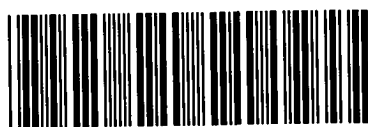


Cable News International Limited

Report and Financial Statements

31 December 2013

THURSDAY



L3G6G62A

LD3

11/09/2014

#47

COMPANIES HOUSE

Registered No. 5001368

Directors

B Ferrer
L Sams
Z Ratajova

Secretary

E Browne

Auditors

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

Bankers

Lloyds TSB
City Office
25 Gresham Street
London EC2V 7HN

Solicitors

E Browne
Turner House
16 Great Marlborough Street
London W1F 7HS

Registrars

E Browne
Turner House
16 Great Marlborough Street
London W1F 7HS

Registered office

Turner House
16 Great Marlborough Street
London W1F 7HS


Strategic report

The directors present their strategic report for the year ended 31 December 2013.

Business review and principal activities

Cable News International Limited is a wholly owned subsidiary of Cable News International Inc, a company registered in the United States of America. The principal activity of the company is news programme production and news gathering which includes the research, collation, verification, creation and storage of content intended for inclusion in Cable News Network's programming. At the date of this report, the directors are not aware of any major changes in the company's activities in the next year.

By order of the Board



Zuzana Ratajova
Director

30 July 2014

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013.

Results and dividends

The company's profit for the year, transferred to reserves, was US\$866,579 (2012 - US\$1,528,681). The directors do not recommend the payment of a dividend (2012 - \$nil).

The directors consider that key performance indicators are not necessary for an understanding of the development, performance or position of the business due to the fact that the success of the business is measured as part of Cable News International Inc.

Principal risks and uncertainties

The risks and uncertainties of the company are integrated with the risks of the group and are not managed separately.

Going concern

The company's business activities together with factors likely to affect its future development, performance and position are set out in the business review in the Strategic report above.

The company has considerable financial resources together with long standing relationships with its client and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully. 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 the annual report and accounts.

Directors

The directors who have served during the year ended 31 December 2013 and thereafter are as follows:

L Sams
Z Ratajova
B Ferrer

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.

Directors' report (continued)

Disclosure of information to auditors

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 auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

Ernst & Young LLP will be reappointed as the company's auditor in accordance with the elective resolution passed by the company under section 485 of the Companies Act 2006.

By order of the Board



Zuzana Ratajova
Director

30 July 2014

Statement of directors' responsibilities in respect of the financial statements

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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;
- make judgments and accounting 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 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 Cable News International Ltd

We have audited the financial statements of Cable News International Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 17. 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 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 Director's Report 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 2013 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

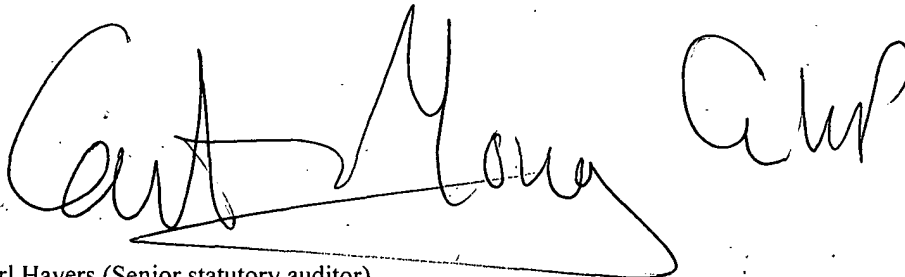
Independent auditors' report

to the members of Cable News International Ltd

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.

A large, stylized handwritten signature in black ink, appearing to read 'Karl Havers'.

Karl Havers (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

1 August 2014

Profit and loss account

for the year ended 31 December 2013

| | <i>Note</i> | <i>2013 US\$</i> | <i>2012 US\$</i> |
|--|-------------|-----------------------|-------------------------|
| <i>Turnover</i> | 2 | 48,722,952 | 43,139,735 |
| Operating expenditure | | (47,512,163) | (41,065,243) |
| <i>Operating Profit</i> | 3 | <u>1,210,789</u> | <u>2,074,492</u> |
| Interest payable and similar charges | 6 | (6,431) | (3,224) |
| <i>Profit on ordinary activities before taxation</i> | | <u>1,204,358</u> | <u>2,071,268</u> |
| Tax on profit on ordinary activities | 7 | (337,779) | (542,587) |
| <i>Profit for the financial year</i> | 13 | <u><u>866,579</u></u> | <u><u>1,528,681</u></u> |

Turnover is wholly attributable to continuing activities.

The company had no recognised gains or losses during the year other than those reflected in the profit and loss account.

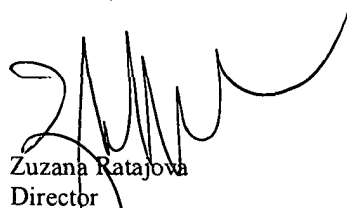
The notes on pages 10 to 15 form part of these accounts.

Balance Sheet

at 31 December 2013

| | Notes | 2013 US\$ | 2012 US\$ |
|---|-------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 8 | <u>9,309,835</u> | <u>7,096,083</u> |
| Current assets | | | |
| Debtors | 9 | 9,677,223 | 7,152,268 |
| Cash at bank and in hand | | <u>196,531</u> | <u>138,651</u> |
| | | 9,873,754 | 7,290,919 |
| Creditors: amounts falling due within one year | 10 | (9,910,656) | (5,980,648) |
| Net current assets | | <u>(36,902)</u> | <u>1,310,271</u> |
| Net assets | | <u>9,272,933</u> | <u>8,406,354</u> |
| Capital and reserves | | | |
| Called up share capital | 12,13 | 177 | 177 |
| Profit and loss account | 13 | 9,272,756 | 8,406,177 |
| Equity Shareholders' Funds | 13 | <u>9,272,933</u> | <u>8,406,354</u> |

The notes on pages 10 to 15 form part of these accounts.



Zuzana Ratajova
Director

30 July 2014

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Basis of accounting

The financial statements of Cable News International Limited were approved for issue by the board of directors on 30 July 2014. The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The company's earning streams are predominately US dollar denominated. It is therefore appropriate to treat the US dollar as the company's functional currency.

Foreign currencies

Monetary assets and liabilities are remeasured into US dollars at rates of exchange prevailing at the balance sheet date. Non-monetary items denominated in currencies other than US dollars are converted into US dollars using the exchange rate at the date of the transaction. Profit and loss accounts are converted into US dollars using average rates of exchange. All exchange gains or losses on settlement or remeasurement at closing rates of exchange of monetary assets and liabilities are included in the determination of profit for the year.

Turnover

Turnover represents the value of services provided during the year in the normal course of business net of value added tax. The company's activities are based primarily in the UK.

Depreciation

All tangible fixed assets are depreciated over their estimated useful economic life on a straight line basis.

The annual rates of depreciation are:

| | | |
|------------------------|---|---|
| Leasehold improvements | – | The shorter of 7 years or the remaining term of the lease |
| Computer equipment | – | 3 years |
| Operating equipment | – | 5 years |
| Vehicles | – | 5 years |

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax balances are not discounted.

Operating leases

The company enters into operating leases. Rentals under operating leases are charged to the profit and loss account, as incurred, over the terms of the leases.

Pensions

The company participates in the Time Warner Money Purchase Pension Plan, a defined contribution scheme. The pension cost charged to the profit and loss account represents contributions payable by the company to the relevant funds as they become payable in accordance with the rules of the scheme.

Notes to the financial statements

at 31 December 2013

2. Turnover

The geographical source of the Company's turnover is as follows:

| | 2013 US\$ | 2012 US\$ |
|--------------------------|-------------------|-------------------|
| United States of America | 48,722,952 | 43,139,735 |
| | <u>48,722,952</u> | <u>43,139,735</u> |

Turnover is wholly attributable to one continuing activity.

3. Operating profit

Operating profit on ordinary activities before taxation is stated after charging/(crediting) the following amounts:

| | 2013 US\$ | 2012 US\$ |
|---|--------------|--------------|
| Depreciation of owned fixed assets | 2,422,405 | 1,582,765 |
| Operating lease rentals – land and buildings | 3,183,093 | 2,776,652 |
| Operating lease rentals – plant and machinery | 322,420 | 287,189 |
| Auditors remuneration | 12,438 | 28,416 |
| Foreign exchange (gain)/loss | 411,588 | (29,053) |

The audit fee for the current period was \$12,438 (2012 - \$28,416). Fees payable to auditors for non-audit services was \$nil (2012 - \$nil).

4. Directors' emoluments

The directors did not receive remuneration for their qualifying services during the period.

5. Staff costs

| | 2013 US\$ | 2012 US\$ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 19,166,477 | 15,878,407 |
| Social security costs | 1,988,962 | 1,637,614 |
| Other pension costs | 1,215,635 | 1,069,970 |
| | <u>22,371,074</u> | <u>18,585,991</u> |

The average number of employees during the year was 177 (2012 - 167).

Notes to the financial statements

at 31 December 2013

6. Interest payable

There has been interest payable of \$6,431 (2012 – \$3,224) in respect of miscellaneous third party interest during the year.

7. Tax on profit on ordinary activities

| 2013 | 2012 |
|------|------|
| US\$ | US\$ |

a) The charge is made up as follows:

Taxation based on the profit for the period

Current tax

| | | |
|---|----------------|----------------|
| Corporation tax payable at 23.25% (2012 – 24.50%) | 358,000 | 487,000 |
| Tax (over)/under provided for prior years | (2,221) | 1,587 |
| Total current tax charge | <u>355,779</u> | <u>488,587</u> |

Deferred tax

| | | |
|---|-----------------|----------------|
| Timing differences, origination and reversal | (58,000) | 40,000 |
| Charge due to change in tax rate | 40,000 | 21,000 |
| (Over)/under provision for prior years | - | (7,000) |
| Total deferred tax | <u>(18,000)</u> | <u>54,000</u> |
| Total tax charge on profit on ordinary activities | <u>337,779</u> | <u>542,587</u> |

b) Circumstances affecting current charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 23.25% (2012 – 24.50%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below.

| | 2013 | 2012 |
|---|----------------|----------------|
| | US\$ | US\$ |
| Profit on ordinary activities before tax | 1,204,358 | 2,071,268 |
| Tax on profit on ordinary activities at standard rate | 280,013 | 507,461 |
| Disallowable expenses | 36,834 | 25,354 |
| Depreciation in excess of capital allowances | 41,153 | (45,815) |
| Tax (over)/under provided for prior years | (2,221) | 1,587 |
| Total current tax (note (a)) | <u>355,779</u> | <u>488,587</u> |

Notes to the financial statements

at 31 December 2013

7. Tax on profit on ordinary activities (continued)

c) Factors affecting future tax charges

The Finance Act 2013, enacted in July 2013, included legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. The effect of this change on the deferred tax balances has been included in the figures within these accounts. It is not yet possible to quantify the impact of this rate change upon current tax.

8. Tangible fixed assets

| | Computer equipment US\$ | Leasehold improve- ments US\$ | Operating equipment US\$ | Vehicles US\$ | Total US\$ |
|----------------------------|-------------------------------|--|--------------------------------|------------------|---------------|
| Cost: | | | | | |
| At 1 January 2013 | 536,215 | 1,312,579 | 9,296,913 | 695,243 | 11,840,950 |
| Additions | 914,621 | 507,991 | 3,231,384 | - | 4,653,996 |
| Disposals | (143,999) | (12,542) | (2,723,141) | - | (2,879,682) |
| At 31 December 2013 | 1,306,837 | 1,808,028 | 9,805,156 | 695,243 | 13,615,264 |
| Accumulated depreciation: | | | | | |
| At 1 January 2013 | 458,882 | 721,564 | 2,869,178 | 695,243 | 4,744,867 |
| Provided during the period | 289,028 | 153,831 | 1,979,547 | - | 2,422,405 |
| Disposals | (143,999) | (8,063) | (2,709,782) | - | (2,861,844) |
| At 31 December 2013 | 603,911 | 867,332 | 2,138,943 | 695,243 | 4,305,429 |
| Net book value: | | | | | |
| At 31 December 2013 | 702,926 | 940,696 | 7,666,213 | - | 9,309,835 |
| At 1 January 2013 | 77,333 | 591,015 | 6,427,735 | - | 7,096,083 |

There are no tangible fixed assets acquired under finance leases at the year end.

9. Debtors

| | 2013 US\$ | 2012 US\$ |
|------------------------------------|--------------|--------------|
| Amounts owed by group undertakings | 9,201,579 | 6,836,703 |
| Prepayments | 55,924 | 59,256 |
| Other debtors | 154,720 | 9,309 |
| Deferred tax (see note 11) | 265,000 | 247,000 |
| | 9,677,223 | 7,152,268 |

Notes to the financial statements

at 31 December 2013

10. Creditors amounts falling due within one year

| | 2013 US\$ | 2012 US\$ |
|--|------------------|------------------|
| Amounts owed to group undertakings | 8,030,664 | 4,579,237 |
| Trade creditors | 40,833 | - |
| Accruals | 1,483,790 | 887,576 |
| Other creditors including taxation and social security | 448 | 21,514 |
| Corporation tax payable | 354,921 | 492,321 |
| | <u>9,910,656</u> | <u>5,980,648</u> |

11. Deferred taxation

| | 2013 US\$ | 2012 US\$ |
|---|----------------|----------------|
| The deferred tax included in the balance sheet is as follows: | | |
| Included in debtors | 265,000 | 247,000 |
| Analysed as: | | |
| Accelerated capital allowances | 265,000 | 247,000 |
| Deferred tax asset | <u>265,000</u> | <u>247,000</u> |

Analysis of movement in deferred tax asset

| | US\$ |
|-------------------------------------|----------------|
| At start of year | 247,000 |
| Credited to profit and loss account | 18,000 |
| At end of year | <u>265,000</u> |

The asset is not disclosed separately on the balance sheet. It appears in Note 9.

12. Share capital

| | 2013 No. | 2013 US\$ | 2012 No. | 2012 US\$ |
|------------------------------------|-------------|--------------|-------------|--------------|
| Authorised: | | | | |
| Ordinary shares of £1 each | 100 | 177 | 100 | 177 |
| | <u>100</u> | <u>177</u> | <u>100</u> | <u>177</u> |
| Allotted, called up and fully paid | | | | |
| Ordinary shares of £1 each | 100 | 177 | 100 | 177 |
| | <u>100</u> | <u>177</u> | <u>100</u> | <u>177</u> |

Notes to the financial statements

at 31 December 2013

13. Reconciliation of shareholders' funds and movement in reserves

| | <i>Share Capital</i> | <i>Profit and Loss Account</i> | <i>Total Share- holders funds</i> |
|---------------------|--------------------------|--|---|
| | <i>US\$</i> | <i>US\$</i> | <i>US\$</i> |
| At 1 January 2013 | 177 | 8,406,177 | 8,406,354 |
| Profit for the year | - | 866,579 | 866,579 |
| At 31 December 2013 | <u>177</u> | <u>9,272,756</u> | <u>9,272,933</u> |

14. Operating lease commitments

The company was committed to making the following annual payments in respect of operating leases:

| | <i>Land and buildings</i> | <i>Other</i> | <i>Total 2013</i> | <i>Total 2012</i> |
|--------------------------------|-------------------------------|--------------|-----------------------|-----------------------|
| | <i>US\$</i> | <i>US\$</i> | <i>US\$</i> | <i>US\$</i> |
| Operating leases which expire: | | | | |
| Within one year | - | - | - | - |
| Between two and five years | 105,317 | - | 105,317 | 105,317 |
| After five years | 1,917,213 | - | 1,917,213 | 1,917,213 |
| | <u>2,022,530</u> | <u>-</u> | <u>2,022,530</u> | <u>2,022,530</u> |

15. Statement of cash flows

A statement of cash flows has been omitted as the company has taken advantage of the dispensation available under FRS 1 (Revised) to wholly owned subsidiary undertakings where a consolidated statement of cash flows has been prepared by the ultimate parent undertaking (note 17).

16. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose related party transactions with fellow subsidiary undertakings.

17. Ultimate parent undertaking

The company's ultimate parent undertaking is Time Warner Inc., which is incorporated in the United States of America. Copies of its group financial statements, which include the company, are available from One Time Warner Center, New York, NY 10019.

The company's immediate parent undertaking is Cable News International Inc., which is resident in Delaware, USA.