

Company registration no: 1907094

Warner Home Video (UK) Limited

Report and Financial Statements

31 December 2008

TUESDAY



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Warner Home Video (UK) Limited

Company registration no: 1907094

Directors

M Emanuele
S W Mertz

Secretary

S Shine

Bankers

Barclays Bank PLC
Barclays Business Centre
8/9 Hanover Square
London
W1A 4ZW

Auditors

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

Registered Office

Warner House
98 Theobald's Road
London
WC1X 8WB

Warner Home Video (UK) Limited

Directors' report

The directors present their annual report on the affairs of Warner Home Video (U.K.) Limited ("the company") together with the financial statements for the year ended 31 December 2008.

Results and dividends

The profit on ordinary activities after taxation amounted to £8,000 (2007 - £17,031).

The directors do not recommend the payment of a dividend (2007 - £Nil).

Principal activity and review of the business

During the current and prior year, the company did not trade. Subsequent to the year end the company has commenced providing supply chain management services to related parties.

A business review has not been completed for the company because it is defined under section 247 of the Companies Act as a small company.

Principal risks and uncertainties

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

Directors

The directors of the company who served during the year ended 31 December 2008 are:

S W Mertz

C J Young (resigned on 24 July 2008)

M Emanuele (appointed on 6 August 2008)

Except as noted above, all directors served throughout the year and are still directors at the date of this report.

The Articles of Association do not require directors to retire either by rotation or in the year of appointment.

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 1985 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 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 ought to have taken as a director in order to make himself 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 s234ZA of the Companies Act 1985.

Auditors

Ernst & Young LLP will be reappointed as the company's auditor in accordance with the elective resolution passed by the company under section 386 Companies Act 1985.

By order of the Board



Secretary

23 " 2009

Warner Home Video (UK) Limited

Statement of directors' responsibilities in respect of the financial statements

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). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group 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;
- 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 disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Warner Home Video (UK) Limited

Independent auditors' report

to the members of Warner Home Video (UK) Limited

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, Balance Sheet and the related Notes 1 to 11. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP
Ernst & Young LLP
Registered Auditor
London

23 July 2009

23 JUL 2009

Warner Home Video (UK) Limited

Profit and loss account for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Administrative expenses		(2)	(2)
Operating loss	2	(2)	(2)
Interest receivable	4	10	19
Profit on ordinary activities before taxation		8	17
Taxation on profit on ordinary activities	5	-	-
Profit on ordinary activities after taxation	8	8	17

All amounts relate to continuing operations.

There have been no recognised gains or losses since the last annual report other than those presented above, and accordingly no separate statement of total recognised gains and losses has been presented.

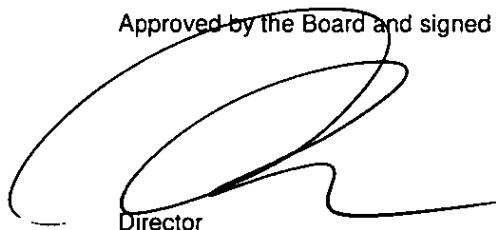
All profits and losses have been accounted for on a historical cost basis.

Warner Home Video (UK) Limited

Balance sheet at 31 December 2008

	Notes	2008 £'000	2007 £'000
Current assets			
Cash at bank and in hand		182	231
		<u>182</u>	<u>231</u>
Creditors: amounts falling due within one year	6	(9)	(66)
		<u>173</u>	<u>165</u>
Net current assets			
Net assets		<u>173</u>	<u>165</u>
Capital and reserves			
Called up share capital	7	-	-
Profit and loss account	8	<u>173</u>	<u>165</u>
Equity shareholders' funds	8	<u>173</u>	<u>165</u>

Approved by the Board and signed on its behalf by:



Director

23 JUL 2009

Warner Home Video (UK) Limited

Notes to the financial statements at 31 December 2008

1 Accounting policies

Basis of preparation

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

Statement of cash flows

The company has taken advantage of the exemption in FRS 1 (Revised) "Cash Flow Statements." A statement of cash flows has not been prepared as the company is a wholly owned subsidiary undertaking of Time Warner Inc., a company incorporated in the United States of America, which prepared a statement of cash flows (see note 10).

Related parties

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

Warner Home Video (UK) Limited

Notes to the financial statements at 31 December 2008

2 Operating loss

This is stated after charging:

	2008 £'000	2007 £'000
Auditors' remuneration - audit services	2	2
	<u>2</u>	<u>2</u>

There were no employees during the year (2007 - nil).

3 Directors' emoluments

None of the directors received any emoluments in respect of services performed for the company during the year (2007 - £nil).

4 Interest receivable

	2008 £'000	2007 £'000
Bank interest	10	19
	<u>10</u>	<u>19</u>

Warner Home Video (UK) Limited

Notes to the financial statements at 31 December 2008

5 Taxation on profit on ordinary activities

a) The charge based on the profit for the year is £nil (2007 - £nil).

b) Circumstances affecting the current tax charge:

The effective standard rate of current tax for the year, based on the UK standard rate of corporation tax is 28.5% (2007 - 30%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	8	17
Tax on profit on ordinary activities at standard rate	2	5
Factors affecting the tax charge:		
Group relief received for nil consideration	(2)	(5)
Total current tax (note (a) above)	-	-

Warner Home Video (UK) Limited

Notes to the financial statements at 31 December 2008

6 Creditors: amounts falling due within one year	2008 £'000	2007 £'000
Amounts due to group undertakings	9	7
Corporation tax payable	-	59
	<u>9</u>	<u>66</u>

7 Called up share capital	2008 £	2007 £
<i>Authorised, allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 Reconciliation of shareholder's funds and movement on reserves	Share capital £'000	Profit and loss account £'000	Total £'000
At 31 December 2007	-	165	165
Profit for the year	-	8	8
At 31 December 2008	<u>-</u>	<u>173</u>	<u>173</u>

9 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, to offset borrowings drawn down from the system by other group members who are also parties to these arrangements. At the balance sheet date, funds deposited by the company into the system and potentially at risk to cover liabilities elsewhere in the group, amounted to £182,000 (2007 - £231,333).

10 Post balance sheet events

During the current and prior year, the company did not trade. Subsequent to the year end the company has commenced providing supply chain management services to related parties.

11 Ultimate parent undertaking

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 accounts are drawn up. Time Warner Holdings Limited is registered in England and Wales and copies of its accounts can be obtained from the Registrar of Companies in Cardiff.

At 31 December 2008, 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 the group financial statements are drawn up. Copies of Time Warner Inc.'s financial statements can be obtained from One Time Warner Center, New York, NY10019, USA.