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Twenty Twenty Brighton Limited

Report and Financial Statements

31 December 2010

Directors
T Carter
J Kemp
N Southgate

Secretary
J Kemp

Auditor
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
Barclays Bank Plc
27 Soho Square
London W1D 3QR

Registered Office
Pacific House
126 Dyke Road
Brighton
East Sussex
BN1 3TE

Directors' report

The directors present their report and financial statements for the year ended 31 December 2010

Results and dividends

The profit for the year after taxation amounted to £167,064 (2009 – profit of £5,231) The directors do not recommend the payment of a dividend

On 13 October 2010 Time Warner Inc , through WB BidCo plc (which subsequently changed its name to Shed Media Group Limited), acquired a controlling interest in the company's then ultimate parent undertaking Shed Media plc, and the company became a subsidiary of Time Warner Inc at that date Shed Media plc subsequently changed its name to Shed Media Limited

Principal activity

The principal activity of the company continued to be that of current affairs and drama television programme makers

Key performance indicators

The principal performance measures used to monitor the business are

i) Sales growth Sales increased by 4,964% on an annualised basis

ii) Gross margin Gross margin decreased to 34 3% (2009 – 100%)

iii) Operating profit margin The operating profit margin decreased to 33 4% (2009 – 59 9%)

Future developments

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

Principal risks and uncertainties

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings 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 risks arising from the company's financial instruments are currency risk, credit risk and 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

Credit risk

The company's principal financial assets are cash and trade debtors The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies The principal credit risk arises, therefore, from trade debtors

Despite debtors being major international broadcast organisations, debtors are reviewed by the financial controller, financial director and the board on a regular basis through a monthly assessment of the funding due on productions underway and in conjunction with debt ageing and collection history

Directors' report

Principal risks and uncertainties (continued)

Currency risk

The company's key financial risk is in foreign currency exposure, both in terms of the cost of producing programmes on overseas shoots and in income received from overseas co-producers The uncertain nature of the timing of receipts (due to their tendency to be tied to flexible delivery milestones) makes it risky to take out explicit hedging contracts against these risks As such, the company agreed wherever possible to contractual rates in advance of the start of production and maintains Sterling, Euro and US$ balances within its bank facilities to fund costs where advantageous

Directors

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

T Carter
J Kemp
N Southgate

Disclosure of information to the auditors

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

Auditor

Baker Tilly UK Audit LLP resigned as auditor on 13th October 2010 and Ernst & Young LLP was appointed in its place

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

Director

Date 30/09/11

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 judgements 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,
- 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 proper 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 Twenty Twenty Brighton Limited

We have audited the financial statements of Twenty Twenty Brighton Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, 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)

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 Directors' Report 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 2010 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

to the members of Twenty Twenty Brighton 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

Ernst & Young LLP

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

30/9/2011

Profit and loss account

for the year ended 31 December 2010

	Notes	*2010* £	*2009* £
Turnover	2	698,014	13,784
Cost of sales		(458,561)	-
Gross profit		239,453	13,784
Administrative expenses		(6,583)	(5,525)
Operating profit	3	232,870	8,259
Interest receivable and similar income	6	(32)	47
Profit on ordinary activities before taxation		232,838	8,306
Taxation	7	(65,774)	(3,075)
Profit for the financial year	12	167,064	5,231

Statement of total recognised gains and losses

for the year ended 31 December 2010

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £167,064 in the year ended 31 December 2010 (2009 – profit of £5,231)

Balance sheet

at 31 December 2010

	Notes	2010 £	2009 £
Current assets			
Debtors	8	355,736	62,585
Cash at bank and in hand		(1,319)	36,841
		354,417	99,426
Creditors: amounts falling due within one year	9	(89,204)	(1,277)
Net Assets		265,213	98,149
Capital and reserves			
Called up share capital	10	80	80
Profit and loss account	12	265,133	98,069
Shareholders' funds	12	265,213	98,149

Jonathon Kemp
Director
Date 26/09/11

Notes to the financial statements

at 31 December 2010

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable 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 amounts receivable for work carried out in producing television programmes and is recognised on the basis of the value of costs related to production activity Turnover also includes sums receivable from the exploitation of programmes in which the company owns rights Gross profit on production activity is recognised based upon the stage of completion of the production and in accordance with the underlying contract

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

2 Turnover

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

3 Operating Profit

This is stated after charging/(crediting)

	2010	*2009*
	£	*£*
Auditors' remuneration	6,285	5,025
Telephone & Fax	241	-

4. Directors' emoluments

The directors received no emoluments in the year (2009 – £nil)

5. Staff costs

The average monthly number of employees (excluding directors) during the year was nil (2009 – nil)

Notes to the financial statements

at 31 December 2010

6. Interest receivable and similar income

	2010	2009
	£	£
Bank interest receivable	(32)	47

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2010	2009
	£	£
Current tax		
UK corporation tax on the profit for the year	65,774	1,575
Group relief	-	1,500
Under/(over)provision in prior years	-	-
Total current tax (note 7(b))	65,774	3,075

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 28% (2009 – 28%) The differences are explained below

	2010	2009
	£	£
Profit on ordinary activities before tax	232,838	8,306
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	65,195	2,325
Effects of		
Tax losses utilised	-	-
Transfer pricing adjustment	579	1,275
Adjustments to tax charge in respect of previous years	-	-
Marginal relief and small companies rate	-	(525)
Current tax for the year (note 7(a))	65,774	3,075

8. Debtors

	2010	2009
	£	£
Trade debtors	86,134	9,790
Amounts due from group undertakings	265,092	52,715
Accrued Income	4,510	-
Other debtors	-	80
	355,736	62,585

Notes to the financial statements

at 31 December 2010

9 Creditors amounts falling due within one year

	2010 £	2009 £
Accruals and deferred income	7,916	–
Other taxes and social security costs	8,309	1,277
Amounts owing to Shed Media	72,979	-
	89,204	1,277

The company is part of a group scheme for the payment of corporation tax The 2009 and 2010 year end corporation tax creditors are included in the accounts of the parent undertaking, Shed Media Limited

10. Issued share capital

Allotted, called up and fully paid	*No*	*2010 £*	*No*	*2009 £*
Ordinary shares of £1 each	80	80	80	80

11. Movement on reserves

	£
At 1 January 2010	98,069
Profit for the financial year	167,064
At 31 December 2010	265,133

12 Reconciliation of shareholders' funds

	2010 £	2009 £
Profit for the financial year	167,064	5,231
Net profit to shareholders' funds	167,064	5,231
Opening shareholders' funds	98,149	92,918
Closing shareholders' funds	265,213	98,149

13. 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

Notes to the financial statements

at 31 December 2010

14 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Twenty Twenty Productions Limited a company registered in England & 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 2010, Time Warner Inc , a company incorporated in the United States of America, was the ultimate parent undertaking 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