

Registered in England No 6490686

WARNER/CHAPPELL LIBRARY MUSIC LIMITED

REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2010

WEDNESDAY



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COMPANIES HOUSE

Registered in England No. 6490686

WARNER/CHAPPELL LIBRARY MUSIC LIMITED

Registered No. 6490686

DIRECTORS

R Manners
M Lavin
J Dyball

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 LIBRARY MUSIC LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements of the company for the year ended 30 September 2010

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 7. The directors do not propose a dividend for the year ended 30 September 2010 (2009 - £nil)

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 period ended 30 September 2010 is set out in the Profit and Loss Account on page 7. The position of the company at 30 September 2010 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 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.

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

FUTURE DEVELOPMENTS

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

DIRECTORS AND THEIR INTERESTS

The directors during the period ended 30 September 2010 were as listed on page 1.

At no time during the period did any director have any interest in the shares or debentures of the company or any other group undertaking.

WARNER/CHAPPELL LIBRARY MUSIC LIMITED

REPORT OF THE DIRECTORS (Continued)

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



M Lavin
Director

Dated 30 August 2011

WARNER/CHAPPELL LIBRARY MUSIC LIMITED

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 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 LIBRARY MUSIC LIMITED

We have audited the financial statements of Warner/Chappell Library Music Limited for the year ended 30 September 2010 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 12. 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 Sections 495 and 496 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 (APB'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.

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 2010 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.

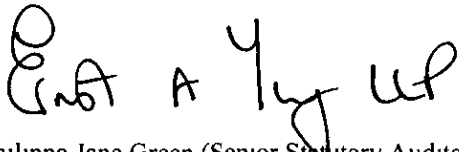
OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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



Philippa Jane Green (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

Date

31/8/11

WARNER/CHAPPELL LIBRARY MUSIC LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

	Notes	2010	2009
		£	£
TURNOVER	2	611,170	414,090
Cost of sales		(422,944)	(265,987)
		<hr/>	<hr/>
Gross profit		188,226	148,103
Administrative expenses		(241,098)	(135,022)
		<hr/>	<hr/>
(LOSS) / PROFIT BEFORE TAXATION	3	(52,872)	13,081
Tax charge on profit	5	-	-
		<hr/>	<hr/>
(LOSS) / PROFIT AFTER TAXATION		(52,872)	13,081
		<hr/> <hr/>	<hr/> <hr/>

All activities are continuing

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 2010**

There are no gains or losses other than those stated in the profit and loss account

WARNER/CHAPPELL LIBRARY MUSIC LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2010

	Notes	2010	2009
		£	£
FIXED ASSETS			
Intangible assets	6	793,000	884,500
Tangible assets	7	660	-
Investments	8	5,676,059	-
CREDITORS amounts falling due within one year	9	(6,468,373)	(830,282)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,346</u>	<u>54,218</u>
CAPITAL AND RESERVES			
Equity share capital	10	1	1
Profit and loss account	11	1,345	54,217
EQUITY SHAREHOLDERS' FUNDS	11	<u>1,346</u>	<u>54,218</u>

Michael A - G

M Lavin
Director

Date 30 August 2011

WARNER/CHAPPELL LIBRARY MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010

1 ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention, on a going concern basis and in accordance with applicable accounting standards, the validity of which is dependent on the continued financial support of the parent undertaking. The directors of the ultimate parent undertaking have indicated that support will be made available to the company to meet its debts for the foreseeable future.

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.

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.

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:

Computer Hardware	25%
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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.

Related parties

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

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 2010 and for the entire financial year, the company was a wholly-owned subsidiary undertaking of Warner Chappell Music Limited, registered in England and Wales, which prepares group financial statements. The financial statements present information as to the company as an individual undertaking and not as to the group.

WARNER/CHAPPELL LIBRARY MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010 (Continued)

1 ACCOUNTING POLICIES (Continued)

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

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

	2010 £	2009 £
United Kingdom	577,619	403,582
Rest of World	33,551	10,508
	<u>611,170</u>	<u>414,090</u>

3 OPERATING PROFIT

	2010 £	2009 £
This is stated after charging/(crediting)		
Auditors' remuneration - audit work	1,000	1,000
Depreciation	14	-
Amortisation of copyrights	91,500	30,500
Intercompany Service Fee	148,584	103,522
	<u>=====</u>	<u>=====</u>

4 EMPLOYEES AND DIRECTORS

The company has no employees other than directors The directors' remuneration was £nil

5 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2010 £	2009 £
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 28% (2009 - 28%)	-	-
Total Current Tax Charge	<u>=====</u>	<u>=====</u>

WARNER/CHAPPELL LIBRARY MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010 (Continued)

5 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (Continued)

b) Circumstances affecting current charge

The standard rate of current tax for the period, based on the UK standard rate of corporation tax, is 28% (2009 - 28%) The current tax charge for the period differs from the standard rate for the reasons in the reconciliation below

	2010	2009
	£	£
(Loss) / profit on ordinary activities before tax	(52,872)	13,081
	=====	=====
Tax on (loss) / profit on ordinary activities at standard rate	(14,804)	3,663
Factors affecting charge -		
Group relief given / (received) for nil consideration	14,804	(3,663)
	-----	-----
Total Current Tax (note a above)	-	-
	=====	=====

6 INTANGIBLE FIXED ASSETS

	Copyrights
	£
Cost	
At 1 October 2009	915,000
Additions	-

At 30 September 2010	915,000

Amortisation	
At 1 October 2009	30,500
Provided during the period	91,500

At 30 September 2010	122,000

Net book values	
At 30 September 2010	793,000
	=====
At 1 October 2009	884,500
	=====

WARNER/CHAPPELL LIBRARY MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010 (Continued)

7 TANGIBLE FIXED ASSETS

	Computer Hardware £
Cost	
At 1 October 2009	-
Additions	674
At 30 September 2010	<u>674</u>
Amortisation	
At 1 October 2009	-
Provided during the period	14
At 30 September 2010	<u>14</u>
Net book values	
At 30 September 2010	<u>660</u>
At 1 October 2009	<u>-</u>

8 INVESTMENTS

The cost of investments held at 30 September 2010 was as follows

	2010 £	2009 £
Investments in subsidiary undertakings	<u>5,676,059</u>	<u>-</u>

(a) CRML Limited

During the year, the company purchased 100% of the issued share capital of CRML Limited, a music publishing company registered in England and Wales

Balance at 30 September 2010 at cost	<u>£</u> <u>5,477,397</u>
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In the opinion of the directors, the value of the investment in CRML Limited, including amounts owed by CRML Limited to the company, is not less than the amount at which the investment is included in the financial statements

(b) Destiny Music Limited

During the year, the company purchased 100% of the issued share capital of Destiny Music Limited, a music publishing company registered in England and Wales

Balance at 30 September 2010 at cost	<u>£</u> <u>198,662</u>
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In the opinion of the directors, the value of the investment in Destiny Music Limited, including amounts owed by Destiny Music Limited to the company, is not less than the amount at which the investment is included in the financial statements

WARNER/CHAPPELL LIBRARY MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010 (Continued)

9 CREDITORS. amounts falling due within one year

	2010	2009
	£	£
Trade creditors	56,771	103,060
Due to group undertakings	6,262,018	621,700
Accruals	149,584	105,522
	<u>6,468,373</u>	<u>830,282</u>

10 SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2010	2009	2010	2009
	£	£	£	£
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1</u>	<u>1</u>

11 RECONCILIATION OF SHAREHOLDERS' FUNDS

	Share Capital	Profit and loss Account	Total Shareholders' Funds
At 1 October 2009	1	54,217	54,218
Loss for the period	-	(52,872)	(52,872)
At 30 September 2010	<u>1</u>	<u>1,345</u>	<u>1,346</u>

12 PARENT UNDERTAKING AND CONTROLLING PARTY

Warner Chappell Music Ltd is the company's immediate parent undertaking

On 30 September 2010 Warner Music Group Corp, a company incorporated in the United States of America, was the ultimate parent undertaking and 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 75 Rockefeller Plaza, New York, NY 10019, USA

On 20 July 2011, Warner Music Group Corp, the company's ultimate parent undertaking, merged with a subsidiary of Access Industries Inc. As a result, from this date, Access Industries Inc, a privately held company incorporated in the United States of America, was the ultimate parent undertaking