

Sanctuary Management Productions Limited

REPORT AND FINANCIAL STATEMENTS

year ended 30 September 2002



Sanctuary Management Productions Limited

DIRECTORS AND OFFICERS

DIRECTORS

AJ Taylor
A Najeeb

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

Sanctuary Management Productions Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Sanctuary Management Productions Limited for the year ended 30 September 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a production company within the music industry.

REVIEW OF THE BUSINESS

The company had a quiet trading year. The directors are confident of the company's future prospects.

RESULTS AND DIVIDENDS

The trading loss for the year before taxation was £2,210 (2001: loss £20,067).

The directors do not recommend the payment of a dividend. The profit for the financial year will be carried forward.

DIRECTORS

The following directors have held office during the year:

AJ Taylor
A Najeeb

Neither of the directors had any beneficial interests in the share capital of the company or other subsidiaries during the year.

Both of the directors are also directors of the ultimate parent company, The Sanctuary Group plc. Details of their shareholdings in that company are given in its statutory accounts.

INTRODUCTION OF THE EURO

The company is able to handle Euro transactions as required.

AUDITORS

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

By order of the board



AJ Taylor
Director

20 January 2003

Sanctuary Management Productions 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 year. 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;
- 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 SANCTUARY MANAGEMENT PRODUCTIONS LIMITED

We have audited the financial statements on pages 5 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 3.

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

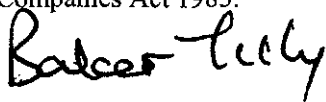
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 year 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
20 January 2003



Sanctuary Management Productions Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 2002

	<i>Notes</i>	2002 £	2001 £
TURNOVER	1	141,611	225,942
Cost of sales		36,383	(106,380)
Gross profit		<u>177,994</u>	<u>119,562</u>
Administrative expenses		(84,956)	(52,772)
OPERATING PROFIT		<u>93,038</u>	<u>66,790</u>
Interest receivable		992	-
Interest payable and similar charges		(96,240)	(86,857)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u> </u>	<u> </u>
	2	(2,210)	(20,067)
Taxation	5	(4,000)	-
RETAINED LOSS FOR THE YEAR	10	<u>(6,210)</u>	<u>(20,067)</u>

The operating loss for the year 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.

There have been no movement in shareholders' funds other than the loss for the financial year.

Sanctuary Management Productions Limited

BALANCE SHEET

30 September 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Intangible fixed asset	6	1,365,016	961,881
		<u>1,365,016</u>	<u>961,881</u>
CURRENT ASSETS			
Work in progress		-	327,101
Debtors	7	513,573	658,982
		<u>513,573</u>	<u>986,083</u>
CREDITORS: Amounts falling due within one year	8	(1,467,957)	(1,531,122)
NET CURRENT LIABILITIES		<u>(954,384)</u>	<u>(545,039)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>410,632</u>	<u>416,842</u>
CAPITAL AND RESERVES			
Called up share capital	9	198	198
Profit and loss account	10	410,434	416,644
EQUITY SHAREHOLDERS' FUNDS		<u>410,632</u>	<u>416,842</u>

Approved by the board on 20 January 2003

AJ Taylor

Director

Sanctuary Management Productions Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

The company relies on the continued support of its parent company, The Sanctuary Group plc. The directors continue to adopt the going concern basis in preparing these financial statements.

INCOME

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

TURNOVER

Turnover represents commission income and sales to third parties.

CONSOLIDATED FINANCIAL STATEMENTS

The company does not present consolidated financial statements by virtue of Section 228 of the Companies Act 1985.

INTANGIBLE FIXED ASSETS

Music catalogues acquired are capitalised and amortised over the directors' estimate of their expected useful life, ranging from 5 to 20 years, in accordance with FRS 10. Estimates of expected useful life are based on the future earnings potential of the asset. Amortisation commences after the underlying property has been completed and delivered.

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 a 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 of accounting policy following the introduction of Financial Reporting Standards No. 19.

Sanctuary Management Productions Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2002

1 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.

2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £	2001 £
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Loss on ordinary activities before taxation is stated after charging/(crediting):

Auditors' remuneration	-	-
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Audit fees are borne by another group company.

3 DIRECTORS

The directors received no remuneration in the current or preceding financial year for their services.

4 EMPLOYEES

There were no staff costs during either year.

5 TAXATION

	2002 £	2001 £
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a) Analysis of charge in year

Current tax:

UK Corporation tax at 30% (2001 30%)	-	-
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Withholding tax	4,000	-
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	<u>4,000</u>	<u>-</u>
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b) Factors affecting the 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	(2,210)	(20,067)
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Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK at 30% (2001:30%)

Losses surrendered to group companies	663	6,020
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Current tax charge (note 5a)	-	-
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Sanctuary Management Productions Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2002

6	INTANGIBLE FIXED ASSETS		Music catalogue £
	Cost		
	1 October 2001		1,079,064
	Additions		462,657
	30 September 2002		1,541,721
	Amortisation		
	1 October 2001		117,183
	Charge for the year		59,522
	30 September 2002		176,705
	Net book value		
	At 30 September 2002		1,365,016
	At 30 September 2001		961,881
7	DEBTORS	2002 £	2001 £
	Due within one year:		
	Trade debtors	116,614	47,988
	Amounts owed by parent company and fellow subsidiaries	60,950	12
	Other debtors	246,257	175,835
	Prepayments and accrued income	89,752	435,147
		513,573	658,982
8	CREDITORS: Amounts falling due within one year	2002 £	2001 £
	Bank loans and overdrafts (see note 14)	1,200,411	1,074,342
	Trade creditors	33,996	11,310
	Amounts owed to fellow subsidiaries	128,376	340,294
	Accruals and deferred income	15,174	15,176
	Other creditors	90,000	90,000
		1,467,957	1,531,122

Sanctuary Management Productions Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2002

	2002	2001
	£	£
9 SHARE CAPITAL		
Authorised:		
200 ordinary shares of £1 each	200	200
Allotted, issued and fully paid:		
198 ordinary shares of £1 each	198	198

	2002	2001
	£	£
10 PROFIT AND LOSS ACCOUNT		
1 October 2001	416,644	436,711
Loss for the financial year	(6,210)	(20,067)
30 September 2002	410,434	416,644

11 IMMEDIATE PARENT COMPANY

The company is a subsidiary of Sanctuary Artist Services Ltd, a company incorporated and operating in England.

12 ULTIMATE PARENT COMPANY

In the directors' opinion the ultimate parent company at 30 September 2002 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.

13 RELATED PARTY DISCLOSURES

In preparing these financial statement, the directors have taken advantage of the exemptions available under paragraph 3(c) of the Financial Reporting Standard No. 8 Related Party Disclosures.

14 CONTINGENT LIABILITIES

The company has guaranteed the bank indebtedness of The Sanctuary Group plc and certain of its fellow subsidiaries and has exercised a charge over its assets in favour of the bank. At 30 September 2002 the total net borrowings of these companies amounted to £5,057,000 (2001: £Nil).