

Company registration number: 05203551

Ricochet Productions Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017



Ricochet Productions Limited

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Ricochet Productions Limited

Company Information

Directors	W A Ogilvie J C Ball
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

Ricochet Productions Limited

Directors' Report for the Year Ended 31 December 2017

The directors present their annual report on the affairs of Ricochet Productions Limited ("the company") together with the financial statements for the year ended 31 December 2017.

Results and dividends

Profit for the year after taxation amounted to £3,000 (2016 - £36,000).

No dividends were paid during the year (2016 - £nil).

Post balance sheet event

On 14 June 2018, AT&T Inc. acquired the previous ultimate parent undertaking Time Warner Inc. and became the ultimate parent undertaking.

Principal activity

The principal activity of the company during the year was the exploitation of 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 of the company

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

W A Ogilvie (appointed 2 August 2017)

P A Campbell-White (resigned 29 September 2017)

N A Emmerson (resigned 30 April 2017)

C E Hungate (resigned 18 July 2017)

J C Ball (appointed 29 September 2017)

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. AT&T 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.

Ricochet Productions Limited

Directors' Report for the Year Ended 31 December 2017 (continued)

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.

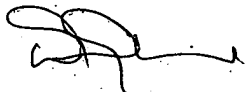
Auditor

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



.....
W A Ogilvie
Director

Date: 13/09/2018

Ricochet Productions Limited

Statement of Directors' Responsibilities

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 apply them consistently; and
- make judgements 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.

Ricochet Productions Limited

Independent Auditor's Report to the Members of Ricochet Productions Limited

Opinion

We have audited the financial statements of Ricochet Productions Limited (the 'company') for the year ended 31 December 2017, which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, and notes 1 to 9, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Ricochet Productions Limited

Independent Auditor's Report to the Members of Ricochet Productions Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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 exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Ricochet Productions Limited

Independent Auditor's Report to the Members of Ricochet Productions Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



.....
Stuart Darrington (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 17/9/18

Ricochet Productions Limited

Statement of Income and Retained Earnings for the Year Ended 31 December 2017

	Note	Year ended 31 December 2017 £ 000	Year ended 31 December 2016 £ 000
Turnover	2	14	12
Administrative expenses		(12)	24
Operating Profit	3	2	36
Interest receivable		1	-
Profit on ordinary activities before taxation		3	36
Taxation on profit/(loss) on ordinary activities	5	-	-
Profit for the financial year		3	36
Retained earnings at 1 January		228	192
Retained earnings at 31 December		<u>231</u>	<u>228</u>

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.

The notes on pages 10 to 13 form an integral part of these financial statements.

Ricochet Productions Limited

**Statement of Financial Position
as at 31 December 2017**

	Note	31 December 2017 £ 000	31 December 2016 £ 000
Current assets			
Debtors	6	9	121
Cash at bank and in hand		<u>222</u>	<u>107</u>
		<u>231</u>	<u>228</u>
Capital and reserves			
Called up share capital	7	-	-
Profit and loss account		<u>231</u>	<u>228</u>
Total shareholder's funds		<u>231</u>	<u>228</u>

Approved by the Board and signed on its behalf by:



.....
W A Ogilvie

Director

Date: 13/09/2018

Company registration number: 05203551

The notes on pages 10 to 13 form an integral part of these financial statements.

Ricochet Productions Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 Accounting policies

a) Statement of compliance

Ricochet Productions Limited is a limited liability company incorporated in England. The Registered Office is Warner House, 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 2017.

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, Warner Media, LLC (formerly Time Warner Inc.), prepares publicly available consolidated financial statements and the company is included in the consolidation (see note 9).

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, Warner Media, LLC (formerly Time Warner Inc.), prepares publicly available consolidated financial statements and the company is included in the consolidation (see note 9).

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 Warner Media, LLC (formerly Time Warner Inc.), which prepares publicly available consolidated financial statements (see note 9).

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.

Ricochet Productions Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

1 Accounting policies (continued)

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.

d) Significant accounting policies

Turnover

Turnover represents distribution income on licensing formats and completed programmes available to third parties.

Distribution income represents licence fees receivable from both WarnerMedia group companies and third parties. Amounts recognised in the statement of income and retained earnings include withholding tax but exclude Value Added Tax. Distribution income is recognised based on statements received from distributors.

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 entities 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 2017 £'000	Year ended 31 December 2017 %	Year ended 31 December 2016 £'000	Year ended 31 December 2016 %
United States of America	<u>14</u>	<u>100%</u>	<u>12</u>	<u>100%</u>

Ricochet Productions Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Operating profit

This is stated after charging/ (crediting):

	2017 £ 000	2016 £ 000
Foreign exchange losses/(gains)	<u>12</u>	<u>(24)</u>

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 of the company are also directors of, and are paid by, other companies in the group in the current and prior year. They have minimal qualifying services to the company and receive no remuneration in respect of the company.

5 Taxation

a) There is no tax on the results for the current or preceding financial year.

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 19.25% (2016 - 20%).

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

	Year ended 31 December 2017 £ 000	Year ended 31 December 2016 £ 000
Profit before tax	<u>3</u>	<u>36</u>
Corporation tax at standard rate	1	7
Group relief received for nil consideration	<u>(1)</u>	<u>(7)</u>
Total tax charge/(credit) (see note 5(a) above)	<u>-</u>	<u>-</u>

c) Factors affecting future tax charges

The Finance (No. 2) Act 2015, enacted on 18 November 2015, and the Finance Act 2016, enacted on 15 September 2016, included two changes to the future mainstream corporation tax rate. From 1 April 2017 the rate reduced from 20% to 19% and from 1 April 2020 the rate will reduce to 17%. The effect of these changes on the deferred tax balance is reflected in these accounts.

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

Ricochet Productions Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

6 Debtors

	31 December 2017 £ 000	31 December 2016 £ 000
Prepayments and accrued income	9	14
Amounts owed by group undertakings	-	107
	<u>9</u>	<u>121</u>

7 Called up share capital

Issued, allotted, called up and fully paid

	31 December 2017		31 December 2016	
	No.	£	No.	£
Ordinary shares of £1 each	1	1	1	1

8 Contingent liability

The company has 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 £222,000 (2016 - £107,000).

9 Ultimate parent undertaking

The company's immediate parent undertaking is Ricochet Limited.

At 31 December 2017, and until 14 June 2018 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.

On 14 June 2018, AT&T Inc., a company incorporated in the United States of America, acquired Time Warner Inc., which was renamed Warner Media, LLC, in a merger transaction that resulted in Warner Media, LLC becoming a direct subsidiary of AT&T Inc., and AT&T Inc. became the ultimate parent undertaking.