

Company registration number: 02278326

The Bountiful Company Limited
Report and Financial Statements
31 December 2014

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The Bountiful Company Limited

Company registration number: 02278326

Directors

S W Mertz

T H Creighton

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

The Bountiful Company Limited

Directors' report

Company registration number: 02278326

The directors present their annual report on the affairs of The Bountiful Company Limited ("the company") together with the financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the year after taxation amounted to \$501,000 (2013 - \$456,000).

No dividends were paid during the year (2013 - \$nil).

Principal activity

The company financed the production of various motion pictures.

Going concern

The directors have received a letter from Time Warner Entertainment Limited confirming that the advance of US\$11,679,000 owed by the company is repayable pari passu with amounts receivable by the company under a distribution agreement and is not repayable on demand. Accordingly, 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 financial statements.

Directors and their interests

The directors of the company who served during the period were as follows:

S W Mertz

T H Creighton

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.

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. 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 period and is in force as at the date of approving the Directors' Report.

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 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 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 auditors 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: 27/7/2015

The Bountiful Company Limited

Statement of directors' responsibilities in respect of the financial statements

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 then apply them consistently;
- make judgments 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.

The Bountiful Company Limited

Independent auditor's report

to the members of The Bountiful Company Limited

We have audited the financial statements of The Bountiful Company Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report and take advantage of the small companies' exemption in preparing the Directors' Report.



Neil Cullum (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
London

28/7/15

The Bountiful Company Limited

Profit and loss account for the year ended 31 December 2014

	Notes	Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000
Turnover		686	628
Cost of sales		(170)	(165)
Gross profit		516	463
Administrative expenses		(22)	(13)
Operating profit	2	494	450
Interest receivable and similar income	4	7	6
Profit on ordinary activities before taxation		501	456
Taxation on profit on ordinary activities	5	-	-
Profit for the financial year	9	501	456

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 an historical cost basis.

The Bountiful Company Limited

Balance sheet at 31 December 2014

	Notes	31 December 2014 US\$'000	31 December 2013 US\$'000
Current assets			
Debtors	6	491	464
Cash at bank and in hand		3,791	3,417
		<u>4,282</u>	<u>3,881</u>
Creditors: amounts falling due within one year	7	(11,695)	(11,795)
Net liabilities		<u>(7,413)</u>	<u>(7,914)</u>
Capital and reserves			
Called up share capital	8	19,831	19,831
Profit and loss account	9	(27,244)	(27,745)
Total shareholder's deficit		<u>(7,413)</u>	<u>(7,914)</u>

Approved by the Board and signed on its behalf by:

T H Creighton

Director

Date:

27/7/2015

T.H. Creighton

The Bountiful Company Limited

Notes to the financial statements at 31 December 2014

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost convention and in accordance with the Companies Act 2006 and with applicable United Kingdom accounting standards.

Going concern

The directors have received a letter from Time Warner Entertainment Limited confirming that the advance of US\$11,679,000 owed by the company is repayable pari passu with amounts receivable by the company under a distribution agreement and is not repayable on demand. Accordingly, 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 financial statements.

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 prepares a statement of cash flows (see note 11).

Related parties

The company has taken advantage of the exemption in FRS 8 not to disclose related party transactions with fellow wholly owned subsidiary undertakings of Time Warner Inc., a company incorporated in the United States of America, which prepares publicly available consolidated financial statements (see note 11).

Turnover

Turnover represents amounts receivable from distributors, stated net of value added tax. All turnover relates to the company's principal activity, the company provided finance for the production of various motion pictures. All turnover arises in The United States of America.

Film licence income

Revenue is recognised as income when received from, or declared by, distributors at the year end.

Foreign currencies

The company's functional currency is the US Dollar (US\$). Transactions in foreign currencies are translated at the 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 balance sheet date. All differences are taken to the profit and loss account.

Deferred taxation

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet dates. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits.

Interest receivable and payable

Interest income and expense is recognised on an accruals basis.

2 Operating profit

This is stated after charging:

	Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000
Auditor's remuneration - audit of the financial statements	9	10
Foreign exchange loss	12	3

The company had no employees in the current and prior year.

The Bountiful Company Limited

Notes to the financial statements at 31 December 2014

3 Directors' remuneration

The directors received no remuneration from the company for their services to the company during the current or prior year. The directors of the company were paid by fellow group undertakings in the current and prior year.

4 Interest receivable and similar income

	Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000
Interest receivable from group undertakings	7	6
	<u>7</u>	<u>6</u>

5 Taxation on profit on ordinary activities

a) The charge based on the profit for the year is as follows:

	Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000
<i>Current tax</i>		
UK corporation tax		
Total current tax charge		
<i>Deferred tax</i>		
Origination and reversal of timing differences	106	105
Adjustment to estimated recoverability of deferred tax	(106)	(105)
Total deferred tax		
Total tax charge on profit on ordinary activities		

The Bountiful Company Limited

Notes to the financial statements at 31 December 2014

5 Taxation on profit on ordinary activities (continued)

b) Circumstances affecting the current tax charge:

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 21.5% (2013 - 23.25%).

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

	Year ended 31 December 2014 US\$'000	Year ended 31 December 2013 US\$'000
Profit on ordinary activities before tax	501	456
Tax on profit on ordinary activities at standard rate	108	106
Factors affecting the tax charge:-		
Group relief received for nil consideration	(2)	(1)
Utilisation of brought forward losses	(106)	(105)
Total current tax charge (see note 5(a) above)		

c) Deferred tax

The company had incurred taxable losses in prior years which are available to offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses as it is not possible to forecast the level of profits that will arise within the immediate future. It is anticipated that the losses will gradually be recovered as the business moves into profit. The estimated value of the deferred tax asset not recognised, measured at a standard rate of 20% is \$737,000 (2013 - \$836,000).

The company has not provided for deferred tax assets on timing differences. By agreement with other companies in the group the company is entitled to claim group relief for nil consideration and has the obligation to surrender future tax losses for nil consideration. Therefore no deferred tax asset is recognised.

d) Factors affecting future tax charges

The Finance Act 2013 included legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015. The 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.

The Summer Finance Bill 2015 proposed two changes to the future mainstream corporation tax rate. From 1 April 2017 the rate will reduce from 20% to 19% and from 1 April 2020 the rate will reduce further to 18%. As these changes have not yet been substantively enacted, they are not reflected in the figures in these accounts.

6 Debtors

	31 December 2014 US\$'000	31 December 2013 US\$'000
Prepayments and accrued income	491	464

The Bountiful Company Limited

Notes to the financial statements at 31 December 2014

7 Creditors: amounts falling due within one year

	31 December 2014 US\$'000	31 December 2013 US\$'000
Accruals and deferred income	11	12
Amounts owed to group undertakings	11,684	11,783
	<u>11,695</u>	<u>11,795</u>

The amount due to group undertakings includes an amount of US\$11,679,000 (2013 - US\$11,679,000) owed to Time Warner Entertainment Limited and is repayable pari passu with amounts receivable by The Bountiful Company Limited under a distribution agreement.

8 Called up share capital

	Issued, allotted, called up and fully paid			
	31 December 2014 Number	31 December 2014 US\$	31 December 2013 Number	31 December 2013 US\$
Ordinary shares of £1. each	12,389,280	19,823,710	12,389,280	19,823,710
"A" ordinary shares of £1 each	4,436	7,178	4,436	7,178
	<u>12,393,716</u>	<u>19,830,888</u>	<u>12,393,716</u>	<u>19,830,888</u>

9 Reconciliation of shareholder's deficit and movement in reserves

	Share capital US\$'000	Profit and loss account US\$'000	Total shareholder's deficit US\$'000
At 31 December 2013	19,831	(27,745)	(7,914)
Profit for the financial year	-	501	501
At 31 December 2014	<u>19,831</u>	<u>(27,244)</u>	<u>(7,413)</u>

10 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 balance sheet date, funds deposited by the company into the system, and potentially at risk to cover liabilities elsewhere in the group, amounted to US\$3,791,000 (2013 - US\$3,426,000).

11 Ultimate parent undertaking

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

At 31 December 2014, 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 group financial statements are drawn up. Copies of Time Warner Inc.'s financial statements can be obtained from One Time Warner Center, New York, NY 10019, USA.