

THROAT MUSIC LIMITED
(Registered in England No: 919063)

DIRECTORS' REPORT AND ACCOUNTS

30TH NOVEMBER 1996



THROAT MUSIC LIMITED
REPORT OF THE DIRECTORS

The directors submit their report together with the accounts of the company for the year ended 30th November 1996.

1. RESULTS AND DIVIDENDS

The company has not traded during the year and has made neither a profit or a loss. No profit and loss account has therefore been prepared.

2. REVIEW OF THE BUSINESS

The company ceased to trade on 1st December 1992 and is now dormant.

3. DIRECTORS

The directors of the company during the year were:

J Hammond
B W Hitchens
A D F Gummer

4. DIRECTORS' INTERESTS

At no time during the year did any director have an interest in the shares or debentures of the company or any other group undertaking. There has been no movement in directors' interests since 30th November 1996.

5. AUDITORS

At the Annual General meeting held on 25th January 1993 a Resolution was passed stating that the company, having been dormant since 1st December 1992, resolved to make itself exempt from the provisions of Part VII of the Companies Act 1985 relating to the audit of accounts and from the obligation to appoint auditors. Therefore Ernst & Young have not been reappointed as Auditors of the company.

6. STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

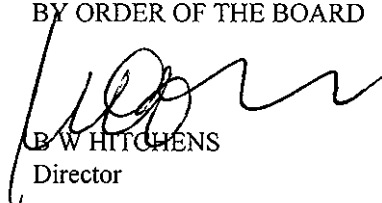
THROAT MUSIC LIMITED

REPORT OF THE DIRECTORS
(Continued)

6. **STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**
(Continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

BY ORDER OF THE BOARD


B W HITCHENS
Director

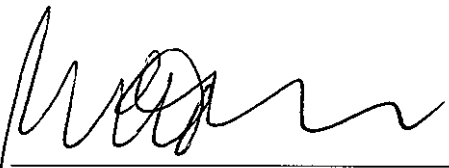
Dated: 26th September 1997

THROAT MUSIC LIMITED
BALANCE SHEET
AS AT 30TH NOVEMBER 1996

	Notes	1996 £	1995 £
CURRENT ASSETS			
Debtors	6	400	400
		<hr/>	<hr/>
NET CURRENT ASSETS		£ 400	£ 400
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	7	400	400
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	8	£ 400	£ 400
		=====	=====

The company has been dormant throughout the year.

Approved by the board of directors on 26th September 1997
and signed on their behalf by



B W HITCHENS
Director

The notes on pages 4 and 5 form part of these accounts.

THROAT MUSIC LIMITED

NOTES TO THE ACCOUNTS AT 30TH NOVEMBER 1996

1. PARENT UNDERTAKING AND ULTIMATE PARENT COMPANY

The parent undertaking, which is also the ultimate parent company, of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Time Warner Inc., incorporated in the United States of America. The parent undertaking of the smallest such group is Warner Music International Services Limited, registered in England and Wales. Copies of Time Warner Inc.'s accounts can be obtained from:

Shareholder Relations
Time Warner Inc.
75 Rockefeller Plaza
New York, NY 10019
USA

2. ACCOUNTING POLICIES

Accounting convention

These financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

3. PROFIT AND LOSS ACCOUNT

The company has not traded during the year and has made neither a profit nor a loss. No profit and loss account has therefore been prepared.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

In terms of the agreement entered into with Warner/Chappell Music International Limited (formerly known as Warner Chappell Music International Limited) dated 1st December 1992, Warner/Chappell Music International Limited is responsible for the payment of all costs and expenses of the company.

5. EMPLOYEES AND DIRECTORS

The company has no employees other than directors. The directors remuneration was £ NIL (1995 £ NIL).

6. DEBTORS

	1996	1995
	£	£
Due from a fellow-subsiary undertaking	400	400
	<hr/>	<hr/>
	£ 400	£ 400
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THROAT MUSIC LIMITED

NOTES TO THE ACCOUNTS AT 30TH NOVEMBER 1996

7. SHARE CAPITAL

	1996	1995
	£	£
Authorised, allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
300 4% Non-cumulative Preference shares of £1 each	300	300
	<hr/>	<hr/>
	£ 400	£ 400
	<hr/>	<hr/>

8. RECONCILIATION OF SHAREHOLDERS' FUNDS

	1996	1995
	£	£
Balance at 1st December 1995 and 30th November 1996	£ 400	£ 400
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