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Shed Media Limited

Report and Financial Statements

31 December 2012

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30/09/2013

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COMPANIES HOUSE

Directors

N Southgate
C Hungate
T Downing

Secretary

Kirsten Spurr

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

Registered No 3617464

Directors' report

The directors present their report and financial statements for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation amounted to £3,139,000 (2011 – loss of £487,000) The directors do not recommend a final dividend (2011 – £nil)

Principal activity and review of the business

The trade of the company was transferred, on the 13 October 2010, to its immediate parent undertaking Shed Media Group Limited, and the company is now an investment parent undertaking

Principal risks and uncertainties

As the principal activity of the company is as a parent undertaking, the risks and uncertainties inherently lie in the companies under its control and are communicated within their directors' reports

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

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

N Southgate

C Hungate

T Downing (appointed on 10 April 2012)

J Kemp (resigned on 2 March 2012)


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, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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


Terry Downing
Director T.W. Downing
Date 26.9.13

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 Media Limited

We have audited the financial statements of Shed Media Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. 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 3, 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 2012 and of its profit 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.

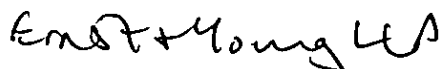
Independent auditor's report (continued)

to the members of Shed Media 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

27/7/2013

Profit and loss account

for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Turnover		-	-
Cost of sales		-	-
Gross loss		-	-
Administrative expenses		(5)	(5)
Operating loss	2	(5)	(5)
Interest receivable and similar income	5	-	-
Interest payable and similar charges	5	(1,742)	(2,115)
Investment income	3	4,866	1,496
Profit/(Loss) on ordinary activities before taxation		3,119	(624)
Tax	6	20	137
Profit/(Loss) for the financial year	13	3,139	(487)

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2012

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £3,139,000 in the year ended 31 December 2012 (2011 – loss of £487,000)

Balance sheet

at 31 December 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Investments	7	76,413	76,413
		<u>76,413</u>	<u>76,413</u>
Current assets			
Debtors	8	1,966	1,757
Cash at bank and in hand		60	273
		<u>2,026</u>	<u>2,030</u>
Creditors amounts falling due within one year	9	-	(20)
Net current assets		<u>2,026</u>	<u>2,010</u>
Total assets less current liabilities		<u>78,439</u>	<u>78,423</u>
Creditors amounts falling due after one year	10	(28,749)	(27,006)
Provisions for liabilities	11	-	-
Net assets		<u>49,690</u>	<u>51,417</u>
Capital and reserves			
Called up share capital	12	-	-
Share premium account	13	34,647	34,647
Profit and loss account	13	15,043	16,770
Shareholders' funds	13	<u>49,690</u>	<u>51,417</u>

The financial statements were approved by the Board of Directors and signed on behalf of the Board by



Terry Downing

Director

T.W. Downing

Date 26.9.13

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

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

Going concern

The Directors regularly review that the Company has adequate resources to continue in operational existence for the foreseeable future, and that it is therefore appropriate to adopt the going concern basis in preparing the Financial Statements

Group financial statements

The company is a majority-owned subsidiary of Warner Bros International Television Production Limited and is included in the group financial statements of Time Warner Holdings Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing group financial statements under section 400 of the Companies Act 2006, under the terms of FRS 2

Statement of cash flows

The company has taken advantage of the exemption within FRS1 – statement of cash flows, for subsidiaries with 90% or more of the voting rights controlled within the group and has not presented a group statement of cash flows

Tangible fixed assets

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

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows

Fixtures, fittings and equipment	25% straight-line per annum
Computer equipment	33% straight-line per annum

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

These assets are collectively shown as fixtures and fittings in note 8 to the Company's financial statements

Investments

Fixed asset investments are stated at cost less any provision for diminution in value

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

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 exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- 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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

2. Operating Loss

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

3. Investment income

	2012	2011
	£000	£000
Dividends received during the year	4,866	1,496

Notes to the financial statements

at 31 December 2012

4. Directors' remuneration

	2012 £000	2011 £000
Aggregate remuneration	-	-

The directors are also directors of other companies in the group. They are remunerated by other group companies and are not considered to have qualifying services in respect of the company.

5. Interest receivable/payable and similar income/charges

	2012 £000	2011 £000
Intercompany interest payable	(1,742)	(2,115)

6 Tax

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

The tax credit is made up as follows

	2012 £000	2011 £000
Current tax		
Tax overprovided in prior years	(20)	(95)
Total current tax (note 6(b))	(20)	(95)
Deferred tax		
Overprovision for prior years	-	(42)
Total deferred tax	-	(42)
Total tax on profit/(loss) on ordinary activities	(20)	(137)

Notes to the financial statements

at 31 December 2012

6. Tax (continued)

(b) Factors affecting current tax credit for the year

The standard rate of current tax for the year based on the UK standard rate of corporation tax is 24.5% (2011 – 26.5%). The current tax credit for the year differs from the standard rate for the reasons set out below

	2012 £000	2011 £000
Profit/(loss) on ordinary activities before tax	3,119	(624)
Tax on profit/ (loss) on ordinary activities at standard rate	764	(165)
<i>Effects of</i>		
Non-taxable income – dividends receivable	(1,192)	(396)
Tax overprovided in prior years	(20)	(95)
Group relief surrendered for nil consideration	428	561
Current tax for the year (note 6(a))	(20)	(95)

(c) Factors affecting future tax charges

The Finance Act 2012, enacted in July 2012, included legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013

A further change to the rate was proposed in the Finance Act 2013, enacted in July 2013, to reduce the rate by a further 2% to 21%, from 1 April 2014 and to 20% from 1 April 2015. As these changes were substantively enacted after the balance sheet date, they are not included in the figures within these accounts. It is not yet possible to quantify the impact of this rate change upon current tax

7. Fixed asset investments

	<i>Subsidiary undertakings £000</i>
Cost	
At 1 January 2012	76,413
At 31 December 2012	76,413
Net book value	
At 1 January 2012	76,413
At 31 December 2012	76,413

Notes to the financial statements

at 31 December 2012

7 Fixed asset investments (continued)

At 31 December 2012 the Company held a share of the equity of the following companies

<i>Name of company</i>	<i>% held</i>	<i>Class of shares</i>	<i>Principal activity</i>	<i>Country of incorporation</i>
Shed Productions Ltd	100%	Ordinary £1 shares	TV production	England and Wales
Shed Productions (BG) Ltd	100%	Ordinary £1 shares	TV production	England and Wales
Shed Productions (Jailbirds) Ltd	100%	Ordinary £1 shares	TV production	England and Wales
Shed Productions (WR) Ltd	100%	Ordinary £1 shares	TV production	England and Wales
Ricochet Ltd	100%	Ordinary £1 shares	TV production	England and Wales
Twenty Twenty Productions Ltd	100%	Ordinary £1 shares	TV production	England and Wales
Wall to Wall Holdings Ltd	100%	Ordinary £1 shares	TV production Holding company	England and Wales
Shed Media Scotland Limited	100%	Ordinary £1 shares	TV production	England and Wales
Watershed Television Limited	100%	Ordinary £1 shares	TV production	England and Wales
Koco Drama Limited	100%	Ordinary £1 shares	TV production	England and Wales
Outright Distribution	100%	Ordinary £1 shares	TV Licence Distribution company	England and Wales
Shed Media US Inc	100%	Ordinary £1 shares	TV production	United States of America

8 Debtors

	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	-	26
Amounts owed by Group undertakings	1,933	1,533
Other debtors	33	36
Prepayments and accrued income	-	162
	<u>1,966</u>	<u>1,757</u>

9. Creditors: amounts falling due within one year

	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Group relief payable	-	20
	<u>-</u>	<u>20</u>

Notes to the financial statements

at 31 December 2012

10 Creditors: amounts falling due after one year

The maturity of these amounts is as follows

	2012 £000	2011 £000
Payable within 7 years		
7% loan from Shed Media Group Limited	28,749	27,006

11. Provisions for liabilities

Deferred tax (asset)/liability

	2012 £000	2011 £000
Provision at 1 January	-	14
Net deferred tax credit in profit and loss account for the period	-	(42)
Movement on disposal of business	-	28
Provision at 31 December	-	-

12. Issued share capital

The share capital of Shed Media Limited consists of ordinary shares with a par value of 0.1p each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings.

	2012 £000	2011 £000
<i>Allotted, called up and fully paid</i>		
1 ordinary share of 0.1p (2011 – 1 ordinary share of 0.1p)	-	-

13. Reconciliation of shareholders' funds and movements on reserves

	Share premium account £000	Capital contribution reserve £000	Profit and loss account £000	Total £000
As at 1 January 2012	34,647	-	16,770	51,417
Adjustment to capital contribution	-	-	-	-
Dividends paid	-	-	(4,866)	(4,866)
Profit for the financial year	-	-	3,139	3,139
As at 31 December 2012	34,647	-	15,043	49,690

Notes to the financial statements

at 31 December 2012

14. Related party transactions

The Company has taken advantage of the exemption in FRS 8 – Related Party Transactions not to disclose transactions between Group companies

15 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Shed Media Group 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 2012, Time Warner Inc, a company incorporated in the United States of America, was the ultimate parent undertaking, 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 Center, New York, NY 10019, USA