



**SANCTUARY MANAGEMENT
PRODUCTIONS LIMITED**

Report and Financial Statements

31 December 1995

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR



**REPORT AND FINANCIAL STATEMENTS 1995**

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

ACTIVITIES AND FUTURE PROSPECTS

The company's principal activity is that of a production company within the music industry.

The directors are optimistic about future trading opportunities.

RESULTS

The company made a profit before taxation in the year of £33,206 (1994 - loss £1,444).

DIVIDENDS AND TRANSFER TO/(FROM) RESERVES

The directors do not recommend a dividend (1994 - £nil). The profit for the financial year of £23,084 (1994 - loss £1,444) has been transferred to reserves.

DIRECTORS

The directors who served during the year were as follows:

AJ Taylor
A Najeeb

None of the directors had any beneficial interests in the share capital of the company during the year.

Mr A J Taylor and Mr A Najeeb are both directors of the ultimate parent company, The Sanctuary Group plc. Details of their shareholdings in that company are disclosed in its annual report.

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



A J Taylor
Director

25 October 1996

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 as at the end of the financial year 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;
- prepare the financial statements on a 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 Companies Act. 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.



Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS OF

SANCTUARY MANAGEMENT PRODUCTIONS LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 the company's affairs at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and
Registered Auditors

28 October 1996


PROFIT AND LOSS ACCOUNT
Year ended 31 December 1995

	Note	1995 £	1994 £
TURNOVER - continuing operations		439,436	-
Cost of sales	2	(409,436)	-
Gross profit		30,000	-
Administrative expenses		-	(1,444)
OPERATING PROFIT/(LOSS) - continuing operations	4	30,000	(1,444)
Interest receivable		3,206	-
Profit on ordinary activities before taxation		33,206	(1,444)
Tax on profit/(loss) on ordinary activities	5	10,122	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		23,084	(1,444)

There are no recognised gains or losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

There has been no movement in shareholders' funds other than the profit for the financial year and the loss for the preceding financial year.



BALANCE SHEET
31 December 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Investments	6		132		132
CURRENT ASSETS					
Debtors	7	318,980		224,090	
CREDITORS: amounts falling due within one year	8	(260,222)		(188,416)	
NET CURRENT ASSETS			<u>58,758</u>		<u>35,674</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>58,890</u>		<u>35,806</u>
CAPITAL AND RESERVES					
Called up share capital	9		198		198
Profit and loss account	10		<u>58,692</u>		<u>35,608</u>
EQUITY SHAREHOLDERS' FUNDS			<u>58,890</u>		<u>35,806</u>

These financial statements were approved by the Board of Directors on 25 October 1996.

Signed on behalf of the Board of Directors

A J Taylor
Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Income

Income is accounted for when it is contractually due to the company.

Turnover

Turnover represents commission income and sales to third parties.

Translation of foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Deferred taxation

Deferred taxation is provided at anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Investment

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value.

Consolidated financial statements

The company does not present consolidated financial statements by virtue of Section 228 of the Companies Act 1985 as it is a wholly owned subsidiary of a UK parent. The financial statements therefore present information on Sanctuary Management Productions Limited as an individual undertaking and not as a group.

2. TURNOVER

The company engages in only one class of activity and its income is derived in respect of the worldwide activities of entertainers. It is not practicable to provide a geographical analysis of the turnover.

3. STAFF COSTS

There were no staff costs during either year and none of the directors received any remuneration.

4. OPERATING PROFIT

	1995	1994
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	500	1,000
	<u>500</u>	<u>1,000</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1995 £	1994 £
UK corporation tax at 33% (1994 - 33%)	10,122	-

6. INVESTMENTS

	Shares in subsidiary £
At 31 December 1994 and 1995	132

The company holds 100% of the issued share capital of Sanctuary Productions Inc., a production company incorporated in the United States of America.

7. DEBTORS

	1995 £	1994 £
Amounts falling due within one year:		
Trade debtors	7,289	-
Amounts owed by parent company and fellow subsidiary	290,822	140,000
Prepayments and accrued income	-	83,840
Other debtors	20,869	250
	<u>318,980</u>	<u>224,090</u>

8. CREDITORS: amounts falling due within one year

	1995 £	1994 £
Bank overdraft	146,676	73,015
Trade creditors	1,611	6,951
Amounts owed to fellow subsidiaries	54,643	108,450
Corporation tax	4,337	-
Other taxation	52,955	-
	<u>260,222</u>	<u>188,416</u>

No interest is charged by the bank on the overdraft as funds from the company have been lent to another group company, Sanctuary Services Limited. Interest on this overdraft is borne by that company and therefore no interest charge is reflected in the profit and loss account.



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

9. CALLED UP SHARE CAPITAL

	1995	1994
	£	£
Authorised:		
200 ordinary shares of £1 each	200	200
	<u> </u>	<u> </u>
Allotted and fully paid:		
198 ordinary shares of £1 each	198	198
	<u> </u>	<u> </u>

10. PROFIT AND LOSS ACCOUNT

	£
At 1 January 1995	35,608
Profit for the year	23,084
	<u> </u>
At 31 December 1995	58,692
	<u> </u>

11. CONTINGENT LIABILITIES

The company, together with certain fellow subsidiaries, has guaranteed a loan made to its intermediate parent company, Sanctuary Services Limited. At 31 December 1995 the loan amounted to £1,000,000.

The company has guaranteed the bank indebtedness to Sanctuary Services Limited and certain fellow subsidiaries and has executed a charge over its assets in favour of the bank. At 31 December 1995 the total net borrowings of these companies amounted to £1,288,003.

12. ULTIMATE PARENT COMPANY

In the directors' opinion the intermediate parent company at 31 December 1995 was Sanctuary Services Limited, a company registered in England and Wales.

In the directors' opinion the ultimate parent company at 31 December 1995 was The Sanctuary Group plc, a company registered in England and Wales.

Copies of the group financial statements of The Sanctuary Group plc are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.