

***Warner/Chappell TM
Limited***

Registered No 03690255

**Report and Financial
Statements**

30 September 2012



Warner/Chappell TM Limited

Registered No 03690255

DIRECTORS

JR Manners
JM Dyball
MA Lavin

SECRETARY

Olswang Cosec Limited

AUDITORS

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

REGISTERED OFFICE

Seventh floor
90 High Holborn
London
WC1V 6XX

DIRECTOR'S REPORT

The directors submit their report and financial statements for the year ended 30 September 2012. On 13 September 2011 the company changed its accounting reference date from 31 March to 30 September.

RESULTS AND DIVIDENDS

The results for the year are set out on page 6. The directors declared and paid a dividend of £170,000 in the year ended 30 September 2012 (2011 - £nil).

BUSINESS REVIEW

The company's income is generated by the use of musical compositions in which the copyright is either owned or administered by the company. In respect of the main sources of income, pricing is not set by the company but rather by local legislation and/or collection societies. Direct costs comprise mainly the royalty payable to the composers and songwriters whose works generate the turnover. The company's administrative functions are carried out on its behalf by its immediate parent undertaking, Warner/Chappell Music Ltd.

Given the nature of its business and the fact that it has no employees, the company considers there to be no key performance indicators directly relating to environmental issues or employee matters.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

RISKS 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.

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 2012 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.

DISCLOSURE OF INFORMATION TO 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/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.

AUDITORS

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Ernst & Young LLP as auditor of the Group and company. Ernst & Young LLP have confirmed their willingness to continue in office.

On behalf of the board

Miriam A-G

MA Lavin

Director

Date 13 May 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 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,
- 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 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 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 WARNER/CHAPPELL TM LIMITED

We have audited the financial statements of Warner/Chappell TM Limited for the year ended 30 September 2012 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 10. 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 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 set out on page 3, the directors are responsible for the preparation of the 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). Those standards require us to comply with the Auditing Practices Board's (APB'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 Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its profit 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 accounting period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WARNER/CHAPPELL TM LIMITED (continued)

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, 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

Ernst & Young LLP

Philip Young (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP (Statutory Auditor)

1 More London Place
London
SE1 2AF

Date *14 May 2013*

Warner/Chappell TM Limited

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2012

		<i>12 months to 30 Sep 2012</i>	<i>18 Months to 30 Sep 2011</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
TURNOVER	2	185,457	97,786
Cost of sales		(166,676)	(84,837)
GROSS PROFIT		18,781	12,949
Administrative expenses		(5,914)	(25,497)
OPERATING PROFIT/(LOSS)		12,867	(12,548)
Other Interest Receivable and Similar Income		59	133
Interest Payable		(220)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		12,706	(12,415)
Tax charge on profit/(loss) on ordinary activities	5	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	9	12,706	(12,415)

All activities are continuing

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 30 September 2012

There are no gains or losses arising other than those recognised in the profit and loss account

Warner/Chappell TM Limited

BALANCE SHEET at 30 September 2012

		30 Sep 2012	30 Sep 2011
	Notes	£	£
CURRENT ASSETS			
Debtors	6	109,002	36,833
Cash at bank		-	267,741
CREDITORS amounts falling due within one year	7	(92,596)	(130,874)
NET CURRENT ASSETS		<u>16,406</u>	<u>173,700</u>
NET ASSETS		<u>16,406</u>	<u>173,700</u>
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account	9	16,306	173,600
EQUITY SHAREHOLDERS' FUNDS	9	<u>16,406</u>	<u>173,700</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


MA Lavin
Director

Date 13 May 2013

The notes on pages 8 to 10 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
at 30 September 2012

1 ACCOUNTING POLICIES

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

These financial statements are prepared under the historical cost convention, on a going concern basis and in accordance with applicable accounting standards

Going concern

Given that the company is profit making and in a net asset position, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements

Statement of cash flows

The company has taken advantage of the exemption in the 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 undertaking of Warner Music Group Corp, a company incorporated in the United States of America, which prepares a group cash flow statement

Foreign currencies

Transactions in foreign currencies are reported at the approximate rates of exchange ruling at the date on which they took place. Assets and liabilities in foreign currencies are translated at the year end exchange rate. All differences are taken to the profit and loss account

Royalty income

Credit is taken for royalty income that has been received from users prior to 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 years in which the timing differences are expected to reverse. Deferred tax balances are not discounted

Related parties

The company has taken advantage of provisions in FRS 8 which exempt subsidiary undertakings from disclosing transactions with other entities within the group

2 TURNOVER

Turnover represents royalties received and relates to the following geographical areas

	<i>12 months to 30 September 2012 £</i>	<i>18 months to 30 September 2011 £</i>
United Kingdom	1,101	2,172
Rest of the World	184,356	95,614
Total Turnover	<u>185,457</u>	<u>97,786</u>

Warner/Chappell TM Limited

NOTES TO THE FINANCIAL STATEMENTS at 30 September 2012

3. AUDITORS REMUNERATION

Audit fees are borne by another group undertaking

4 EMPLOYEES AND DIRECTORS

The company had no employees during the year to 30 September 2012. No remuneration was paid to any of the directors during the year (18 months to 30 September 2011 – £nil)

5 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<i>12 months to 30 Sep 2012</i>	<i>18 months to 30 Sep 2011</i>
	£	£

a) The charge based on the results for the accounting period is as follows

Taxation based on the profit/(loss) for the accounting period

Corporation tax payable	-	-
Total Current Tax Charge	-	-

b) Circumstances affecting current charge

The standard rate of current tax for the accounting period, based on the UK standard rate of corporation tax is 25% (18 months to 30 September 2011 – 27 %). The current tax charge for the year differs from the standard rate for reasons in the reconciliation below

Profit/(Loss) on Ordinary activities before tax	12,706	(12,415)
Tax on profit/(loss) on ordinary activities at standard rate	3,177	(3,393)
Factors affecting charge -		
Group relief (received)/surrendered for nil consideration	(2,764)	2,578
Disallowable expenses	-	226
Utilisation of brought forward losses	(413)	-
Capital allowances in excess of depreciation	-	(165)
Losses carried forward	-	754
Total Current Tax (note 5(a) above)	-	-

6. DEBTORS

	<i>30 Sep 2012</i>	<i>30 Sep 2011</i>
	£	£

Trade Debtors	-	36,833
Amounts owed by related undertakings	109,002	-
	109,002	36,833

Warner/Chappell TM Limited

NOTES TO THE FINANCIAL STATEMENTS at 30 September 2012

7 CREDITORS amounts falling due within one year

	30 Sep 2012	30 Sep 2011
	£	£
Trade creditors	92,596	94,452
Amounts owed to related undertakings	-	36,422
	<u>92,596</u>	<u>130,874</u>

8 SHARE CAPITAL

	30 Sep 2012	30 Sep 2011
	£	£
Authorised 100 ordinary shares of £1 each	100	100
Allotted called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

9 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT OF RESERVES

	Share capital £	Profit and loss account £	Total £
At 30 September 2011	100	173,600	173,700
Dividends	-	(170,000)	(170,000)
Profit for the accounting period	-	12,706	12,706
At 30 September 2012	<u>100</u>	<u>16,306</u>	<u>16,406</u>

10 PARENT UNDERTAKING AND ULTIMATE PARENT UNDERTAKING

Warner Chappell Music Limited is the company's immediate parent undertaking

At 30 September 2012, A1 Entertainment Holdings LLC 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