

Report and Accounts

Laurel Records Limited

26 September 2014

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COMPANIES HOUSE

Laurel Records Limited

Registered No. 2766264

DIRECTORS

R Booker
C Ancliff
P Breeden

SECRETARY

Olswang Cosec Limited
90 High Holborn
London
WC1V 6XX

AUDITORS

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

REGISTERED OFFICE

Seventh Floor
90 High Holborn
London
WC1V 6XX

STRATEGIC REPORT

The directors present their Strategic Report for the year ended 26 September 2014.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year was the sale of recorded music. The directors aim to continue the current management policy of maintaining the existing roster of artists. No further investments in artists is anticipated.

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

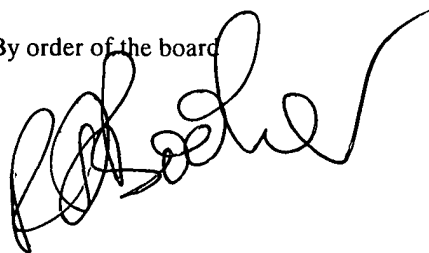
	2014 £000	2013 £000	Change %
Turnover	5	3	+67%
Profit after tax	–	–	0%
Shareholders' funds	–	–	0%

Turnover has increased by 67% due to the numbers involved being so small that a small change in the numbers causes a large percentage change. There remains no profit after tax or shareholders' funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks and uncertainties facing the company, and the group of which it is a part, relate to the speed with and extent to which new digital revenue streams replace traditional income based on physical (mainly CD) sales.

By order of the board



R Booker
Director

Date:

16th June 2015.

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 26 September 2014.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £nil (2013 – £nil). The directors do not recommend the payment of a dividend (2013 – £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as follows:

R Booker	
C Ancliff	
P Breeden	(Appointed 14 January 2015)
S Robson	(Resigned 13 January 2015)
J Cross	(Resigned 20 March 2014)

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

GOING CONCERN

The financial statements are prepared on the going concern basis because Warner Records 90 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.

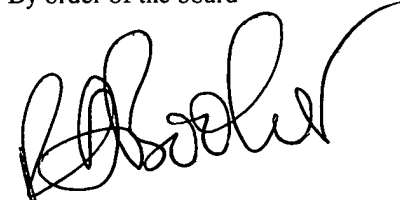
DISCLOSURE OF INFORMATION TO THE AUDITORS

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 make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

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



R Booker
Director

Date:

16th June 2015.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 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 Laurel Records Limited

We have audited the financial statements of Laurel Records Limited for the year ended 26 September 2014, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 9. 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 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.

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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 26 September 2014 and of its result 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

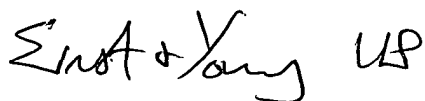
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT
to the members of Laurel Records Limited (Cont.)

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.

Handwritten signature of Philip Young in black ink, followed by the letters 'UP'.

Philip Young (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Registered Auditor
London

Date: 18/6/15

Laurel Records Limited

PROFIT AND LOSS ACCOUNT for the year ended 26 September 2014

	<i>Notes</i>	<i>2014 £000</i>	<i>2013 £000</i>
TURNOVER	2	5	3
Cost of sales		(1)	(1)
Gross profit		<u>4</u>	<u>2</u>
Administrative expenses		(4)	(2)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	4	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>-</u></u>	<u><u>-</u></u>

All activities are continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company had no recognised gains or losses other than the profit of £nil for the year ended 26 September 2014 (2013 – £nil).

Laurel Records Limited

BALANCE SHEET

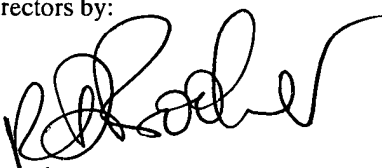
at 26 September 2014

	<i>Notes</i>	<i>2014 £000</i>	<i>2013 £000</i>
CREDITORS: amounts falling due within one year	5	-	-
NET CURRENT LIABILITIES		-	-
CREDITORS: amounts falling due after more than one year	6	-	-
NET LIABILITIES		-	-
CAPITAL AND RESERVES			
Called up share capital (£2)	7	-	-
Profit and loss account	8	-	-
EQUITY SHAREHOLDERS' FUNDS		-	-

These financial statements were approved by the Board of Directors and were signed on behalf of the Board of Directors by:

R Booker
Director

Date:


16th June 2015.

NOTES TO THE ACCOUNTS

at 26 September 2014

1. ACCOUNTING POLICIES

Accounting convention

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

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 Warner Records 90 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.

Royalty income

Credit is taken for royalty income that has been received from or declared by licensees and other parties.

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.

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.

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.

NOTES TO THE ACCOUNTS

at 26 September 2014

2. TURNOVER

Turnover, substantially all of which originates within a single class of business, represents the invoiced amount of goods sold less returns, royalties receivable and fees for other services stated net of valued added tax.

Sales by destination were as follows:

	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
United Kingdom	1	1
Rest of World	4	2
	<u>5</u>	<u>3</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Another group company, Warner Music UK Limited, pays the auditors' remuneration for all group companies and recharges a proportion of it to the group companies. The amount recharged in respect of audit fees was £400 (2013 – £400).

The directors of the company are also directors of a number of subsidiaries of the ultimate parent undertaking. The directors do not 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 accounts of the subsidiaries that make the remuneration payments.

The profit on ordinary activities before taxation includes a debit of £3,884 (2013: debit of £1,884) as exceptional administrative expenses, being the write off of an intercompany debtor balance with a parent undertaking.

Laurel Records Limited

NOTES TO THE ACCOUNTS

at 26 September 2014

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) The tax charge is made up as follows:

	2014 £000	2013 £000
The credit based on the results for the year is as follows:		
<i>Current tax:</i>		
Corporation tax payable at 22%	-	-
Total current tax charge	-	-
<u>Deferred tax</u>		
Timing differences, origination and reversal	-	-
Total tax charge on profit on ordinary activities	-	-

b) Factors affecting the current tax charge

The standard rate of current tax for the year based on the UK standard rate of corporation tax is 22% (2013 – 23.5%). 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	-	-
Tax on result on ordinary activities at standard rate	-	-
Disallowable expenses – non-taxable loan write off	1	-
Group relief receivable for nil consideration	(1)	-
Total current tax (note a above)	-	-

Laurel Records Limited

NOTES TO THE ACCOUNTS at 26 September 2014

5. CREDITORS: amounts falling due within one year

	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Accruals and deferred income	–	–
	<u> </u>	<u> </u>

6. CREDITORS: amounts falling due after more than one year

	<i>2014</i> <i>£000</i>	<i>2013</i> <i>£000</i>
Amounts owed to group undertakings	–	–
	<u> </u>	<u> </u>

7. SHARE CAPITAL

	<i>2014</i> <i>£</i>	<i>2013</i> <i>£</i>
<i>Authorised:</i> 1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid:</i> 2 Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

Laurel Records Limited

NOTES TO THE ACCOUNTS

at 26 September 2014

8. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 27 September 2013	–	–	–
Profit for the year	–	–	–
At 26 September 2014	–	–	–

9. PARENT UNDERTAKING AND CONTROLLING PARTY

The company is 100% owned by Warner Records 90 Limited, the immediate parent undertaking.

On 26 September 2014 Access Industries LLC a company incorporated in the United States of America, was the ultimate parent undertaking. Warner Music Group Corp. 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.