **10. Parent undertaking**

The smallest group for which consolidated financial statements are drawn up is headed by D2L Inc., a company incorporated in Canada whose registered office is 151 Charles Street West Suite 400, Kitchener, Canada, N2G 1H6.

#### **11. Auditors' information**

The auditor's report on the company's full financial statements was unqualified. Those financial statements were audited by Blick Rothenberg Audit LLP and the auditor's report thereon was signed by Andrew Sanford (Senior statutory auditor).