

Warner Chappell TM Limited

Registered No. 03690255

Report and Financial Statements

24 September 2021



Warner Chappell TM Limited

Registered No. 03690255

DIRECTORS

M Lavin

J Smith (resigned on 10 December 2021)

D Young (appointed on 10 December 2021)

K Alderton

SECRETARY

Olswang Cossec Limited

AUDITOR

Ecovis Wingrave Yeats LLP

Chartered Accountants & Statutory auditor

3rd Floor, Waverley House

7-12 Noel Street

London

W1F 8GQ

REGISTERED OFFICE

Cannon Place

78 Cannon Street

London

EC4N 6AF

STRATEGIC REPORT

The directors present their strategic report for the year ended 24 September 2021.

RESULTS AND DIVIDENDS

The profit for the year is set out in the profit and loss account on page 9.

BUSINESS REVIEW

The company is the ultimate owner of certain music publishing copyrights which is not expected to change in the near future. 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. As a result, there are no Key Performance Indicators.

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.

The Covid-19 pandemic has caused ongoing uncertainty and 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.

On behalf of the board



Director
K Alderton
Date: 28/06/2022

DIRECTOR'S REPORT

The directors submit their report and financial statements for the year ended 24 September 2021.

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 24 September 2021 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.

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the year (2020: £nil).

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: 28/06/2022

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WARNER CHAPPELL TM LIMITED**

Opinion

We have audited the financial statements of Warner Chappell TM Limited (the 'Company') for the year ended 24 September 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 24 September 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WARNER CHAPPELL TM LIMITED (Continued)**

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We determined that the laws and regulations which are directly relevant to the financial statements are those that relate to the reporting framework Financial Reporting Standard 102 and the relevant tax compliance regulations in the jurisdictions in which the Company operates. We evaluated the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WARNER CHAPPELL TM LIMITED (Continued)**

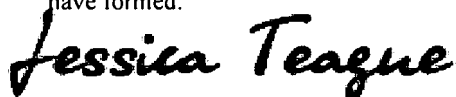
- In addition, there are other significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements. For these laws and regulations, the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through fines or litigation being imposed. As required by the auditing standards, auditing procedures in respect of non-compliance with these identified laws and regulations are limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and fraud risks identified in the paragraphs above. In addition to the audit procedures, we remained alert to any indications of non-compliance throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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 Auditors' 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.



Jessica Teague (Senior statutory auditor)

For and on behalf of
Ecovis Wingrave Yeats LLP
Chartered Accountants & Statutory auditor
3rd Floor, Waverley House
7-12 Noel Street
London
W1F 8GQ

Date: 28/06/2022

INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
At 24 September 2021

	<i>Notes</i>	<i>24 Sep 2021</i>	<i>30 Sep 2020</i>
		£	£
TURNOVER		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	-
OPERATING PROFIT		-	-
PROFIT BEFORE TAXATION		-	-
Tax on profit	2	-	-
PROFIT AFTER TAXATION		-	-

The company did not trade during the current or preceding period and has made neither profit nor loss, nor any other comprehensive income.

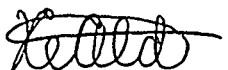
The notes on pages 12 to 14 form part of these financial statements.

Warner Chappell TM Limited

BALANCE SHEET AT 24 September 2021

		24 Sep 2021	30 Sep 2020
	Notes	£	£
CURRENT ASSETS			
Debtors	3	164,747	164,747
CREDITORS: amounts falling due within one year	4	(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	5	100	100
Profit and loss account		141,419	141,419
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: 28/06/2022

The notes on pages 12 to 14 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

At 24 September 2021

	<i>Called up Share capital £</i>	<i>Profit and loss account £</i>	<i>Total Equity £</i>
Balance at 1 October 2019	100	141,419	141,519
Profit for the financial year	-	-	-
At 30 September 2020	<u>100</u>	<u>141,419</u>	<u>141,519</u>
Profit for the financial year	-	-	-
At 24 September 2021	<u>100</u>	<u>141,419</u>	<u>141,519</u>

The accounts are prepared under FRS 102.

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 financial statements are made up for the 52 week period beginning 26 September 2020 ending 24 September 2021, in line with the period ending of the parent undertaking, Warner Music Group Corp. In previous years the financial statements have been prepared with the year ending date of 30 September. Management has completed an exercise to assess the financial impact of aligning the period end date and this has not been found to have a material impact for the users of the financial statements.

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 2020.

Going concern

The company is profitable and had net current assets at the year end and have prepared forecasts that suggest that they will continue to meet their liabilities as they fall due for 12 months following the signing of these accounts.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period. The directors have also considered the recoverability of intercompany debtors within these forecasts, noting no counter-party issues.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

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. AUDITOR'S REMUNERATION

Audit fees of £850 are borne by another group undertaking (2020: £2,311).

3. DEBTORS

	24 Sep 2021	30 Sep 2020
	£	£
Amounts owed by related undertakings	164,747	164,747
	<u>164,747</u>	<u>164,747</u>
	<u><u>164,747</u></u>	<u><u>164,747</u></u>

4. CREDITORS: amounts falling due within one year

	24 Sep 2021	30 Sep 2020
	£	£
Group relief payable	23,228	23,228
	<u>23,228</u>	<u>23,228</u>
	<u><u>23,228</u></u>	<u><u>23,228</u></u>

5. SHARE CAPITAL

	<i>24 Sep 2021</i>	<i>30 Sep 2020</i>
	£	£
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

6. 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 24 September 2021, 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.