

***Warner/Chappell TM
Limited***

Registered No. 03690255

**Report and Financial
Statements**

30 September 2014



Warner/Chappell TM Limited

Registered No. 03690255

DIRECTORS

JR Manners

MA Lavin

J Smith (appointed 13/05/2014)

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

STRATEGIC REPORT

The directors present their strategic report for the year ended 30 September 2014

RESULTS AND DIVIDENDS

The results for the year are set out on page 8. The directors did not declare a dividend in the year ended 30 September 2014 (2013 - £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 a related company, 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.

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.

On behalf of the board



Director
MA Lavin

Date: 26 June 2015

DIRECTOR'S REPORT

The directors submit their report and financial statements for the year ended 30 September 2014.

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.

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 2014 were as listed on page 2. 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



Director
MA Lavin

Date: 26 June 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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). 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 2014 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 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 set out on page 5, 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 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 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 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 2014 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 Strategic Report and 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 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: 30/6/15

Warner/Chappell TM Limited

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2014

		<i>12 months to 30 Sep 2014</i>	<i>12 Months to 30 Sep 2013</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
TURNOVER	2	172,921	108,427
Cost of sales		(159,957)	(100,371)
		<u>12,964</u>	<u>8,056</u>
GROSS PROFIT			
Administrative expenses		-	-
		<u>12,964</u>	<u>8,056</u>
OPERATING PROFIT			
Other Interest Receivable and Similar Income		-	-
Interest Payable		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>12,964</u>	<u>8,056</u>
Tax charge on profit on ordinary activities	5	-	-
		<u>12,964</u>	<u>8,056</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	9	<u>12,964</u>	<u>8,056</u>

All activities are continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 30 September 2014

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 2014

		30 Sep 2014	30 Sep 2013
	Notes	£	£
CURRENT ASSETS			
Debtors	6	123,000	117,139
Cash at bank		-	-
CREDITORS: amounts falling due within one year	7	(85,574)	(92,677)
NET CURRENT ASSETS		<u>37,426</u>	<u>24,462</u>
NET ASSETS		<u>37,426</u>	<u>24,462</u>
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account	9	37,326	24,362
EQUITY SHAREHOLDERS' FUNDS	9	<u>37,426</u>	<u>24,462</u>

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

Maureen A. Lavin

MA Lavin
Director

Date: 26 June 2015

The notes on pages 10 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
at 30 September 2014

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 2014 £</i>	<i>12 months to 30 September 2013 £</i>
United Kingdom	259	274
Rest of the World	172,662	108,153
Total Turnover	<u>172,921</u>	<u>108,427</u>

NOTES TO THE FINANCIAL STATEMENTS
at 30 September 2014

3. **AUDITORS REMUNERATION**

Audit fees of £1,000 are borne by another group undertaking.

4. **EMPLOYEES AND DIRECTORS**

The company had no employees during the year to 30 September 2014. No remuneration was paid to any of the directors during the year (2013 – £nil).

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.

5. **TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	12 months to 30 Sep 2014	12 months to 30 Sep 2013
	£	£

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 22% (2013 – 23.5%). The current tax charge for the year differs from the standard rate for reasons in the reconciliation below:

Profit on Ordinary activities before tax	12,964	8,056
Tax on profit on ordinary activities at standard rate	2,852	1,893
Factors affecting charge:-		
Group relief received for nil consideration	(2,852)	(1,893)
Utilisation of brought forward losses	-	-
Total Current Tax (note 5(a) above)	-	-

6. **DEBTORS**

	30 Sep 2014	30 Sep 2013
	£	£

Amounts owed by related undertakings	123,000	117,139
	123,000	117,139

NOTES TO THE FINANCIAL STATEMENTS
at 30 September 2014

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

	30 Sep 2014	30 Sep 2013
	£	£
Trade creditors	85,574	92,677
	<u>85,574</u>	<u>92,677</u>

8. **SHARE CAPITAL**

	30 Sep 2014	30 Sep 2013
	£	£
Authorised: 100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid: 100 ordinary shares of £1 each	100	100
	<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 2013	100	24,362	24,462
Profit for the accounting period	-	12,964	12,964
At 30 September 2014	<u>100</u>	<u>37,326</u>	<u>37,426</u>

10. **PARENT UNDERTAKING AND ULTIMATE PARENT UNDERTAKING**

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

At 30 September 2014, Ai 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.