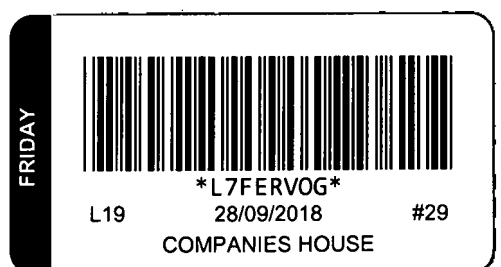


Company registration number: 01907094

# Warner Home Video (U.K.) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017



## **Warner Home Video (U.K.) Limited**

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## **Warner Home Video (U.K.) Limited**

### **Company Information**

<b>Directors</b>	T H Creighton A M Fleming
<b>Registered office</b>	Warner House 98 Theobald's Road London WC1X 8WB
<b>Auditor</b>	Ernst & Young LLP 1 More London Place London SE1 2AF
<b>Banker</b>	Barclays Bank PLC 8/9 Hanover Square London W1A 4ZW

## **Warner Home Video (U.K.) Limited**

### **Directors' Report for the Year Ended 31 December 2017**

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 2017.

#### **Results and dividends**

Profit for the year after taxation amounted to €109,000 (2016 - €101,000).

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 is that of performing supply chain related services.

#### **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 who are still directors at the date of this report:

T H Creighton

A M Fleming (appointed 12 January 2017)

P B de Crisnay (resigned 12 January 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.

**Warner Home Video (U.K.) 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.

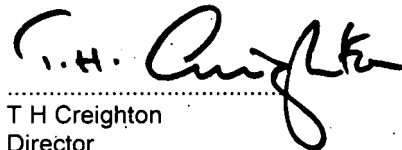
**Auditor**

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



T H Creighton  
Director

Date: 25 SEP 2018

## **Warner Home Video (U.K.) 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.

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## **Warner Home Video (U.K.) Limited**

### **Independent Auditor's Report to the Members of Warner Home Video (U.K.) Limited**

#### **Opinion**

We have audited the financial statements of Warner Home Video (U.K.) Limited (the 'company') for the year ended 31 December 2017, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and notes 1 to 13, 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, 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.

#### **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.

## **Warner Home Video (U.K.) Limited**

### **Independent Auditor's Report to the Members of Warner Home Video (U.K.) Limited (continued)**

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.

#### **Opinion on other matter 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 has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our 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.



## **Warner Home Video (U.K.) Limited**

### **Independent Auditor's Report to the Members of Warner Home Video (U.K.) 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.

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.

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.

*Ernst & Young LLP*

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

Date: .....

*26/11/18*

**Warner Home Video (U.K.) Limited**

**Income Statement**  
**for the Year Ended 31 December 2017**

		Year ended 31 December 2017 € 000	Year ended 31 December 2016 € 000
	Note		
Administrative Expenses		(3,086)	(3,322)
		(3,086)	(3,322)
Other operating income	2	3,194	3,418
<b>Operating profit</b>	2	108	96
Interest receivable and similar income	5	-	3
<b>Profit on ordinary activities before taxation</b>		108	99
Taxation on profit on ordinary activities	6	1	2
<b>Profit for the financial year</b>		<u>109</u>	<u>101</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 11 to 19 form an integral part of these financial statements.

# Warner Home Video (U.K.) Limited

## Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital € 000	Equity share based payments € 000	Profit and loss account € 000	Total shareholder's funds € 000
At 1 January 2016	7,000	(38)	1,467	8,429
Profit for the financial year	-	-	101	101
Stock options and RSU's exercised	-	(3)	-	(3)
At 31 December 2016	<u>7,000</u>	<u>(41)</u>	<u>1,568</u>	<u>8,527</u>

	Share capital € 000	Equity share based payments € 000	Profit and loss account € 000	Total shareholder's funds € 000
At 1 January 2017	7,000	(41)	1,568	8,527
Profit for the financial year	-	-	109	109
Transfers between reserves	-	61	(61)	-
Deferred tax on share based payments	-	2	-	2
At 31 December 2017	<u>7,000</u>	<u>22</u>	<u>1,616</u>	<u>8,638</u>

### Equity-settled share-based payments reserve

This reserve records all all current and prior period employee related equity settled share based payment transactions.

The notes on pages 11 to 19 form an integral part of these financial statements.

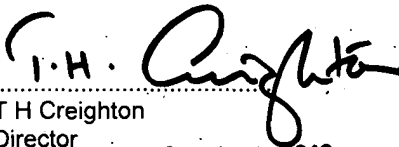
# Warner Home Video (U.K.) Limited

## Statement of Financial Position as at 31 December 2017

	Note	31 December 2017 € 000	31 December 2016 € 000
<b>Current assets</b>			
Debtors	7	8,069	3,391
Cash at bank and in hand		<u>864</u>	<u>5,984</u>
		8,933	9,375
<b>Creditors: amounts falling due within one year</b>	8	<u>(292)</u>	<u>(847)</u>
<b>Total assets less current liabilities</b>		8,641	8,528
Provisions for liabilities	9	<u>(3)</u>	<u>(1)</u>
<b>Net assets</b>		<u>8,638</u>	<u>8,527</u>
<b>Capital and reserves</b>			
Called up share capital	10	7,000	7,000
Equity-settled share-based payments reserve		22	(41)
Profit and loss account		<u>1,616</u>	<u>1,568</u>
<b>Total shareholder's funds</b>		<u>8,638</u>	<u>8,527</u>

The company's financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

  
T. H. Creighton  
Director  
Date: 25 SEP 2018

Company registration number: 01907094

The notes on pages 11 to 19 form an integral part of these financial statements.

## **Warner Home Video (U.K.) Limited**

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

#### **1 Accounting policies**

##### **a) Statement of compliance**

Warner Home Video (U.K.) 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 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 euro 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 13).

##### **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 13).

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 13).

##### **Share based payments**

The company has taken advantage of the exemption in FRS 102.1.12(d) Reduced disclosures for subsidiaries. Certain share based payment transactions have not been presented 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 13).

## **Warner Home Video (U.K.) Limited**

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

#### **1 Accounting policies (continued)**

##### ***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.

##### **Multi-employer defined benefit pension scheme**

Certain employees participate in a multi-employer defined benefit pension scheme with other companies in the region. In the judgement of the directors, the company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme. See note 11 for further details.

##### **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 6.

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***

##### **Pensions**

The company is one of the sponsoring employers of the Time Warner UK Pension Plan ("the TWUK PP"), which is a defined benefit scheme. The assets of the TWUK PP are held in a separately administered fund.

The contribution rate for each employer does not reflect the individual experience of the company's members in isolation, as it is not possible to identify accurately or consistently from year to year the share of pension assets relating to the company. Consequently the company has accounted for its contributions to the TWUK PP as if it were a defined contribution scheme. Contributions to the fund of the TWUK PP are charged to the income statement as they become payable.

The TWUK PP was closed to new entrants with effect from 1 April 2010 from which time membership of the Time Warner Money Purchase Pension Plan ("the TWMP PP"), a defined contribution plan, is available. Contributions payable to the TWMP PP are charged to the income statement in the period in which they become payable. With effect from 1 April 2011, the Time Warner UK Pension Plan closed to future benefits accruals.

## Warner Home Video (U.K.) Limited

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

#### 1 Accounting policies (continued)

##### 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 income statement.

##### 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.

##### Share based payments

Certain employees of the company have been granted options to purchase shares in the company's ultimate parent undertaking, AT&T Inc.. Such options have been granted with exercise prices equal to, or in excess of, the fair market value at the date of grant. The options are denominated in US\$ and vest evenly over a four year period and expire ten years from the date of grant. In accordance with FRS 102.26.16 the company recognises and measures the cost of each option on the basis of the allocation of the expense it receives from its ultimate parent undertaking on an annual basis.

Certain employees of the company have been granted restricted stock units ("RSUs") in AT&T Inc.. The RSUs vest 50% three years after the date of grant and 50% four years after the date of grant. When the RSUs vest the employee receives shares in AT&T Inc. at no cost to themselves. In accordance with FRS 102.26.16 the company recognises and measures the cost of each RSU on the basis of the allocation of the expense it receives from its ultimate parent undertaking on an annual basis.

#### 2 Operating profit

This is stated after charging:

	Year ended 31 December 2017 € 000	Year ended 31 December 2016 € 000
Auditors remuneration - audit of the financial statements	22	23
Foreign exchange loss	55	88

Included within operating profit is other operating income of €3,194,000 (2016 - €3,418,000) which is mainly service fee income generated due to supply chain function within Warner Media, LLC (formerly Time Warner Inc.).

## Warner Home Video (U.K.) Limited

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

#### 3 Directors' remuneration

Certain directors of the company were paid by the company. The other directors of the company were paid by fellow group undertakings; they have minimal qualifying services to the company and receive no remuneration in respect of the company.

	Year ended 31 December 2017 € 000	Year ended 31 December 2016 € 000
Aggregate remuneration in respect of qualifying services	155	-
Aggregate company contributions paid to defined contribution pension scheme	19	-
	<u>No.</u>	<u>No.</u>
Members of defined contribution pension scheme	<u>1</u>	<u>-</u>

#### 4 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Year ended 31 December 2017 € 000	Year ended 31 December 2016 € 000
Wages and salaries	1,808	1,907
Social security costs	223	224
Other pension costs	165	164
Equity-settled share based payments	24	8
	<u>2,220</u>	<u>2,303</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Administration and support	<u>27</u>	<u>26</u>

#### 5 Interest receivable and similar income

	Year ended 31 December 2017 € 000	Year ended 31 December 2016 € 000
Interest receivable from group undertakings	<u>-</u>	<u>3</u>



# Warner Home Video (U.K.) Limited

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

### 6 Taxation on profit on ordinary activities

a) The charge/(credit) based on the profit for the year is made up as follows:

	Year ended 31 December 2017 € 000	Year ended 31 December 2016 € 000
<i>Current tax:</i>		
Current tax at 19.25% (2016 - 20.00%)	-	-
Total current tax charge	-	-
<i>Deferred taxation:</i>		
Origination and reversal of timing differences	(1)	1
Other provision for prior years	-	(3)
Total deferred taxation	(1)	(2)
Total tax on profit on ordinary activities (note 6(c) below)	<u>(1)</u>	<u>(2)</u>

b) Tax included in group Statement of changes in Equity

The tax charge/(credit) is made up as follows:

	Year ended 31 December 2017 € 000	Year ended 31 December 2016 € 000
<i>Deferred tax:</i>		
Deferred tax on share based payment reserve	(2)	-
Total tax in Statement of changes in Equity	<u>(2)</u>	<u>-</u>

## Warner Home Video (U.K.) Limited

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

#### 6 Taxation on profit on ordinary activities (continued)

##### c) Circumstances affecting 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 - 20.00%).

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	108	99
Corporation tax at standard rate	21	20
Factors affecting the tax (credit)/charge:		
Disallowable items	(1)	-
Tax over provided in previous years	-	(3)
Group relief received for nil consideration	(21)	(19)
Total tax credit (see note 6(a) above)	(1)	(2)

##### d) Deferred tax

Deferred tax is provided at 17% (2016 - 17%) in the statement of financial position as follows:

	Year ended 31 December 2017 € 000	Year ended 31 December 2016 € 000
Included in debtors	5	2
Analysed as:		
Accelerated capital allowances	1	1
Short term timing differences	1	-
Share-based payment	3	1
	5	2

## Warner Home Video (U.K.) Limited

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

#### 6 Taxation on profit on ordinary activities (continued)

Analysis of movement in deferred tax:

At start of period	2
Credited to income statement	1
Credited to Statement of changes in Equity	2
At end of period	<u>5</u>

The net reversal of deferred tax expected to occur in the following year is €1,000. This is due to capital allowances.

#### e) 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.

#### 7 Debtors

	Note	31 December 2017 € 000	31 December 2016 € 000
Trade debtors		3,879	875
Other debtors		6	-
Prepayments and accrued income		2,950	274
Amounts owed by group undertakings		777	2,210
VAT receivable		452	30
Deferred tax assets	6	5	2
		<u>8,069</u>	<u>3,391</u>

#### 8 Creditors: amounts falling due within one year

	31 December 2017 € 000	31 December 2016 € 000
Trade creditors	95	90
Other taxes and social security costs	42	33
Accruals and deferred income	129	127
Amounts owed to group undertakings	26	597
	<u>292</u>	<u>847</u>

## Warner Home Video (U.K.) Limited

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

#### 9 Provisions for liabilities

	National Insurance on share options € 000
At 31 December 2016	1
Arising during the year	2
At 31 December 2017	3

#### 10 Called up share capital

##### Issued, allotted, called up and fully paid

	31 December 2017		31 December 2016	
	No.	€	No.	€
Ordinary shares of £1 each	100	103.00	100	103.00
Ordinary shares of €1 each	7,000,000	7,000,000	7,000,000	7,000,000
	<u>7,000,100</u>	<u>7,000,103</u>	<u>7,000,100</u>	<u>7,000,103</u>

There are no restrictions on the distribution of dividends and repayment of capital on both ordinary shares of £1 and €1 each.

#### 11 Pension

The Time Warner UK Pension Plan ("TWUK PP") is a multi-employer defined benefit plan. The total overall combined contribution rate from employers to the TWUK PP will vary depending on the experience of the plan and hence any surplus or deficit in the plan will be revealed when actuarial valuations are completed from time to time. Following the actuarial valuation as at 5 April 2014, the contributions rate payable by the company has been set based on discussions among the participating companies, so that the total contributions from all employers equal the required funding rate.

The TWUK PP was closed to new entrants with effect from 1 April 2010 from which time membership of The Time Warner Money Purchase Pension Plan ("TWMP PP"), a new defined contribution scheme, is available. With effect from 1 April 2011, the TWUK PP was closed to future benefits accrual. The assets of the TWUK PP are invested as a whole and are not segregated by the participating employer. Consequently information concerning that part of the TWUK PP's assets attributable to the company is not available.

## **Warner Home Video (U.K.) Limited**

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

#### **11 Pension (continued)**

The company and other fellow sponsors are jointly and severably liable for any scheme deficit.

The company has discussed the position with the TWUK PP's actuaries and, in accordance with FRS 102 section 28 Employee Benefits has taken their advice that the company treat its participation in TWUK PP as if it were a defined contribution scheme. At 31 December 2016 and 31 December 2017, on a FRS 102 section 28 basis and before any related deferred tax, the scheme was in surplus.

Further information concerning both schemes (i.e. TWUK PP and TWMP PP) can be found in the report and financial statements of Time Warner Limited, the sponsoring employer, which are available from the Company Secretary, 16 Great Marlborough Street, London W1F 7HS.

The total pension cost to the company in relation to both schemes for the year ended 31 December 2017 amounted to €165,000 (2016 - €164,000).

#### **12 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 €872,372 (2016 - €5,979,418).

#### **13 Ultimate parent undertaking**

The company's immediate parent undertaking is Time Warner Entertainment 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.