

Trinifold Management Limited

Directors' report and financial statements

Registered number 1154197

30 September 2007



A48

25/03/2008

92

COMPANIES HOUSE

Company information

Directors	WG Curbishley RN Rosenberg PF Wallace
Company Secretary	A Abioye
Auditors	KPMG Audit Plc 8 Salisbury Square London EC4Y 8BB
Company Number	1154197
Registered Address	Sanctuary House 45-53 Sinclair Road London W14 0NS

Directors' report

The directors present their report and accounts for the year ended 30 September 2007

Principal activities

The principal activity of the company continues to be that of involvement in the music and entertainment business

Business review

The company had a successful year and made a trading profit for the year before taxation of £2,061,073 (2006 £362,052)

The directors regard staff costs as a percentage of revenue as a key performance indicator as it gives an indication that the individual managers are incentivised. The percentage achieved for the current year was 23% (2006 43%)

The directors believe that future prospects are encouraging and should lead to on-going profitable trading

Dividend

The directors do not recommend a payment of a dividend (2006 £nil)

Political and charitable donations

The Company made no political donations and did not incur any political expenditure either in the current or prior year and made charitable donations totaling £300 (2006 £12,938) during the year

Directors

The following directors held office during the year

WG Curbishley
RN Rosenberg
MT Cass (resigned 29 June 2007)
PF Wallace

None of the directors held any beneficial interest in the shares of the company or the ultimate parent company during the current or prior year

Employment policy

The directors are committed to employees' welfare and personal and career development. Employees at Trinifold Management Limited have access to communication concerning significant matters affecting the operational and financial performance of the Company through informative emails from senior management and meetings, and they are actively encouraged to contribute to, and involve themselves in, the decision making of operations

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of the approval of the directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director 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



PF Wallace
Director

7 March 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the 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 they have 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 directors are 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 directors are 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. They have general responsibility for taking such steps as are reasonably open to them 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 Trinifold Management Limited

We have audited the financial statements of Trinifold Management 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 directors' 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 Directors' Responsibilities on page 3.

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 Directors' 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 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 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 profit 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 Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

17 March

2008

Profit and loss account
for the year ended 30 September 2007

	<i>Note</i>	2007 £	2006 £
Turnover	2	3,919,443	2,723,722
Cost of sales		(283,340)	(305,461)
Gross profit		3,636,103	2,418,261
Administrative expenses		(1,589,108)	(2,078,055)
Operating profit		2,046,995	340,206
Other interest receivable and similar income		14,078	21,846
Profit on ordinary activities before taxation	3	2,061,073	362,052
Tax on profit on ordinary activities	7	(13,687)	61,986
Profit for the financial year	14	2,047,386	424,038

The operating profit 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

The notes on pages 7 to 13 form an integral part of these financial statements

Balance Sheet
at 30 September 2007

	<i>Note</i>	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	8		42,251		46,765
Current assets					
Debtors	9	7,636,129		4,399,061	
Cash at bank	10	409,510		1,464,732	
		<u>8,045,639</u>		<u>5,863,793</u>	
Creditors amounts falling due within one year	11	(575,025)		(445,079)	
Net current assets			<u>7,470,614</u>		<u>5,418,714</u>
Net assets			<u>7,512,865</u>		<u>5,465,479</u>
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		7,512,765		5,465,379
Shareholders' funds	15		<u>7,512,865</u>		<u>5,465,479</u>

These financial statements were approved by the Board of directors on 7 March 2008 and were signed on its behalf by



PF Wallace
Director

The notes on pages 7 to 13 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

The company is exempt by virtue of s 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

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 has a contract with a record company.

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 and depreciation

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

Leasehold improvements	-	over the duration of the lease
Fixtures, fittings & equipment	-	25% reducing balance basis
Motor vehicles	-	25% reducing balance basis

Foreign currency translation

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

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.

Leasing

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

Notes (continued)

3 Profit on ordinary activities before taxation

	2007 £	2006 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation of owned tangible fixed assets	8,004	18,980
Operating lease rentals		
- plant and machinery	-	3,776
- other assets	84,000	84,000
	<u>84,000</u>	<u>84,000</u>

Auditors' remuneration was £5,500 (2006 £7,000 was borne by another group company)

4 Directors' emoluments

	2007 £	2006 £
Aggregate emoluments	600,000	1,055,000
	<u>600,000</u>	<u>1,055,000</u>
Emoluments disclosed above include the following amounts paid to highest paid director		
Aggregate emoluments	350,000	705,000
	<u>350,000</u>	<u>705,000</u>

5 Employees

	2007	2006
The average weekly number of person (including directors) employed by the company during the year was	9	9
	<u>9</u>	<u>9</u>
	2007 £	2006 £
Staff costs for the above persons		
Wages and salaries	800,668	690,841
Social security costs	96,380	81,633
Other pension costs	-	400,000
	<u>897,048</u>	<u>1,172,474</u>

Notes (continued)

6 Other interest receivable and similar income

	2007 £	2006 £
On bank balances	14,078	21,846

7 Taxation

Analysis of charge / (credit) in the year

	2007 £	2006 £
Current tax		
UK corporation tax	-	-
Adjustment in respect of previous years	-	(46,649)
Total current taxation	-	(46,649)
Deferred tax		
Origination and reversal of timing differences	13,687	(15,337)
Tax on profit on ordinary activities	13,687	(61,986)

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

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

	2007 £	2006 £
Profit on ordinary activities before tax	2,061,073	362,052
Profit on ordinary activities multiplied by standard rate of corporation tax of 30% (2005 30%)	618,322	108,616
Effects of		
Expenses not allowable for tax purposes	-	2,683
Income not taxable	-	(12,500)
Capital allowances in excess of depreciation	2,402	5,694
Tax losses utilised	(4,223)	-
General provision movements	1,649	-
Group relief	(618,150)	(104,493)
Adjustment to tax charge in respect of previous years	-	(46,649)
Current tax charge / (credit)	-	(46,649)

Notes (continued)

8 Tangible fixed assets

	Leasehold improvements £	Furniture, fixtures and fittings £	Motor vehicles £	Total £
<i>Cost.</i>				
1 October 2006	43,508	410,792	32,312	486,612
Additions	-	3,491	-	3,491
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2007	43,508	414,283	32,312	490,103
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
1 October 2006	43,508	373,405	22,934	439,847
Charged in the year	-	5,660	2,345	8,005
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2007	43,508	379,065	25,279	447,852
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
30 September 2007	-	35,218	7,033	42,251
	<hr/>	<hr/>	<hr/>	<hr/>
30 September 2006	-	37,387	9,378	46,765
	<hr/>	<hr/>	<hr/>	<hr/>

9 Debtors

	2007 £	2006 £
Trade debtors	568,330	319,389
Amounts owed by group undertakings	6,481,349	2,500,000
Other debtors	11,284	69,455
Deferred tax (note 12)	1,650	15,337
Prepayments and accrued income	573,516	1,494,880
	<hr/>	<hr/>
	7,636,129	4,399,061
	<hr/>	<hr/>

10 Cash at bank and in hand

	2007 £	2006 £
Bank and cash	401,603	1,398,906
Clients designated bank accounts	7,907	65,826
	<hr/>	<hr/>
	409,510	1,464,732
	<hr/>	<hr/>

Cash held in client designated bank accounts is restricted and is not freely available for the general purposes of the company

Notes (continued)

11 Creditors: amounts falling due within one year

	2007 £	2006 £
Amounts owed to group companies	397,470	153,790
Other taxes and social security costs	117,790	178,735
Other creditors	32,168	66,604
Accruals and deferred income	27,597	45,950
	<u>575,025</u>	<u>445,079</u>

12 Deferred tax

	2007 £	2006 £
<i>Deferred tax asset comprises</i>		
Accelerated capital allowances	-	15,337
Other timing differences	1,650	-
	<u>1,650</u>	<u>15,337</u>
At 1 October	15,337	-
Deferred tax credited / (charged) to profit and loss account	(13,687)	15,337
	<u>1,650</u>	<u>15,337</u>
At 30 September (note 9)	<u>1,650</u>	<u>15,337</u>

13 Called up share capital

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

14 Profit and loss account

	2007 £	2006 £
1 October	5,465,379	5,041,341
Retained profit for the financial year	2,047,386	424,038
	<u>7,512,765</u>	<u>5,465,379</u>
30 September	<u>7,512,765</u>	<u>5,465,379</u>

Notes (continued)

15 Reconciliation of movement in shareholder's funds

	2007 £	2006 £
Retained profit for the financial year	2,047,386	424,038
Net movement in shareholder's funds	2,047,386	424,038
Opening shareholder's funds	5,465,479	5,041,441
Closing shareholder's funds	7,512,865	5,465,479

16 Commitments under operating leases

At 30 September 2007 the company had annual commitments under non-cancellable operating leases as follows

	2007 £	2006 £
<i>Expiring between 2 and 5 years</i>		
Land and buildings	84,000	84,000
Other	-	3,776

17 Contingent liabilities

The company has guaranteed the bank indebtedness of certain fellow subsidiaries of The Sanctuary Group Limited and has executed a charge over its assets in favour of the bank. At 30 September 2007 the total net borrowing of these companies was nil (2006 £73,456,000)

18 Immediate and ultimate parent company

The immediate parent company is The Sanctuary Group Limited (formerly The Sanctuary Group plc), 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