

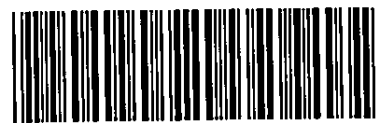
**Registration No. 939016**

**WARNER/CHAPPELL NORTH AMERICA LIMITED**

**Report and Financial Statements**

**30 September 2007**

WEDNESDAY



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# Warner/Chappell North America Limited

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Registered No 939016

## **DIRECTORS**

J Dyball  
M Lavin

## **SECRETARY**

Olswang Cosec Limited

## **AUDITORS**

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

## **REGISTERED OFFICE**

Seventh floor  
90 High Holborn  
London  
WC1V 6XX

# Warner/Chappell North America Limited

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## DIRECTORS' REPORT

The Directors present their report and financial statements of the company for the year ended 30 September 2007

### RESULTS AND DIVIDENDS

The company has not traded during the year and has made neither a profit nor a loss. No profit and loss account or statement of recognised gains or losses have therefore been prepared.

### REVIEW OF BUSINESS

The company ceased to trade on 1 June 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.

### AUDITORS

The company has passed elective resolutions under section 252, 366A and 386 of the Companies Act 1985 dispensing with the requirements to lay financial statements and reports before the company in a general meeting, hold annual general meetings and reappoint auditors each year.

### DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who were directors of the company at the time of the approval of this report:

- (i) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (ii) He/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

*Munir A. Ali*

Director

Date *29 July 2008*

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE  
FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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 group and the company and of the profit or loss of the group 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 group and the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WARNER/CHAPPELL NORTH AMERICA LIMITED**

We have audited the group and parent company financial statements of Warner/Chappell North America Limited for the year ended 30 September 2007 which comprise the Balance Sheet and related notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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**

The directors' responsibilities for the preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 reasonable assurance that the financial statements 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 financial statements.

## Opinion

### In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 September 2007 and of the group's results for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

London

30 July 2008

# Warner/Chappell North America Limited

## BALANCE SHEET at 30 September 2007

	<i>Notes</i>	<i>2007</i> £	<i>2006</i> £
<b>CURRENT ASSETS</b>			
Debtors	6	8,952	8,952
		<u>          </u>	<u>          </u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	100	100
Profit & Loss Account		8,852	8,852
		<u>          </u>	<u>          </u>
<b>SHAREHOLDERS' FUNDS</b>	8	8,952	8,952
		<u>          </u>	<u>          </u>

*Minward A. Gier*

Director

Date

*29 July 2008*

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2007

**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*

The financial statements are prepared under the 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 (2006 £nil)

*Copyrights*

Copyrights acquired are written off in the year of acquisition

*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 WMG Acquisition Corp Inc., a company incorporated in the United States of America, which prepares a group cash flow statement

*Related parties*

The company has taken advantage of the exemption in FRS 8 not to disclose related party transactions with fellow wholly-owned subsidiary undertakings

**2. 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

**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Under the 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

**4. AUDITORS REMUNERATION**

Audit Fees of £300 have been borne by another group undertaking

**5. EMPLOYEES AND DIRECTORS**

The company had no employees other than directors. The directors remuneration was £nil (2006 - £nil)

**6. DEBTORS**

	2007	2006
	£	£
Due from fellow-subsiidiary undertaking	8,952	8,952



# Warner/Chappell North America Limited

## NOTES TO THE FINANCIAL STATEMENTS at 30 September 2007

### 7. SHARE CAPITAL

	2007	2006
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>

### 8. RECONCILIATION OF SHAREHOLDERS FUNDS

	2007	2006
	£	£
At 1 October 2006 and 30 September 2007	8,952	8,952
	<u>          </u>	<u>          </u>

### 9. PARENT UNDERTAKING AND ULTIMATE PARENT UNDERTAKING

Warner/Chappell Music International Limited is the company's immediate parent undertaking

On 30 September 2007 WMG Acquisition (UK) Limited 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. WMG Acquisition (UK) Limited is registered in England and Wales and copies of its financial statements can be obtained from the registrar of companies in England and Wales.

On 30 September 2007 WMG Acquisition Corp Inc, a company incorporated in the United States of America, was the ultimate parent undertaking and the parent undertaking of the largest group of undertakings of which the company was a member and for which group financial statements are drawn up. Copies of WMG Acquisition Corp Inc's financial statements can be obtained from 75 Rockefeller Plaza, New York, NY 10019, USA.