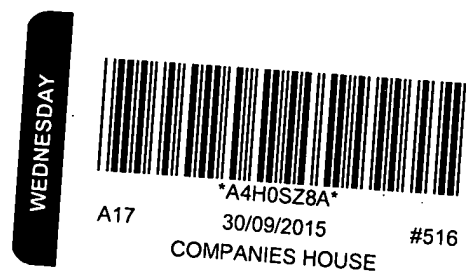


Outright Distribution Limited

Report and Financial Statements

31 December 2014



Directors

P Campbell-White
C Hungate
N Emmerson

Auditors

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

Bankers

Barclays Bank Plc
27 Soho Square
London W1D 3QR

Registered Office

Warner House
98 Theobald's Road
London
WC1X 8WB

Registered No. 4840749

Directors' report

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the year after taxation amounted to £50,000 (2013 – loss of £25,000). The directors do not recommend a final dividend (2013 – £nil).

Principal activity and review of the business

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

Going concern

The directors have a reasonable expectation that the company will be adequately funded to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

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

C Hungate

T Downing (resigned 31 December 2014)

N Southgate (resigned 23 October 2014)

P Campbell-White (appointed 8 April 2015)

N Emmerson (appointed 8 April 2015)

Directors' qualifying third party indemnity provision

The company has granted an indemnity to all 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. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

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, each director has 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.

Auditors

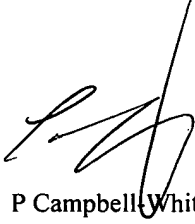
A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Directors' report (continued)

Small companies' exemption

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

On behalf of the Board

A handwritten signature in black ink, appearing to be 'P Campbell White', written over a horizontal line.

P Campbell White
Director

29 September 2015

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;
- 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 auditors' report

to the members of Outright Distribution Limited

We have audited the financial statements of Outright Distribution Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet 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).

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 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 2014 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 auditors' report (continued)

to the members of Outright Distribution 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; or
- the directors were not entitled to take advantage of the small companies' exemption in not preparing 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

29 September 2015

Profit and loss account

for the year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> £	<i>2013</i> £
Turnover		–	–
Cost of sales		–	(6)
Gross loss		–	(6)
Administrative expenses		50	(18)
Operating profit (loss)	2	50	(24)
Bank interest receivable		–	–
Profit (loss) on ordinary activities before taxation		50	(24)
Tax on profit / (loss) on ordinary activities	4	–	(1)
Profit (loss) for the financial year	8	50	(25)

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £50,000 in the year ended 31 December 2014 (2013 – loss of £25,000).

Balance sheet

at 31 December 2014

	Notes	2014 £000	2013 £000
Current assets			
Debtors	5	1,392	1,630
Cash at bank and in hand		210	115
		<u>1,602</u>	<u>1,745</u>
Creditors: amounts falling due within one year	6	<u>(795)</u>	<u>(988)</u>
Net current assets		<u>807</u>	<u>757</u>
Total assets less current liabilities		<u>807</u>	<u>757</u>
Capital and reserves			
Called up share capital	7	300	300
Profit and loss account	8	<u>507</u>	<u>457</u>
Shareholders' funds	9	<u>807</u>	<u>757</u>



P Campbell-White
Director

29 September 2015

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

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

Following the 100% acquisition by Warner Bros. International Television Production Limited of Warner Bros. Television Production UK Limited and its subsidiaries with effect from 31 December 2013, the directors have reviewed the accounting policies in respect of revenue and the related television programme rights and have sought to align these with the rest of the Time Warner Inc. group. Accordingly the accounting policies have changed from recognising revenue on the stage of completion method to recognition on an episodic delivery basis, with production costs no longer capitalised as television programme rights within fixed assets but instead expensed upon delivery of related episodes. Production costs of undelivered episodes are held as work in progress within current assets. This change in accounting policy however has had no change on numbers previously reported.

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.

Statement of cash flows

The company has taken advantage of the exemption for small companies available within FRS 1 – 'Statement of cash flows' and has not presented a statement of cash flows.

Turnover

Turnover recognised in the profit and loss account represents the value of license fees including withholding tax but excluding Value Added Tax.

Income is recognised when:

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

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.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are recognised in the profit and loss account as administrative expenses.

Notes to the financial statements

at 31 December 2014

2. Operating profit / (loss)

This is stated after charging/(crediting):

	2014	2013
	£000	£000
Net (credit) / charge on foreign currency translation	(25)	5

The auditor's remuneration in the current and prior year was borne by Warner Bros. Television Production UK Limited.

The company had no employees, other than the directors, in either the current or the prior year.

3. Directors' remuneration

The directors are also directors of other companies in the group. They are remunerated by other group companies and are considered to have minimal qualifying services in respect of the company. In view of this, the directors do not consider it practical to apportion remuneration in respect of services to the company.

4. Tax

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

The tax charge is made up as follows:

	2014	2013
	£000	£000
Current tax (note 4(b))	–	–
Deferred tax:		
Origination and reversal of timing differences	–	1
Charge due to change in tax rate	–	–
Total deferred tax	–	–
Tax on profit / (loss) on ordinary activities	–	1

(b) Circumstances affecting current tax for the year

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 21.5% (2013 - 23.25%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

	2014	2013
	£000	£000
Profit / (loss) on ordinary activities before tax	50	(25)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	11	(6)
<i>Effects of:</i>		
Capital allowances in excess of depreciation	–	–
Group relief (received) / surrendered for nil consideration	(11)	6
Current tax for the year (note 4(a))	–	–

Notes to the financial statements

at 31 December 2014

4. Tax (continued)

(c) Deferred tax

2014	2013
£000	£000

Deferred tax is provided at 20% (2013 – 20%) in the balance sheet as follows:

Accelerated capital allowances	1	1
Deferred tax asset (note 5)	1	1
	£000	

At 1 January 2014

Deferred tax charge to profit and loss account (note 4(a))

At 31 December 2014

1
–
1

(d) Factors that may affect 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 Summer Finance Bill 2015 proposed 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%.

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

5. Debtors

2014	2013
£000	£000

Trade debtors	–	155
VAT recoverable	20	38
Other debtors	–	5
Prepayments and accrued income	–	57
Amounts owed by group undertakings	1,371	1,374
Deferred tax (note 4(c))	1	1
	1,392	1,630

6. Creditors: amounts falling due within one year

2014	2013
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Notes to the financial statements

at 31 December 2014

	£000	£000
Trade creditors	–	4
Amounts owed to group undertakings	606	488
Accruals and deferred income	189	496
	<u>795</u>	<u>988</u>

7. Issued share capital

	No.	2014 £000	No.	2013 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	300,000	<u>300</u>	300,000	<u>300</u>

8. Movements on reserves

	<i>Profit and loss account</i> £000
At 1 January 2014	457
Profit for the financial year	<u>50</u>
At 31 December 2014	<u>507</u>

9. Reconciliation of shareholders' funds

	2014 £000	2013 £000
Profit / (loss) for the financial year	50	(25)
Net increase in shareholders' funds	<u>50</u>	<u>(25)</u>
Opening shareholders' funds	<u>757</u>	<u>782</u>
Closing shareholders' funds	<u>807</u>	<u>757</u>

10. Related party transactions

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

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

11. Ultimate parent undertaking and controlling party

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

Notes to the financial statements

at 31 December 2014

At 31 December 2014, 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 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 Centre, New York, NY 10019, USA.