

**CHAPPELL MORRIS LIMITED**  
(Registered in England No 409829)

**DIRECTORS' REPORT AND AUDITED ACCOUNTS**

**30TH NOVEMBER 1995**



## **CHAPPELL MORRIS LIMITED**

### **REPORT OF THE DIRECTORS**

The directors submit their report together with the audited accounts of the company for the year ended 30th November 1995.

#### **1. RESULTS AND DIVIDENDS**

The company has not traded during the year and has made neither a profit or a loss. The directors do not propose to declare a dividend in respect of the year ended 30th November 1995 (1994: £Nil).

#### **2. REVIEW OF THE BUSINESS**

The company did not trade on its own account during the year, nor is it intended to do so in the foreseeable future.

#### **3. DIRECTORS**

The directors of the company during the year were:

J Hammond  
B W Hitchens  
A D F Gummer

#### **4. DIRECTORS' INTERESTS**

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. There has been no movement in directors' interests since 30th November 1995.

#### **5. AUDITORS**

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

#### **6. STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts for each financial year which gives 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 those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

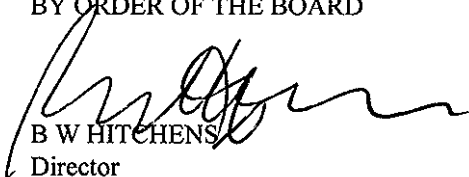
**CHAPPELL MORRIS LIMITED**

**REPORT OF THE DIRECTORS**  
**(Continued)**

6. **STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**  
**(Continued)**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

BY ORDER OF THE BOARD

  
B W HITCHENS  
Director

18 September 1996  
Dated:

**AUDITORS REPORT TO THE**  
**MEMBERS OF CHAPPELL MORRIS LIMITED**

We have audited the accounts on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on pages 1 and 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

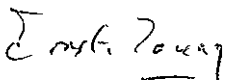
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 November 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG  
Chartered Accountants  
Registered Auditor

London

Dated:

17 September 1996

**CHAPPELL MORRIS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30TH NOVEMBER 1995**

	Notes	1995 £000's	1994 £000's
Turnover	3	-	-
Profit on ordinary activities before taxation	4	-	-
Tax on profit on ordinary activities	7	-	-
Profit for the financial year		-	-
Dividends payable		-	-
Profit retained for the financial year		-	-
Retained profit brought forward		-	-
Retained profit carried forward		£ -	£ -

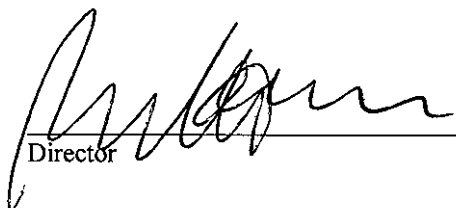
A Statement of Total Recognised Gains and Losses has not been presented as there are no gains and losses other than those dealt with in the profit and loss account.

The notes on pages 6 to 8 form part of these accounts.

**CHAPPELL MORRIS LIMITED**

**BALANCE SHEET**  
**AT 30TH NOVEMBER 1995**

	Notes	1995 £000's	1994 £000's
Fixed assets:			
Investments	8	-	-
Current assets:			
Debtors	9	67	67
		<hr/>	<hr/>
		67	67
Creditors: amounts falling due within one year	10	66	66
		<hr/>	<hr/>
Net current assets		1	1
		<hr/>	<hr/>
Total assets less current liabilities		1	1
		<hr/>	<hr/>
		£ 1	£ 1
		=====	=====
Capital and reserves:			
Equity up share capital	11	1	1
Profit and loss account		-	-
		<hr/>	<hr/>
Shareholders' funds	12	£ 1	£ 1
		=====	=====

  
Director

18 September 1996  
Dated:

The notes on pages 6 to 8 form part of these accounts.

## CHAPPELL MORRIS LIMITED

### NOTES TO THE ACCOUNTS AT 30TH NOVEMBER 1995

#### 1. PARENT UNDERTAKING AND ULTIMATE PARENT COMPANY

The parent undertaking, which is also the ultimate parent company, of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Time Warner Inc., incorporated in the United States of America. The parent undertaking of the smallest such group is Warner/Chappell Music International Limited (formerly known as Warner Chappell Music International Limited), registered in England and Wales, which purchased 100% of the share capital at 1 December 1994 from Warner Chappell Music France SA. Copies of Time Warner Inc.'s accounts can be obtained from:

Shareholder Relations  
Time Warner Inc.  
75 Rockefeller Plaza  
New York, NY 10019  
USA

#### 2. ACCOUNTING POLICIES

##### *Accounting convention*

These accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

##### *Group accounts*

Group accounts have not been prepared as the company is exempt being a subsidiary undertaking of a parent undertaking registered in England and Wales which prepares group accounts.

The accounts present information about the company as an individual undertaking.

##### *Investments*

Investments are stated at cost less amounts written off.

##### *Cashflow statement*

The company, being a wholly owned subsidiary of an EC parent undertaking, which prepares a Statement of Cashflows in accordance with Financial Reporting Standard No 1 ("FRS 1") is taking advantage of the exemption in FRS 1 not to provide a Statement of Cashflows.

#### 3. TURNOVER

Turnover represents the fee paid by Warner/Chappell Music Ltd (formerly known as Warner Chappell Music Limited) for the right to exploit the company's copyrights. The geographical areas to which turnover relates are as follows:

	1995 £000's	1994 £000's
United Kingdom	£ - ===	£ - ===

**CHAPPELL MORRIS LIMITED**

**NOTES TO THE ACCOUNTS AT 30TH NOVEMBER 1995**

**4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

In the terms of the agreement entered into with Warner/Chappell Music Limited (formerly known as 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.

**5. EMPLOYEES AND DIRECTORS**

The company has no employees other than directors. The directors remuneration was £ NIL (1994 £ NIL).

**6. AUDITORS' REMUNERATION**

Auditors' remuneration is borne by Warner/Chappell Music Limited (formerly known as Warner Chappell Music Limited), another group company.

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The taxation charge which is based on the profits for the year is made up as follows:

	1995 £000's	1994 £000's
Corporation tax at 33%	£ - ===	£ - ===

**8. INVESTMENT AT COST**

The company has a 50% interest in the share capital of Patricia Music Limited, which is registered in England and Wales.

In the accounts of Patricia Music at 30 June 1995, the most recent accounting period end, the aggregate amount of capital and reserves was £503 and the profit reported for the year ended 30 June was £NIL.

**9. DEBTORS**

	1995 £000's	1994 £000's
Due from fellow subsidiary undertaking	1	1
Group relief receivable	66 —	66 —
	£ 67 ===	£ 67 ===



**CHAPPELL MORRIS LIMITED**

**NOTES TO THE ACCOUNTS AT 30TH NOVEMBER 1995**

**10. CREDITORS: amounts falling due within one year**

	1995 £000's	1994 £000's
Group relief payable	66	66
	-----	-----
	£ 66	£ 66
	=====	=====

**11. SHARE CAPITAL**

	1995 £	1994 £
Authorised, allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000
1,000 ordinary shares of 10p each	100	100
	-----	-----
	£ 1,100	£ 1,100
	=====	=====

**12. RECONCILIATION OF SHAREHOLDERS FUNDS**

	1995 £000	1994 £000
At 1 December 1994	1	1
Profit for the year	-	-
Dividends	-	-
	-----	-----
At 30 November 1995	£ 1	£ 1
	=====	=====