

Shed Productions (Jailbirds) Limited

Report and Financial Statements

31 December 2011

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COMPANIES HOUSE

Directors

B Park

E Gallagher

J Kemp (resigned 2 March 2012)

C Hungate (appointed 2 March 2012)

A McManus

N Southgate

Secretary

J Kemp (resigned 2 March 2012)

C Hungate (appointed 2 March 2012)

Auditor

Ernst & Young LLP

1 More London Place

London SE1 2AF

Bankers

Barclays Bank Plc

27 Soho Square

London W1D 3QR

Registered Office

85 Grays Inn Road

London WC1X 8TX

Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

Results and dividends

The loss for the year after taxation amounted to £57,813 (2010 – profit of £9,187) The directors recommend a final dividend of £nil (2010 – £9,279)

Principal activity and review of the business

The principal activity of the company during the year was the production and exploitation of television programmes

In the current year the company received receipts from international and DVD sales of Bad Girls (Series 1) and had costs associated with the depreciation of programme assets

Key performance indicators

The principal performance measures used to monitor the business are

- Sales Sales decreased by 24.6%

Future developments

In future periods the company will continue to receive receipts from international and DVD sales and is likely to produce additional television programming

Principal risks and uncertainties

The company uses various financial instruments which include cash, deposits and a sale and leaseback arrangement that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

The main risk arising from the company's financial instruments is liquidity risk

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

The company's policy throughout the year has been to achieve this objective through regular cash flow forecasting and review

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements

Directors' report

Directors

The directors who served the company during the year were as follows

	Date of Appointment	Date of Resignation
E Gallagher	11 July 1998	N/A
C Hungate	2 March 2012	N/A
J Kemp	27 January 2005	2 March 2012
A McManus	11 August 1998	N/A
B Park	11 July 1998	N/A
N Southgate	20 January 2009	N/A

Disclosure of information to the auditor

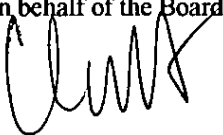
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the Board



Claire Hungate
Director

26 September 2012

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 Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have 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.

Independent auditor's report

to the members of Shed Productions (Jailbirds) Limited

We have audited the financial statements of Shed Productions (Jailbirds) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

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.

Independent auditor's report

to the members of Shed Productions (Jailbirds) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Neil Cullum (Senior statutory auditor)
For and on behalf of Ernst & Young LLP Statutory Auditor
London

26 September 2012

Profit and loss account

for the year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	2	3,861	5,118
Cost of sales		(93,609)	(7,567)
Gross loss		(89,748)	(2,449)
Administrative expenses		(2,466)	(1,905)
Operating loss	3	(92,214)	(4,354)
Interest receivable and similar income	5	80,890	105,272
Interest payable and similar charges	6	(67,333)	(88,050)
(Loss) / profit on ordinary activities before taxation		(78,657)	12,868
Tax	7	20,844	(3,681)
(Loss) / profit for the financial year	13	(57,813)	9,187

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2011

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £57,813 in the year ended 31 December 2011 (2010 – profit of £9,187)

Balance sheet

at 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	8	19,227	112,836
Current assets			
Debtors	9	62,884	46,780
Creditors: amounts falling due within one year	10	(47,771)	(57,610)
Net current assets/ (liabilities)		15,113	(10,830)
Total assets less current liabilities		34,340	102,006
Creditors amounts falling due after more than one year	11	(4,168)	(14,021)
Net assets		30,172	87,985
Capital and reserves			
Called up share capital	12	300	300
Profit and loss account	13	29,871	87,685
Shareholders' funds	14	30,172	87,985

The financial statements on pages 7 to 14 were approved by the Board of Directors and signed on behalf of the Board by



Claire Hungate
Director

26 September 2012

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Statement of cash flows

The company has taken advantage of the exemption within FRS 1 – Cash Flow Statements, for subsidiaries with 90% or more of the voting rights controlled within the group, and has not presented a statement of cash flows

Turnover

Turnover represents distribution income and amounts receivable for work carried out in producing television programmes

Production income is recognised over the period of the production or as per the contract where payment is dependent on materials delivery. Gross profit on production activity is recognised over the period of the production or in accordance with the underlying contract and where there is certainty of this being realised, overages on productions are recognised as they arise and underages are recognised on completion of the productions

For distribution income the amount recognised in the profit and loss account represents the value of the licence fees including withholding tax but excluding Value Added Tax

Distribution income is recognised when

- An agreement is contracted
- The fee is fixed or determinable
- For finished programme sales, when the programme is delivered

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses

Depreciation is provided on the programme assets in accordance with the income forecast method whereby depreciation is taken to the profit and loss account on the same pro rata basis as the income received in the accounting period bears to the expected revenue over the life of the programme

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements

Notes to the financial statements

at 31 December 2011

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Leasing and hire purchase commitments

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lesser

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding

Programme assets held under finance leases

Programme assets held under finance leases are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. Any surplus generated from the excess of interest due from the sale proceeds held on deposit as compared with the interest payable under the lease agreement is recognised as profit in the period of initial contract, after accounting for related costs

2. Turnover

The company's turnover and loss on ordinary activities before taxation were derived from its principal activity wholly undertaken in the United Kingdom

3. Operating loss

This is stated after charging/ (crediting)

	2011	2010
	£	£
Auditor's remuneration	—	—
Depreciation – programme assets	93,609	7,567

Auditors' remuneration is borne by the Company's intermediate parent, Shed Media Group Limited

Notes to the financial statements

at 31 December 2011

4. Directors' remuneration

The only employees during the year were the directors, none of whom received any remuneration as directors of this company (2010 – £nil) Certain directors received remuneration from other group undertakings, in the opinion of the directors, it is not practicable to apportion the remuneration of those directors between qualifying services to the company and services to the rest of the group

5. Interest receivable and similar income

	2011 £	2010 £
Other interest receivable	80,890	105,272

6 Interest payable and similar charges

	2011 £	2010 £
Interest payable on finance lease and hire purchase contracts	67,333	88,050

7. Tax

(a) Tax on (loss) / profit on ordinary activities

The tax (credit) / charge is made up as follows

	2011 £	2010 £
Current tax		
UK corporation tax on the (loss) / profit for the year at 26.5% (2010 28%)	–	3,681
Group relief receipts	(20,844)	–
Total current tax (note 7(b))	(20,844)	3,681

(b) Factors affecting tax (credit) / charge for the year

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 26.5% (2010 - 28%) The current tax (credit) / charge for the year differs from the standard rate for the reasons in the reconciliation below

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(78,657)	12,868
Tax on (loss)/profit on ordinary activities at standard rate	(20,844)	3,603
<i>Effects of</i>		
Transfer pricing adjustment	–	78
Current tax for the year (note 7(a))	(20,844)	3,681

Notes to the financial statements

at 31 December 2011

7. Tax (continued)

(c) Factors affecting future tax charges

A number of changes to the UK corporation tax system were announced in the June 2010, March 2011 and March 2012 budget statements. The Finance Act 2011, enacted in July 2011, included legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012.

A further 1% reduction in the rate, to 24% from 1 April 2012, was substantively enacted via Resolution in March 2012 and a reduction of a further 1% to a rate of 23%, effective from 1 April 2013, was substantively enacted in July 2012. As these changes were substantively enacted after the balance sheet date, they are not reflected in the figures within these accounts. A further change to the rate is proposed to reduce the rate by a further 1% to 22% from 1 April 2014, but this change has not yet been substantively enacted and is not therefore included in the figures within these accounts. It is not yet possible to quantify the impact of these rate changes upon current tax.

8. Tangible fixed assets

	<i>Programme assets £</i>
Cost	
At 1 January 2011 and 31 December 2011	<u>747,880</u>
Depreciation	
At 1 January 2011	635,044
Charge for the year	93,609
At 31 December 2011	<u>728,653</u>
Net book value	
At 31 December 2011	<u>19,227</u>
At 1 January 2011	<u>112,836</u>

The programme assets are all held under finance lease arrangements and represent rights, titles and interests in the programme Bad Girls (Series 1)

9. Debtors

	<i>2011 £</i>	<i>2010 £</i>
Amounts due from group undertakings	8,275	5,117
Other debtors	33,062	–
• Prepayments and accrued income	703	41,663
Group relief receivable	20,844	–
	<u>62,884</u>	<u>46,780</u>

Notes to the financial statements

at 31 December 2011

10. Creditors: amounts falling due within one year

	2011 £	2010 £
Net obligations under finance lease and hire purchase contracts	44,090	53,929
Amounts owed to group undertakings	3,681	3,681
	<u>47,771</u>	<u>57,610</u>

11. Creditors: amounts falling due after more than one year

	2011 £	2010 £
Net obligations under finance lease and hire purchase contracts	14,022	28,626
Net obligations under finance lease and hire purchase contracts Repayable within one year	9,854	14,605
Repayable between two and five years	4,168	14,021
	<u>14,022</u>	<u>28,626</u>
Included in creditors falling due within one year	(9,854)	(14,605)
	<u>4,168</u>	<u>14,021</u>

12. Issued share capital

	2011		2010	
<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>£000</i>	<i>No</i>	<i>£000</i>
Ordinary share of £1 each	300	300	300	300

13. Movements on reserves

	£
At 1 January 2011	87,684
Loss for the financial year	(57,813)
Dividends paid during the year	-
At 31 December 2011	<u>29,871</u>

Notes to the financial statements

at 31 December 2011

14. Reconciliation of shareholders' funds

	2011 £	2010 £
(Loss) / Profit for the financial year	(57,813)	9,187
Dividends paid during the year	-	(9,279)
	(57,813)	(92)
Opening shareholders' funds	87,985	88,077
Closing shareholders' funds	30,172	87,985

15. Related party transactions

The company has taken advantage of the exemption conferred by FRS 8 from the requirements to disclose details of transactions with group companies

Other than transactions with group companies, there were no related party transactions during the year

16. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Shed Media Limited, a company incorporated in England and Wales

Time Warner Holdings Limited is the parent undertaking of the smallest group of undertakings of which the company is a member and for which group financial statements are drawn up. Time Warner Holdings Limited is registered in England and Wales and copies of its financial statements can be obtained from the Registrar of Companies in Cardiff

At 31 December 2011, Time Warner Inc, a company incorporated in the United States of America, was the ultimate parent undertaking, the controlling party and the parent undertaking of the largest group of undertakings of which the company is a member and for which group financial statements are drawn up. Copies of Time Warner Inc's financial statements can be obtained from One Time Warner Centre, New York, NY 10019, USA