

Warner Chappell TM Limited

Registered No. 03690255

Report and Financial Statements

30 September 2019



Warner Chappell TM Limited

Registered No. 03690255

DIRECTORS

M Lavin

J Smith

M Smith (Resigned on 13 March 2020)

K Alderton

SECRETARY

Olswang Cossec Limited

AUDITOR

KPMG LLP

15 Canada Square

E14 5GL

REGISTERED OFFICE

Cannon Place

78 Cannon Street

London

EC4N 6AF

Warner Chappell TM Limited

Registered No. 03690255

STRATEGIC REPORT

The directors present their strategic report for the year ended 30 September 2019

RESULTS AND DIVIDENDS

The results for the year are set out on page 8. The directors do not propose a dividend in the year ended 30 September 2019 (2018 - £nil).

BUSINESS REVIEW

The company is the ultimate owner of certain music publishing copyrights which is not expected to change in the near future.

During the year an Exploitation Agreement was signed & effective 1 October 2018 Warner Chappell Music Limited, a fellow subsidiary undertaking, has accepted the benefit and burden of the company's rights and obligations under its current and future contracts with third parties.

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

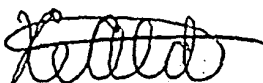
On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Government-imposed mandates limiting public assembly and requiring that non-essential businesses close have adversely impacted the Company's operations, including live performance and synchronisation, for the twelve months ended 30 September 2020. It is unclear how long the government-imposed mandates and restrictions will last and to what extent the global pandemic will impact demand for the Company's music and related services, even after federal, state, local and foreign governmental restrictions are lifted over time.

The Company is not presently aware of any events or circumstances arising from the global pandemic that would require us to update any estimates, judgments or materially revise the carrying value of our assets or liabilities, or which impact the ability of the business to continue as a going concern. The Company estimates may change, however, as new events occur and additional information is obtained, and any such changes will be recognized in the financial statements. Actual results could differ from estimates, and any such differences may be material to our consolidated financial statements.

RESULTS AND DIVIDENDS

The company has made neither a profit nor a loss.

On behalf of the board



Director
K Alderton
Date: 26/06/2020

Warner Chappell TM Limited

Registered No. 03690255

DIRECTOR'S REPORT

The directors submit their report and financial statements for the year ended 30 September 2019.

GOING CONCERN

Given the existence of the exploitation agreement and the fact the company has positive net assets, the directors believe that the company has adequate financial resources to continue in operation for 12 months following the signing of these accounts. The accounts therefore have been prepared on the going concern basis' Directors and their interests.

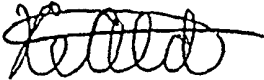
DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 30 September 2019 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. The directors of the company have qualifying indemnities against losses or liabilities that are incurred.

DISCLOSURE OF INFORMATION TO AUDITOR

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.

On behalf of the board



Director
K Alderton

Date: 26/06/2020

Registered office:
Cannon Place
78 Cannon Street
London
EC4N 6AF

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 company and of the profit or loss of the company for that period. In preparing these 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Opinion

We have audited the financial statements of Warner Chappell TM Limited ("the company") for the year ended 30 September 2019 which comprise the Profit and loss account, Balance Sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the members of Warner Chappell TM Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

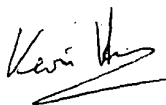
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Kevin Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London. E14 5GL

26 June.2020

Warner Chappell TM Limited

Registered No. 03690255

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

		<i>12 months to</i>	<i>12 Months to</i>
		<i>30 Sep 2019</i>	<i>30 Sep 2018</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
TURNOVER	2	-	139,837
Cost of sales		-	(127,572)
		<hr/>	<hr/>
GROSS PROFIT		-	12,265
Other income		-	-
		<hr/>	<hr/>
OPERATING PROFIT		-	12,265
		<hr/>	<hr/>
PROFIT BEFORE TAXATION		-	12,265
Tax on profit	5	-	(2,330)
		<hr/>	<hr/>
PROFIT AFTER TAXATION		-	9,935
		<hr/>	<hr/>

There is no other comprehensive income arising other than those recognised in the profit and loss account

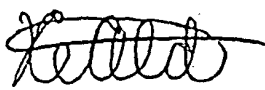
The notes on pages 11 to 14 form part of these financial statements.

Warner Chappell TM Limited

BALANCE SHEET AT 30 SEPTEMBER 2019

	Notes	30 Sep 2019 £	30 Sep 2018 £
CURRENT ASSETS			
Debtors	6	164,747	164,747
CREDITORS: amounts falling due within one year	7	(23,228)	(23,228)
NET CURRENT ASSETS		<u>141,519</u>	<u>141,519</u>
NET ASSETS		<u>141,519</u>	<u>141,519</u>
CAPITAL AND RESERVES			
Called up share capital	8	100	100
Profit and loss account		<u>141,419</u>	<u>141,419</u>
EQUITY SHAREHOLDERS' FUNDS		<u>141,519</u>	<u>141,519</u>

The financial statements of Warner Chappell TM Limited (registered company number 03690255) were approved and authorised for issue by the board and were signed on its behalf by:



K Alderton
Director

Date: 26/06/2020

The notes on pages 11 to 14 form part of these financial statements.

Warner Chappell TM Limited

STATEMENT OF CHANGES IN EQUITY AT 30 SEPTEMBER 2019

	<i>Called up Share capital £</i>	<i>Profit and loss account £</i>	<i>Total Equity £</i>
Balance at 1 October 2017	100	131,484	131,584
Profit for the financial year	-	9,935	9,935
At 30 September 2018	<u>100</u>	<u>141,419</u>	<u>141,519</u>
Profit for the financial year	-	-	-
At 30 September 2019	<u>100</u>	<u>141,419</u>	<u>141,519</u>

The notes on pages 11 to 14 form part of these financial statements.

Warner Chappell TM Limited

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:

Basis of Preparation

The financial statements are prepared on the historical cost basis. They were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

The Company's parent undertaking, Warner Music Group Corp., a company incorporated in the USA, includes the Company in its consolidated financial statements. The consolidated financial statements of Warner Music Group Corp. are available to the public and may be obtained from 1209 Orange Street, Wilmington, DE 19801, USA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

Accounting convention

Under an Exploitation Agreement effective 1 October 2018 Warner Chappell Music Limited, a fellow subsidiary undertaking, accepted the benefit and burden of the company's rights and obligations under its current and future contracts with third parties. Under the Exploitation Agreement the company's directors have the right to set an annual fee chargeable to Warner Chappell Music Limited. The fee was set at £nil for the financial year 2019.

Going concern

Given the existence of the exploitation agreement and the fact the company has positive net assets, the directors believe that the company has adequate financial resources to continue in operation for 12 months following the signing of these accounts. The accounts therefore have been prepared on the going concern basis' Directors and their interests.

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.

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.

Turnover recognition

Turnover represents copyright royalties receivable and music publishing administration fees excluding value added tax. Copyright royalties are recognised at the point at which the relevant copyright is exploited. Advances in respect of future revenues are treated as deferred revenue and recognised as revenue when earned.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Warner Chappell TM Limited

Impairment excluding deferred tax assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. **TURNOVER**

Turnover represents royalties received and relates to the following geographical areas:

	<i>12 months to 30 September 2019</i>	<i>12 months to 30 September 2018</i>
	<i>£</i>	<i>£</i>
United Kingdom	-	268
Rest of the World	-	139,569
Total Turnover	-	139,837

For the year ending 30 September 2019 Warner Chappell Music Limited has accepted the benefit and burden of the company's rights and obligations. Refer to note 1 for further details.

3. **AUDITOR'S REMUNERATION**

Audit fees of £2,000 are borne by another group undertaking (2018:£2,000).

4. **EMPLOYEES AND DIRECTORS**

The company had no employees during the year to 30 September 2019.

The directors of the company are also directors of a number of subsidiaries of the ultimate parent undertaking. The cost is recognised in the accounts of Warner Chappell Music Limited which make the remuneration payments. However, the directors 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 notes to the financial statements of the subsidiaries based on qualifying services provided to each subsidiary.

	<i>2019</i>	<i>2018</i>
	<i>£</i>	<i>£</i>
Directors' remuneration	-	1,035

Warner Chappell TM Limited

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

12 months to 12 months to
30 Sep 2019 30 Sep 2018
£ £

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

Taxation based on the profit for the accounting period

Corporation tax payable	-	2,330
Total Current Tax Charge	-	2,330

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

b) Circumstances affecting current charge

The standard rate of current tax for the year based on the UK standard rate of corporation tax is 19% (2018: 19%). 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	-	12,265
Tax on profit on ordinary activities at standard rate 19% (2018: 19%)	-	2,330
Total Current Tax (note 5(a) above)	-	2,330

c) The Company had no deferred tax provision at 30 September 2019 (2018: £nil).

6. DEBTORS

30 Sep 2019 30 Sep 2018
£ £

Amounts owed by related undertakings	164,747	164,747
	164,747	164,747

7. CREDITORS: amounts falling due within one year

30 Sep 2019 30 Sep 2018
£ £

Group relief payable	23,228	20,898
Tax payable	-	2,330
	23,228	23,228

8. SHARE CAPITAL

30 Sep 2019 30 Sep 2018
£ £

Allotted, called up and fully paid: 100 ordinary shares of £1 each	100	100
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10. PARENT UNDERTAKING AND ULTIMATE PARENT UNDERTAKING

Warner Chappell Music Limited, Cannon Place, 78 Cannon Street, London EC4N 6AF, is the company's immediate parent undertaking.

At 30 September 2019, Ai Entertainment Holdings LLC, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, was the ultimate parent undertaking. Warner Music Group Corp, an entity incorporated in the United States of America, 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.

11. SUBSEQUENT EVENTS

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Government-imposed mandates limiting public assembly and requiring that non-essential businesses close have adversely impacted the Company's operations, including live performance and synchronisation, for the twelve months ended 30 September 2020. It is unclear how long the government-imposed mandates and restrictions will last and to what extent the global pandemic will impact demand for the Company's music and related services, even after federal, state, local and foreign governmental restrictions are lifted over time.

The Company is not presently aware of any events or circumstances arising from the global pandemic that would require us to update any estimates, judgments or materially revise the carrying value of our assets or liabilities, or which impact the ability of the business to continue as a going concern. The Company estimates may change, however, as new events occur and additional information is obtained, and any such changes will be recognized in the financial statements. Actual results could differ from estimates, and any such differences may be material to our consolidated financial statements