

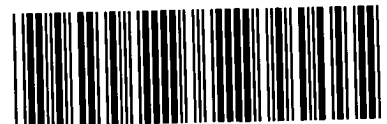
Taffia International Limited

Report and Financial Statements

28 September 2018

Registered No. 06556355

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COMPANIES HOUSE

Registered No. 06556355

DIRECTORS

C J Ancliff (resigned 16 May 2018)

R Booker

P Breeden (appointed 21 June 2018)

K Le Gassick (appointed 21 June 2018)

SECRETARY

Olswang Cosec Limited

Cannon Place

78 Cannon Street

London

EC4N 6AF

AUDITOR

KPMG LLP

15 Canada Square

London E14 5GL

REGISTERED OFFICE

Cannon Place

78 Cannon Street

London

EC4N 6AF

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DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 28 September 2018.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity during the year was the sale and distribution of recorded music. The directors do not envisage any changes to the company's activities in the foreseeable future.

RESULTS AND DIVIDENDS

The profit for the year, after tax, amounted to £3,665 (2017 – loss of £323). The directors do not recommend the payment of a dividend (2017 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 28 September 2018 were as follows:

C J Ancliff (resigned 16 May 2018)

R Booker

P Breeden (appointed 21 June 2018)

K Le Gassick (appointed 21 June 2018)

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

GOING CONCERN

Directors considered the operating nature of the entity where all transactions are conducted with inter-company. Directors also assessed the outstanding inter-company payables and inter-company receivables for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its ultimate parent Warner Music Group Corp and repayment of outstanding balances from fellow subsidiaries to meet its liabilities as they fall due for that period.

STRATEGIC REPORT

The company qualifies as small entity under section 382 of the Companies Act 2006. The company therefore has taken advantage of the exemption available under section 414B (a) of the Companies Act 2006 and not presented a strategic report.

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 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.

DIRECTORS' REPORT (CONTINUED)

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

Signed


R D Booker (Director)

Date

11/06/2019

Cannon Place
78 Cannon Street
London
EC4N 6AF

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS REPORT AND 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 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 TAFFIA INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Taffia International Limited ("the company") for the year ended 28 September 2018 which comprise the Profit and Loss Account, Other Comprehensive Income, 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 28 September 2018 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, including the impact of Brexit, and analyzed 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAFFIA INTERNATIONAL LIMITED (CONTINUED)

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement 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; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAFFIA INTERNATIONAL LIMITED (CONTINUED)

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.

Signed 
Kevin Hall (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date 11/6/19

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 SEPTEMBER 2018

	Notes	2018 £000	2017 £000
TURNOVER	2	14	6
Cost of sales		(7)	(2)
GROSS PROFIT		7	4
Administration expenses		(3)	(3)
Distribution expenses		–	(1)
PROFIT BEFORE TAXATION		4	–
Tax on profit	5	–	–
PROFIT AFTER TAXATION	8	4	–

All amounts are derived from continuing activities.

OTHER COMPREHENSIVE INCOME

The company had no other comprehensive income for the year ended 28 September 2018 (2017 – £nil).

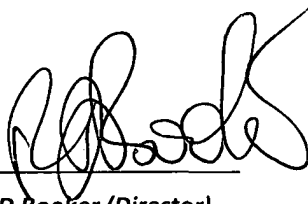
Notes on pages 10 to 14 form part of the financial statements.

BALANCE SHEET AT 28 SEPTEMBER 2018

	Notes	2018 £000	2017 £000
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	6	(4,555)	(4,559)
NET LIABILITIES		<u>(4,555)</u>	<u>(4,559)</u>
CAPITAL AND RESERVES			
Called up share capital	7	1	1
Profit and loss account	8	(4,556)	(4,560)
SHAREHOLDERS' DEFICIT	8	<u>(4,555)</u>	<u>(4,559)</u>

Notes on pages 10 to 14 form part of the financial statements.

These financial statements were approved by the Board of Directors and were signed on behalf of the Board of Directors by:

Signed 
R D Booker (Director)

Cannon Place
 78 Cannon Street
 London
 EC4N 6AF

Date 11/06/2019

STATEMENT OF CHANGES IN EQUITY AT 28 SEPTEMBER 2018

	Share capital £000	Profit and loss account £000	Total £000
At 30 September 2016	1	(4,560)	(4,559)
Loss and total comprehensive loss for the year	—	—	—
At 29 September 2017	1	(4,560)	(4,559)
At 29 September 2017	1	(4,560)	(4,559)
Loss and total comprehensive loss for the year	—	4	4
At 28 September 2018	1	(4,556)	(4,555)

Notes on pages 10 to 14 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS AT 28 SEPTEMBER 2018

1. ACCOUNTING POLICIES

Taffia International Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements 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. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking includes the Company in its consolidated financial statements, and 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 exemptions:

- 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.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS102 available in respect of:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention.

ACCOUNTING PERIOD

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

GOING CONCERN

Directors considered the operating nature of the entity where all transactions are conducted with inter-company. Directors also assessed the outstanding inter-company payables and inter-company receivables for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its ultimate parent Warner Music Group Corp and repayment of outstanding balances from fellow subsidiaries to meet its liabilities as they fall due for that period.

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.

NOTES TO THE FINANCIAL STATEMENTS AT 28 SEPTEMBER 2018 (CONTINUED)

1. ACCOUNTING POLICIES CONTINUED

ROYALTY INCOME

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

BASIC FINANCIAL INSTRUMENTS

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus 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.

TAXATION

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS AT 28 SEPTEMBER 2018 (CONTINUED)

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:

	2018 £000	2017 £000
United Kingdom	8	8
Rest of the world	6	(2)
	<u>14</u>	<u>6</u>

3. EMPLOYEES

The company has no direct employees. All employees performing services for the company are remunerated by the parent undertaking and the remuneration disclosed in the financial statements of the parent.

4. DIRECTORS' EMOLUMENTS

The Directors remuneration, including re-imbursement of expenses incurred by them, were paid by another subsidiary of Warner Music Group. As no significant amount of time was spent by the directors on the Company's affairs, no director remuneration has been allocated to the company.

NOTES TO THE FINANCIAL STATEMENTS AT 28 SEPTEMBER 2018 (CONTINUED)

5. TAXATION

a. Total tax expense recognised in the profit and loss account

	2018 £000	2017 £000
<i>Current tax</i>		
UK corporation tax on income for the period	–	–
Total tax	–	–

The full tax charge for the year is recognised in the Profit and Loss account.

b. Reconciliation of tax charge

The standard rate of current tax for the year based on the UK standard rate of corporation tax is 19% (2017: 19.5%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

	2018 £000	2017 £000
Loss before tax for the year	4	–
Current tax at 19.5% (2017: 19.5%)	1	–
<i>Factors affecting charge:</i>		
Losses for which no deferred tax provided	(1)	–
Total tax expense included in profit and loss	–	–

c. Tax rate changes

The reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A further reduction from 18% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

d. Deferred tax

The Company has unrecognised gross tax losses of £4,536k (2017: £4,540k). These losses do not expire.

NOTES TO THE FINANCIAL STATEMENTS AT 28 SEPTEMBER 2018 (CONTINUED)

6. CREDITORS: amounts due within one year

	2018	2017
	£000	£000
Amounts owed to group undertaking	4,552	4,556
Audit fee	3	3
	<u>4,555</u>	<u>4,559</u>

7. SHARE CAPITAL

	2018	2017
	£	£
Allotted, called up and fully paid: 1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

8. RESERVES

Share capital – represents the nominal value of shares that have been issued.

Profits and loss account – includes all current and prior period retained profits and losses.

9. RELATED PARTY TRANSACTIONS

As at 28 September 2018 funding of £4,555k (2017 - £4,559k) is owed to Warner Music UK Limited.

10. PARENT UNDERTAKING AND CONTROLLING PARTY

There are 1,000 shares in the company, 499 owned by K Jenkins and 501 by Warner Music UK Limited, the immediate parent undertaking.

On 28 September 2018 AI Entertainment Holdings LLC a company incorporated in Delaware in the United States of America, was the ultimate parent undertaking. Warner Music Group Corp. was the parent undertaking of the smallest and largest 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.