

Company registration number: 03617464

Shed Media Limited
Report and Financial Statements
31 December 2015



Shed Media Limited

Company registration number: 03617464

Directors

N Emmerson

C Hungate

P Campbell-White

Registered Office

Warner House

98 Theobald's Road

London

WC1X 8WB

Auditor

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Banker

Barclays Bank PLC

8/9 Hanover Square

London

W1A 4ZW

Shed Media Limited

Strategic report

The directors present their Strategic Report for the year ended 31 December 2015. In preparing this Strategic Report, the directors have complied with section 414c of the Companies Act 2006.

Principal activity

The company's principal activity is and will continue to be that of an intermediate holding company to a group which develops, produces and exploits television programmes.

Results

The loss for the year after taxation amounted to £13,861,000 (2014 - £1,801,000).

Review of the business and KPIs

A summary of key performance indicators is as follows:

	2015 £'000	2014 £'000	Change %
Operating loss	(13,759)	(22,347)	-38%
Loss after tax	(13,861)	(1,801)	670%
Equity shareholders' funds	41,386	55,247	-25%

The company's operating loss decreased year on year by 38% owing to lower impairment losses on the company's investments in subsidiaries in the current year.

The company's loss after tax increased year on year by 670% due to a gain on disposal in the prior year. In 2014, the company disposed of its US subsidiary, Shed Media US Inc, to a fellow subsidiary in the Time Warner Inc. group.

Principal risks and uncertainties

An analysis of the risks and uncertainties of the Time Warner Inc. group are discussed in the group's Annual Report which is publically available.

As a holding company, the principal risks and uncertainties facing the company relate to its subsidiaries as a group, and are detailed below.

The popularity of content is difficult to predict and can change rapidly, and low public acceptance of the group's content will adversely affect its results. The revenues derived from the sale and licensing of television programming depend primarily on widespread public acceptance of that content, which is difficult to predict and can change rapidly. The group must invest substantial amounts in the marketing of its content before it learns whether such content will reach anticipated levels of popularity with consumers. The popularity of the group's content depends on many factors, only some of which are within the group's control.

Low ratings for television programming produced by the group may lead to the cancellation of a programme and can negatively affect future license fees for the cancelled programme. If the group decides to no longer air programming due to low ratings or other factors, the group could incur significant programming impairments, which could have a material adverse effect on the group's results of operations in a given period.

Shed Media Limited

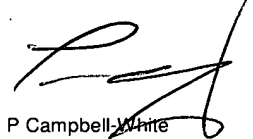
Strategic report (continued)

Principal risks and uncertainties (continued)

If the group fails to compete successfully against alternative sources of entertainment, there may be an adverse effect on the group's results. The group competes with other sources of entertainment, including premium pay television services, SVOD, and other OTT services, feature films, the Internet, home entertainment products, videogames, social networking and pirated content, for consumers' leisure and entertainment time and discretionary spending. The increased number of media and entertainment choices available to consumers has made it much more difficult to attract and obtain their attention and time.

The company is subject to a variety of laws and regulations. The company could incur significant costs to comply with new laws or regulations or substantial penalties or other liabilities if it fails to comply with them. Compliance with new laws or regulations could also cause the company to change or limit its business practices in a manner that is adverse to its business.

On behalf of the Board



P Campbell-White
Director

Date: 29 / 9 / 16

Shed Media Limited

Directors' report

Company registration number: 03617464

The directors present their annual report on the affairs of Shed Media Limited ("the company") together with the financial statements for the year ended 31 December 2015.

Dividends

No dividends were paid during the year (2014 - £nil) and the directors do not recommend the payment of a final dividend.

Events since the balance sheet date

On 3 August 2016, the company issued 2,868,000 ordinary shares of £0.001 each to its parent undertaking, Warner Bros. Television Production UK Limited, for consideration of £2,868,000.

On 3 August 2016, the company purchased 1,026,000 ordinary shares of £1 each in its subsidiary undertaking, Shed Media Scotland Limited, for consideration of £1,026,000, and 1,416,000 ordinary shares of £1 each in its subsidiary undertaking, Watershed Television Limited, for consideration of £1,416,000, and 426,000 ordinary shares of £0.01 each in its subsidiary undertaking, Twenty Twenty Productions Limited, for consideration of £426,000.

Going concern

On the basis of their assessment of the company's financial position, and the recapitalisation referred to above, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

Except as noted below, the following were the directors of the company who served throughout the year and who are still directors at the date of this report.

N Emmerson (appointed 8 April 2015)

C Hungate

P Campbell-White (appointed 8 April 2015)

The Articles of Association do not require directors to retire either by rotation or in the year of appointment.

Directors qualifying third party indemnity provisions

The company may indemnify one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 and the company may purchase insurance for this purpose. Time Warner Inc. has purchased a directors and officers liability insurance policy for the benefit of the company and its directors and such policy was in force during the year and is in force as at the date of approving the Directors' Report.

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

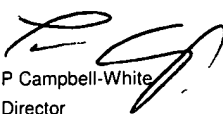
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will continue in office.

On behalf of the Board


P Campbell-White
Director

Date: 29 / 9 / 16

Shed Media Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, Directors' 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

Shed Media Limited

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 2015 which comprise the Income statement, the Statement of changes in equity, the Statement of financial position and the related notes 1 to 14. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 5, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

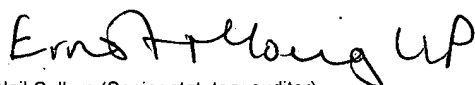
Opinion on other matter prescribed by the Companies Act 2006

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

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 record 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

30/9/2016

Shed Media Limited

Income statement for the year ended 31 December 2015

	Notes	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Administrative expenses		(13,759)	(22,347)
Operating loss	2	(13,759)	(22,347)
Profit on sale of subsidiary	6	-	22,282
Interest payable and similar charges	4	(102)	(1,736)
Loss on ordinary activities before taxation		(13,861)	(1,801)
Taxation on loss on ordinary activities	5	-	-
Loss for the financial year		(13,861)	(1,801)

All amounts relate to continuing operations.

There is no difference between loss for the financial year and total comprehensive income for the year, and accordingly no separate statement of comprehensive income has been presented.

Shed Media Limited

Statement of changes in equity for the year ended 31 December 2015

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholder's funds £'000
At 1 January 2014	-	34,647	22,401	57,048
Loss for the financial year	-	-	(1,801)	(1,801)
At 31 December 2014	-	34,647	20,600	55,247
At 1 January 2015	-	34,647	20,600	55,247
Loss for the financial year	-	-	(13,861)	(13,861)
At 31 December 2015	-	34,647	6,739	41,386

Share premium account

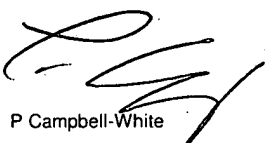
This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Shed Media Limited

Statement of financial position at 31 December 2015

	Notes	31 December 2015 £'000	31 December 2014 £'000
Fixed assets			
Investments	6	40,309	54,068
		<hr/> 40,309	<hr/> 54,068
Current assets			
Debtors	7	20,009	17,708
Cash at bank and in hand		6	6
		<hr/> 20,015	<hr/> 17,714
Creditors: amounts falling due within one year	8	(8,891)	(6,589)
		<hr/> (8,891)	<hr/> (6,589)
Net current assets		11,124	11,125
		<hr/> 11,124	<hr/> 11,125
Total assets less current liabilities		51,433	65,193
Creditors: amounts falling due after more than one year	9	(10,047)	(9,946)
		<hr/> (10,047)	<hr/> (9,946)
Net assets		41,386	55,247
		<hr/> 41,386	<hr/> 55,247
Capital and reserves			
Called up share capital	10	-	-
Share premium account		34,647	34,647
Profit and loss account		6,739	20,600
		<hr/> 41,386	<hr/> 55,247
Total shareholder's funds		41,386	55,247
		<hr/> 41,386	<hr/> 55,247

Approved by the Board and signed on its behalf by:



P Campbell-White
Director

Date: 29/9/16

Shed Media Limited

Notes to the financial statements at 31 December 2015

1 Accounting Policies

a) Statement of compliance

Shed Media Limited is a limited liability company incorporated in England. The Registered Office is 98 Theobald's Road, London, WC1X 8WB.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2015.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 14.

b) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and with applicable United Kingdom accounting standards.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

The company has taken advantage of the exemption from the requirement to prepare consolidated financial statements available under s401 of the Companies Act 2006, as it is a wholly-owned subsidiary undertaking of Time Warner Inc., a company incorporated in the United States of America, which prepares publicly available consolidated financial statements (see note 13).

Going concern

On the basis of their assessment of the company's financial position, and the recapitalisation referred to above, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of cash flows

The company has taken advantage of the exemption in FRS 102.1.12(b) Reduced disclosures for subsidiaries. A statement of cashflows has not been prepared as the company is a member of a group where the parent, Time Warner Inc., prepares publicly available consolidated financial statements and the company is included in the consolidation (see note 13).

Related parties

The company has taken advantage of the exemption in FRS 102.1.12(e) Reduced disclosures for subsidiaries. Key management remuneration has not been disclosed as the company is a member of a group where the parent, Time Warner Inc., prepares publicly available consolidated financial statements and the company is included in the consolidation (see note 13).

The company has taken advantage of the exemption in FRS 102.33.1A not to disclose related party transactions with fellow wholly-owned subsidiary undertakings of Time Warner Inc., which prepares publicly available consolidated financial statements (see note 13).

c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of investments

The company makes an estimate of the recoverable value of its investments. When assessing impairment of its investments, management considers factors including the current performance and liquidity of the investments, future prospects for the investments, and market conditions.

Taxation

The company recognises liabilities for anticipated uncertain corporation tax positions based on reasonable estimates of whether additional taxes will be due and the timing of those additional taxes. Further details are contained in Note 5.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

Shed Media Limited

Notes to the financial statements at 31 December 2015

1 Accounting Policies (continued)

d) Significant accounting policies

Deferred taxation

Deferred tax is recognised without discounting in respect of all timing differences which are differences between taxable profits and total comprehensive income that 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 assets are only recognised to the extent that they are considered recoverable against future taxable profits.

Interest receivable and payable

Interest income and expense are recognised on an accruals basis.

Investments

Investments are stated at cost less provision for impairments.

2 Operating loss

This is stated after charging:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Impairment of investment in subsidiary undertakings (see note 6)	13,759	22,345

The company had no employees in the current or prior year.

Audit fees for the current and prior year were borne by a fellow group undertaking.

3 Directors' remuneration

The directors received no remuneration from the company for their services to the company during the current or prior year. The directors of the company were paid by fellow group undertakings in the current and prior year.

4 Interest payable and similar charges

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Interest payable to group undertakings	102	1,736
	102	1,736

Shed Media Limited

Notes to the financial statements at 31 December 2015

5 Taxation on loss on ordinary activities

a) There is no tax charge based on the financial results for the current or preceding period.

b) Circumstances affecting total tax charge :

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 20.25% (2014 -21.5%).

The tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Loss on ordinary activities before tax	(13,861)	(1,801)
Tax on loss on ordinary activities at standard rate	(2,807)	(387)
Factors affecting the tax charge:		
Loss on impairment of investment not allowable	2,786	4,804
Gain on disposal of investment not taxable	-	(4,791)
Group relief surrendered for nil consideration	21	374
Total current tax (see note 5(a) above)	-	-

c) Factors affecting future tax charges

The Finance Act 2013 included legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015.

The Finance (No. 2) Act 2015, enacted on 18 November 2015, included two changes to the future mainstream corporation tax rate. From 1 April 2017 the rate will reduce from 20% to 19% and from 1 April 2020 the rate will reduce further to 18%.

The Finance Act 2016, which was enacted on 15 September 2016, included a further rate change. The 18% rate enacted in the Finance (No. 2) Act 2015 will reduce by 1%, so that from 1 April 2020, the mainstream corporation tax rate will become 17%.

It is not yet possible to quantify the impact of this rate change upon current tax.

Shed Media Limited

Notes to the financial statements at 31 December 2015

6 Investments

	Investments in subsidiary undertakings £'000
Cost:	
At 31 December 2014	76,413
At 31 December 2015	76,413
Amounts provided:	
At 31 December 2014	(22,345)
Impaired during the year	(13,759)
At 31 December 2015	(36,104)
Net book value:	
At 31 December 2015	40,309
At 31 December 2014	54,068

Details of the investments in which the company holds more than 20% of the nominal value of any class of shares are as follows:

Name of company	Country of registration	Holding	Proportion of voting rights and shares held	Nature of business
Headstrong Pictures Limited	England & Wales	Ordinary £1 shares	100.0%	TV production
Twenty Twenty Kids Limited (previously Shed Productions (BG) Limited)	England & Wales	Ordinary £1 shares	100.0%	TV production
Shed Productions (Jailbirds) Limited	England & Wales	Ordinary £1 shares	100.0%	TV production
Headstrong Pictures (WR) Limited	England & Wales	Ordinary £1 shares	100.0%	TV production
Ricochet Limited	England & Wales	Ordinary £1 shares	100.0%	TV production
Ricochet Productions Limited*	England & Wales	Ordinary £1 shares	100.0%	TV production
Twenty Twenty Productions Limited	England & Wales	Ordinary £0.01 shares	100.0%	TV production
Twenty Twenty Brighton Limited*	England & Wales	Ordinary £1 shares	100.0%	TV production
Wall to Wall (Holdings) Limited	England & Wales	Ordinary £0.10 shares	100.0%	Holding company
Wall to Wall South Limited*	England & Wales	Ordinary £1 shares	100.0%	TV production
Wall to Wall Media Limited*	England & Wales	Ordinary £1 shares	100.0%	TV production
New Tricks TV Productions Limited*	England & Wales	Ordinary £1 shares	100.0%	TV production
Wall to Wall Television Limited*	England & Wales	Ordinary £1 shares	100.0%	TV production
Wall to Wall Productions Limited*	England & Wales	Ordinary £1 shares	100.0%	TV production
Wall to Wall Drama Limited*	England & Wales	Ordinary £1 shares	100.0%	Dormant
Shed Media Scotland Limited	England & Wales	Ordinary £1 shares	100.0%	TV production
Watershed Television Limited	England & Wales	Ordinary £1 shares	100.0%	TV production
WBTVPUK WGA Writers Limited (previously HS Pictures (Jerusalem) Limited)	England & Wales	Ordinary £1 shares	100.0%	TV production
Outright Distribution Limited	England & Wales	Ordinary £1 shares	100.0%	TV licence distribution company
Genealogy Events Limited*	England & Wales	Ordinary £1 shares	22.5%	Production of live entertainment events

* Held (directly or indirectly) by a subsidiary undertaking. Proportion of voting rights and shares held represents the effective holding.

On 12 December 2014 the company sold 100% of the shares in Shed Media US Inc. for a total consideration of \$35m (£22.3m)

The directors undertook an impairment review of its investments following the loss of long running UK shows and reduction in production activity, leading to a write down of £13,759,000. The directors believe the net book value reflects the current value of the company's investments. The value in use was calculated by applying a 12.4% discount rate and 2.5% perpetuity growth.

Shed Media Limited

Notes to the financial statements at 31 December 2015

7 Debtors	31 December 2015 £'000	31 December 2014 £'000
Other debtors	1	1
Amounts owed by group undertakings	20,008	17,707
	<u>20,009</u>	<u>17,708</u>

8 Creditors: amounts falling due within one year	31 December 2015 £'000	31 December 2014 £'000
Amounts due to group undertakings	8,891	6,589
	<u>8,891</u>	<u>6,589</u>

9 Creditors: amounts falling due after more than one year	31 December 2015 £'000	31 December 2014 £'000
Amounts due to group undertakings	10,047	9,946
	<u>10,047</u>	<u>9,946</u>

Included within creditors falling due after more than one year is an amount of £10,047,000 (2014 - £9,946,000) in respect of an intercompany loan with Warner Bros. Television Production UK Limited. The loan is interest bearing at 7%. The loan is also unsecured and has a maturity date of 31 July 2020. All other amounts owed to fellow group undertakings are unsecured, interest free and repayable on demand.

10 Called up share capital	Issued, allotted, called up and fully paid			
	31 December 2015 Number	31 December 2015 £000	31 December 2014 Number	31 December 2014 £000
Ordinary shares of £0.001 each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

Shed Media Limited

Notes to the financial statements at 31 December 2015

11 Contingent liability

In 2015 the company entered into a group composite accounting agreement with its bankers. The terms of the agreement permit the bankers, without notice, to draw down funds deposited into the system, and to offset borrowings drawn down from the system by other group members who are also parties to these arrangements. At the statement of financial position date, funds deposited by the company into the system, and potentially at risk to cover liabilities elsewhere in the group, amounted to £11,900 (2014 - £nil).

12 Events since the balance sheet date

On 3 August 2016, the company issued 2,868,000 ordinary shares of £0.001 each to its parent undertaking, Warner Bros. Television Production UK Limited, for consideration of £2,868,000.

On 3 August 2016, the company purchased 1,026,000 ordinary shares of £1 each in its subsidiary undertaking, Shed Media Scotland Limited, for consideration of £1,026,000, and 1,416,000 ordinary shares of £1 each in its subsidiary undertaking, Watershed Television Limited, for consideration of £1,416,000, and 426,000 ordinary shares of £0.01 each in its subsidiary undertaking, Twenty Twenty Productions Limited, for consideration of £426,000.

13 Ultimate parent undertaking

The company's immediate parent undertaking is Warner Bros Television Production UK Limited.

At 31 December 2015, Time Warner Inc., a company incorporated in the United States of America, was the ultimate parent undertaking and the parent undertaking of the smallest and 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.

14 Transition to FRS 102

There have been no adjustments to the accounts of the company as a result of the transition to FRS 102 and hence no reconciliations have been prepared.