

Trojan Recordings Limited
REPORT AND FINANCIAL STATEMENTS

period ended 30 September 2002



Trojan Recordings Limited

DIRECTORS AND OFFICERS

DIRECTORS

M Miller
J Cokell
EJN Cook
MJ Haxby

COMPANY SECRETARY

SEA Standing

REGISTERED OFFICE

Sanctuary House
45-53 Sinclair Road
London W14 0NS

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Trojan Recordings Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Trojan Records Limited for the period ended 30 September 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the licensing, exploiting and marketing of master recordings. The company has ceased trading since the period end.

REVIEW OF THE BUSINESS

The results for the period were considered satisfactory by the directors. On 25 July 2001 the company entered into an agreement to transfer certain assets and liabilities to Sharesense Limited, the holding company, with an effective date of 30 June 2001.

On 25 July 2001 the company was acquired by Trojan Three Limited.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year ended 30 September 2002 (2001: £705,694).

DIRECTORS

The following directors have held office during the year:

J Cokell	(appointed 22 August 2001)
EJN Cook	(appointed 22 August 2001)
MJ Haxby	(appointed 5 September 2001)
MD Miller	(appointed 3 August 2001)
MT Cass	(appointed 3 August 2001; resigned 22 August 2001)
Colin M Newman	(resigned 3 August 2001)
Feng-Tak Chin	(resigned 3 August 2001)
Frank W Lea	(resigned 31 July 2001)

DIRECTORS' INTERESTS IN SHARES

There were no contracts of significance existing during the year or at the year-end in which a director of the company was materially interested.

Messrs Cokell, Haxby and Miller were officers of the ultimate parent company, The Sanctuary Group plc. Their interests in the shares and options in that company are disclosed in its statutory accounts.

The shareholdings of the other directors in The Sanctuary Group plc are as follows:

	Ordinary shares of 12.5p each	
	30.09.02	30.09.01
EJN Cook	916,318	916,318


Trojan Recordings Limited

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



EJN Cook
Director

20 January 2003

Trojan Recordings Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements 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 financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. 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 which 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TROJAN RECORDINGS LIMITED

We have audited the financial statements on pages 6 to 11.

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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company and other members of the group is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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 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 of the state of affairs of the company at 30 September 2002 and of the company's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

20th January 2003

Trojan Recordings Limited

PROFIT AND LOSS ACCOUNT

for the period ended 30 September 2002

	Notes	Fifteen Month Period to 30 September 2002 £	Six Month Period to 30 June 2001 £
TURNOVER	1	-	648,940
Operating expenses		400	539,614
Operating (loss)/profit		(400)	109,326
Other income	2	-	34,359
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(400)	143,685
Taxation	4	-	43,105
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(400)	100,580
Dividends	5	-	705,694
RETAINED LOSS FOR THE YEAR		(400)	(605,114)
RETAINED PROFIT BROUGHT FORWARD		6,651	611,765
RETAINED PROFIT CARRIED FORWARD		6,251	6,651

The operating loss for the period arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

No reconciliation of shareholders' funds is presented as the only movement is the profit for the year.

Trojan Recordings Limited

BALANCE SHEET

30 September 2002

	<i>Notes</i>	30 September 2002 £	30 June 2001 £
FIXED ASSETS			
Tangible assets	6	7,601	8,001
		<hr/>	<hr/>
TOTAL ASSETS		7,601	8,001
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	7	1,350	1,350
Profit and loss account	8	6,251	6,651
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	9	7,601	8,001
		<hr/>	<hr/>

Approved by the board on 20 January 2003



EJN Cook

Director

Trojan Recordings Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

As set out in the directors' report, the Sale and Purchase Agreement relating to the company's assets was signed on 25 July 2001. However, this transaction had an effective date of 30 June 2001. The accounts have been prepared to reflect this effective date.

TURNOVER

Turnover represents the invoiced value (net of Value Added Tax) of goods sold and services provided to customers.

TRANSLATION OF FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or the right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

This is a change in accounting policy following the introduction of Financial Reporting Standard No 19 – Deferred Tax.

Trojan Recordings Limited

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT for the period ended 30 September 2002

1 TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and (loss)/profit before taxation were all derived from its principal activity. All sales were made in the following geographical areas.

	Fifteen months ended 30 September 2002 £	Six months ended 30 June 2001 £
United Kingdom	-	430,485
Rest of Europe	-	144,879
Rest of World	-	73,576
	-	648,940

2 OTHER INCOME

	Fifteen months ended 30 September 2002 £	Six months ended 30 June 2001 £
Bank interest	-	32,754
Corporation tax interest	-	41
Bad debts recovered	-	1,564
	-	34,359

3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	Fifteen months ended 30 September 2002 £	Six months ended 30 June 2001 £
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):		
Loss on exchange	-	17,680
Amortisation	400	-
Auditors' remuneration	-	700

Auditors' remuneration has been borne by another group company.

Trojan Recordings Limited

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT for the period ended 30 September 2002

4	TAXATION	Fifteen months ended 30 September 2002	Six months ended 30 June 2001
		£	£
	a) Analysis of charge in year		
	Current tax:	-	43,105
		<u> </u>	<u> </u>
	b) Factors affecting tax charge for the year		
	Tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The difference is explained below:		
	(Loss)/profit on ordinary activities before tax	(400)	143,685
		<u> </u>	<u> </u>
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001 – 30%).	-	43,105
		<u> </u>	<u> </u>
5	DIVIDENDS	Fifteen months ended 30 September 2002	Six months ended 30 June 2001
		£	£
	Ordinary: nil (2001: Interim paid - £522.72 per share)	-	705,694
		<u> </u>	<u> </u>
6	INTANGIBLE ASSETS		£
	Musical Repertoire:		
	Cost or valuation		
	1 July 2001		8,001
	Additions in the year		-
			<u> </u>
	30 September 2002		8,001
			<u> </u>
	Depreciation		
	At 1 July 2001		-
	Charged in the year		400
			<u> </u>
	30 September 2002		400
			<u> </u>
	Net book value		
	30 September 2002		7,601
			<u> </u>
	30 June 2001		8,001
			<u> </u>

Trojan Recordings Limited

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT for the period ended 30 September 2002

7	SHARE CAPITAL	30 September 2002 £	30 June 2001 £
	Authorised: 25,000 ordinary shares of £ 1 each	25,000	25,000
	Allotted, issued and fully paid: 1,350 ordinary shares of £ 1 each	1,350	1,350
8	PROFIT AND LOSS ACCOUNT	30 September 2002 £	30 June 2001 £
	1 July 2001	6,651	-
	Retained (loss)/profit for the period	(400)	6,651
	30 September 2002	6,251	6,651
9	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	30 September 2002 £	30 June 2001 £
	(Loss)/profit for the financial year	(400)	6,651
	Opening shareholders' funds	8,001	1,350
	Closing shareholders' funds	7,601	8,001
10	RELATED PARTY TRANSACTIONS		
	The company has taken advantage of FRS8 exemptions from disclosing transactions with other group companies on the grounds that those subsidiaries are wholly owned and controlled within the group and included in the consolidated accounts which are publicly available.		
11	HOLDING COMPANY		
	The immediate and ultimate holding company at 30 June 2001 was Sharesense Limited, a company incorporated in England.		
	On 25 July 2001, the immediate holding company became Trojan Three Limited and on 3 August 2001 the ultimate holding company become The Sanctuary Group Plc. Both companies are registered in England and Wales.		
	The accounts of the Sanctuary Group Plc are available from Companies House, Maindy, Cardiff, CF4 3UZ.		