

Company Registration No. 2460425 (England and Wales)

MOTHERLIGHT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2003



MOTHERLIGHT LIMITED

COMPANY INFORMATION

Directors	M Hall	
	M T Cass	(Appointed 1 July 2003)
	A Najeeb	(Appointed 1 July 2003)
Secretary	S E A Standing	
Company number	2460425	
Registered office	45-53 Sinclair Road London W14 0NS	
Auditors	Arram Berlyn Gardner Holborn Hall 100 Grays Inn Road London WC1X 8BY	
Business address	45-53 Sinclair Road London W14 0NS	
Solicitors	Rosenblatt Solicitors 9-13 St Andrew Street London EC4A 3AF	

MOTHERLIGHT LIMITED

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MOTHERLIGHT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2003

The directors present their report and financial statements for the year ended 30 April 2003.

Principal activities

The principal activity of the company is to provide management services to artists in the record industry.

Directors

The following directors have held office since 1 May 2002:

M Hall	
M T Cass	(Appointed 1 July 2003)
A Najeeb	(Appointed 1 July 2003)

Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	30 April 2003	1 May 2002
M Hall	75	75

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Arram Berlyn Gardner be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

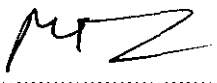
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on 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 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



M T Cass

Director

16 JANUARY 2004

MOTHERLIGHT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MOTHERLIGHT LIMITED

We have audited the financial statements of Motherlight Limited on pages 3 to 8 for the year ended 30 April 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out herein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

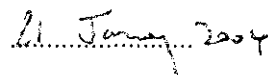
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 as at 30 April 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Arram Berlyn Gardner

Chartered Accountants
Registered Auditor


21 January 2004
Holborn Hall
100 Grays Inn Road
London
WC1X 8BY

MOTHERLIGHT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2003

	Notes	2003 £	2002 £
Turnover		792,371	458,700
Cost of sales		(133,529)	(92,189)
Gross profit		658,842	366,511
Administrative expenses		(376,956)	(266,737)
Operating profit	2	281,886	99,774
Other interest receivable and similar income		1,895	1,873
Interest payable and similar charges		-	(52)
Profit on ordinary activities before taxation		283,781	101,595
Tax on profit on ordinary activities	3	(55,648)	(20,375)
Profit on ordinary activities after taxation		228,133	81,220
Dividends		-	(90,000)
Retained profit/(loss) for the year	8	228,133	(8,780)

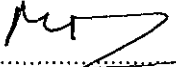
MOTHERLIGHT LIMITED

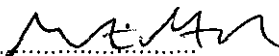
BALANCE SHEET AS AT 30 APRIL 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	4		14,048		15,008
Current assets					
Debtors	5	261,623		95,306	
Cash at bank and in hand		193,133		111,028	
		<u>454,756</u>		<u>206,334</u>	
Creditors: amounts falling due within one year	6	<u>(152,770)</u>		<u>(133,442)</u>	
Net current assets			301,986		72,892
Total assets less current liabilities			<u>316,034</u>		<u>87,900</u>
Capital and reserves					
Called up share capital	7		75		75
Other reserves	8		25		25
Profit and loss account	8		315,934		87,800
Shareholders' funds			<u>316,034</u>		<u>87,900</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 16 JANUARY 2004


M T Cass
Director


M Hall
Director

MOTHERLIGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment 20% Reducing balance

2 Operating profit	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	3,512	3,752
Directors' emoluments	66,000	52,500
	<u> </u>	<u> </u>
3 Taxation	2003	2002
	£	£
Domestic current year tax		
U.K. corporation tax	55,648	20,375
	<u> </u>	<u> </u>
Current tax charge	<u>55,648</u>	<u>20,375</u>

MOTHERLIGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

4 Tangible fixed assets

Plant and machinery etc

£

Cost

At 1 May 2002 39,660

Additions 2,552

At 30 April 2003 42,212

Depreciation

At 1 May 2002 24,652

Charge for the year 3,512

At 30 April 2003 28,164

Net book value

At 30 April 2003 14,048

At 30 April 2002 15,008

5 Debtors

2003

2002

£

£

Trade debtors 102,866 6,660

Other debtors 158,757 88,646

261,623 95,306

6 Creditors: amounts falling due within one year

2003

2002

£

£

Trade creditors 13,350 -

Taxation and social security 99,184 36,217

Other creditors 40,236 97,225

152,770 133,442

MOTHERLIGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

7 Share capital	2003	2002
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100

Allotted, called up and fully paid
75 Ordinary shares of £1 each

75 75

8 Statement of movements on reserves

Other reserves (see below)	Profit and loss account
£	£

Balance at 1 May 2002	25	87,801
Retained profit for the year	-	228,133

Balance at 30 April 2003	25	315,934
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Other reserves

Capital redemption reserve

Balance at 1 May 2002 & at 30 April 2003

25

9 Financial commitments

At 30 April 2003 the company had annual commitments under non-cancellable operating leases as follows:

	2003	2002
	£	£
Expiry date:		
Within one year	-	31,500

10 Transactions with directors

The director had interest free loans during the year. The maximum liability during the year was:

	Amount outstanding	Maximum
	2003	in year
	£	£
Director's current account (debit bal)	114,510	114,694

MOTHERLIGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

11 Control

During the year, Martin Hall was considered to be the ultimate controlling party. In June 2003, the ultimate controlling party became The Sanctuary Group Plc.

12 Related party transactions

At the year end, there was a balance of £114,510 (2002: £35,669) due from Martin Hall who is a director of Motherlight Limited. This was repaid in July 2003.

At 30 April 2003, included in other debtors, was £15,622 (2002: £10,316 owed to) owed from Gaultier Ltd, a company under the control of Martin Hall.