Report and Financial Statements

Parlophone Records Limited

27 September 2013

Registered No. 68172

DIRECTORS

R D Booker
C J Ancliff
S V Bergen

SECRETARY
TMF Corporate Administration Services Limited (resigned 1 July 2013)
Olswang Cosec Limited (appointed 1 July 2013)
90 High Holborn
London
WC1V 6XX

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

REGISTERED OFFICE
Seventh Floor
90 High Holborn
London
WC1V 6XX

The directors submit their report and financial statements to cover the period from 1 April to 27 September 2013.

RESULTS AND DIVIDENDS

The loss for the period, after taxation, was £40,166k (31 March 2013 – loss of £22,413k). The directors do not recommend payment of a dividend for the period (31 March 2013 – £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the period was the sale and distribution of recorded music.

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

	Sep 2013	*Mar 2013*	*Change*
	£000	*£000*	*%*
Turnover	26,316	89,490	-71%
Loss after tax	40,166	22,413	79%
Shareholders' funds	356,386	396,552	-10%

Turnover has decreased by 71% as a result of fewer releases during the relevant period.

Loss after tax has increased by 79% as a result of fewer releases during the relevant period.

Shareholders' fund has decreased by 10% as a result of fewer releases during the relevant period.

These results are substantially affected by the different length of reporting periods comparing the 52 weeks covered in the 12 months to March 2013 and the 26 weeks covered in the 6 months to September 2013.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's business faces a number of risks and uncertainties as is normal for a Company of its size and complexity. The directors consider that the principal risks faced by the business include:

- The market for recorded music product has been declining and may continue to decline;
- The current uncertainty in global economic conditions would adversely affect the prospects and results of the business;
- The downward pressure on the pricing of music products leading to pressure on the margins;
- The dependence on identifying, signing and retaining artists with long-term potential, and the effect of results of successful artists;
- The continuing exposure of the music industry to illegal music downloads and file sharing

GOING CONCERN

The group's business activities, together with the factors likely to affect its future development, its financial position and its exposures to price, credit and liquidity are described above. The group has considerable financial resources. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

CHANGE IN OWNERSHIP/STRUCTURE

The company has previously formed part of the Recorded Music division of EMI. On 11 November 2011, EMI Group Global Limited signed a definitive agreement to sell its Recorded Music division to Universal

Music Group. The transactions were subject to certain closing conditions, including the approval by relevant regulatory authorities. Regulatory approvals were obtained with the requirement for certain divestments and the Recorded Music business sale completed on 28 September 2012.

As a condition of sale to Universal Music Group, the regulatory authorities required certain EMI Recorded Music businesses to be divested. The Parlophone Label Group, which the Company forms part of, was created for this divestment. On 6 February 2013 it was announced that a definitive agreement had been entered into to sell the Parlophone Label Group to Warner Music Group and this transaction completed on 1 July 2013. As of that date the Company became an indirect subsidiary of Warner Music Group Inc, which is itself a subsidiary of Access Industries Inc.

The statutory accounts for the 6 months to September 2013 have been prepared to be consistent with the accounting period of Warner Music Group.

DIRECTORS AND THEIR INTERESTS
The directors who served during the period and to the date of this report are shown below:

R M Constant (appointed 09 November 2012, resigned 1 July 2013)
J H Morris (appointed 28 September 2012, resigned 1 July 2013, re-appointed 3 September 2013, resigned 22 July 2014)
D N Kassler (appointed 28 September 2012, resigned 1 July 2013)
R Booker (Appointed 1 July 2013)
C Ancliff (Appointed 1 July 2013)
S Bergen (Appointed 1 July 2013)

None of the directors had any interests in the shares of the Company during the period.

All directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

POLITICAL AND CHARITABLE CONTRIBUTIONS
During the period, the Company made various charitable contributions totalling £16,000 (31 March 2013 - £35,000).

EMPLOYMENT OF DISABLED PERSONS
It is Company practice to encourage, wherever practicable, the employment of disabled persons and to provide appropriate opportunities for their training, career development and promotion. When employees become disabled while in the service of the Company, every effort is made to rehabilitate them into their former jobs or some other suitable alternative.

EMPLOYEE INVOLVEMENT
The Company has continued to further its employee involvement policies. These include the provision of information to employees and consultation with their representatives on matters affecting them, as well as the regular communication of financial information and details of the Company's performance.

DISCLOSURE OF INFORMATION TO AUDITORS The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITOR
During the period, KPMG LLP resigned as auditors, the Company appointed Ernst & Young LLP to fill the vacancy.

By order of the Board

Director

90 High Holborn
London
WC1V 6XX

10 October 2014

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 period. 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).

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; 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 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 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 Parlophone Records Limited

We have audited the financial statements of Parlophone Records Limited (formerly EMI Records Limited) for the period ended 27 September 2013, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities on page 6, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements
In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 27 September 2013 and of its loss for the period 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 matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the members of Parlophone Records Limited

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.

Ernst & Young LLP

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

Date: 13/10/14

PROFIT AND LOSS ACCOUNT
for the period ended 27 September 2013

	Note	*6 months to Sep 2013*	*12 months to Mar 2013*
		£000	*£000*
Turnover	2	26,316	89,490
Cost of sales		(20,699)	(28,781)
Gross profit		5,617	60,709
Distribution costs		(464)	(935)
Administrative expenses:			
Before exceptional items		(39,015)	(34,445)
Pension	7	-	(311,871)
Reorganisation costs	7	(8,374)	(2,219)
		(47,389)	(348,535)
Other operating income:			
Before exceptional items		130	30,362
Gain on disposal of assets	7	-	199,186
		130	229,548
Total operating costs		(47,723)	(119,922)
Net operating loss	3	(42,106)	(59,213)
Interest receivable	8	2,786	12,085
Interest payable and similar charges	9	-	(3,424)
Loss on ordinary activities before taxation		(39,320)	(50,552)
Tax	10	(846)	28,139
Loss for the period	19	(40,166)	(22,413)

As stated in the Director's report, the results above for the period ended 27 September 2013 and 31 March 2013 are all derived from continuing activities.

The notes on pages 11 to 23 form part of these financial statements.

A note of historical cost profit and losses has not been prepared as part of the financial statements since the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £40,166k in the period ended 27 September 2013 (31 March 2013 – loss of £22,413k).

BALANCE SHEET
at 27 September 2013

	Note	Sep 2013 £000	Mar 2013 £000
Fixed assets			
Intangible assets	11	-	636
Tangible assets	12	434	424
Investments	13	49,213	49,213
		49,647	50,273
Current assets			
Debtors:			
Amounts falling due within one year	14	725,751	121,958
Amounts falling due after one year	14	26,574	697,210
Cash at bank and in hand		9,359	12,673
		761,684	831,841
Creditors: amounts falling due within one year	15	(443,934)	(482,828)
Net current assets		317,750	349,013
Total assets less current liabilities		367,397	399,286
Provisions for liabilities	16	(11,011)	(2,734)
Net assets		356,386	396,552
Capital and reserves			
Called up share capital	18,19	312,605	312,605
Profit and loss account	19	43,781	83,947
Shareholders' funds	19	356,386	396,552

The notes on pages 11 to 23 form part of these financial statements.

These financial statements were approved by the Board of Directors on 10 Oct 2014 and were signed on behalf of the Board of Directors by:

R Booker
Director

Date:

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Accounting period
These statutory accounts have been prepared to cover a period of 26 weeks commencing 1 April 2013 to 27 September 2013 in accordance with the accounting period of Warner Music Group. The comparatives in this report reflect the previous reporting period of 52 weeks which covered the period 1 April 2012 to 31 March 2013.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The classification of certain revenue and expense items has been revised during the period to better reflect their nature. The presentation of the comparative figures has therefore been changed so that like for like figures are presented on an equivalent basis for both periods. There has been no impact on net profit or net assets included in the comparative figures compared to those previously presented.

Going concern

The financial statements are prepared on the going concern basis because the Warner Music Group has committed to provide financial support to the company to enable it to meet its liabilities as they fall due, and for the foreseeable future.

Statement of cash flows

Under FRS 1 'Cash flow statements', the Company is exempt from the requirement to prepare a cash flow statement since it is a wholly owned subsidiary undertaking of an entity preparing publicly available financial statements

Investments

Investments in subsidiary and associated undertakings are stated at cost less, where relevant, a provision to reflect any permanent diminution in value.

Foreign currencies

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

Group financial statements

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group accounts as the company is included in the consolidated accounts of a larger group. These financial statements present information about the company as an individual undertaking and not about its group.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods: revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer i.e. on despatch and can be reliably measured. Revenue is measured at fair value after making a provision in respect of expected future returns of goods and services supplied by the Company prior to the balance sheet date;

Copyright, royalty, license and other income: revenue is recognised based on the contractual arrangements entered into with third parties, which allow them to exploit the Group's intellectual property in return for a fee. Where the Group is entitled to a fee which is not dependent upon future usage, revenue is recognised when the Group has fulfilled its contractual commitments. Where the fees due to the Group are dependent upon usage, revenue is recognised based upon that usage. Where no reliable basis is available for estimating such usage, revenue is recognised when reported to the Group by third parties;

Interest income is recognised when it has been earned and can be reliably measured.

Other Income

Other income represents the Company's share of profits generated on music compilation albums, such as the NOW series, where a profit share agreement is in place with a third party record label.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses.

Following initial recognition, intangible assets with finite lives are amortised on a straight line basis over their estimated useful lives. These lives are estimated on an individual asset by asset basis, and are as follows:

Music catalogues	Over the duration of the contract or up to 50 years
Goodwill	10 years

Intangible assets are tested for impairment at each balance sheet date if events or changes in circumstances indicate that the carrying value may not be recoverable. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Intangible assets created within the business that cannot be distinguished from the cost of developing the business as a whole are not capitalised. Any relevant expenditure is charged against profit from operations in the period in which the expenditure is incurred.

Tangible assets

Depreciation of property, plant, equipment and vehicles is calculated on cost or valuation at rates estimated to write off the relevant assets by equal annual amounts over their expected useful lives. Effect is given, where necessary, to commercial and technical obsolescence.

The annual rates used are:

Plant, machinery and furniture	10% - 33.33%
Fixtures and Fittings	20%
Computer software	33.33%
Computer hardware	25%
Motor vehicles	25%

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Advances

In the ordinary course of business the company pays advances and other expenses recoupable from future royalties to performing artists, songwriters, producers and third party repertoire owners. The amounts paid are carried at cost less recoupment and less an allowance for any unrecoupable amounts. The allowance is based on past revenue performance, current popularity and projected revenue. Advances are recoupable during the business operating cycle. All advances are therefore reported as current assets, including advances recoupable more than 12 months after the balance sheet date.

Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the period of the lease.

Loans and borrowings

Parlophone Records Limited Loan and borrowings policy is in line with Warner Music Groups Inc. All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the Reporting period and reduced by repayments made in the period. Finance costs of debt are allocated over the term of the debt at an agreed rate by the parties on the carrying amount.

Retirement benefits

Retirement benefits are accounted for under FRS 17 Retirement Benefits. The Company operates both defined benefit and defined contribution schemes for its employees. The Company is unable to identify its share of the underlying assets and liabilities of its defined benefit schemes and so, in accordance with FRS 17, the Company accounts for them as defined contribution schemes.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Provision for royalty audit claims

A provision is made for royalty audit claims when it is considered more likely than not that a successful claim will be made and the likely financial impact can be estimated with reasonable certainty.

The balance at 27 September 2013 includes provisions for future closure and reorganisation of operations due to restructuring of the company.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, group undertakings and associates. It is attributable to one continuing activity wholly within the UK.

3. NOTES TO THE PROFIT AND LOSS ACCOUNT

The Net operating loss is stated after charging:

	6 months to Sep 2013 £000	*12 months to Mar 2013 £000*
Depreciation	85	5,922
Exchange loss on foreign currency balances	2,089	12,546
Leases	56	98
Exceptional items	8,374	114,904

Details of the exceptional items are included in note 7.

4. AUDITORS' REMUNERATION

	6 months to Sep 2013 £000	*12 months to Mar 2013 £000*
Audit of these financial statements	131	143

5. DIRECTORS' REMUNERATION

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. Hence directors' remuneration is disclosed in the company through which the directors are remunerated.

6. STAFF COSTS

	6 months to Sep 2013 £000	*12 months to Mar 2013 £000*
Wages and salaries	8,307	31,251
Social security costs	903	3,241
Other pension costs	602	2,259
	9,812	36,751

6. STAFF COSTS (CONTINUED)

	2013	*2012*
	No.	*No.*
The average monthly number of employees, including directors, was	222	432

7. EXCEPTIONAL ITEMS

Recognised in arriving at operating result through administrative expenses and other operating income:

	6 months to Sep 2013	*12 months to Mar 2013*
	£000	*£000*
Administrative expenses:		
Reorganisation costs	8,374	2,219
Pension contribution	-	311,871
Other operating income:		
Gain on disposal of assets	-	(199,186)
	8,374	114,904

Reorganisation costs relate primarily to costs incurred in restructuring the business as a result of the acquisition by Warner Music Group.

Prior year's contribution to the pension scheme was as a result of the closure of the defined benefit scheme to future accrual in June 2012. At the end of August 2012, ownership of the UK defined benefit pension scheme was transferred out of the Group to Citigroup (the sale of the Recorded Music business is conditional on Citigroup taking over the responsibility for EMI's UK defined benefit pension scheme). As part of this transfer, EMI Records Limited made payments totalling £312m in relation to the UK pension fund including an amount of £162m paid to Citigroup.

Gain on disposal of assets in the prior year relates to the transfer of various assets including Abbey Road Studios and the Beatles Recording rights to other group companies.

8. INTEREST RECEIVABLE

	6 months to Sep 2013	*12 months to Mar 2013*
	£000	£000
Interest receivable from group undertakings	2,786	12,085

9. INTEREST PAYABLE AND SIMILAR CHARGES

	6 months to Sep 2013 £000	*12 months to Mar 2013 £000*
Interest payable to group undertakings	-	(3,187)
Other external interest	-	(237)
	-	(3,424)

10. TAX

Analysis of charge in the period

	6 months to Sep 2013 £000	*12 months to Mar 2013 £000*
UK Corporation tax		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
Group relief payments/(receipts)	(719)	-
Total current tax	(719)	-
Deferred tax (see note 17)		
Origination/reversal of timing differences	1,565	343
Rate adjustment	-	1,223
Pension payment	-	(26,952)
Adjustments in respect of prior periods	-	(2,753)
Total deferred tax	-	(28,139)
Total on profit on ordinary activities	846	(28,139)

10. TAX (CONTINUED)

(a) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 23% (2013 – 24%). The differences are reconciled below:

	6 months to Sep 2013 £000	*12 months to Mar 2013 £000*
(Loss)/profit on ordinary activities before tax	(39,320)	(50,552)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 – 24%)	(9,044)	(12, 132)
Effect of:		
Permanent difference	-	16,987
Disallowable/(allowable) expenditure	3,066	722
Timing differences	(8,608)	26,952
Losses carried forward	10,044	-
Capital allowances in excess of depreciation	6	(316)
Group relief surrendered/(received) for no payment at 23% (2013 – 24%)	3,817	(32,213)
Total current tax charge	(719)	–

(b) Factors affecting future tax charge

As part of the Warner Music Group, the Company may receive or surrender losses by way of group relief. This receipt or surrender has occurred in the past without any payment being made. Pursuant to Warner Music Group policy, Group Relief is paid for or received at the Corporation Tax rate applicable to the period in respect of which the Group Relief is surrendered.

A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly. Deferred Tax is recognised at the substantively enacted rate at the Balance Sheet date of 20%.

11. INTANGIBLE FIXED ASSETS

	Catalogue costs £000	*Total* £000
Cost:		
At 1 April 2013	5,811	5,811
Additions	-	-
At 27 September 2013	5,811	5,811
Amortisation:		
At 1 April 2013	5,175	5,175
Charged during the period	636	636
At 27 September 2013	5,811	5,811
Net book value:		
At 27 September 2013	-	-
At 1 April 2013	636	636

12. TANGIBLE ASSETS

	Fixtures and Fittings £000	*Equipment, plant and vehicles* £000	*Total* £000
Cost:			
At 1 April 2013	–	26,593	26,593
Additions	34	–	34
Disposals	–	–	–
At 27 September 2013	34	26,593	26,627
Depreciation:			
At 1 April 2013	–	26,169	26,169
Charged during the period	1	23	24
Disposals	–	–	–
At 27 September 2013	1	26,192	26,193
Net book value:			
At 27 September 2013	33	401	434
At 1 April 2013	–	424	424

13. INVESTMENTS

	£000
Cost and net book value:	
At 27 September 2013	49,213

The company's principal subsidiary undertakings at 27 September 2013 were:

Subsidiary undertakings	*Nature of business*	*Proportion of ordinary shares owned*
Parlophone Music International Services Limited (formerly EMI Music International Services Limited)	Service company	100%
Chrysalis Records International Limited	Dormant	100%
Food Limited	Dormant	100%
Ensign Records Limited	Dormant	100%
Erato Record Classics Limited (formerly Virgin Records Classics Limited)	Dormant	100%
Music for Pleasure Limited	Dormant	100%
Trooper Enterprises Limited	Record company	75%

14. DEBTORS

Amounts falling due within a year

	Sep 2013 £000	*Mar 2013* £000
Trade debtors	1,995	21,433
Amounts owed by fellow group undertakings:		
Trade debtors collected on behalf of fellow subsidiary undertakings	-	15,878
Interest-bearing loans to group undertakings	24,229	-
Interest-bearing loans to subsidiary undertakings	75,194	-
Interest-bearing loans to parent undertakings	578,935	-
Interest-free loans to parent undertakings	100	5,722
Interest-free loans to subsidiary undertakings	3,768	
Interest-free loans and other amounts owed by group undertakings	-	69,793
Amounts owed by group undertakings	6,112	
Other debtors, prepayments and accrued income	34,320	5,698
Artist advances	288	3,434
Corporation Tax	719	-
Other taxes including VAT and social security costs	91	-
	725,751	121,958

14. DEBTORS (CONTINUED)

Amounts falling due after one year

	Sep 2013	*Mar 2013*
	£000	*£000*
Amounts owed by fellow group undertakings:		
Interest-free loans to subsidiary undertakings	-	794
Interest-bearing loans to group undertakings	-	583,519
Interest-bearing loans to subsidiary undertakings	-	84,758
Interest-bearing loans to parent undertakings	-	-
Other debtors and prepayments	-	-
Deferred tax asset (note 17)	26,574	28,139
	26,574	697,210

The loans to fellow subsidiary undertakings as at March 2013 were not the subject of a loan note nor were they repayable under fixed terms and therefore they were considered to be recoverable after more than one year as the intention was not to recall the loans within 12 months. As at September 2013, all amounts owed by fellow group undertakings are due on demand and hence considered to be due within one year.

The deferred tax asset is expected to be realized after more than one year.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Sep 2013	*Mar 2013*
	£000	*£000*
Trade creditors	27,805	7,396
Amounts payable to fellow subsidiary undertakings:		
Trade creditors paid on behalf of fellow subsidiary undertakings	-	15,746
Interest-free loan from parent undertaking	22,923	3,100
Interest-free loans and other amounts payable from group undertakings	228,693	-
Interest-free loans and other amounts payable to fellow subsidiary undertakings	250	119,755
Interest-free loans from subsidiary undertakings	-	237,691
Interest-bearing loans from group undertakings	17,646	20,432
Interest-bearing loans from subsidiary undertaking	-	17,164
Interest-bearing loans from parent undertaking	51,595	-
Amounts owed to group undertakings	9,704	-
Royalties payable	50,783	39,459
Other taxes including VAT and social security costs	-	960
Accruals and deferred income	34,535	21,125
	443,934	482,828

The interest-bearing loan bears interest at a UK prime rate. All loans are repayable on demand.

16. PROVISIONS FOR LIABILITIES

	Reorganisation	*Audit claims*	*Dilapidations*	*Total*
	£000	*£000*	*£000*	*£000*
Provisions at 1 April 2013	150	2,584	–	2,734
Charged to profit and loss account	8,374	2,109	2,934	13,417
Utilised during the period	(5,140)	–	–	(5,140)
Provisions at 27 September 2013	3,384	4,693	2,934	11,011

The balance at 27 September 2013 includes provisions for future closure and reorganisation of operations of £3,384k (March 2013 – £150k) and future audit claims of £4,693k (March 2013 – £2,584k).

The majority of the reorganisation and royalty audit claims provisions are expected to be utilised in the short term.

The dilapidation provision relates to refurbishment work to be carried out on the Wrights Lane building.

17. DEFERRED TAX ASSETS

	Property, plant and equipment £000	**Pension £000**	**Other £000**	**Total £000**
At 31 March 2013	**(1,966)**	**(25,829)**	**(344)**	**(28,139)**
Timing differences, origination and reversal	(137)	(1,795)	(24)	(1,956)
Decrease / (Increase) in tax rates	246	3,232	43	3,521
At 27 September 2013	**(1,857)**	**(24,392)**	**(325)**	**(26,574)**

At the balance sheet date the company had a recognised deferred tax asset of £26,574k (March 2013: £28,139k) in relation to capital allowances and pensions deductions available for offset against future profits.

18. SHARE CAPITAL

	Sep 2013 £000	Mar 2013 £000
Authorised:		
Ordinary shares of £1 each	312,605	312,605
Allotted, called up and fully paid:		
Ordinary shares of £1 each	312,605	312,605

£200 million of preference shares were converted to ordinary share capital on 18 December 2012.

19. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Profit and loss account £000	Total share-holders' funds £000
At 1 April 2013	312,605	83,947	396,552
Additional shares issued	–	–	–
Loss for the period	–	(40,166)	(40,166)
At 27 September 2013	312,605	43,781	356,386

20. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

At 27 September 2013, annual commitments under other operating leases were as follows:

	Sep 2013 £000	Mar 2013 £000
Expiring in less than one period	-	17
Expiring in the second to fifth periods inclusive	-	7
	-	24

21. CONTINGENT LIABILITIES

Within the music industry a variety of claims arise from time to time in the normal course of business. Some have little or no foundation in fact or law and others cannot be quantified. Provisions have been made in the financial statements for those claims against the company which the directors consider are likely to result in significant liabilities.

22. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under Financial Reporting Standard 8, "Related Party Disclosures" (FRS 8), not to disclose related party transactions between wholly owned group undertakings.

23. ULTIMATE PARENT UNDERTAKING

This company is 100% owned by PLG Holdco 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 27 September 2013, 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.