

Trojan Recordings Limited
REPORT AND FINANCIAL STATEMENTS

year ended 30 September 2003



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 year ended 30 September 2003.

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.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year ended 30 September 2003 (2002: £NIL).

DIRECTORS

The following directors have held office during the year:

J Cokell
EJN Cook
MJ Haxby
MD Miller

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 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	
	30.09.03	30.09.02
EJN Cook	-	916,318
MJ Haxby	289,720	289,720

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

19 January 2004

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 10.

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 2003 and of the company's result 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

19 January 2004

Trojan Recordings Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 2003

	<i>Notes</i>	2003 £	2002 £
TURNOVER	1	-	-
Operating expenses		-	400
Operating loss		-	(400)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	(400)
Taxation	3	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		-	(400)
RETAINED PROFIT BROUGHT FORWARD		6,251	6,651
RETAINED PROFIT CARRIED FORWARD		6,251	6,251

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.

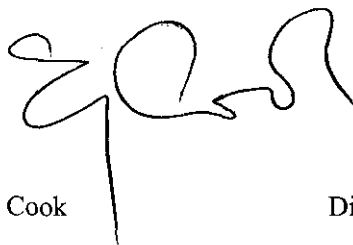
Trojan Recordings Limited

BALANCE SHEET

30 September 2003

		2003 £	2002 £
	<i>Notes</i>		
FIXED ASSETS			
Intangible assets	4	7,601	7,601
		<hr/>	<hr/>
TOTAL ASSETS		7,601	7,601
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	5	1,350	1,350
Profit and loss account	6	6,251	6,251
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	7	7,601	7,601
		<hr/>	<hr/>

Approved by the board on 19 January 2004



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.

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 that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised 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.

INTANGIBLE FIXED ASSETS

Recorded product catalogues are capitalised as intangible fixed assets in the balance sheet and are amortised by equal annual amounts between 5 and 20 years as appropriate.

All intangible fixed assets are reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Trojan Recordings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2003

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss before taxation were all derived from its principal activity.

2	LOSS ON ORDINARY ACTIVITIES	2003 £	2002 £
	Loss on ordinary activities before taxation is stated after charging/(crediting):		
	Amortisation	-	400
	Auditors' remuneration	-	-
		<u> </u>	<u> </u>

Auditors' remuneration has been borne by another group company.

3	TAXATION	2003 £	2002 £
	a) Analysis of charge in year		
	Current tax:	-	-
		<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 on ordinary activities before tax	-	(400)
		<u> </u>	<u> </u>
	Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 – 30%).	-	(120)
	Expenses not deductible for taxation purposes	-	120
		<u> </u>	<u> </u>
	Current tax (note 3a)	-	-
		<u> </u>	<u> </u>

4	INTANGIBLE ASSETS		£
	Musical Repertoire:		
	Cost or valuation		
	1 October 2002 and at 30 September 2003	8,001	8,001
		<u> </u>	<u> </u>
	Depreciation		
	At 1 October 2002 and at 30 September 2003	400	400
		<u> </u>	<u> </u>
	Net book value		
	30 September 2003	7,601	7,601
		<u> </u>	<u> </u>
	30 September 2002	7,601	7,601
		<u> </u>	<u> </u>

Trojan Recordings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2003

5	SHARE CAPITAL	2003	2002
		£	£
	Authorised:		
	25,000 ordinary shares of £ 1 each	25,000	25,000
		<hr/>	<hr/>
	Allotted, issued and fully paid:		
	1,350 ordinary shares of £ 1 each	1,350	1,350
		<hr/>	<hr/>
6	PROFIT AND LOSS ACCOUNT	2003	2002
		£	£
	1 October 2002	6,251	6,651
	Retained loss for the period	-	(400)
		<hr/>	<hr/>
	30 September 2003	6,251	6,251
		<hr/>	<hr/>
7	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2003	2002
		£	£
	Loss for the financial year	-	(400)
	Opening shareholders' funds	7,601	8,001
		<hr/>	<hr/>
	Closing shareholders' funds	7,601	7,601
		<hr/>	<hr/>

8 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.

9 HOLDING COMPANY

At 30 September 2003, the immediate holding company is Trojan Three Limited and the ultimate holding company is 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.

10 CONTINGENT LIABILITIES

The company has a number of contingent liabilities arising from third party claims. The directors are of the opinion that, while the outcome of the claims cannot be predicted with any certainty, they do not expect any liability that may arise to have a material impact on the company's results, cash flow or financial condition.

The bank overdraft of the group undertakings are secured by cross-guarantees between group companies. At 30 September 2003 the net liability of the group including the company amounted to £59,452,000 (2002: £41,857,000).