

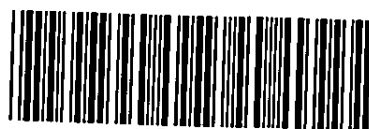
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## Report and Accounts

### *FFRR Records Limited*

**25 September 2009**

TUESDAY



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COMPANIES HOUSE

# FFRR Records Limited

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Registered No 1989940

## **DIRECTORS**

J Reid  
S Robson  
R Evers

## **SECRETARY**

Olswang Cosec Limited  
90 High Holborn  
London  
WC1V 6XX

## **AUDITORS**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **REGISTERED OFFICE**

90 High Holborn  
London  
WC1V 6XX

# FFRR Records Limited

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## DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 25 September 2009

### RESULTS AND DIVIDENDS

The loss for the year amounted to £49,000 (2008 -- £22,000) The directors do not recommend the payment of a dividend

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year was in the marketing of recorded music On 1 January 1999 the company licensed all its recordings to London Records 90 Limited, a company within the same Divmestate Limited group

The company's key financial and other performance indicators during the year were as follows

	2009 £000	2008 £000	Change %
Turnover	59	43	+37%
Loss after tax	(49)	(22)	+122%
Shareholders' funds	(42)	7	-700%

Shareholders' funds decreased by 700% due to the retained loss

### PRINCIPAL RISKS AND UNCERTAINTIES

The main risks and uncertainties facing the company relate to the speed with and extent to which new digital revenue streams replace traditional income based on physical (mainly CD) sales

### FUTURE DEVELOPMENTS

The directors aim to continue the current management policy of maintaining the existing roster of artists No further investments in artists is anticipated

### DIRECTORS AND THEIR INTERESTS

The Directors of the Company who served during the year were as follows

J Reid  
S Robson  
R Evers

There are no other directors' interests requiring disclosure under the Companies Act 2006

### DISCLOSURE OF INFORMATION TO THE AUDITORS

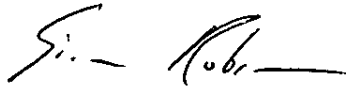
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's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

DIRECTORS' REPORT

**RE-APPOINTMENT OF AUDITORS**

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company

By order of the board



S Robson

Director

Date 23/3/10

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the profit or loss of the company for that year. In preparing those 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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.

## INDEPENDENT AUDITORS' REPORT to the members of FFRR Records Limited

We have audited the financial statements of FFRR Records Limited for the year ended 25 September 2009, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 4, the directors are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the company's affairs as at 25 September 2009 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.

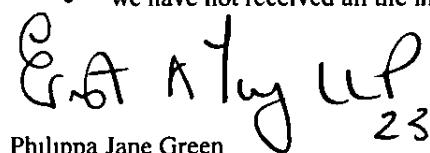
### Opinion on other matters prescribed by the Companies Act 2006

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

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, 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 or directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

  
23/03/2010

Philippa Jane Green  
Ernst & Young LLP  
Registered Auditor  
London

## FFRR Records Limited

### PROFIT AND LOSS ACCOUNT for the year ended 25 September 2009

		<i>year ended</i> <i>25 September</i> <i>2009</i>	<i>year ended</i> <i>26 September</i> <i>2008</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
<b>TURNOVER</b>	2	59	43
Cost of sales		(107)	(60)
Gross loss		(48)	(17)
Administrative expenses		(2)	(2)
<b>OPERATING LOSS</b>	3	(50)	(19)
Interest receivable	4	1	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(49)	(19)
Tax on loss on ordinary activities	5	-	(3)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(49)	(22)

All activities are continuing

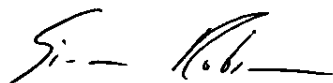
### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company had no recognised gains or losses other than the loss of £49,000 for the year ended 25 September 2009 and the loss of £22,000 for the year ended 26 September 2008

# FFRR Records Limited

## BALANCE SHEET at 25 September 2009

		25 September 2009	26 September 2008
	Notes	£000	£000
<b>CURRENT ASSETS</b>			
Debtors (amounts falling due after more than one year)	6	158	207
<b>CREDITORS: amounts falling due within one year</b>	7	(2)	(2)
<b>NET CURRENT ASSETS</b>		156	205
<b>CREDITORS amounts falling due after more than one year</b>	8	(198)	(198)
		(42)	7
<b>CAPITAL AND RESERVES</b>			
Called up share capital (£100)	9	-	-
Profit and loss account	10	(42)	7
<b>EQUITY SHAREHOLDERS' FUNDS</b>		(42)	7



S Robson  
Director

Date 23/3/10



NOTES TO THE ACCOUNTS  
at 25 September 2009

**1. ACCOUNTING POLICIES**

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

***Accounting convention***

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

***Accounting period***

The company prepares accounts for either 52 or 53 week periods ending within one week of 30 September

***Going concern***

The financial statements are prepared on the going concern basis because London Records Limited has committed to provide financial support to the company to enable it to meet its debts as they fall due, and for the foreseeable future

***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

***Artists' advances***

Artists are classified as proven or unproven depending on earnings potential. Advances to unproven artists are expensed as incurred. Advances to proven artists are held at net book value equal to the expected future royalty earnings.

Net advances to artists are classified as falling due within one year, although elements may not be recovered until after more than one year.

***Royalty income***

Credit is taken in the profit and loss account for royalty income that can be reliably measured that has been received from or declared by licensees and other parties by the year end.

***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.

***Cash flow statement***

The company has taken advantage of the exemption in Financial Reporting Standard No 1 Revised ("FRS1") A cash flow statement has not been prepared because as at the year end the company was a wholly owned subsidiary of Warner Music Group Corp, a company incorporated in The United States of America, which prepares a group cash flow statement.

***Related parties***

The company has taken advantage of the exemption in FRS 8 not to disclose related party transactions with fellow wholly-owned group undertakings.

# FFRR Records Limited

## NOTES TO THE ACCOUNTS

at 25 September 2009

### 2. TURNOVER

Turnover represents the invoiced value of licence fee income excluding value added tax. Turnover relates to the principal activity of the company and the geographical distribution of turnover is as follows

	<i>year ended 25 September 2009 £000</i>	<i>year ended September 2008 £000</i>
United Kingdom	59	43

### 3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Another group company Warner Music UK Limited pays the auditors' remuneration for all the group companies and recharges a proportion of it to the group companies. The amount recharged in respect of audit fees was £1,600 (2008 – £1,648)

There were no employees other than the directors during the year. The directors received no remuneration for their services during the year (2008 – £nil)

### 4. INTEREST RECEIVABLE

	<i>year ended 25 September 2009 £000</i>	<i>year ended 26 September 2008 £000</i>
Bank & other interest	1	–

# FFRR Records Limited

## NOTES TO THE ACCOUNTS at 25 September 2009

### 5. TAX ON LOSS ON ORDINARY ACTIVITIES

	<i>year ended</i> <i>25 September</i> <i>2009</i> <i>£000</i>	<i>year ended</i> <i>26 September</i> <i>2008</i> <i>£000</i>
<b>a) The charge based on the results for the year is as follows:</b>		
<u>Taxation based on the loss for the year</u>		
Corporation tax payable at 28% (2008 – 29%)	–	–
Total current tax charge	–	–
<u>Deferred tax</u>		
Timing differences, origination and reversal	–	3
Total Deferred Tax	–	3
Total Tax Charge on Loss on Ordinary Activities	–	3

### b) Circumstances affecting current (credit)/charge

The standard rate of current tax for the year based on the UK standard rate of corporation tax is 28% (2008 29%) The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below

Loss on Ordinary activities before tax	(49)	(19)
Tax on loss on ordinary activities at standard rate	(14)	(6)
Factors affecting the charge		
Group relief surrendered for nil consideration	14	6
Total current tax charge (note 5a)	–	–

# FFRR Records Limited

## NOTES TO THE ACCOUNTS at 25 September 2009

### 6 DEBTORS

	25 September 2009	26 September 2008
	£000	£000
<u>Due after more than one year</u>		
Loan to group undertaking	158	207
	<hr/>	<hr/>
Total Debtors	158	207
	<hr/>	<hr/>

The loan to group undertaking is repayable after more than one year There is no interest receivable on this amount

### 7. CREDITORS: amounts falling due within one year

	25 September 2009	26 September 2008
	£000	£000
Accruals	2	2
	<hr/>	<hr/>

### 8. CREDITORS: amounts falling due after more than one year

	25 September 2009	26 September 2008
	£000	£000
Loan from parent undertaking	198	198
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The loan from parent undertaking is repayable after more than one year There is no interest payable on this amount

### 9. SHARE CAPITAL

	25 September 2009	26 September 2008
	£	£
Authorised 1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid 100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

## FFRR Records Limited

### NOTES TO THE ACCOUNTS at 25 September 2009

#### 10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT OF RESERVES

	<i>Share Capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 27 September 2008	-	7	7
Loss for the year	-	(49)	(49)
At 25 September 2009	-	(42)	(42)

#### 11. PARENT UNDERTAKING

The company is 100% owned by Divinestate Limited, the immediate parent undertaking

On 25 September 2009 Warner Music Group Corp , a company incorporated in the United States of America, was the ultimate parent undertaking and 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