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SANCTUARY MUSIC LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 1985



PANNELL KERR FORSTER  
Chartered Accountants

SANCTUARY MUSIC LIMITED  
ANNUAL REPORT  
YEAR ENDED 31 MARCH 1985

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The directors submit their report together with the audited financial statements for the year ended 31 March 1985, which show the state of the company's affairs.

1 PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year was the management of music groups.

The results for the year showed a loss but the directors are optimistic about the company's future prospects.

2 DIVIDEND

The directors do not recommend the payment of a dividend.

3 ISSUE OF SHARES

On 1 January 1985, the authorised share capital was increased to £200. On 31 March 1985 the issued share capital was increased from £100 to £198. This was done in order to increase the capital base of the company.

4 DIRECTORS

The directors who served during the year were as follows:

Mr A J Taylor

Mr A Parsliffe (appointed 13 August 1984, resigned 31 October 1985)

Mr C G W Taylor was appointed on 1 April 1985.

None of the directors had any beneficial interest in the share capital of the company at 31 March 1985.

Mr A J Taylor held at 31 March 1985 51% of the shares in the parent company Smallwood Taylor Enterprises Limited.

5 RESULTS

The company made a loss of £1,183 for the year (1984 - profit of £379).

6 STATUS

The company is a close company under the provisions of the Taxes Acts.

7 AUDITORS

A resolution to re-appoint the auditors, Pannell Kerr Forster, will be proposed at the annual general meeting.

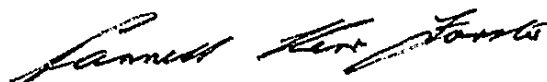
ON BEHALF OF THE BOARD

Director

We have audited the financial statements on pages 3 to 8 in accordance with approved Auditing Standards.

We draw attention to note 1(a) which states that the company has a deficiency of net assets amounting to £772 and is dependent upon the financial support of its ultimate holding company, Smallwood Taylor Group Limited, for the continuance of normal trading operations.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31 March 1985 and of its loss and source and application of funds for the year ended on that date and comply with the Companies Act 1985.



LONDON

Chartered Accountants

*15 April 1986*

SANCTUARY MUSIC LIMITED  
 PROFIT AND LOSS ACCOUNT  
 YEAR ENDED 31 MARCH 1985

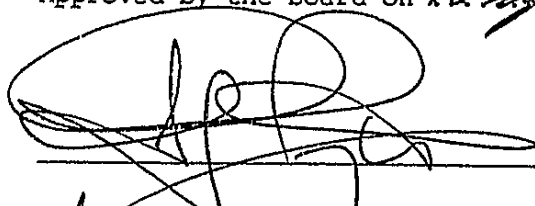
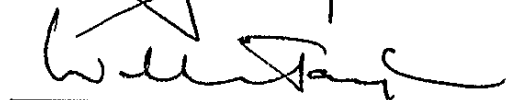
	<u>Notes</u>	<u>1985</u> £	<u>1984</u> £
TURNOVER	2	52,089	27,906
ADMINISTRATIVE EXPENSES		53,272	27,527
		<hr/>	<hr/>
(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(1,183)	379
TAXATION	6	-	-
		<hr/>	<hr/>
(LOSS) PROFIT FOR THE FINANCIAL YEAR		<u>(1,183)</u>	<u>379</u>

SANCTUARY MUSIC LIMITED  
BALANCE SHEET  
31 MARCH 1985

4

	<u>Notes</u>	<u>1985</u> £	<u>1984</u> £
CURRENT ASSETS			
Debtors	7	16,892	9,673
Cash at bank and in hand		-	8,166
		<hr/>	<hr/>
		16,892	17,839
CREDITORS: Amounts falling due within one year	8	17,664	17,526
		<hr/>	<hr/>
NET CURRENT (LIABILITIES) ASSETS		(772)	313
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	9	198	100
Profit and loss account	10	(970)	213
		<hr/>	<hr/>
		(772)	313
		<hr/>	<hr/>

Approved by the board on 15 April 1986

  
  
 ) Directors  
 )  
 )

SANCTUARY MUSIC LIMITED  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
YEAR ENDED 31 MARCH 1985

5

	<u>1985</u> £	<u>1984</u> £
(ABSORPTION) SOURCE OF FUNDS		
(Loss) profit before tax	(1,183)	379
Issue of shares	98	-
	<u>          </u>	<u>          </u>
	(1,085)	379
	<u>          </u>	<u>          </u>
INCREASE (DECREASE) IN WORKING CAPITAL		
Debtors	7,219	(7,726)
Creditors, excluding bank overdraft	6,744	(7,427)
	<u>          </u>	<u>          </u>
	13,963	(15,153)
Movement in bank and cash balances	(15,048)	15,532
	<u>          </u>	<u>          </u>
	(1,085)	379
	<u>          </u>	<u>          </u>

1 ACCOUNTING POLICIES

(a) Going concern

The balance sheet shows that liabilities exceed assets by £772. The ultimate holding company Smallwood Taylor Group Limited has confirmed its intention to maintain its financial support for the foreseeable future to enable the company to continue normal trading operations. The financial statements are therefore drawn up on a going concern basis.

(b) Commission Income

Commission on the touring and merchandising income of the music groups is accounted for on an accruals basis.

2 TURNOVER

Turnover represents commission and management fees receivable.

The company engages in only one class of activity and the turnover is entirely derived within the United Kingdom.

3 (LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss) profit on ordinary activities is stated after charging:

	<u>1985</u> £	<u>1984</u> £
Auditors' remuneration	500	600
	<u>          </u>	<u>          </u>
4 STAFF COSTS		
Wages and salaries	20,674	962
Social security costs	1,965	102
	<u>          </u>	<u>          </u>
	22,639	1,064
	<u>          </u>	<u>          </u>

The average number of persons employed by the company was:

	<u>1985</u> Number	<u>1984</u> Number
Administration	3	1
	<u>          </u>	<u>          </u>

5 DIRECTORS' REMUNERATION

No remuneration was paid to any of the directors during the year.



6 TAXATION

There is no charge to taxation in view of tax losses to be surrendered by other group companies.

7 DEBTORS : amounts falling due within one year	<u>1985</u> £	<u>1984</u> £
Trade debtors	11,963	6,996
Amount owed by holding company	1,829	-
Amounts owed by group companies	1,337	2,630
Other debtors	1,763	47
	<hr/>	<hr/>
	16,892	9,673
	<hr/>	<hr/>

8 CREDITORS : amounts falling due within one year

Bank loans and overdrafts (secured - see note 11)	6,882	-
Trade creditors	2,110	3,090
Other creditors:		
Taxation and social security	4,704	852
Other	500	1,118
Amounts owed to holding company	-	10,997
Amounts owed to group companies	3,468	1,469
	<hr/>	<hr/>
	17,664	17,526
	<hr/>	<hr/>

9 CALLED UP SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted and fully paid</u>	
	<u>1985</u>	<u>1984</u>	<u>1985</u>	<u>1984</u>
	£	£	£	£
Ordinary shares of £1 each	200	100	198	100
	<hr/>	<hr/>	<hr/>	<hr/>

As a result of a special resolution passed on 1 January 1985, the authorised share capital was increased to £200. On 31 March 1985, the issued share capital was increased to £198 in order to provide a stronger capital base for the company.

SANCTUARY MUSIC LIMITED  
NOTES AND ACCOUNTING POLICIES  
YEAR ENDED 31 MARCH 1985

8

10 PROFIT AND LOSS ACCOUNT

	£
At 1 April 1984	213
Loss for the year	(1,183)
	<hr/>
At 31 March 1985	(970)
	<hr/>

11 CONTINGENT LIABILITIES AND BANK SECURITY

The company has guaranteed the bank indebtedness of its holding company and certain fellow subsidiaries and has executed charges over its assets in favour of the bank. At 31 March 1985 the total bank borrowings of these companies amounted to £516,129. The consolidated bank balance of the companies covered by the cross guarantees amounted to £49,505 at 31 March 1985.

12 HOLDING COMPANY

The parent and ultimate holding company at 31 March 1985 was Smallwood Taylor Enterprises Limited which is incorporated in England.

Subsequent to 31 March 1985, Smallwood Taylor Group Limited, incorporated in England, became the ultimate holding company.