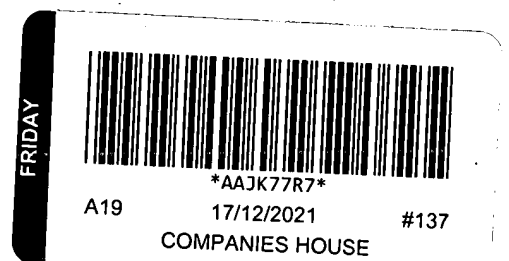


Company registration number: 02713676

# Time Warner Entertainment Limited

Annual Report and Financial Statements  
for the Year Ended 31 December 2020



## **Time Warner Entertainment Limited**

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## **Time Warner Entertainment Limited**

### **Company Information**

<b>Directors</b>	J Wilkins N C Bosch J K Cheema E C Browne
<b>Registered office</b>	160 Old Street London EC1V 9BW
<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

## **Time Warner Entertainment Limited**

### **Strategic Report for the Year Ended 31 December 2020**

The directors present their Strategic Report for the year ended 31 December 2020. In preparing this Strategic Report, the directors have complied with section 414c of the Companies Act 2006.

#### **Principal activity**

The company's principal activity is and will continue to be that of an intermediate holding company to a group which develops, produces, and exploits entertainment media.

#### **Results**

The loss for the year after taxation amounted to £40,000 (2019 - profit £61,000).

#### **Principal risks and uncertainties**

An analysis of the risks and uncertainties of the AT&T Inc. group are discussed in the group's Annual Report which is publicly available.

As a holding company, the principal risks and uncertainties facing the company relate to its subsidiaries as a group and are detailed below.

The popularity of content is difficult to predict and can change rapidly, and low public acceptance of the company's content will adversely affect its results. The revenues derived from the sale, distribution and licensing of television programming and other content depend primarily on widespread public acceptance of that content, which is difficult to predict and can change rapidly. The company must invest substantial amounts in the marketing of its content before it learns whether such content will reach anticipated levels of popularity with consumers. The popularity of the company's content depends on many factors, only some of which are within the company's control.

Low ratings for television programming produced by the group may lead to the cancellation of a programme and can negatively affect future license fees for the cancelled programme. If the group decides to no longer air programming due to low ratings or other factors, the group could incur significant programming impairments, which could have material adverse effect on the group's results of operations in a given period.

If the company fails to compete successfully against alternative sources of entertainment, there may be an adverse effect on the company's results. The company competes with other sources of entertainment, including feature films, the Internet, home entertainment products, videogames, social networking and pirated content, for consumers' leisure and entertainment time and discretionary spending. The increased number of media and entertainment choices available to consumers has made it much more difficult to attract and obtain their attention and time.

The company is subject to a variety of laws and regulations. The company could incur significant costs to comply with new laws or regulations or substantial penalties or other liabilities if it fails to comply with them. Compliance with new laws or regulations could also cause the company to change or limit its business practices in a manner that is adverse to its business.

## **Time Warner Entertainment Limited**

### **Strategic Report for the Year Ended 31 December 2020 (continued)**

#### **Principal risks and uncertainties (continued)**

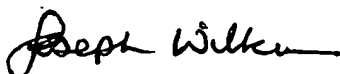
During the period under review, the UK exited from the European Union. Based on trading activity since this exit, the company believes it has mitigated the risk as best as it can in the circumstances and has not experienced any material disruption to business activity.

During the period under review, the COVID-19 outbreak was declared a pandemic by the World Health Organisation, in March 2020. Governments, the UK government among them, have imposed restrictions to reduce the risk of further spread of the disease - closing borders, ordering home quarantine and cancelling public events.

The outbreak and the response of governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the company's business.

The directors have assessed the impact of COVID-19 on the company, including a review of the customer base, customer contract terms and cash collection; staff working arrangements and capacity. At present, the directors believe that the company is well placed to continue without significant adverse operational or financial impact.

On behalf of the Board



.....  
J Wilkins  
Director

Date: 13 DECEMBER 2021.

## **Time Warner Entertainment Limited**

### **Directors' Report for the Year Ended 31 December 2020**

The directors present their annual report on the affairs of Time Warner Entertainment Limited ("the company") together with the financial statements for the year ended 31 December 2020.

#### **Dividends**

No dividends were paid during the year (2019 - £nil).

#### **Going Concern**

The directors have reviewed the current financial performance and position of the company and considered the impact of COVID-19 on the future trading of the company and are confident that it will not lead to the company no longer being a going concern. In the unlikely event that it is not possible for the company to meet its liabilities as they fall due and also due to the centralised cash pooling arrangements, the intermediary parent company Warner Media, LLC has agreed to provide continued financial support to the company for the foreseeable future, up to at least 31 December 2022, to meet its obligations as and when they fall due.

Taking into account the position of the intermediary parent company, the directors are of the view that there are no events expected to have a material adverse impact on the company's ability to continue as a going concern, for a period up to at least 31 December 2022. Accordingly, they continue to adopt the going concern basis in preparing these 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:

J Wilkins  
T Waring-Mundy (resigned 30 April 2020)  
B E S Jones (resigned 30 September 2020)  
S Mertz (resigned 31 December 2020)

The following directors were appointed after the year end:

N C Bosch (appointed 25 February 2021)  
J K Cheema (appointed 25 February 2021)  
E C Browne (appointed 14 June 2021)

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.

## **Time Warner Entertainment Limited**

### **Directors' Report for the Year Ended 31 December 2020 (continued)**

#### **Important non adjusting events after the financial period**

On 17 May 2021 the ultimate parent company, AT&T Inc. announced they will combine the Warner Media content unit with Discovery, Inc. Under the agreement, AT&T Inc. will form a new media company with Discovery, Inc., which would be separate from AT&T Inc. This company is part of the Warner Media Group which will form part of the new media company. Whilst the deal has been announced, it is pending approval by the regulators and Discovery shareholders, and is not expected to formally close until the middle of 2022.

#### **Employee engagement**

The company has no employees and therefore has nothing to report in respect of employee engagement activity during the year.

#### **Streamlined Energy and Carbon Reporting (SECR)**

The company has not consumed more than 40,000 kWh of energy in the reporting period and is therefore exempt from providing further information under The Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

#### **Disclosure of information to the auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

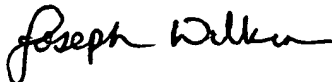
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/ she ought to have taken as a director in order to make himself/ herself aware of any relevant audit information and to establish that 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.

On behalf of the Board



.....  
J Wilkins  
Director

Date: 13 DECEMBER 2021

## **Time Warner Entertainment Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Strategic Report, 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;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.



## **Time Warner Entertainment Limited**

### **Independent Auditor's Report to the Members of Time Warner Entertainment Limited**

#### **Opinion**

We have audited the financial statements of Time Warner Entertainment Limited for the year ended 31 December 2020, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and notes 1 to 11, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **Time Warner Entertainment Limited**

### **Independent Auditor's Report to the Members of Time Warner Entertainment 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 contained within the annual report.

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

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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have 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 Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

## **Time Warner Entertainment Limited**

### **Independent Auditor's Report to the Members of Time Warner Entertainment Limited (continued)**

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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.

#### **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.

#### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom Accounting Standards, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Companies Act 2006, Data Protection Act 1998, Proceeds of Crime Act 2002, Money Laundering Regulations 2003, UK Bribery Act, UK Tax Regulation and Health and safety regulations.
- We understood how the company is complying with those frameworks by holding enquiries with management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, as well as consideration of the results of our audit procedures and noted that there was no contradictory evidence. We identified management's attitude and tone from the top to embed a culture of honesty and ethical values whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and determined the compliance with the above laws with management.

## **Time Warner Entertainment Limited**

### **Independent Auditor's Report to the Members of Time Warner Entertainment Limited (continued)**

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the business processes, obtaining and reading internal policies, holding enquiries of management as to any fraud risk framework within the entity.

Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations.

Our procedures involved:

- Enquiry of management as to any fraud risk framework within the entity.
- Enquiry of management around actual and potential litigation and claims.
- Auditing the risk of management override of controls, including performing analytical procedures.
- Evaluating the business rationale of significant transactions outside the normal course of business.
- Challenging judgements made by management. This included corroborating the inputs and considering contradicting evidence.
- Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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*

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

Date: 14 December 2021

**Time Warner Entertainment Limited**

**Income Statement**  
**for the Year Ended 31 December 2020**

	Note	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Income from investments	4	(41)	54
Interest receivable and similar income	5	<u>1</u>	<u>7</u>
(Loss)/profit on ordinary activities before taxation		(40)	61
Taxation	6	<u>-</u>	<u>-</u>
(Loss)/profit for the financial year		<u>(40)</u>	<u>61</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 14 to 22 form an integral part of these financial statements.

**Time Warner Entertainment Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2020**

	Share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total shareholder's funds £ 000
At 1 January 2019	45,000	28,470	39,250	112,720
Profit for the year	-	-	61	61
At 31 December 2019	<u>45,000</u>	<u>28,470</u>	<u>39,311</u>	<u>112,781</u>
	Share capital £ 000	Other reserves £ 000	Profit and loss account £ 000	Total shareholder's funds £ 000
At 1 January 2020	45,000	28,470	39,311	112,781
Loss for the year	-	-	(40)	(40)
At 31 December 2020	<u>45,000</u>	<u>28,470</u>	<u>39,271</u>	<u>112,741</u>

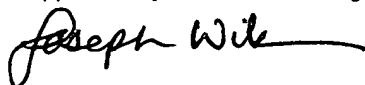
The notes on pages 14 to 22 form an integral part of these financial statements.

**Time Warner Entertainment Limited**

**Statement of Financial Position  
as at 31 December 2020**

	Note	31 December 2020 £ 000	31 December 2019 £ 000
<b>Fixed assets</b>			
Investments	7	112,063	112,063
<b>Current assets</b>			
Cash at bank and in hand		<u>678</u>	<u>718</u>
<b>Net assets</b>		<u>112,741</u>	<u>112,781</u>
<b>Capital and reserves</b>			
Called up share capital	8	45,000	45,000
Other reserves		28,470	28,470
Profit and loss account		<u>39,271</u>	<u>39,311</u>
<b>Total shareholder's funds</b>		<u>112,741</u>	<u>112,781</u>

Approved by the Board and signed on its behalf by:



.....  
J Wilkins  
Director

Date: 13 DECEMBER 2021

Company registration number: 02713676

The notes on pages 14 to 22 form an integral part of these financial statements.

## **Time Warner Entertainment Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **1 Accounting policies**

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

Time Warner Entertainment Limited is a limited liability company incorporated in England & Wales. The Registered Office is 160 Old Street, London, EC1V 9BW.

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 2020.

##### ***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.

The company has taken advantage of the exemption from the requirement to prepare consolidated financial statements available under s401 of the Companies Act 2006, as it is a wholly-owned subsidiary undertaking of AT&T Inc., a company incorporated in the United States of America, which prepares publicly available consolidated financial statements (see note 10).

##### **Going Concern**

The directors have reviewed the current financial performance and position of the company and considered the impact of COVID-19 on the future trading of the company and are confident that it will not lead to the company no longer being a going concern. In the unlikely event that it is not possible for the company to meet its liabilities as they fall due and also due to the centralised cash pooling arrangements, the intermediary parent company Warner Media, LLC has agreed to provide continued financial support to the company for the foreseeable future, up to at least 31 December 2022, to meet its obligations as and when they fall due.

Taking into account the position of the intermediary parent company, the directors are of the view that there are no events expected to have a material adverse impact on the company's ability to continue as a going concern, for a period up to at least 31 December 2022. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

##### **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, AT&T Inc., prepares publicly available consolidated financial statements and the company is included in the consolidation (see note 10).



## **Time Warner Entertainment Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

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

##### **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, AT&T Inc., prepares publicly available consolidated financial statements and the company is included in the consolidation (see note 10).

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 AT&T Inc., which prepares publicly available consolidated financial statements (see note 10).

##### ***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.

##### **Impairment of investments**

The company makes an estimate of the recoverable value of its investments. When assessing impairments of its investments, management considers factors including the current performance and liquidity of the investments, future prospects for the investments, and market conditions.

##### **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***

##### **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.

##### **Dividend income**

Dividend income is recognised when the right to receive payment is established.

##### **Interest income and expense**

Interest income and expense are recognised on an accruals basis.

##### **Investments**

Investments are stated at cost less provision for impairments.

## Time Warner Entertainment Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Operating loss

There were no employees during the year (2019 – nil).

Audit fees of £9,000 (2019 – £11,000) were borne by a fellow group undertaking.

#### 3 Directors' remuneration

The directors of the company were also directors of other group related undertakings. Their remuneration for the year was paid by a group related undertaking.

The directors do not consider it is practicable to apportion this amount between their services as directors of the company and their services as directors of the fellow group related undertakings.

#### 4 Income from Investments

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Recoupment of participation investment	(41)	54
	<u>(41)</u>	<u>54</u>

#### 5 Interest receivable and similar income

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
Receivable from group undertakings	1	7
	<u>1</u>	<u>7</u>

## Time Warner Entertainment Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 6 Taxation

a) There is no tax charge based on the results for the current or the prior period.

b) 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% (2019 - 19%).

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

	Year ended 31 December 2020 £ 000	Year ended 31 December 2019 £ 000
(Loss)/profit on ordinary activities before tax	(40)	61
Tax on (loss)/profit on ordinary activities at standard rate	(8)	12
Factors affecting charge:-		
Disallowable expenses	(53)	(40)
Group relief surrendered for nil consideration	61	28
Total tax charge/(credit) (see note 6(a) above)	-	-

c) Factors affecting future tax charges

The Finance Act 2016 included legislation to reduce the main rate of corporation tax rate from 19% to 17% from 1 April 2020. The Finance Act 2020, enacted on 22 July 2020 reversed this rate reduction and the impact is included in these accounts.

The Finance Act 2021, enacted on 10 June 2021, included legislation to increase the rate of Corporation tax to 25% as of 1 April 2023. The proposed rate rise, which was not substantively enacted at the balance sheet date, has no material impact on these or future accounts.

## Time Warner Entertainment Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 7 Investments

Subsidiaries	Investments in subsidiary undertakings £ 000
<b>Cost</b>	
At 31 December 2019	<u>112,063</u>
At 31 December 2020	<u>112,063</u>
<b>Net book value:</b>	
At 31 December 2020	<u>112,063</u>
At 31 December 2019	<u>112,063</u>

#### Details of undertakings

Details of the investments in which the company holds any nominal value of any class of share capital are as follows:

Undertaking	Country of registration	Holding	Proportion of voting rights and shares held 2020	2019
Warner Bros. Productions Limited	England and Wales	Ordinary shares	100%	100%
Warner Bros. Theatres (UK) Limited *	England and Wales	Ordinary shares	100%	100%
Warner Bros. Studios Leavesden Limited	England and Wales	Ordinary shares	100%	100%
Warner Home Video (UK) Limited	England and Wales	Ordinary shares	100%	100%
Rocksteady Studios Limited	England and Wales	Ordinary shares	100%	100%
The Bountiful Company Limited	England and Wales	Ordinary shares	100%	100%
Harry Potter Limited	England and Wales	Ordinary shares	100%	100%

## Time Warner Entertainment Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 7 Investments (continued)

American Night Productions Limited *	England and Wales	Ordinary shares	100%	100%
Dombey Street Productions Limited *	England and Wales	Ordinary shares	100%	100%
Triton Films Limited (previously Red Lion Films Ltd) *	England and Wales	Ordinary shares	100%	100%
Rocklock Films Limited *	England and Wales	Ordinary shares	100%	100%
Warner Bros Productions (Boulet) Limited *	England and Wales	Ordinary shares	100%	100%
Velocity Productions Limited *	England and Wales	Ordinary shares	100%	100%
Warner Bros. UK Features Limited *	England and Wales	Ordinary shares	100%	100%
Narrow Mark Films Limited (previously VeeEye Limited) *	England and Wales	Ordinary shares	100%	100%
Facil Productions Limited (previously Gorgon Productions Limited) *	England and Wales	Ordinary shares	100%	100%
Funfair Films Limited (previously Shadowdark Productions Limited) *	England and Wales	Ordinary shares	100%	100%
Number Three Films Limited (previously DDDCO Limited) *	England and Wales	Ordinary shares	100%	100%
Articulated Productions Limited *	England and Wales	Ordinary shares	100%	100%
Elementary Productions Limited *	England and Wales	Ordinary shares	100%	100%
Mammoth Productions Limited *	England and Wales	Ordinary shares	100%	100%
Sloane Square Films Limited *	England and Wales	Ordinary shares	100%	100%
Dena Films Limited *	England and Wales	Ordinary shares	100%	100%

## Time Warner Entertainment Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 7 Investments (continued)

Boswell Street Productions Limited *	England and Wales	Ordinary shares	100%	100%
Wayne Enterprises Feature Productions Limited	England and Wales	Ordinary shares	100%	100%
Deep Blue Productions Ltd *	England and Wales	Ordinary shares	100%	100%
London Film Museum (Covent Garden) Ltd *	England and Wales	Ordinary shares	100%	100%
London Film Experience (Baker Street) Ltd *	England and Wales	Ordinary shares	100%	100%
Platform 9 ¾ Retail Ltd *	England and Wales	Ordinary shares	100%	100%
Platform 9 ¾ K1ngs Cross Ltd *	England and Wales	Ordinary shares	100%	100%
Entertainment Merchandise Ltd *	England and Wales	Ordinary shares	100%	100%

\* Held by a subsidiary undertaking.

The registered office for all subsidiaries is Warner House, 98 Theobalds Road, London, WC1X 8WB.

The principal activity of Warner Bros. Productions Limited is film production services and related services.

The principal activity of Warner Bros. Theatres (UK) Limited \* is investment company.

The principal activity of Warner Bros. Studios Leavesden Limited is film studio and related services.

The principal activity of Warner Home Video (UK) Limited is performing supply chain related services.

The principal activity of Rocksteady Studios Limited is games developer.

The principal activity of The Bountiful Company Limited is film production.

The principal activity of Harry Potter Limited is dormant.

The principal activity of American Night Productions Limited \* is film production.

The principal activity of Dombey Street Productions Limited \* is film production.

The principal activity of Triton Films Limited (previously Red Lion Films Ltd) \* is film production.

The principal activity of Rocklock Films Limited \* is film production.

The principal activity of Warner Bros Productions (Boulet) Limited \* is film production.

The principal activity of Velocity Productions Limited \* is film production.

The principal activity of Warner Bros. UK Features Limited \* is facilitation of film production.

The principal activity of Narrow Mark Films Limited (previously VeeEye Limited) \* is film production.

The principal activity of Facil Productions Limited (previously Gorgon Productions Limited) \* is film production.

The principal activity of Funfair Films Limited (previously Shadowdark Productions Limited) \* is film production.

The principal activity of Number Three Films Limited (previously DDDCO Limited) \* is film production.

## Time Warner Entertainment Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 7 Investments (continued)

The principal activity of Articulated Productions Limited \* is film production.  
 The principal activity of Elementary Productions Limited \* is film production.  
 The principal activity of Mammoth Productions Limited \* is film production.  
 The principal activity of Sloane Square Films Limited \* is film production.  
 The principal activity of Dena Films Limited \* is film production.  
 The principal activity of Boswell Street Productions Limited \* is film production.  
 The principal activity of Wayne Enterprises Feature Productions Limited is film production.  
 The principal activity of Deep Blue Productions Ltd \* is film production.  
 The principal activity of London Film Museum (Covent Garden) Ltd \* is not currently trading.  
 The principal activity of London Film Experience (Baker Street) Ltd \* is not currently trading.  
 The principal activity of Platform 9 ¾ Retail Ltd \* is not currently trading.  
 The principal activity of Platform 9 ¾ K1ngs Cross Ltd \* is provision of services to it's parent company.  
 The principal activity of Entertainment Merchandise Ltd \* is not currently trading.

#### 8 Share capital

	Issued, allotted, called up and fully paid 31 December 2020		31 December 2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>45,000,288</u>	<u>45,000,288</u>	<u>45,000,288</u>	<u>45,000,288</u>

#### 9 Contingent liabilities

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 £678,000 (2019 - £718,000).

Since May 2001 the company has been indemnified against minimum annual rental payments of £1,068,000 (2019 - £1,068,000) by the purchasers of a former subsidiary undertaking.

## **Time Warner Entertainment Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **10 Ultimate parent undertaking**

The company's immediate parent undertaking is Warner Media International Limited, a company incorporated in the England and Wales.

At 31 December 2020, AT&T 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. Copies of AT&T Inc.'s financial statements can be obtained from 208 S. Akard St, Dallas, TX 75202, USA.

#### **11 Non adjusting events after the financial period**

On 17 May 2021 the ultimate parent company, AT&T Inc. announced they will combine the Warner Media content unit with Discovery, Inc. Under the agreement, AT&T Inc. will form a new media company with Discovery, Inc., which would be separate from AT&T Inc. This company is part of the Warner Media Group which will form part of the new media company. Whilst the deal has been announced, it is pending approval by the regulators and Discovery shareholders, and is not expected to formally close until the middle of 2022.