

# **Motherlight Limited**

## **Director's report and financial statements**

**Registered number 2460425**

**30 September 2007**

**TUESDAY**



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**15/07/2008**

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**COMPANIES HOUSE**

## Company information

**Directors** M Hall

**Auditors** KPMG Audit Plc  
8 Salisbury Square  
London  
EC4Y 8BB

**Company Number** 2460425

**Registered Address** Sanctuary House  
45-53 Sinclair Road  
London  
W14 0NS

## Director's report

The director submits his report and the financial statements for the year ended 30 September 2007

This director's report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

### Principal activities

The company's principal activity is to provide management services to artists in the record industry

### Results

The loss for the year to 30 September 2007 before taxation was £41,648 (2006 loss £108,213)

During the year the company paid a dividend of £489,990 to Sanctuary Artist Services Limited, its parent company

### Political and charitable donations

The Company made no political or charitable donations or incurred any political expenditure during the year or previous year

### Directors

The following directors have held office during the year

M Hall

MT Cass (Resigned 29 June 2007)

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

### Auditors and disclosure of information to auditors

The director who held office at the date of the approval of the director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and he has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the companies auditors are aware of that information

By order of the Board



M Hall  
Director

26 June 2008

## **Statement of director's responsibilities in respect of the Director's Report and the financial statements**

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law he is elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities



## KPMG Audit Plc

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

### Independent auditors' report to the members of Motherlight Limited

We have audited the financial statements of Motherlight Limited for the year ended 30 September 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditor's 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 opinions we have formed.

#### Respective responsibilities of directors and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Director's 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 International Standards on Auditing (UK and Ireland) 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 judgments made by the director 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

07 July 2008

**Profit and loss account**  
*for the year ended 30 September 2007*

	<i>Note</i>	<b>2007</b> <b>£</b>	<b>2006</b> <b>£</b>
<b>Turnover</b>		<b>3,158</b>	<b>106,092</b>
Cost of sales		-	(2,692)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>3,158</b>	<b>103,400</b>
Administrative expenses		(45,203)	(212,198)
		<hr/>	<hr/>
<b>Operating loss</b>	<b>2</b>	<b>(42,045)</b>	<b>(108,798)</b>
Other interest receivable and similar income	<b>3</b>	<b>397</b>	<b>585</b>
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(41,648)</b>	<b>(108,213)</b>
Tax on loss on ordinary activities	<b>5</b>	-	335
		<hr/>	<hr/>
<b>Loss for the financial year</b>		<b>(41,648)</b>	<b>(107,878)</b>
		<hr/>	<hr/>

The trading 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 movements in shareholders' funds other than the loss for the year

The notes on pages 6 to 10 form an integral part of these financial statements

**Balance Sheet**  
*at 30 September 2007*

	<i>Note</i>	<b>2007</b>		<b>2006</b>	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6	-	-	-	-
<b>Current assets</b>					
Debtors	7	-		525,418	
Cash at bank and in hand		6,314		19,691	
		<u>6,314</u>		<u>545,109</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(6,214)</u>		<u>(13,371)</u>	
<b>Net current assets</b>			<b>100</b>		531,738
<b>Total assets less current liabilities</b>			<b>100</b>		531,738
<b>Net assets</b>			<b>100</b>		531,738
<b>Capital and reserves</b>					
Called up share capital	9	75		75	
Other reserves	11	25		25	
Profit and loss account	10	-		531,638	
<b>Shareholders' funds</b>			<b>100</b>		531,738

The financial statements were approved by the Board on 26 June 2008 and signed on its behalf by



**M Hall**  
Director

The notes on pages 6 to 10 form an integral part of these financial statements

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial information

#### *Basis of preparation*

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

As the Company is a wholly owned subsidiary of Vivendi SA, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the company in its own published consolidated financial statements

#### *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenues can be reliably measured

#### *Management commission*

Management commission income is recognised when a right to consideration has been established, the commissions can be reliably quantified and receipt of such commissions is first considered certain. In normal circumstances, this results in revenue being recognised in the period in which the managed artist realises income from their contractual arrangements with third parties, thus triggering the manager's right to commission

#### *Commission on recording, publishing, merchandising and similar artist income*

Where an artist has contracted with a third party to receive staged payments of advances, commission income is recognised when the artist receives, or becomes contractually due to receive, these payments. For example, where a managed artist's contract with a record company stipulates that the artist will receive separate advances on signature, commencement of recording and album delivery, management commission income is recognised on each of these, when the artist has fulfilled their obligations to the record company under the contract and, therefore, has become contractually due to receive them from the record company

Commission on the artist's income in excess of advances already received by the artist is accrued based on the best sales information available from the third parties (record companies, distributors, publishers, merchandisers, sponsors) from which the artist derives this income, after taking account of potential returns and retentions, and other factors (e.g. exchange rate exposures) that may affect the amount ultimately received

#### *Commission on tour income*

Commission is recognised on concerts played in the period. Where a tour straddles the end of the period, commission income is recognised only in respect of those concerts played before the period end. Where final accountings for concerts played in the period are not available, the amount of commissionable income to be recognised is assessed based on the contractual terms and the best information available as to concert attendances and takings. In the absence of better information, this estimate is based on the minimum level of income guaranteed to the managed artist by the promoter



## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets*

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows

Fixtures, fittings & equipment      - 10% per annum

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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 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.

#### *Foreign currency*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

### 2 Loss on ordinary activities before taxation

	2007 £	2006 £
Loss on ordinary activities before taxation is stated after charging		
Depreciation of tangible fixed assets	-	3,847
	<u>          </u>	<u>          </u>

Auditors' remuneration was £5,000 (2006 £3,000 was borne by another group company)

### 3 Other interest receivable and similar income

	2007 £	2006 £000
Bank interest receivable	397	585
	<u>          </u>	<u>          </u>

### 4 Employees and directors

There were no employees during the year or prior year.

The directors did not receive any remuneration for their services during the year or prior year.

## Notes (continued)

### 5 Taxation

#### *Analysis of charge/ (credit) in the year*

	2007 £	2006 £
<b>Current tax</b>		
Adjustments in respect of previous periods	-	(335)
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	(335)
	<hr/>	<hr/>

#### *Factors affecting the tax charge/ (credit) for the current year*

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £	2006 £
<b>Current tax reconciliation</b>		
Loss on ordinary activities before tax	(41,648)	(108,213)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax of 30% (2006 30%)	(12,494)	(32,464)
<b>Effects of</b>		
Expenses not deductible for tax purposes	195	195
Depreciation in excess of capital allowances	(302)	852
Group relief surrendered to other group companies	12,382	-
Losses carried forward	-	31,417
Adjustments in respect of previous periods	-	(335)
	<hr/>	<hr/>
Current tax	-	(335)
	<hr/>	<hr/>

### 6 Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
1 October 2006 and 30 September 2007	42,212
	<hr/>
<b>Depreciation</b>	
1 October 2006 and 30 September 2007	42,212
	<hr/>
<b>Net book value</b>	
30 September 2007	-
	<hr/>
30 September 2006	-
	<hr/>

## Notes (continued)

### 7 Debtors: amounts due within one year

	2007 £	2006 £
Trade debtors	-	118,145
Other debtors	-	22,311
Amounts due by group companies	-	341,314
Prepayments and accrued income	-	43,648
	<hr/> -	<hr/> 525,418
	<hr/>	<hr/>

### 8 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	1,214	1,288
Other taxation and social security	-	5,826
Other creditors	-	4,257
Accruals	5,000	2,000
	<hr/> 6,214	<hr/> 13,371
	<hr/>	<hr/>

### 9 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, issued and fully paid</i>		
75 ordinary shares of £1 each	75	75
	<hr/>	<hr/>

### 10 Profit and loss account

	2007 £	2006 £
1 October	531,638	639,516
Retained loss for the financial year	(531,638)	(107,878)
	<hr/>	<hr/>
30 September	-	531,638
	<hr/>	<hr/>

## Notes (continued)

### 11 Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Loss for the financial year	(41,648)	(107,878)
Dividends paid on shares classified as shareholders' funds	(489,990)	-
	<hr/>	<hr/>
Net reduction to shareholders' funds	(531,638)	(107,878)
Opening shareholders' funds	531,738	639,616
	<hr/>	<hr/>
Closing shareholders' funds	100	531,738
	<hr/>	<hr/>

### 12 Immediate and ultimate parent company

The immediate parent company is Sanctuary Artist Services Limited, a company incorporated and operating in England. The ultimate parent undertaking and controlling party is Vivendi SA, a company incorporated in France.

The smallest and largest group in which the results of the company will be consolidated will be that headed by Vivendi SA, incorporated in France. Copies of its annual report in English may be obtained from:

Vivendi SA  
42 Avenue de Friedland  
75380 Paris  
Cedex 08  
France