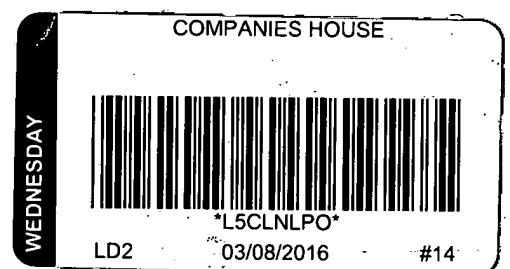


Outright Distribution Limited
Report and Financial Statements
31 December 2015



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

Bârcleys Bank PLC
8/9 Hanover Square
London
W1A 4ZW

Outright Distribution Limited

Directors' report

Company registration number: 04840749

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

Results and dividends

The profit for the year after taxation amounted to £25,000 (2014 - £50,000).

No dividends were paid during the year (2014 - £nil).

Principal activity

The principal activity of the company during the year was to administer and manage legacy distribution contracts in relation to the distribution of the Warner Bros. Television Production UK Limited television programmes.

Going concern

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors. On the basis of their assessment of the company's financial position, 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/she ought to have taken as a director in order to make himself/herself 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.

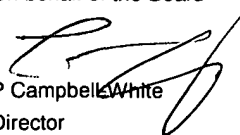
Auditor

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.

Small companies' exemption

In preparing the Directors' Report, the directors have taken advantage of the small companies' exemption under section 415(A) of the Companies Act 2006. The directors have also taken the exemption under section 414(B) not to prepare a Strategic Report.

On behalf of the Board


P Campbell-White
Director

Date: 29/6/16

Outright Distribution Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the 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; and
- make judgments and estimates that are reasonable and prudent.

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.

Outright Distribution Limited

Independent auditor's report

to the members of Outright Distribution Limited

We have audited the financial statements of Outright Distribution Limited for the year ended 31 December 2015 which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes 1 to 11. 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 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 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 profit 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 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 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report and take advantage of the small companies' exemption in preparing the Directors' Report.



Neil Cullum (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

London

6/7/2016

Outright Distribution Limited

Statement of income and retained earnings for the year ended 31 December 2015

	Notes	31 December 2015 £'000	31 December 2014 £'000
Turnover	2	1	-
Cost of sales		-	-
Gross profit/result		1	-
Administrative expenses		25	50
Profit on ordinary activities before taxation	3	26	50
Taxation on profit on ordinary activities	5	(1)	-
Profit for the financial year		25	50
Retained earnings at 1 January		507	457
Retained earnings at 31 December		532	507

All amounts relate to continuing operations.

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

Outright Distribution Limited

Statement of financial position at 31 December 2015

		31 December £'000	31 December £'000
Current assets			
Debtors	6	1,371	1,392
Cash at bank and in hand		11	210
		<u>1,382</u>	<u>1,602</u>
Creditors: amounts falling due within one year	7	(550)	(795)
		<u>832</u>	<u>807</u>
Net assets			
Capital and reserves			
Called up share capital	8	300	300
Profit and loss account		532	507
		<u>832</u>	<u>807</u>
Total shareholder's funds			
		<u>832</u>	<u>807</u>

Approved by the Board and signed on its behalf by:


P Campbell-White

Director

Date:

29/6/16

Outright Distribution Limited

Notes to the financial statements at 31 December 2015

1 Accounting Policies

a) Statement of compliance

Outright Distribution 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 11.

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.

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 10).

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 10).

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 10).

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.

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.

Outright Distribution Limited

Notes to the financial statements at 31 December 2015

1 Accounting Policies (continued)

d) Significant accounting policies

Turnover

Turnover recognised in the Statement of income and retained earnings represents the value of license fees including withholding tax but excluding Value Added Tax.

Income is recognised when:

- The agreement is contracted
- The arrangement is fixed and determinable
- And for finished programme sales when the programme is delivered

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.

Foreign currencies

Transactions in foreign currencies are initially recorded in the company's functional currency by applying the spot rate of exchange 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 statement of financial position date. All differences are taken to the statement of income and retained earnings.

2 Turnover

An analysis of turnover by geographical market is given below:

	Year ended 31 December 2015 £'000	Year ended 31 December 2015 %	Year ended 31 December 2014 £'000	Year ended 31 December 2014 %
United States of America	1	100.0%	-	0.0%
Total	1	100.0%	-	0.0%

3 Profit on ordinary activities before taxation

This is stated after crediting:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Foreign exchange gain	(25)	(25)

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.

4 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.

Outright Distribution Limited

Notes to the financial statements at 31 December 2015

5 Taxation on profit on ordinary activities

a) The charge is made up as follows:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Deferred tax:		
Origination and reversal of timing differences	1	-
Total deferred tax	1	-
Total tax (note (b) below)	1	-

b) Circumstances affecting the 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
Profit on ordinary activities before taxation	26	50
Taxation on profit on ordinary activities at standard rate	5	11
Factors affecting the tax charge:		
Group relief received for nil consideration	(4)	(11)
Total tax (see note 5(a) above)	1	-

Outright Distribution Limited

Notes to the financial statements at 31 December 2015

5 Taxation on profit on ordinary activities (continued)

c) Deferred tax

Deferred tax is provided at 18% (2014 - 20%) in the statement of financial position as follows:

	31 December 2015 £'000	31 December 2014 £'000
Included in debtors (see note 6)	-	1
Analysed as:		
Accelerated capital allowances	-	1
Analysis of movement in deferred tax:		
		Total £'000
At 31 December 2014		1
Charged to statement of income and retained earnings (see note 5(a) above)		(1)
At 31 December 2015		-

d) 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 2016 Budget on 16 March 2016 proposed 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.

Outright Distribution Limited

Notes to the financial statements at 31 December 2015

6 Debtors

	31 December 2015 £'000	31 December 2014 £'000
Amounts owed by group undertakings	1,371	1,371
VAT recoverable	-	20
Deferred tax asset (see note 5(c))	-	1
	<u>1,371</u>	<u>1,392</u>

7 Creditors: amounts falling due within one year

	31 December 2015 £'000	31 December 2014 £'000
Accruals and deferred income	4	189
Amounts owed to group undertakings	546	606
	<u>550</u>	<u>795</u>

8 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 £1 each	300,000	300	300,000	300

9 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 £9,000 (2014 - £nil).

10 Ultimate parent undertaking

The company's immediate parent undertaking is Shed Media 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.

11 Transition to FRS 102

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