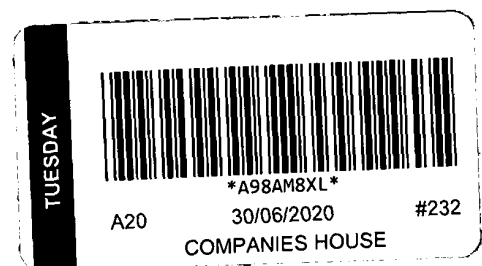


***Warner Chappell Music International
Limited***

(Registered in No. 00050419)

**Report and Financial Statements
30 September 2019**



WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED

Registration No. 00050419

DIRECTORS

M A Lavin
W S McDowell
R D Booker (resigned 30 September 2019)
J Smith
M Smith (resigned 13 March 2020)
K Alderton

SECRETARY

Olswang Cosec Limited

AUDITOR

KPMG LLP
15 Canada Square
E14 5GL

REGISTERED OFFICE

Cannon Place
78 Cannon Street
London
EC4N 6AF

WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED

STRATEGIC REPORT

The directors present their strategic report for the year ended 30 September 2019.

RESULTS AND DIVIDENDS

The profit for the year is set out in the profit and loss account on page 7. The directors do not propose a dividend for the year ended 30 September 2019 (2018 - £nil).

BUSINESS REVIEW

The principal activity of the company during the year continued to be music publishing.

Under an Exploitation Agreement effective 1 December 1987, Warner Chappell Music Limited accepted the benefit and burden of the company's rights and obligations under its current and future contracts with third party composers and songwriters. Under the Exploitation Agreement the company's directors have the right to set an annual fee chargeable to Warner Chappell Music Limited. In the current year this fee was set at £nil (2018: £nil).

In addition, the company receives dividends from investments in certain companies whose principal activity is also music publishing. The amounts receivable each year depend on the underlying performance of these companies. The company received dividends of £48,750 (2018: £53,000). The company suffers no costs other than taxation.

Given the fact that the company is not actively operational and the fact that it has no employees, the company does not consider itself subject to key performance indicators other than in respect of the level of fee income received.

RISKS AND UNCERTAINTIES

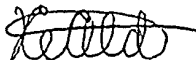
The company is not subject to any specific risks and uncertainties other than those prevalent in the music publishing market in general. As with any business, competitive risks also exist. Traditional competitors such as other major and independent publishers are now joined by new entrants and business models. All risks and uncertainties are regularly monitored by the company's board of directors.

Due to the exploitation agreement mentioned above, the only source of income is dividends received from subsidiaries; therefore the company is not directly exposed to price risk, credit risk, liquidity or cash flow risk.

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Government-imposed mandates limiting public assembly and requiring that non-essential businesses close have adversely impacted the Company's operations, including live performance and synchronisation, for the twelve months ended 30 September 2020. It is unclear how long the government-imposed mandates and restrictions will last and to what extent the global pandemic will impact demand for the Company's music and related services, even after federal, state, local and foreign governmental restrictions are lifted over time.

The Company is not presently aware of any events or circumstances arising from the global pandemic that would require us to update any estimates, judgments or materially revise the carrying value of our assets or liabilities, or which impact the ability of the business to continue as a going concern. The Company estimates may change, however, as new events occur and additional information is obtained, and any such changes will be recognized in the financial statements. Actual results could differ from estimates, and any such differences may be material to our consolidated financial statements.

On behalf of the board



Director
K Alderton

Date: 26/06/2020

WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of the company for the year ended 30 September 2019.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the period ended 30 September 2019 were as listed on page 1. At no time during the year did any director have any interest in the shares or debentures of the company or any other group undertaking. The directors of the company have qualifying indemnities against losses or liabilities that are incurred.

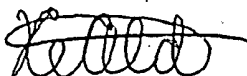
GOING CONCERN

In accordance with their responsibilities, the directors of the company have considered the appropriateness of the going concern basis, which has been used in the preparation of these financial statements. The company's business activities during the period ended 30 September 2019 have been set out above. Further, the amounts due to creditors are stated under note 9 of these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for 12 months following the signing of these accounts. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board



Director
K Alderton

Date: 26/06/2020

Registered office:
Cannon Place
78 Cannon Street
London
EC4N 6AF

WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of Warner Chappell Music International Limited

Opinion

We have audited the financial statements of Warner Chappell Music International Limited ("the company") for the year ended 30 September 2019 which comprise the Profit and loss account, Balance Sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the members of Warner Chappell Music International Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

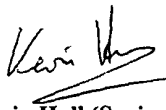
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Kevin Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London. E14 5GL

26 June 2020

WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £000's	2018 £000's
Turnover	2	-	-
Gross profit		-	-
Other operating income:			
Income from participating interests	12	49	53
Profit before Taxation	5	49	53
Tax on profit	6	-	-
Profit after Taxation		49	53

All profits are generated from continuing operations.

There is no other comprehensive income arising other than those recognised in the profit and loss account.

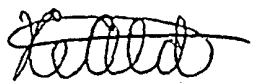
The notes on pages 10 to 16 form part of these financial statements.

WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2019

	Notes	2019 £000's	2018 £000's
Fixed assets:			
Investments	7	622	622
Current assets:			
Debtors	8	9,590	9,541
Current liabilities:			
Creditors	9	(9,522)	(9,522)
Net current assets		68	19
Total assets less total liabilities		690	641
Capital and reserves:			
Called up share capital	10	267	267
Profit and loss account		423	374
Shareholders' funds		690	641

The financial statements of Warner Chappell Music International Limited (registered number 00050419) were approved by the board of directors and were signed on its behalf by:



K Alderton
DIRECTOR

Dated: 26/06/2020

The notes on pages 10 to 16 form part of these financial statements.

WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2019

	<i>Called up Share capital £ '000</i>	<i>Profit and loss account £'000</i>	<i>Total Equity £'000</i>
Balance at 1 October 2017	267	321	588
Profit for the financial year	-	53	53
At 30 September 2018	<u>267</u>	<u>374</u>	<u>641</u>
Profit for the financial year	-	49	49
At 30 September 2019	<u>267</u>	<u>423</u>	<u>690</u>

The notes on pages 10 to 16 form part of these financial statements.

WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

Basis of Preparation

The financial statements are prepared on the historical cost basis. They were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1000.

The Company's parent undertaking, Warner Music Group Corp., incorporated in the United States of America, includes the Company in its consolidated financial statements. The consolidated financial statements of Warner Music Group Corp. are available to the public and may be obtained from 1209 Orange Street, Wilmington, DE 19801, USA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

Accounting convention

These financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The company is profitable and had net current assets at the year end and have prepared forecasts that suggest that they will continue to meet their liabilities as they fall due for 12 months following the signing of these accounts. Accordingly, the financial statements have been prepared on a going concern basis.

Intangible fixed assets: music copyrights

Purchased music copyrights are capitalised and amortised by equal annual instalments over the period that is expected to recover the initial cost based on projected average annual income, but not exceeding 20 years. The annual charge for amortisation of intangibles is included within administrative expenses in the Profit and Loss Account.

The carrying values of intangible fixed assets are reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Dividends

Dividend Income on investments is recognized when the right to receive the dividend is established.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

(Continued)

Impairment excluding deferred tax assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax balances are not discounted.

Group financial statements

Consolidated accounts have not been prepared as the Company was, at 30 September 2019, a wholly-owned subsidiary of Warner Music Group Corp. Consequently, these accounts only include information about the company as an individual undertaking and not about the group, as the exemption in section 401 of the Companies Act 2006 has been claimed.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Investments in subsidiaries, jointly controlled entities and associates

Investments are shown at Historical cost less provision for Impairment in value. Interest in Subsidiary, associate and Jointly controlled entity are initially measured at cost and subsequently measured at cost less and accumulated Impairment losses. The Investments are assessed for Impairment at each reporting date and any Impairment losses or reversals of Impairment losses are recognized immediately in profit or loss. A Subsidiary in an entity controlled by the company. Control is the power to govern the Financial and Operating policies of the entities so as to obtain benefits from its Activities.

Income from joint ventures is recognised in the company's profit and loss account on the basis of dividends received and receivable.

2. TURNOVER

Turnover represents the fee paid by Warner Chappell Music Limited for the right to exploit the company's copyrights. In the current year this fee was set at £nil (2018: £nil).

WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019
(Continued)

3. EMPLOYEES AND DIRECTORS

The company has no employees other than the 4 directors as listed on page 1.

The directors of the company are also directors of a number of subsidiaries of the ultimate parent undertaking. The cost is recognised in the accounts of Warner Chappell Music Limited which make the remuneration payments. However, the directors believe that it is practicable to apportion the remuneration between remuneration as directors of the company and their remuneration as directors of the fellow subsidiary companies. The directors' remuneration is therefore disclosed in the notes to the financial statements of the subsidiaries based on qualifying services provided to each subsidiary.

	2019 £	2018 £
Directors' remuneration	10,476	4,472
	<u> </u>	<u> </u>

4. AUDITOR'S REMUNERATION

Audit fees of £2000 (2018: £2,000) have been borne by another group undertaking.

5. PROFIT BEFORE TAXATION

Under the terms of the agreement entered into with Warner Chappell Music Limited dated 1st December 1987, Warner Chappell Music Limited is responsible for the payment of all costs and expenses of the company.

6. TAX ON PROFIT

	2019 £000's	2018 £000's
a) The charge based on the results for the year is as follows:		
<u>Current tax</u>		
UK corporation tax on income for the period	-	-
Total current tax	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
b) <u>Circumstances affecting current charge</u>		

The standard rate of current tax for the year based on the UK standard rate of corporation tax is 19% (2019: 19%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

Profit on ordinary activities before tax	49	53
	<u> </u>	<u> </u>
Profit multiplied by the standard rate of tax in the UK of 19% (2018: 19%)	9	10
Factors affecting charge:-		
Non taxable income	(9)	(10)
	<u> </u>	<u> </u>
Total tax expense included in profit and loss	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

(Continued)

7. INVESTMENTS

	2019 £	2018 £
Investments in subsidiary undertakings	621	621
Investment in participating interest	1	1
	<hr/>	<hr/>
	622	622
	<hr/>	<hr/>

Investments are shown at Historical cost less provision for Impairment in value. Interest in Subsidiary, associate and Jointly controlled entity are initially measured at cost and subsequently measured at cost less and accumulated Impairment losses. The Investments are assessed for Impairment at each reporting date and any Impairment losses or reversals of Impairment losses are recognized immediately in profit or loss. A Subsidiary in an entity controlled by the company. Control is the power to govern the Financial and Operating policies of the entities so as to obtain benefits from its Activities.

Subsidiary undertakings	Country of incorporation	Percentage of ordinary share capital held	Nature of business
Warner Chappell Overseas Holdings Ltd*	England and Wales	100%	Music publishing
Warner Chappell Artemis Music Ltd*	England and Wales	100%	"
Ascherberg, Hopwood & Crew Ltd*	England and Wales	100%	"
Burlington Music Ltd*	England and Wales	100%	"
Chappell Music Ltd*	England and Wales	100%	"
Intersong Music Ltd*	England and Wales	100%	"
Throat Music Ltd*	England and Wales	100%	"
Warner Chappell North America Ltd*	England and Wales	100%	"
Chappell Morris Ltd*	England and Wales	100%	"
Warner Chappell Ltd*	England and Wales	100%	"

Subsidiary undertakings of Burlington Music Ltd

Palace Music Co Ltd*	England and Wales	100%	Music publishing
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Associated undertakings

Held by the company:

Diplomat Music Ltd*	England and Wales	50%	Music publishing
Jewel Music Publishing Ltd**	England and Wales	50%	"

Held by Chappell Morris Ltd

Patricia Music Ltd*	England and Wales	50%	Music Publishing
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* Registered office: Cannon Place, 78 Cannon Street, London, EC4N 6AF

** Registered office: Dodd Harris Suite C, Kiln House 15-17 High Street, Elstree Hertfordshire WD6 3BY

WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

(Continued)

8. DEBTORS

	2019	2018
	£000's	£000's
Amount due from parent undertakings	9,590	9,541

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£000's	£000's
Amount due to parent undertakings	9,522	9,522

10. SHARE CAPITAL

	2019	2018
	£	£
Allotted, called up and fully paid:		
100,000 ordinary shares of £1 each	100,000	100,000
100,000 deferred shares of £1 each	100,000	100,000
66,666 new ordinary shares of £1 each	66,666	66,666
	<hr/>	<hr/>
	266,666	266,666
	<hr/>	<hr/>

The rights of the various classes of share are as follows:

a) New Ordinary Shares

Holders of New Ordinary Shares are entitled to receive, out of the profits of the company, a fixed non-cumulative preferential dividend of 10% per annum on the amount paid up on the New Ordinary Shares. Payment of the dividend is at the discretion of the company, but any such dividend is to be paid prior to the dividend payable on the Ordinary Shares and the Deferred Shares. After preferential dividends have been paid on the New Ordinary Shares, the Ordinary Shares and the Deferred Shares, the profits shall be distributed solely amongst the holders of the New Ordinary Shares. New Ordinary Shareholders have one vote for every New Ordinary Share held. On a winding up, the assets of the company shall be applied in repayment of the par value of the New Ordinary Shares, together with a further distribution of £9 per New Ordinary Share, before a repayment of capital on the Ordinary Shares and the Deferred Shares. The New Ordinary Shares shall also entitle the holders to all the remaining assets after the capital on the Ordinary Shares and the Deferred Shares has been repaid.

b) Ordinary Shares

Holders of Ordinary Shares shall be entitled to receive, out of the profits of the company, a fixed non-cumulative preferential dividend of 0.1% per annum on the amount paid up on the Ordinary Shares. Payment of the dividend is at the discretion of the company. Such a dividend is to be paid after the preferential dividend payable on the New Ordinary Shares and Ordinary Shareholders shall have no further rights to participate in the profits of the company. Ordinary Shareholders have one vote for every 100,000 shares held. On a winding up, the holders of Ordinary Shares shall be entitled to a repayment of the par value on their shares only after the repayment of the par value, together with a further distribution of £9, has been paid on the New Ordinary Shares. Ordinary Shareholders have no further rights to participate in a return of assets on the winding up of the company or otherwise.

WARNER CHAPPELL MUSIC INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

(Continued)

10. SHARE CAPITAL (Continued)

c) Deferred Shares

Deferred Shareholders are entitled to receive, out of the profits of the company, a fixed non-cumulative preferential dividend of 0.05% per annum on the amount paid-up on the Deferred Shares. Payment of the dividend is at the discretion of the company. Such a dividend is to be paid after the dividend payable on the Ordinary Shares and Deferred Shareholders have no further rights to participate in the profits of the company. Deferred Shareholders have one vote for every 100,000 shares held. On a winding up, Deferred Shareholders shall be entitled to a repayment of the par value on such shares ranking pari passu with the holders of Ordinary Shares but after the repayment of the par value, together with a further distribution of £9, has been made on the New Ordinary Shares. Deferred Shareholders have no further rights to participate in a return of capital in a winding up or otherwise.

11. PARENT UNDERTAKING AND CONTROLLING PARTY

The company is owned 100% by Warner Chappell Music Ltd., Cannon Place, 78 Cannon Street London EC4N 6AF, is, the company's immediate parent undertaking.

At 30 September 2019, AI Entertainment Holdings LLC, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, a company incorporated in the United States of America, was the ultimate parent undertaking. Warner Music Group Corp., an entity incorporated in the United States of America, was the parent undertaking of the smallest group of undertakings of which the company was a member and for which group financial statements are drawn up. Copies of Warner Music Group Corp.'s financial statements can be obtained from 1209 Orange Street, Wilmington, DE 19801, USA.

12. RELATED PARTY TRANSACTIONS

Jewel Music Publishing Company Limited declared dividends of £48,750 (2018: £53,000):

	2019	2018
	£	£
Jewel Music Publishing Company Limited	48,750	53,000
	<hr/>	<hr/>
	48,750	53,000
	<hr/>	<hr/>

During the period, the company did not receive a dividend (2018: £nil) from its 50% owned joint venture, Diplomat Music Limited. The Amount of Dividend recognized as Income in the Current Year was unpaid as at 30 September 2019. The company has taken advantage of the exemption in FRS 102 not to disclose details of transactions between wholly-owned group undertakings.

13. SUBSEQUENT EVENTS

Subsequent to the balance sheet date Jewel Music Publishing Company Limited declared dividends of £50,500 to Warner Chappell Music International Limited for the year ended 30 June 2019.

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Government-imposed mandates limiting public assembly and requiring that non-essential businesses close have adversely impacted the Company's operations, including live performance and synchronisation, for the twelve months ended 30 September 2020. It is unclear how long the government-imposed mandates and restrictions will last and to what extent the global pandemic will impact demand for the Company's music and related services, even after federal, state, local and foreign governmental restrictions are lifted over time.

The Company is not presently aware of any events or circumstances arising from the global pandemic that would require us to update any estimates, judgments or materially revise the carrying value of our assets or liabilities, or which impact the ability of the business to continue as a going concern. The Company estimates may change, however, as new events occur and additional information is obtained, and any such changes will be recognized in the financial statements. Actual results could differ from estimates, and any such differences may be material to our consolidated financial statements.