

COMPANY REGISTRATION NUMBER 05221402

**SANCTUARY (W.A.R.) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

TUESDAY



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**SANCTUARY (W.A.R.) LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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# **SANCTUARY (W.A.R.) LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **THE BOARD OF DIRECTORS**

SN Baker  
RJ Morris

### **COMPANY SECRETARY**

A Abioye

### **REGISTERED OFFICE**

364-366 Kensington High Street  
London  
W15 8NS

### **AUDITORS**

Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

# **SANCTUARY (W.A.R.) LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2011**

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The directors present their report and the financial statements of the company for the year ended 31 December 2011

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was that of music publishing

The result and position of the company as at and for the year ended 31 December 2011 are set out in the profit and loss account and balance sheet on pages 6 and 7 respectively. The result and position of the company were in line with directors' expectations

### **FUTURE DEVELOPMENTS**

Notwithstanding the risks and uncertainties outlined below, the directors do not anticipate any significant change in the activities and results of the company in the foreseeable future

### **RESULTS AND DIVIDENDS**

The company's profit on ordinary activities after taxation for the year was £132,000 (2010 - £782,000) and the retained profit for the year has been transferred to reserves

The directors do not recommend the payment of a dividend (2010 - £nil)

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative and financial instrument risk

- **Competitive Risks** - These are driven by a changing market environment and the competition from other major and independent publishing companies, competition from alternative entertainment products, the threat of a devalued product due to piracy and the illegal use of music, and uncertainty as to whether the growth of the digital market can replace the decline in the physical market
- **Legislative Risks** - There currently appear to be no significant legislative risks for the company
- **Financial Instrument Risk** - The company holds a number of intercompany balances, which are subject to interest charges. Interest rates may be subject to fluctuations,

All risks and uncertainties are regularly monitored by the Board of Directors of the company

### **DIRECTORS**

The directors who served the company during the year and subsequently were as follows

SN Baker  
RJ Morris

### **DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

A qualifying third party indemnity provision remains in force as at the date of approving the directors' report, subject to the provisions of s236 CA 2006. Vivendi SA, the ultimate parent undertaking, maintains a Directors & Officers Liability Programme which indemnifies directors' personal liabilities resulting from alleged wrongful acts committed in the line of their employment

# SANCTUARY (W.A.R.) LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

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### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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,
- 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

In so far as each of the directors at the date of approving this report are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### AUDITOR

The auditors, Grant Thornton UK LLP, are deemed to be reappointed in accordance with Section 489 of the Companies Act 2006 by virtue of an elective resolution passed by the members.

By order of the board



A Abioye  
Company Secretary

28 MAR 2012

# **SANCTUARY (W.A.R.) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY (W.A.R.) LIMITED**

**YEAR ENDED 31 DECEMBER 2011**

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We have audited the financial statements of Sanctuary (W A R ) Limited for the year ended 31 December 2011 which comprise Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

# **SANCTUARY (W.A.R.) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUARY (W.A.R.) LIMITED** *(continued)*

**YEAR ENDED 31 DECEMBER 2011**

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### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Terence Back**  
Senior Statutory Auditor  
For and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

30/3/2012

Company Registration Number 05221402

**SANCTUARY (W.A.R.) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>Note</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
<b>TURNOVER</b>	<b>2</b>	686	1,362
Cost of sales		(513)	(276)
<b>GROSS PROFIT</b>		173	1,086
<b>OPERATING PROFIT</b>		173	1,086
Interest receivable and similar income	<b>5</b>	7	–
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		180	1,086
Tax on profit on ordinary activities	<b>6</b>	(48)	(304)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		132	782

All of the activities of the company are classed as continuing operations

The company has no recognised gains or losses other than the results for the year as set out above

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

**The notes on pages 8 to 11 form part of these financial statements**



# SANCTUARY (W.A.R.) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000
<b>CURRENT ASSETS</b>			
Debtors	7	2,388	608
<b>CREDITORS: Amounts falling due within one year</b>	8	(2,089)	(441)
<b>NET CURRENT ASSETS</b>		299	167
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		299	167
<b>CAPITAL AND RESERVES</b>			
Share capital	9	—	—
Profit and loss account	10	299	167
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10	299	167

These financial statements were approved by the board of directors and authorised for issue on and are signed on their behalf by

28<sup>th</sup> March 2012



RJ Morris

Company Registration Number 05221402

The notes on pages 8 to 11 form part of these financial statements.

# **SANCTUARY (W.A.R.) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDED 31 DECEMBER 2011**

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#### **1 ACCOUNTING POLICIES**

##### **Basis of preparation**

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

##### **Cash flow statement and related party disclosures**

The company is a wholly owned subsidiary of Vivendi S A who control 90% or more of the voting rights and is included in the consolidated financial statements of the group, which are publicly available. Consequently, the company has taken advantage of the exemption in Financial Reporting Standard ("FRS") 1 from preparing a cash flow statement and the exemption of FRS 8 from disclosing transactions with entities that are part of the Vivendi S A group of investees of that group

##### **Revenue recognition**

Turnover represents royalty income, exclusive of value added tax. UK royalty income is credited to the profit and loss account in the period to which it relates, or if it can not be reliably estimated, on a receipts basis

Overseas royalty income, which is all collected on behalf of the company by other group undertakings, is credited to the profit and loss account in the period overseas sales are reported to the company

##### **Taxation**

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of the 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 have occurred at that date that will result in an obligation to pay more tax in the future or a right to pay less tax in future

Timing differences are differences between the company's taxable profit and loss and its results as stated in the financial statements. No deferred tax is recognised on permanent differences

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

##### **Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are recorded in the profit and loss account

##### **Advances**

Advances to unproven artists are expensed. Advances to other artists are written down to the estimated amount that will be recoverable from future royalty payments to the artist. Net advances to artists are classified as falling due within one year, although elements may not be recovered until more than one year. Long term advances to artists, where the effect of the time value of money is material, are discounted

# SANCTUARY (W.A.R.) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

### 2. TURNOVER

Turnover is derived from one continuing activity, music publishing. An analysis of turnover by geographical market is given below

	2011 £'000	2010 £'000
United Kingdom	59	120
Europe	184	396
United States of America	321	664
Rest of World	122	182
	<u>686</u>	<u>1,362</u>

### 3. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees during the year

### 4. DIRECTORS' REMUNERATION AND STAFF COSTS

The directors received no remuneration in respect of their services to the company (2010: £nil)

There were no employees in either period

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £'000	2010 £'000
Interest receivable from group undertakings	<u>7</u>	<u>-</u>

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of (credit) / charge in the year

	2011 £'000	2010 £'000
Current tax		
UK Corporation tax based on the results for the year at 26.50% (2010 - 28%)	<u>48</u>	<u>304</u>
Total current tax	<u>48</u>	<u>304</u>

**SANCTUARY (W.A.R.) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

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**6 TAX ON PROFIT ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 26.50% (2010 - 28%)

The UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 22%, with the first 2% reduction taking effect from 1 April 2011. A further 1% reduction was enacted on 5 July 2011, reducing the rate to 25% from 1 April 2012. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date. Therefore, at 31 December 2011, deferred tax assets and liabilities have been calculated based on the rates that have been substantively enacted by the balance sheet date.

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	180	1,086
Profit on ordinary activities at the standard rate of UK Corporation tax of 26.50% (2010 - 28%)	48	304
Current tax charge for the financial year	48	304

**(c) Factors that may affect future tax charges**

The future reductions to 22% have not been enacted at the balance sheet date so the effect of these has not been reflected in these financial statements, however it is not expected that these changes would have a significant effect on the value of the company's deferred tax balances at the balance sheet date.

**7 DEBTORS**

	2011 £'000	2010 £'000
Amounts owed by group undertakings	809	608
Other debtors	1,579	-
	2,388	608

Amounts owed by group undertakings are unsecured and repayable on demand.

**8. CREDITORS: Amounts falling due within one year**

	2011 £'000	2010 £'000
Trade creditors	249	433
Amounts owed to group undertakings	1,540	8
Accruals and deferred income	300	-
	2,089	441

All amounts owed to group undertakings are unsecured and repayable on demand.

**SANCTUARY (W.A.R.) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2011**

**9 SHARE CAPITAL**

**Authorised share capital:**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
500 Ordinary-A shares of £1 each	1	1
500 Ordinary-B shares of £1 each	1	1
	<u>1</u>	<u>1</u>

**Allotted, called up and fully paid:**

	<b>2011</b>		<b>2010</b>	
	<b>No</b>	<b>£'000</b>	<b>No</b>	<b>£'000</b>
Ordinary-A shares of £1 each	1	-	1	-
Ordinary-B shares of £1 each	1	-	1	-
	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>

**10 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	<b>Profit and loss account</b>
	<b>£'000</b>
Balance brought forward at 1 January 2010	(615)
Profit for the year	782
	<u>167</u>
Balance brought forward at 1 January 2011	167
Profit for the year	132
	<u>299</u>
Balance carried forward at 31 December 2011	

**11. ULTIMATE PARENT COMPANY**

The immediate parent undertaking is Sanctuary Music Publishing Limited. 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 S A  
42 Avenue de Friedland  
75380 Paris  
Cedex 08  
France