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Report and Financial Statements

ADA Global Limited

30 September 2011

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COMPANIES HOUSE

ADA Global Limited

Registered No 05541956

DIRECTORS

S Tully
R Booker
R Evers
C Ancliff

JOINT SECRETARIES

Olswang Cossec Limited
90 High Holborn
London
WC1V 6XX

S Tully

AUDITORS

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

REGISTERED OFFICE

90 High Holborn
London
WC1V 6XX

ADA Global Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 September 2011

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,225,000 (2010 – loss £573,000) The directors do not recommend the payment of a dividend (2010 – £nil)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the previous year was the sale and distribution of recorded music At the beginning of the year the company's trade, assets and liabilities were transferred to the parent company Warner Music UK Limited, leaving the company as a dormant shell company

The company's key financial and other performance indicators during the year were as follows

	2011 £000	2010 £000	Change %
Turnover	–	7,857	-100%
Profit/(loss) after tax	1,225	(573)	+314%
Shareholders' deficit	–	(1,225)	-100%

Profit/(loss) after tax has increased by 314% due to the write off of the intercompany balance remaining after the transfer of the trade

PRINCIPAL RISKS AND UNCERTAINTIES

The company is now a dormant shell company, and therefore there are no significant risks that would materially impact its future performance or financial position

FUTURE DEVELOPMENTS

The directors aim to maintain the company as a dormant shell company for the following year after which they will review whether it will be appropriate to apply for the company to be struck off

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 30 September 2011 were as follows

R Booker	(Appointed 24 November 2010)
S Tully	
M Saunter	(Resigned 31 December 2011)
J Reid	(Resigned 11 November 2011)
R Ever	

C Ancliff was appointed director on 1 February 2012

There are no directors' interests requiring disclosure under the Companies Act 2006

ADA Global Limited

DIRECTORS' REPORT

DISCLOSURE OF INFORMATION TO THE 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 is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

RE-APPOINTMENT OF AUDITORS

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

By order of the board



R Booker
Director

Date 11 May 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS

The directors are responsible for preparing 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 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). 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 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 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 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 ADA Global Limited

We have audited the financial statements of ADA Global Limited for the year ended 30 September 2011, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. 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 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 4, the directors are responsible for the preparation of 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). These 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.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the company's affairs as at 30 September 2011 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 financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the company, 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 or directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Philip Young (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date 11/5/12

ADA Global Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 September 2011

	<i>Notes</i>	<i>2011 £000</i>	<i>2010 £000</i>
TURNOVER	2	–	7,857
Cost of sales		–	(6,282)
Gross profit		–	1,575
Distribution costs		–	(722)
Administrative expenses		1,225	(1,618)
OPERATING PROFIT/(LOSS)	3	1,225	(765)
Interest receivable	5	–	1
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,225	(764)
Tax on loss on ordinary activities	6	–	191
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	14	1,225	(573)

All activities are continuing

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

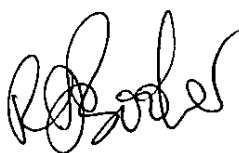
The company had no recognised gains or losses other than the profit of £1,225,000 for the year ended 30 September 2011 (2010 – loss £573,000)

ADA Global Limited

BALANCE SHEET

at 30 September 2011

	<i>Notes</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
FIXED ASSETS			
Tangible assets	7	–	18
CURRENT ASSETS			
Stocks	9	–	1
Debtors	10	–	3,825
Cash at bank and in hand		–	562
		–	4,388
CREDITORS amounts falling due within one year	11	–	(5,621)
NET CURRENT LIABILITIES		–	(1,233)
TOTAL ASSETS LESS CURRENT LIABILITIES		–	(1,215)
PROVISIONS FOR LIABILITIES AND CHARGES	12	–	(10)
		–	(1,225)
CAPITAL AND RESERVES			
Called up share capital (£1)	13	–	–
Profit and loss account	14	–	(1,225)
EQUITY SHAREHOLDERS' FUNDS	14	–	(1,225)



R Booker
Director

Date 11 May 2012

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2011

1. ACCOUNTING POLICIES

Accounting convention

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

Accounting period

The company prepares accounts for either 52 or 53 week periods ending within one week of 30 September

Going concern

The financial statements are prepared on the going concern basis because as stated in the directors report, it is the intention of the directors to maintain the company as a dormant shell company for at least one year following the signing of these accounts

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows

Furniture and equipment	—	over 5 years
Plant and machinery	—	over 3-5 years

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Stocks

Stocks are stated at the lower of cost, being invoiced purchase price plus attributable freight costs, and net realisable value.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Advances to labels

Labels are assessed for their sales earning potential during a specified contract period. Advances to labels are held at net book value equal to expected future sales earnings. The advances are expensed if sales earnings fall below a level required for the recoupment of an advance and the label is deemed not to hold sufficient funds to repay the deficit balance.

Royalty income

Credit is taken for royalty income that has been received from or declared by licensees and other parties.

Leasing commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Related parties

The company has taken advantage of the exemption in FRS 8 not to disclose details of transactions between fellow wholly-owned group undertakings.

ADA Global Limited

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2011

1. ACCOUNTING POLICIES (continued)

Cash flow statements

The company has taken advantage of the exemption in Financial Reporting Standard No 1 Revised ("FRS 1") A cash flow statement has not been prepared as the company was at 30 September 2011 a wholly-owned subsidiary undertaking of Warner Music Group Corp, a company incorporated in the United States of America, which prepared a group cash flow statement

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 periods in which the timing differences are expected to reverse Deferred tax balances are not discounted

2. TURNOVER

Turnover, substantially all of which originates within a single class of business, represents the invoiced amount of goods sold less returns, royalties receivable and fees for other services stated net of valued added tax

Sales by destination were as follows

	2011 £000	2010 £000
United Kingdom	–	2,195
Rest of the world	–	5,662
	<u>–</u>	<u>7,857</u>

3. OPERATING LOSS

This is stated after charging/(crediting)

	2011 £000	2010 £000
Depreciation of tangible fixed assets	–	9
Exchange loss	–	79
Profit on disposal of tangible fixed assets	–	5
Write back of intercompany payable	(1,225)	–
	<u>(1,225)</u>	<u>94</u>

The parent company Warner Music UK Limited pays the auditors' remuneration for all the group companies and recharges a proportion of it to the group companies The amount recharged in respect of audit fees was £nil (2010 – £9,000)

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

ADA Global Limited

NOTES TO THE FINANCIAL STATEMENTS at 30 September 2011

4 STAFF COSTS

	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Wages and salaries	-	438
Social security costs	-	50
Other pension costs	-	3
	<u>-</u>	<u>491</u>
	<u>-</u>	<u>491</u>

The average monthly number of employees during the year was as follows

	<i>2011</i> <i>No</i>	<i>2010</i> <i>No</i>
Office and management	-	3
Selling, marketing and distribution	-	8
	<u>-</u>	<u>11</u>
	<u>-</u>	<u>11</u>

5. INTEREST RECEIVABLE

	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Bank and other interest	-	1
	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

ADA Global Limited

NOTES TO THE FINANCIAL STATEMENTS at 30 September 2011

6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

a) The tax charge is made up as follows

	2011 £000	2010 £000
<i>Current tax</i>		
Group relief receipts	–	(162)
Total current tax credit	–	(162)
<u>Deferred tax</u>		
Timing differences, origination and reversal (note 10)	–	(29)
Total tax credit on loss on ordinary activities	–	(191)

b) Factors affecting the current tax charge

The standard rate of current tax for the year based on the UK standard rate of corporation tax is 27% (2010 28%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below

	2011 £000	2010 £000
Profit/(loss) on ordinary activities before tax	1,225	(764)
Tax on profit/(loss) on ordinary activities at standard rate	331	(214)
<i>Factors affecting charge</i>		
Non taxable write back	(331)	–
Group relief surrendered for nil consideration	29	–
Disallowable expenses	–	22
Depreciation in excess of capital allowances	–	2
Other timing differences	(29)	28
Total current tax (note a above)	–	(162)

ADA Global Limited

NOTES TO THE FINANCIAL STATEMENTS at 30 September 2011

7 TANGIBLE FIXED ASSETS

	<i>Plant, machinery, furniture and equipment £000</i>
Cost	
At 26 September 2010	48
Disposals	(48)
At 30 September 2011	—
Depreciation	
At 26 September 2010	30
Disposals	(30)
At 30 September 2011	—
Net book value	
At 30 September 2011	—
At 24 September 2010	18

8. INVESTMENTS

Details of the investments in which the company directly held more than 20% of the nominal value of any class of share capital are as follows

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Hannibal Records Limited*	England and Wales	Ordinary shares	100%	Dormant
* Company was struck off on 26 April 2011				

9. STOCKS

	<i>2011 £000</i>	<i>2010 £000</i>
Finished goods and goods for resale	—	1

ADA Global Limited

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2011

10. DEBTORS

	2011 £000	2010 £000
Trade debtors	–	447
Amounts owed by group undertakings	–	3,136
Group relief receivable	–	162
Deferred tax asset	–	29
VAT recoverable	–	48
Prepayments and accrued income	–	3
	<u>–</u>	<u>3,825</u>

11. CREDITORS: amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	–	443
Amounts owed to group undertakings	–	4,689
Other taxes and social security	–	16
Accruals and deferred income	–	473
	<u>–</u>	<u>5,621</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Trading provisions £000
At 25 September 2010	10
Transfers to parent company	(10)
At 30 September 2011	<u>–</u>
Trading provisions comprise of royalty audit provision charged through operating profit	

13. SHARE CAPITAL

	2011 No	2010 No
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>£</u>	<u>£</u>
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	1	1

ADA Global Limited

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2011

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 25 September 2010	–	(1,225)	(1,225)
Profit for the year	–	1,225	1,225
At 30 September 2011	–	–	–

15. PARENT UNDERTAKING AND CONTROLLING PARTY

At 30 September 2011 the company was 100% owned by Warner Music UK Limited, the immediate parent undertaking

On 20 July 2011 Warner Music Group Corp the ultimate parent undertaking at the time, a company incorporated in the United States of America, merged with a subsidiary of Access Industries LLC. As a result, at 30 September 2011, Access Industries 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.