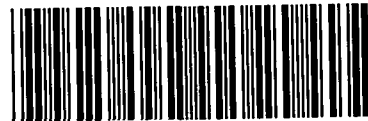


WARNER/CHAPPELL MUSIC LIMITED

REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2013

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COMPANIES HOUSE

WARNER/CHAPPELL MUSIC LIMITED

Registered No. 488466

DIRECTORS

J R Manners
M A Lavin
J Dyball (resigned 19 June 2013)
W S McDowell
R Booker
C Strang

SECRETARY

Olswang Cossec Limited

AUDITORS

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

BANKERS

Barclays Bank PLC
8/9 Hanover Square
London W1A 4ZW

REGISTERED OFFICE

Seventh floor
90 High Holborn
London
WC1V 6XX

WARNER/CHAPPELL MUSIC LIMITED

STRATEGIC REPORT

The directors present their strategic report for the year ended 30 September 2013.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £7,785,122 (2012 – £7,771,349). The directors did not propose a dividend in the year ended 30 September 2013 (2012 - £4,500,000).

BUSINESS REVIEW

The company's principal activity is music publishing. The company's income is generated by the use of musical compositions in which the copyright is either owned or administered by the company.

The result of the company for the year ended 30 September 2013 is set out in the Profit and Loss Account on page 7. The position of the company at 30 September 2013 is set out in the Balance Sheet on page 8. Both the result and the position of the company were in line with the expectations of the directors.

The key financial and other performance indicators during the year were as follows:

	2013 £'000	2012 £'000	Change %
Turnover	69,065	67,464	+2%
Operating profit	10,974	9,826	+12%
Net assets	14,760	6,975	+112%

Turnover increased by 2% in the year. Digital turnover grew by 40%, driven by growth in streaming revenues, while mechanical turnover fell by 8%, reflecting the continued transition from physical to digital sales.

The company is constantly reviewing its A&R strategy as well as maximising new media opportunities.

Operating Profit increased by 12% as a result of a 1% increase in gross profit margin, along with a 10% reduction in overhead expenditure. This positive effect was partially reduced by a £386,289 impairment charge in relation to the investment in Warner Chappell TM Limited, a subsidiary undertaking.

The improvement in net assets stems mainly from a reduction in intercompany borrowing, arising from a healthy profit to cash conversion rate.

Given the nature of its business, the company considers there to be no key performance indicators directly relating to environmental issues or employee matters.

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.

On behalf of the board



Director
M Lavin

Date: 12th June 2014

WARNER/CHAPPELL MUSIC LIMITED

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 30 September 2013.

GOING CONCERN

The Company's forecasts and projections, taking account of possible changes in trading performance, show that the Company will have adequate resources to continue in existence for the foreseeable future. The Company is profit making and in an overall net assets position. The Company is part of the Warner Music Group cash pooling arrangement, through which its working capital requirements are adequately covered. In addition, the directors are in receipt of a letter of financial support from WMG Acquisition Corp. to assist in meeting the Company's liabilities, if required, as and when they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

FUTURE DEVELOPMENTS

No change in the company's operations is envisaged in the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors during the year ended 30 September 2013 were as listed on page 1.

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.

CHARITABLE CONTRIBUTIONS

During the year a total of £1,500 (2012 - £800) was paid to charitable institutions.

DISCLOSURE OF INFORMATION TO 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/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.

AUDITORS

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Ernst & Young LLP as auditor of the Group and company. Ernst & Young LLP have confirmed their willingness to continue in office.

On behalf of the board



Director
M Lavin

Date: 12th June 2014

WARNER/CHAPPELL MUSIC LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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). The financial statements are required by law to 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 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;
- 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 disclose with reasonable accuracy at any time the financial position of the company and to 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 WARNER/CHAPPELL MUSIC LIMITED

We have audited the financial statements of Warner/Chappell Music Limited for the year ended 30 September 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 22. 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 set out on page 4, the directors are responsible for the preparation of the 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). Those 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 Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2013 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements:

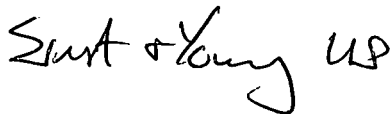
INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WARNER/CHAPPELL MUSIC LIMITED (Continued)

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, 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.



Philip Young (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP (Statutory Auditor)

1 More London Place
London
SE1 2AF

Date: 12 June 2014

WARNER/CHAPPELL MUSIC LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	Notes	2013 £	2012 £
TURNOVER	2	69,065,147	67,463,599
Cost of sales		(51,273,166)	(50,460,487)
		<hr/>	<hr/>
Gross profit		17,791,981	17,003,112
Administrative expenses		(6,431,883)	(7,176,702)
Exceptional item: impairment of investment	3	(386,289)	-
		<hr/>	<hr/>
OPERATING PROFIT	4	10,973,809	9,826,410
Investment income	7	323,188	1,267,698
Interest receivable	8	13,024	8,366
Interest payable	9	(825,645)	(983,600)
		<hr/>	<hr/>
PROFIT BEFORE TAXATION		10,484,376	10,118,874
Tax charge on profit	10	(2,699,254)	(2,347,525)
		<hr/>	<hr/>
PROFIT AFTER TAXATION		<u><u>7,785,122</u></u>	<u><u>7,771,349</u></u>


All activities are continuing.

There are no recognised gains or losses for the current and preceding financial years other than the retained profit shown above. Accordingly no statement of total recognised gains and losses is presented.

WARNER/CHAPPELL MUSIC LIMITED
BALANCE SHEET AT 30 SEPTEMBER 2013

	Notes	2013 £	2012 £
FIXED ASSETS			
Intangible assets	11	2,988,679	3,445,419
Tangible assets	12	203,727	253,514
Investments	13	30,840,775	31,227,064
		<hr/>	<hr/>
		34,033,181	34,925,997
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	14	25,442,631	24,542,866
Cash		60,412	6,836
		<hr/>	<hr/>
		25,503,043	24,549,702
		<hr/>	<hr/>
CREDITORS: amounts falling due within one year	15	(44,452,004)	(52,176,601)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(18,948,961)	(27,626,899)
TOTAL ASSETS LESS CURRENT LIABILITIES		15,084,220	7,299,098
PROVISIONS FOR LIABILITIES	16	(324,000)	(324,000)
		<hr/>	<hr/>
NET ASSETS		14,760,220	6,975,098
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Equity share capital	19	100	100
Profit and loss account	20	14,760,120	6,974,998
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	20	14,760,220	6,975,098
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



M A LAVIN
Director
12th June 2014

Date

The notes on pages 9 to 20 form part of these financial statements

WARNER/CHAPPELL MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

Accounting convention and going concern

The financial statements are prepared under the historical cost convention, on a going concern basis as Warner Music Group Corp. has agreed to provide financial support to the company, and in accordance with applicable UK accounting standards. Please refer to the Directors' report for the assessment of the going concern basis.

Royalty advances

Advances in respect of royalties payable, which are non-returnable, comprise advances to songwriters under contract. Specific provisions are made against these advances where the balance outstanding exceeds anticipated future royalty earnings.

Royalty income and expense

Credit is taken for royalty income that has been received from users prior to the year end. Royalty expense is accrued based on the expected royalties payable on income received.

Depreciation

The company provides depreciation at rates which are calculated to write off the cost of the tangible fixed assets by equal annual instalments over their estimated useful lives as follows:

Furniture and equipment - various rates between 10% and 33%

Leasehold improvements - over the period of the lease

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

Intangible fixed assets: music copyrights

Purchased music copyrights are capitalised and amortised by equal annual instalments over the period that is expected to recover the initial cost based on projected average annual income, but not exceeding 20 years.

The carrying values of intangible fixed assets are reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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.

WARNER/CHAPPELL MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013
(Continued)

1. ACCOUNTING POLICIES (continued)

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.

Investments

Investments are stated at cost less amounts provided for a permanent impairment in value.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

Pensions

The company is a member of the Warner Music Pension Plan, which is a defined contribution plan.

Joint Ventures

Income from joint ventures is recognised in the company's profit and loss account on the basis of dividends received and receivable. The investments in joint ventures are carried at cost less amounts provided.

Group financial statements

In accordance with the company's exemption under Section 400 of the Companies Act 2006, group financial statements have not been prepared since, at 30 September 2013 and for the entire financial year, the company was a wholly-owned subsidiary undertaking of Warner Music Group Corp., a company incorporated in the United States of America, which prepares group financial statements. The financial statements present information as to the company as an individual undertaking and not as to the group.

Related parties

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

Cash flow statement

The company has taken advantage of the exemption in the Financial Reporting Standard No.1 Revised (FRS1). A cash flow statement has not been prepared because as at the year end, the company was a wholly owned subsidiary undertaking of Warner Music Group Corp., a company incorporated in the United States of America, which prepares a group cash flow statement.

WARNER/CHAPPELL MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013
(Continued)

2. TURNOVER

Turnover represents royalties received and is attributable to one continuing activity - music publishing.
The geographical areas to which turnover relates are as follows:

	2013	2012
	£	£
United Kingdom	37,880,002	35,724,769
Rest of world	31,185,145	31,738,830
	<u>69,065,147</u>	<u>67,463,599</u>
	=====	=====

3. EXCEPTIONAL ITEM

An impairment charge of £386,289 was recognised in the year ended 30 September 2013 (2012 - £nil) in relation to the investment in Warner Chappell TM Limited, a subsidiary company.

4. OPERATING PROFIT

	2013	2012
	£	£
This is stated after charging/(crediting):		
Auditors' remuneration	22,548	22,548
Depreciation	163,190	237,696
Amortisation of copyrights	456,740	490,393
Loss/(Gain) on foreign exchange	51,271	(10,696)
Restructuring charges	361,869	120,500
Operating lease rentals - land and buildings	685,956	636,641
	<u>=====</u>	<u>=====</u>
The remuneration of the auditors may be further analysed as follows:		
Audit work	22,548	22,548
	<u>=====</u>	<u>=====</u>

5. DIRECTORS' REMUNERATION

	2013	2012
	£	£
Total: Emoluments	1,340,552	1,172,958
	<u>=====</u>	<u>=====</u>
Pension contributions	76,360	70,019
	<u>=====</u>	<u>=====</u>
Highest paid director:		
Emoluments	579,200	595,000
	<u>=====</u>	<u>=====</u>
Pension contributions	30,554	30,554
	<u>=====</u>	<u>=====</u>
	No.	No.
Directors participating in defined contribution pension schemes:	3	3
	<u>=====</u>	<u>=====</u>
Directors participating in defined benefit pension schemes:	0	0
	<u>=====</u>	<u>=====</u>

WARNER/CHAPPELL MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

(Continued)

5. DIRECTORS' REMUNERATION (continued)

The highest paid director's accrued pension entitlement at 30 September 2013 was £nil (30 September 2012 - £nil), as all pension contributions made are to an external defined contribution plan.

Number of directors exercising share options during the year was nil (2012 – nil).

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.

6. STAFF COSTS

	2013	2012
	£	£
Wages and salaries	4,423,094	4,302,344
Social security costs	489,065	516,587
Other pension costs	143,776	143,100
	<u>5,055,935</u>	<u>4,962,031</u>
	=====	=====

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

	2013	2012
	No.	No.
Commercial and administrative	69	68
	<u>=====</u>	<u>=====</u>

7. INVESTMENT INCOME

	2013	2012
	£	£
Dividends receivable from group undertakings	323,188	1,267,698
	<u>=====</u>	<u>=====</u>

8. INTEREST RECEIVABLE

	2013	2012
	£	£
Bank and other interest	2,811	6,435
Interest receivable from group company	10,212	1,931
	<u>13,023</u>	<u>8,366</u>
	=====	=====

9. INTEREST PAYABLE

	2013	2012
	£	£
Interest payable to group undertaking	(825,538)	(961,567)
Other interest	(107)	(22,033)
	<u>(825,645)</u>	<u>(983,600)</u>
	=====	=====

WARNER/CHAPPELL MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013
(Continued)

10. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2013	2012
	£	£
a) The charge based on the results for the period is as follows:		
<u>Taxation based on the profit for the period</u>		
Corporation tax at 23.5% (2012 – 25%)	479,000	570,000
Double taxation relief	(479,000)	(450,000)
Group relief payments	2,046,155	1,719,000
Under provision for prior years	51,120	9,000
Overseas taxation suffered	629,979	494,525
Total Current Tax Charge	<u>2,727,254</u>	<u>2,342,525</u>
<u>Deferred tax</u>		
Timing differences, origination and reversal	(28,000)	5,000
Total deferred tax	<u>(28,000)</u>	<u>5,000</u>
Tax on Profit on Ordinary Activities	<u>2,699,254</u>	<u>2,347,525</u>

b) Circumstances affecting current charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 23.5% (2012 - 25%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below.

	2013	2012
	£	£
Profit on ordinary activities before tax	<u>10,484,376</u>	<u>10,118,874</u>
Tax on profit on ordinary activities at standard rate	2,463,828	2,529,719
Factors affecting charge:-		
Disallowable expenses	111,276	64,206
Depreciation in excess of capital allowances	38,000	12,000
Non-taxable income	(75,949)	(316,925)
Tax under provided in previous years	51,120	9,000
Overseas tax suffered	150,979	44,525
Other timing differences	(12,000)	-
Total Current Tax (note 10(a) above)	<u>2,727,254</u>	<u>2,342,525</u>

WARNER/CHAPPELL MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013
(Continued)

10. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (continued)

c) Deferred Tax

The deferred tax included in the balance sheet is as follows:

	2013 £	2012 £
Included in debtors	123,000 =====	95,000 =====

Deferred taxation provided in the financial statements is as follows:

Depreciation in excess of capital allowances	111,000	69,000
Other timing differences	12,000	26,000
Provision for deferred tax	123,000 =====	95,000 =====

Analysis of Movement in provision

At 1 October 2012	95,000
Credited to profit and loss account	28,000
At 30 September 2013	123,000 =====

11. INTANGIBLE FIXED ASSETS

	Copyrights £
Cost:	
At 1 October 2012	7,809,692
Additions	-
At 30 September 2013	7,809,692 =====
Amortisation:	
At 1 October 2012	4,364,273
Provided during the period	456,740
At 30 September 2013	4,821,013 =====
Net book values:	
At 30 September 2013	2,988,679 =====
At 1 October 2012	3,445,419 =====

WARNER/CHAPPELL MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013
(Continued)

12. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Furniture and equipment £	Total £
Cost:			
At 1 October 2012	753,872	807,371	1,561,243
Additions	700	112,703	113,403
Disposals	(277,221)	(187,495)	(464,716)
	<hr/>	<hr/>	<hr/>
At 30 September 2013	477,351	732,579	1,209,930
	<hr/>	<hr/>	<hr/>
Accumulated depreciation:			
At 1 October 2012	721,166	586,563	1,307,729
Provided during the period	29,266	133,924	163,190
Disposals	(277,221)	(187,495)	(464,716)
	<hr/>	<hr/>	<hr/>
At 30 September 2013	473,211	532,992	1,006,203
	<hr/>	<hr/>	<hr/>
Net book values:			
At 30 September 2013	4,140	199,587	203,727
	=====	=====	=====
At 1 October 2012	32,706	220,808	253,514
	=====	=====	=====

13. INVESTMENTS

The carrying value of investments held at 30 September 2013 was as follows:

	2013 £	2012 £
Investments in subsidiary undertakings	30,834,690	31,220,979
Investment in joint venture	50	50
Listed investments	6,035	6,035
	<hr/>	<hr/>
	30,840,775	31,227,064
	=====	=====

WARNER/CHAPPELL MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

(Continued)

13. INVESTMENTS (continued)

(a) Kirshner-Warner Bros Music Limited

The company owns 50% of the issued ordinary share capital of Kirshner-Warner Bros Music Limited, a music publishing company registered in England and Wales.

	£
Kirshner-Warner Bros Music Limited:	
Balance at 1 October 2012 and 30 September 2013 at cost	50
	=====

The following information is relevant in respect of Kirshner-Warner Bros Music Limited for the year ended 30 September 2013:

	£
Aggregate amount of capital and reserves	100
	=====
Profit for the year after tax	32,222
	=====

During the period, the company received dividends of £17,588 (2012: £29,434) from its joint venture, Kirshner-Warner Bros Music Limited. At 30 September 2013, the company owed Kirshner-Warner Bros Music Limited £36,238 (2012: £24,215).

During the year, the company also received income of £2,500 (2012: £2,500) for royalty administration and other accounting functions performed, and income of £1,000 (2012: £1,000) as a contribution to auditors' fees, from its joint venture Kirshner-Warner Bros Music Limited.

In the opinion of the directors, the value of the investment in Kirshner-Warner Bros Music Limited, including amounts owed by Kirshner-Warner Bros Music Limited to the company, is not less than the amount at which the investment is included in the financial statements.

(b) Glissando Music Limited

The company owns 100% of the issued share capital of Glissando Music Limited, a music publishing company registered in England and Wales.

	£
Balance at 1 October 2012 and 30 September 2013 at cost	634,700
	=====

In the opinion of the directors, the value of the investment in Glissando Music Limited, including amounts owed by Glissando Music Limited to the company, is not less than the amount at which the investment is included in the financial statements.

(c) Dizzy Heights Music Publishing Limited

The company owns 100% of the issued share capital of Dizzy Heights Music Publishing Limited, a music publishing company registered in England and Wales.

	£
Balance at 1st October 2012 and 30th September 2013 at cost	482,099
	=====

In the opinion of the directors, the value of the investment in Dizzy Heights Music Publishing Limited, including amounts owed by Dizzy Heights Music Publishing Limited to the company, is not less than the amount at which the investment is included in the financial statements.

WARNER/CHAPPELL MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

(Continued)

13. INVESTMENTS (continued)

(d) Warner Chappell Music Publishing Limited

The company owns 100% of the issued ordinary share capital of Warner Chappell Music Publishing Limited, a music publishing company registered in England and Wales. The investment is carried at £nil.

(e) Warner Chappell UK Limited

The company owns 100% of the issued ordinary share capital of Warner Chappell UK Limited, a music publishing company registered in England and Wales. The investment is carried at £nil.

(f) Magnet Music Limited

The company owns 100% of the issued ordinary share capital of Magnet Music Limited, a music publishing company registered in England and Wales. The investment is carried at £nil.

(g) NVC Ltd

The company owns 100% of the issued share capital of NVC Limited, a company registered in England and Wales.

£

Balance at 1 October 2012 and 30 September 2013 at cost

4,953,200

=====

In the opinion of the directors, the value of the investment in NVC Limited, including amounts owed by NVC Limited to the company, is not less than the amount at which the investment is included in the financial statements.

(h) Warner/Chappell Production Music Limited

The company owns 100% of the issued ordinary share capital of Warner Chappell Production Music Limited, a music publishing company registered in England and Wales. The investment is carried at £1.

(i) Warner/Chappell Music International Limited

The company owns 98% of the issued ordinary share capital of Warner Chappell Music International Limited, a music publishing company registered in England and Wales. The investment is carried at £12,923,000.

(j) Bubbles Music Limited

The company owns 90% of the issued ordinary share capital of Bubbles Music Limited, a music publishing company registered in England and Wales. The investment is carried at £1.

(k) FFRR Music Limited

The company owns 100% of the issued ordinary share capital of FFRR Music Limited, a music publishing company registered in England and Wales. The investment is carried at £487,000.

(l) Warner Music UK Property Limited

The company owns 100% of the issued ordinary share capital of Warner Music Property UK Limited, a property holding company registered in England and Wales. The investment is carried at £11,300,000.

WARNER/CHAPPELL MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013

(Continued)

13. INVESTMENTS (continued)

(m) Warner/Chappell MLM Ltd

The company owns 100% of the issued ordinary share capital of Warner Chappell MLM Limited, a music publishing company registered in England and Wales. The investment is carried at £689.

(n) Warner/Chappell TM Ltd

The company owns 100% of the issued ordinary share capital of Warner Chappell TM Limited, a music publishing company registered in England and Wales. The investment is carried at £54,000.

14. DEBTORS

	2013	2012
	£	£
Royalty advances	9,778,544	13,944,825
Trade debtors	1,265,160	742,432
Owed by group undertakings	13,628,193	8,944,992
Prepayments	302,463	270,849
VAT	345,271	544,768
Deferred tax (Note 10 (c))	123,000	95,000
	<u>25,442,631</u>	<u>24,542,866</u>
	=====	=====

15. CREDITORS: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	28,766,744	28,147,745
Deferred income	1,252,668	1,059,167
Due to subsidiary undertaking	25,400	25,400
Due to group undertakings	11,245,642	20,199,481
Other creditors	511,117	578,944
Accruals	1,003,304	1,136,867
Group relief payable	1,528,797	910,279
Other taxes and social security costs	118,332	118,718
	<u>44,452,004</u>	<u>52,176,601</u>
	=====	=====

16. PROVISIONS

	Dilapidations Provision £
At 1 October 2012	324,000
Charged to profit and loss account	-
	<u> </u>
At 30 September 2013	324,000
	=====

WARNER/CHAPPELL MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013
(Continued)

17. CAPITAL COMMITMENTS

The company is contracted to pay advances to songwriters in the normal course of business. The payment of these advances is dependent upon the fulfilment of certain contract requirements. Accordingly, it is not practicable to quantify the future commitments that may crystallise. Apart from advances, there are no other capital commitments.

18. OPERATING LEASE COMMITMENTS

At 30 September 2013 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2013	2012
	£	£
Leases in the name of the company		
Operating leases which expire:		
in the following year	49,000	-
in second to fifth years inclusive	556,200	605,200
in over five years	-	-
	=====	=====

19. SHARE CAPITAL

	Authorised	Allotted, called up and fully paid	
	2013	2012	2013
	£	£	£
100 ordinary shares of £1 each	100	100	100
	=====	=====	=====

20. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital	Profit and loss Account	Total Shareholders' Funds
At 1 October 2012	100	6,974,998	6,975,098
Profit for the period	-	7,785,122	7,785,122
At 30 September 2013	=====	=====	=====

21. PENSIONS

The Warner Music Pension Plan is a defined contribution plan.

The total pensions cost to the company for the year ended 30 September 2013 was £143,776 (2012: £143,100).

WARNER/CHAPPELL MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013
(Continued)

22. PARENT UNDERTAKING AND CONTROLLING PARTY

WMG Acquisition (UK) Ltd is the company's immediate parent undertaking.

At 30 September 2013, Ai Entertainment Holdings 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.