THROAT MUSIC LIMITED 919063

Report and Accounts

30 November 1993

Registered No. 919063

DIRECTORS
R J Brunning (Resigned 29 January 1993)
B W Hitchens
J Hammond (Resigned 30 May 1997)
A D F Gummer (Appointed 29 January 1993; Resigned 8 January 1998)
J Dyball (Appointed 8 January 1998)
M Lavin (Appointed 4 January 2000)

SECRETARY
S Skinner

AUDITORS
Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London SE1 7EU

REGISTERED OFFICE
Until January 1998
129 Park Street
London
W1

From January 1998
Griffin House
161 Hammersmith Road
London
W6 8BS

DIRECTORS' REPORT

The revised Directors' Report below replaces the original Directors' Report for the company for the year ended 30 November 1993.

In accordance with the regulations of the Companies Act, the Directors' Report for the year ended 30 November 1993 has been revised as at 12 May 1994, being the date on which the original Directors' Report was approved by the Board of Directors and not at the date of the revision. Therefore, under the Regulations, the revised Directors' Report does not deal with events between 12 May 1994 and 7 December 2001.

The original Directors' Report as at 30 November 1993, failed to comply with the Companies Act in two respects:

1) The review of business stated that the Company ceased to trade on 1 December 1992 and is dormant when the company was not dormant.

2) The Directors' Report stated that a resolution was passed at the Annual General Meeting on 25 January 1993, stating that the Company, having been dormant since 1 December 1992, resolved to make itself exempt from the provisions of Part VII of the Companies Act 1995 relating to the audit of accounts and from the obligation to appoint auditors. As the company is not dormant, the company cannot claim this exemption.

Amendments have been made to the Directors' Report in order to remedy the above defects as follows:

1) The review of business has been amended to reflect that the Company was not dormant during the year.

2) The Company has not claimed the exemption from the provisions of Part VII of the Companies Act 1985 relating to the audit of accounts and the obligation to appoint auditors and thus auditors have been appointed.

The Directors' present their revised Report and Accounts of the Company for the year ended 30 November 1993.

RESULTS AND DIVIDENDS
The company has not traded during the year and has made neither a profit nor a loss. The directors do not propose to declare a dividend in respect of the year ended 30 November 1993 (1992 – £6,784)

REVIEW OF BUSINESS
The company ceased to trade on 1 December 1992.

DIRECTORS AND THEIR INTERESTS
The directors of the company during the year 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. There has been no movement in directors' interests since 30 November 1993.

DIRECTORS' REPORT

AUDITORS

On 28 June 2001, Ernst & Young transferred its business to a Limited Liability Partnership, incorporated under the Limited Liability Partnership Act 2000, known as Ernst & Young LLP. The Directors' have consented to treating the appointment of Ernst & Young as the company's auditors as extending to Ernst & Young LLP with effect from 28 June 2001.

On behalf of the Board

Michael A. Cohen

Director

7 December 2001

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 or 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; and
- prepare the accounts 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 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.

Report of the Auditors to the Members of Throat Music Company Limited.

We have audited the revised accounts of Throat Music Company Limited on pages 6 to 9, which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 8. The revised accounts replace the original accounts approved by the Directors' on 12 May 1994, which were unaudited.

Respective Responsibilities of Directors' and Auditors

As described on page 4, the Company's directors' are responsible for the preparation of the accounts in accordance with applicable United Kingdom Law and Accounting Standards. It is our responsibility to form an independent opinion, based on our audit, on these revised accounts and to report our opinion to you. We are also required to report whether in our opinion the original accounts failed to comply with the requirements of the Companies Act 1985, in the respects identified by the directors'. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Audit Practices Board and by our profession's ethical guidance.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors' in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give a reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion:

1. The revised accounts give a true and fair view, seen at the date that the original accounts were approved, of the state of affairs of the company as at 30 November 1993 and of its result for the year then ended have been properly prepared in accordance with the provisions of the Companies Act 1985 as they have effect under the Companies (Revision of Defective Accounts and Report) Regulations 1990: and

2. The original accounts for the year ended 30 November 1993 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors in note 1 on page 8.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

7 December 2001

PROFIT AND LOSS ACCOUNT
for the year ended 30 November 1993

	Notes	*1993* £	*1992* £
TURNOVER	3	–	20,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	–	20,000
Tax on profit on ordinary activities	7	–	13,216
PROFIT FOR THE FINANCIAL YEAR		–	6,784
Dividend			
– preferred		–	(12)
– ordinary		–	(6,772)
		–	–

BALANCE SHEET
at 30 November 1993

	Notes	1993 £	1992 £
CURRENT ASSETS			
Debtors	8	400	400
NET CURRENT ASSETS		400	400
CAPITAL AND RESERVES			
Called up share capital	9	400	400

Michael A. Co

Director

7 December 2001

NOTES TO THE ACCOUNTS
at 30 November 1993

1. REVISED ACCOUNTS

The revised accounts on pages 6 to 9 replace the original accounts of the company for the year ended 30 November 1993. The revised accounts are now the statutory accounts for the year ended 30 November 1993.

In accordance with the regulations of the Companies Act, the accounts for the year ended 30 November 1993 have been revised at 12 May 1994 being the date on which the original accounts were approved by the Board of Directors and not at the date of this note. Therefore, under the regulations these accounts do not deal with events between 12 May 1994 and 7 December 2001.

The original accounts as at 30 November 1993 failed to comply with the Companies Act in two categories:

1. The balance sheet stated that the company was dormant during the year.
2. The accounting policy section did not disclose the nature of an exploitation agreement with a fellow subsidiary undertaking.

Amendments have been made to the original accounts in order to remedy the above defects as follows:

1. The balance sheet no longer stated that the company was dormant during the year.
2. Note 2, the accounting policies note discloses the Exploitation Agreement with a fellow subsidiary undertaking

2. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under historical cost convention in accordance with applicable accounting standards.

Basis of Preparation
Under an Exploitation Agreement dated 1 December 1992 Warner/Chappell Music International Limited, a fellow subsidiary undertaking, accepted the benefit and burden of the company's rights and obligations under its current and future contracts with third parties. Under the Exploitation Agreement the company's directors have the right to set an annual fee chargeable to Warner/Chappell Music International Limited. In the current year this fee was set at £nil (1992 £20,000).

3. TURNOVER

Turnover in 1992 represented the fee paid by Warner/Chappell Music Ltd for the right to exploit the company's copyrights. The geographical areas to which turnover relates are as follows:

	1993	*1992*
	£	*£*
United Kingdom	–	20,000

4. DIRECTORS' REMUNERATION

The directors' remuneration was £nil (1992 – £nil).

5. STAFF COSTS

The company has no employees other than directors.

NOTES TO THE ACCOUNTS
at 30 November 1993

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge which is based on profits for the year is made up as follows:

	1993	*1992*
	£	*£*
Group relief payable at 33%	–	6,600
Prior year relief	–	6,616
	–	13,216

8. DEBTORS

	1993	*1992*
	£	*£*
Due from fellow-subsidiary undertaking	400	400

9. SHARE CAPITAL

	1993	*1992*
	£	*£*
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
	400	400

The 3% Non-cumulative preference shares of £1 each have no voting rights, a fixed dividend of 4% per annum and rank above the ordinary shares in terms of return of capital on a winding up.

10-. RECONCILIATION OF SHAREHOLDERS' FUNDS

	1993	*1992*
	£	*£*
At 1 December 1992 and 30 November 1993	400	400

11. PARENT UNDERTAKING AND ULTIMATE PARENT UNDERTAKING

The parent undertaking, which is also the ultimate parent undertaking, 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
Timer Warner Inc.
75 Rockefeller Plaza
New York, NY 10019
USA