Registration No. 409829

Chappell Morris Limited

Report and Financial Statements

30 September 2017

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COMPANIES HOUSE

Registered No. 409829

Directors
M Lavin
J Smith
M Smith (appointed 22 December 2016)
K Alderton (appointed 22 September 2017)

Secretary
CMS Cameron McKenna Nabarro Olswang LLP

Auditor
KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Registered Office
Cannon Place
78 Cannon Street
London
EC4N 6AF

Strategic report

The directors present their strategic report for the year ended 30 September 2017.

Results and dividends

The profit for the year is set out in the profit and loss account on page 6. The directors do not propose a dividend for the year ended 30 September 2017 (2016 - £nil).

Review of the business

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 £2,635 (2016: £6,322) restated. Chappell Morris Limited has restated the results for the year ending 30 September 2016 in order to adjust the intercompany payment of a dividend within the group. Refer to note 6 for further details.

Under an Exploitation Agreement effective 1 December 1992 Warner/Chappell Music International Limited, a fellow group undertaking, accepted the benefit and burden of the company's rights and obligations under its current and future contracts with third parties.

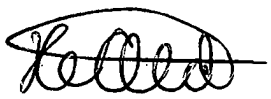
Given the fact that the company is not actively operational and the fact that it has no employees, the company does not consider itself subject to key performance indicators.

Risk and uncertainties

The company is not subject to any specific risks and uncertainties other than those prevalent in the music publishing market in general. 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 behalf of the board



Director:
K Alderton

Date: 28/06/2018

Directors' report

The directors present their report and financial statements for the year ended 30 September 2017.

Going Concern

Given the fact that the company does not trade and has positive net assets the directors believe that the company has adequate financial resources to continue in operation for the foreseeable future. The accounts have therefore been prepared on the going concern basis.

Future Developments

The directors aim to continue the current management policy of maintaining the existing roster

Directors and their interests

The directors of the company during the year ended 30 September 2017 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.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

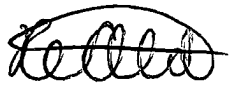
Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, 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.

Proposed Dividends

The directors do not recommend the payment of a dividend.

On behalf of the Board



Director:
K Alderton

Date: 28/06/2018

Registered office:

Cannon Place

78 Cannon Street

London

EC4N 6AF

Statement of directors' responsibilities

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 CHAPPELL MORRIS LIMITED

Opinion

We have audited the financial statements of Chappell Morris Limited ("the company")) for the year ended 30 September 2017 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 2017 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*;
- 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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 or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3 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

28/06/2018

Profit and Loss Account

For the year ended 30 September 2017

	Notes	*12 months to 30 Sep 2017*	*12 months to 30 Sep 2016 (Restated) (see note 6)*
		(£)	(£)
Turnover		-	-
Cost of sales		-	-
Gross Profit		-	-
Other operating income:			
Income from participating interest	6	2,635	6,322
Operating Profit		2,635	6,322
Profit before taxation		2,635	6,322
Tax on Profit	3	-	-
Profit after taxation		2,635	6,322

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

Balance Sheet

at 30 September 2017

	Notes	2017	2016 (Restated) (see note 6)
Current assets			
Debtors	4/6	61,660	59,025
Net current assets		61,660	59,025
Capital and reserves			
Called up share capital	5	1,100	1,100
Profit and loss account	6	60,560	57,925
Shareholders' funds		61,660	59,025

The financial statements of Chappell Morris Limited (registered company number 409829) were approved and authorised for issue by the board and were signed on its behalf by:

Director:
K Alderton

Date: 28.06.2018

The notes on pages 10 to 12 form part of these financial statements.

Statement of Changes in Equity

at 30 September 2017

	Called up Share capital £	*Profit and loss account* £	*Total Equity* £
Balance at 1 October 2015	1,100	-	1,100
Restated dividend income from previous years (See note 6)	-	51,603	51,603
Restated Balance as at 1 October 2015	1,100	51,603	52,603
Restated Profit for the year	-	6,322	6,322
Restated Balance at 30 September 2016	1,100	57,925	59,025
Profit for the year	-	2,635	2,635
At 30 September 2017	1,100	60,560	61,660

Notes to the financial statements

at 30 September 2017

1. Accounting policies

Chappell Morris Limited is a company limited by shares and incorporated and domiciled in the UK.

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 amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling.

The Company's parent undertaking, Warner Music Group Corp., 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;
- Related party transactions entered unto between two or more members of a group;
- 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

Under an Exploitation Agreement effective 1 December 1992 Warner/Chappell Music International Limited, a fellow group undertaking, accepted the benefit and burden of the company's rights and obligations under its current and future contracts with third parties. Under the Exploitation Agreement the company's directors have the right to set an annual fee chargeable to Warner/Chappell Music International Limited. In the current year this fee was set at £nil (2016 – £nil).

Basic financial instruments

Trade and other debtors are recognised initially at cost. They are assessed for any impairment on an annual basis.

Going concern

Given the fact that the company has positive net assets the directors believe that the company has adequate financial resources to continue in operation for the foreseeable future. The accounts have therefore been prepared on the going concern basis.

Audit Fees

Audit Fees of £500 (2016 – £500) have been borne by another group undertaking.

Investments

Investments are stated at cost.

2. Staff costs

The company had no employees other than directors. No directors received any remuneration in respect of services to the company.

Notes to the financial statements

at 30 September 2017

2. Investment

The company has a 50% interest in the share capital of Patricia Music Limited, which is registered in England and Wales. Patricia is a trading company and has a net book value of £nil (2016 –£nil).

3. Tax on Ordinary Activities

Tax on profits on ordinary activities

	2017	*2016 (Restated)*
The charge based on the results for the year is as follows:		
Current tax		
UK corporation tax on income for the period	-	-
Total current tax	-	-

a) Circumstances affecting current charge

The reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016. A further reduction from 18% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the company's future current tax charge accordingly.

	2017	*2016 (Restated)*
Profit on ordinary activities before tax	2,635	6,322
Profit multiplied by the standard rate of tax in the UK of 19.75% (2016: 20%)	520	1,233
Factors affecting charge:-		
Non taxable income	(520)	(1,233)
Total tax expense included in profit and loss	-	-

Notes to the financial statements

at 30 September 2017

4. Debtors

	2017	*2016 (Restated)*
	£	£
Amounts due from fellow subsidiary undertakings	61,660	59,025

5. Issued share capital

Authorised, allotted, called up and fully paid	*2017* £	*2016* £
1,000 ordinary shares of £1 each	1,000	1,000
1,000 ordinary shares of 10p each	100	100
	1,100	1,100

Each holder of the £1 ordinary shares and the 10p ordinary shares has one vote per share held. The profits of the company available for dividend and resolved by the company to be distributed in respect of any financial year shall be applied as to one-fortieth in the payment of dividends to the holders of ordinary shares of £1 each and thirty nine-fortieths to the payment of dividends to the holders of ordinary shares of 10p each. In a winding up the surplus assets of the company shall be applied in paying one-fortieth to the holders of the ordinary shares of £1 each and the remaining thirty nine-fortieths to the holders of the ordinary shares of 10p each.

6. Dividend income and Restatement note

The company received dividends of £2,635 (2016: £6,322) from related undertakings as follows

	2017	*2016* (Restated)
Patricia Music Limited	2,635	6,322
	2,635	6,322

Restatement

Between the years 2002 through to 2016 Patricia Music Limited declared dividends but paid the amounts directly to Warner/Chappell Music International Limited. Those dividends should have been received and recorded by this company as this company holds the equity investment in that company. To correct this the cumulative amount of such dividends at 1 October 2015 of £51,603 has been recorded as in increase in the Profit and loss account balance, and the Amount receivable from fellow subsidiary undertakings. The additional dividend of £6,322 during the year ended 30 September 2016 has been recorded as Income from participating interest and a further increase in Amount receivable from fellow subsidiary undertakings in that period.

7. Ultimate parent undertaking and controlling party

Warner/Chappell Music Limited, Cannon Place, 78 Cannon Street London EC4N 6AF, is the company's immediate parent undertaking.

At 30 September 2017, Ai Entertainment Holdings LLC, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, 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.