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Report and Accounts

Funghi Records Limited

26 September 2008

SATURDAY



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RM

25/10/2008

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COMPANIES HOUSE

Funghi Records Limited

Registered No 2941321

DIRECTORS

J Reid
S Robson
R Evers
K Marshall

SECRETARY

Olswang Cossec Limited
90 High Holborn
London
WC1V 6XX

• REGISTERED OFFICE

90 High Holborn
London
WC1V 6XX

Funghi Records Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 26 September 2008

PRINCIPAL ACTIVITY

The company did not trade during the year and it is unlikely to do so in the foreseeable future

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows

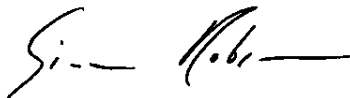
J Reid
S Robson
R Evers
K Marshall

There are no other directors' interests requiring disclosure under the Companies Act 1985

AUDITORS

In accordance with Section 388(A) of the Companies Act 1985, the Company is exempt from the obligation to appoint auditors

On behalf of the board



S Robson
Director

Date 9/10/08

Funghi Records Limited

BALANCE SHEET

At 26 September 2008

Company law requires the directors to prepare financial statements for each financial year which 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 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, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements 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.

Funghi Records Limited

BALANCE SHEET at 26 September 2008

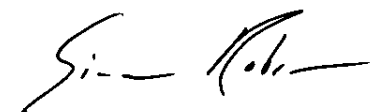
| | | 26 September 2008 | 30 September 2007 |
|---------------------------------------------------------------|-------|----------------------|----------------------|
| | Notes | £ | £ |
| CURRENT ASSETS | | | |
| Debtors | 3 | 100 | 100 |
| NET CURRENT ASSETS | | 100 | 100 |
| CREDITORS amounts falling due after more than one year | 4 | (858,048) | (858,048) |
| | | <u>(857,948)</u> | <u>(857,948)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 5 | 100 | 100 |
| Profit and loss account | | (858,048) | (858,048) |
| EQUITY SHAREHOLDERS' FUNDS | | <u>(857,948)</u> | <u>(857,948)</u> |

For the year ended 26 September 2008 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985

Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985

The directors acknowledge their responsibility for

- ensuring the company keeps accounting records which comply with section 221, and
- preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company



S Robson
Director

Date 8/10/08

Funghi Records Limited

NOTES TO THE ACCOUNTS

at 26 September 2008

1. ACCOUNTING POLICIES

Accounting convention

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

Going Concern

The accounts have been prepared on a going concern basis on the basis that continued financial support will be made available by Warner Music UK Limited, to enable the company to meet its liabilities as and when they fall due

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

2. PROFIT AND LOSS ACCOUNT

The company has not traded during the year No profit and loss account has therefore been prepared

There were no employees other than the directors during the year The directors received no remuneration for their services during the year (2007 - £nil)

3. DEBTORS

| | 26 September 2008 | 30 September 2007 |
|----------------------------------|----------------------|----------------------|
| | £ | £ |
| Called up share capital not paid | 100 | 100 |

4 CREDITORS: amounts falling due after more than one year

| | 26 September 2008 | 30 September 2007 |
|-----------------------------------|----------------------|----------------------|
| | £ | £ |
| Amounts due to group undertakings | 858,048 | 858,048 |

Funghi Records Limited

NOTES TO THE ACCOUNTS at 26 September 2008

5. SHARE CAPITAL

| | <i>26 September 2008</i> | <i>30 September 2007</i> |
|--------------------------------|------------------------------|------------------------------|
| | <i>£</i> | <i>£</i> |
| Authorised | | |
| 100 Ordinary shares of £1 each | 100 | 100 |
| | <u>100</u> | <u>100</u> |
| | <u><u>100</u></u> | <u><u>100</u></u> |
| Allotted and called up | | |
| 100 Ordinary shares of £1 each | 100 | 100 |
| | <u>100</u> | <u>100</u> |
| | <u><u>100</u></u> | <u><u>100</u></u> |

6. PARENT UNDERTAKING AND CONTROLLING PARTY

The company is 100% owned by A+E Records Limited, the immediate parent undertaking

On 26 September 2008 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