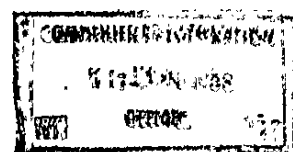
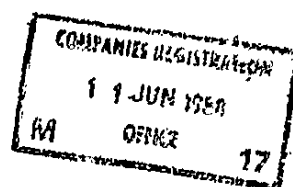




GWR Group PLC
Annual Report & Accounts 1987



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Advisors

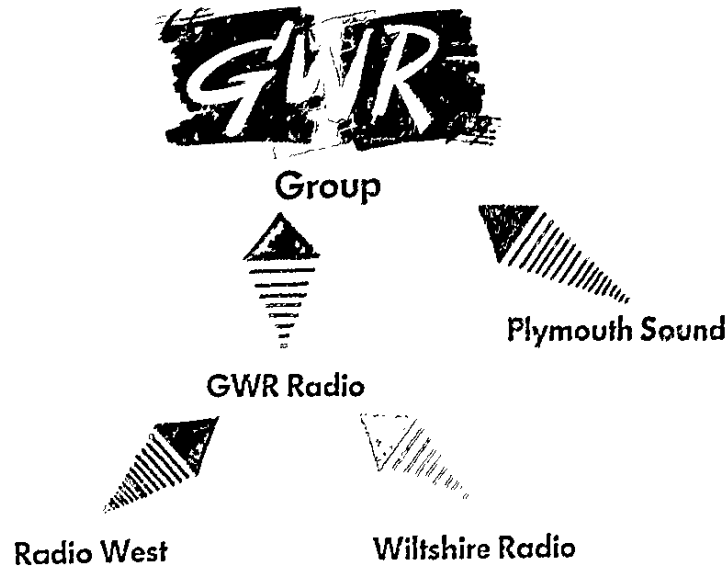
Auditors:	Deloitte Haskins & Sells, Bull Wharf, Redcliff Street, Bristol BS99 7TR
Solicitors:	Osborne Clarke, 30, Queen Charlotte Street, Bristol BS8 7QQ
Principal Bankers:	National Westminster Bank PLC, 84, Commercial Road, Swindon, Wilts. SN1 5NU
Stockbrokers:	Stock Beech and Co. Ltd., Bristol and West Building, Broad Quay, Bristol BS1 4DD
Registrars:	National Westminster Bank PLC, Registrar's Department, PO Box 82, Cuxton House, Redcliffe Way, Bristol BS99 7NH

Directors

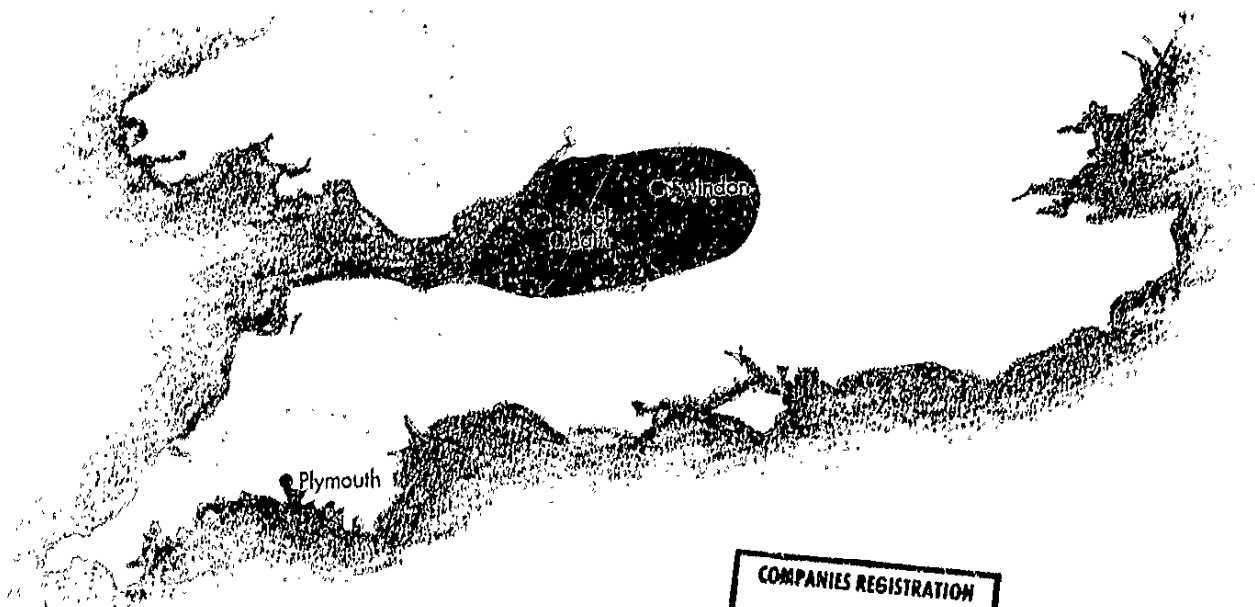
H.P.J. Meakin (Chairman)
J.G. Pontin (Deputy Chairman)
N.S. Tresilian (Vice Chairman)
R. Bernard (Managing Director)
P.C. Angus (Deputy Managing Director)
B.B. Huell (Managing Director Plymouth)
H.F.W. Corv
P.S. Harford
H.M. Kime
D.M. Parkes F.C.A.
S.J. Pirie F.C.A.
J.N. Tidmarsh
J.H. Trafford
Secretary: B. Giffard-Taylor F.C.A.
Registered Office: The Watershed, Canon's Road, Bristol BS99 7SN



GWR Group Structure



GWR Broadcast areas





Chairman's Statement

The year to September 30th 1987 has been a period of intense activity and substantial change for GWR. Corporate merger, acquisition, the creation of GWR Group PLC, and excellent trading results have transformed the Group and greatly enhanced its prospects.

GWR Group turnover rose by 72% from £2,030,888 to £3,487,297. Pre-tax profits rose by 328% from £113,419 to £486,069. Earnings per share rose by 281% from 6.7p to 25.5p.

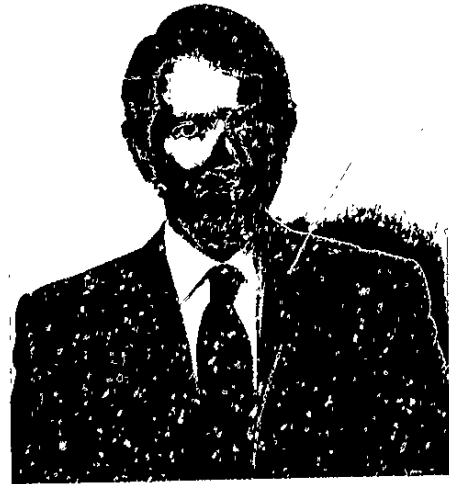
These results principally reflect the continuing strong performance of GWR Radio, the operating company for the Independent Radio franchises in the Swindon/West Wilts and Bristol and Bath areas, where national advertising sales increased by 43% year on year – well ahead of the national average of 31.3% – and local advertising sales rose by 22% as Swindon/West Wilts continued to perform strongly and Bristol began to deliver some of its expected potential.

The year's results also reflect the acquisition in July 1987 of Plymouth Sound Ltd., the Independent Radio franchise holder for the Plymouth area which contributed pre-tax profits of £91,244 for the year after a loss the previous year of £14,702.

The acquisition of Plymouth Sound followed immediately upon the completion of the planned merger of Radio West PLC and Wiltshire Radio PLC – the two companies which since October 1st 1985 had operated together as the GWR Radio Partnership – in a new holding company, GWR Group PLC. The Group, broadcasting on AM and FM frequencies in the three franchise areas of Bristol and Bath, Swindon/West Wilts and Plymouth, thus became Southern England's biggest Independent Radio grouping outside London. The Group's audience potential now totals 2.1 million.

The merger also provided the occasion to re-organise the Company in two tiers, with a relatively small Group Board having responsibility for finance and strategic planning and Local Boards able to give detailed attention to local programming, local sales and promotion and the discharge of contractual obligations under the Broadcasting Acts in each of three franchise areas.

GWR Radio and Plymouth Sound have continued to broadcast separately since the merger, but the Board believes that the larger Group thus formed offers considerable potential for regional expansion in the future, while Local Boards continue to exercise valuable initiative within individual franchise areas. Now, simultaneously with the publication of this report, we enclose the relevant documentation to permit the GWR Group introduction to the Unlisted Securities Market of the Stock Exchange.



GWR

This fulfils an important pledge to our many local shareholders, as well as positioning the Group to respond positively to the significant changes in the radio industry's commercial and regulatory environment indicated by the Home Secretary in January 1988.

THE FUTURE

The Board broadly welcomes the Government's proposals which represent a long awaited opportunity to strengthen the credibility of commercial radio as a national advertising sales medium by substantially enhancing its potential to increase its market share. The Directors welcome the opportunities inherent in

- participation in Independent National Radio if its audience profile can be more attractively defined. Your board is actively bringing together a consortium of interested organisations to examine the National Radio opportunity
- the potential increase in listening audience provided by the transmission of different programmes on GWR's existing AM and FM frequencies
- a further expansion into community radio along the lines indicated by our launch of GWR Radio Bath and Radio in Tavistock
- the 'lighter touch' to be expected from the new regulatory authority, providing increased potential for income from sponsorship.

Additionally and most importantly your Board sees continuing opportunity for expansion resulting from the buoyant economic regions that the GWR Group serves

- the well established and increasing prosperity of Bristol and Bath where major opportunities still exist to be exploited as the GWR Group recreates confidence in local radio in this area
- the rapid expansion of Swindon which continues to be one of Britain's fastest growing conurbations
- Plymouth's importance as a commercial and communications centre for the South West
- the overall quality of the potential audience in marketing terms whose spending power is significantly higher than the national average.

The Board has great confidence in the inherent potential of radio itself as an advertising medium and in the GWR Group's proven ability to attract a substantial audience. In the UK, radio advertising accounts for approximately 2.5% of the total advertising spend, as against 10% in the USA. In assessing this potential three additional factors should be considered

- radio's particular strength as an advertising medium, namely its unique penetration of daily life in the home, in the car, in the work and leisure environment - an availability unparalleled by any other medium

the quantum jump planned for the UK radio network over the next few years, which will simultaneously increase its accessibility to large, medium and small advertisers, and thus greatly improve its position in relation to competing media



- because of the high proportion of fixed costs in its overheads, successful radio rewards good management with high levels of profitability.

The GWR Group, with its experienced young and successful management team led by Ralph Bernard, is exceptionally well positioned to grow profitably in the more expansive environment for radio created by the forthcoming legislation.

SHARE OPTIONS

The Board is strongly in favour of the incentive benefits of the existing Inland Revenue approved scheme and 48 staff are members. You are asked to confirm by passing Ordinary Resolution number 4 that the company's Share Option Scheme shall be varied to permit the issue of the same percentage of shares of the company's present capital as the provisions of the existing Share Option Scheme permitted in the former capital. This resolution is required because the powers of adjustment in the existing scheme are not entirely applicable to the situation brought about by the acquisition of Wiltshire Radio and Plymouth Sound.

The authorised share capital will need to be increased accordingly.

CHAIRMANSHIP

Duke Hussey and Nicholas Tresilian were joint chairmen of the GWR partnership in October 1986 when Duke Hussey was appointed to the Chairmanship of the BBC. At that time John Pontin took the GWR chair at short notice. With the continued growth of the business and following the re-organisation of the company, he felt that he was not able to give the Chairmanship the attention it deserves and indicated to his colleagues at the end of last year that he would prefer to step down to become Deputy Chairman. Nicholas Tresilian has been appointed Vice Chairman and it was my honour to accept the Chairmanship.

PROSPECTS

The first quarter's management accounts indicate further modest growth in local sales, and a substantial increase in national sales, with profits significantly ahead of the same period last year.

The increase in Group profitability anticipated during the present financial year will, for the first time, result in the payment of secondary rental, a 'tax on success' that will need urgently to be addressed by government legislation and by any incoming regulatory body.

Despite this, the Board believes that the prospects for growth in the business, together with the new opportunities outlined above, offer a very encouraging long term future.

I would like to take this opportunity to thank all members of the GWR Charitable Trust and the Information Groups of the GWR Liaison Council for their community work and their support for GWR's own activity during the past year.

Finally on behalf of all my colleagues and the company's many shareholders I sincerely congratulate all our staff on their achievements in the course of a very successful year.

Henry Franklin

Operational Review

GWR RADIO



Ralph Bernard Managing Director

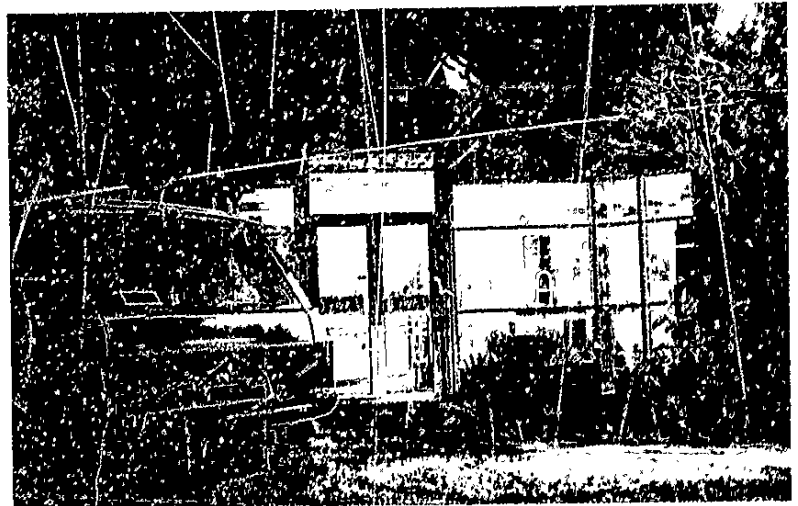
GWR Radio is the call-sign of Southern England's largest independent radio station outside London, representing the merged operations of two formerly separate IR companies: Wiltshire Radio in the Swindon/West Wiltshire franchise area, and Radio West in Bristol and Bath.

The two stations entered on a trading partnership in October 1985, which was consolidated by a full merger in 1987, after constraints associated with Business Expansion Scheme relief on an earlier Radio West rights issue had expired.

The original purpose of the GWR Partnership had been to combine the proven broadcasting success of Wiltshire Radio with the greater commercial potential of Radio West, by developing a new kind of IR station. The objective was to retain a strong local identity in the individual franchise areas, yet to share the benefits of high-quality regional services at key periods during the 24-hour broadcasting cycle.

The success of that proposition over the past two years can already be measured in a number of ways:

- GWR Radio's total turnover has improved 46.7% to £2.6 million
- national revenue has increased by 29.1% to £872,000
- local revenue has risen by 57% to £1.74 million



These figures also reflect the fact that GWR Radio serves one of the fastest growing regions in Britain, with an economy boosted in recent years by the rapid growth of high technology industries and financial services, and the increasing prosperity of general commerce along the M4 corridor.

Equally the station's strong commercial performance testifies to the vigour of its component operations in Sales and Marketing, Programming and Community Service.



SALES AND MARKETING

GWR offers its advertisers a highly flexible set of commercial alternatives by broadcasting to two local markets, capable of being addressed either separately or together.

The prosperity of the station's potential audience of 1.7 million listeners is clearly demonstrated in Fig. 1 where the area is compared to the national average.

National advertising sales are now strongly demonstrating the benefit of the merger, which presents one large station in place of two smaller ones, and is significantly more attractive to national advertisers.

Fig. 1
GWR Marketing data

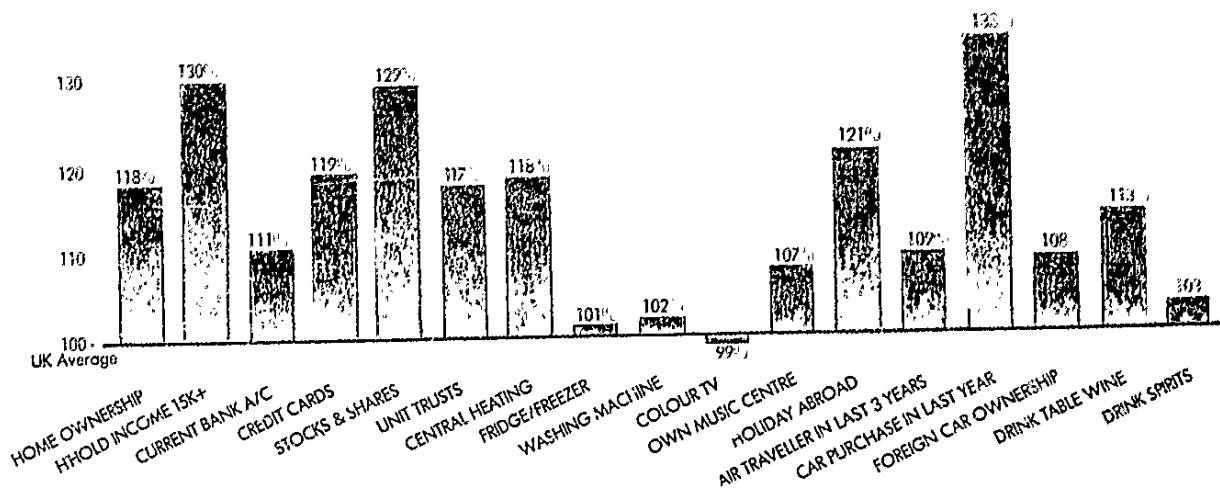
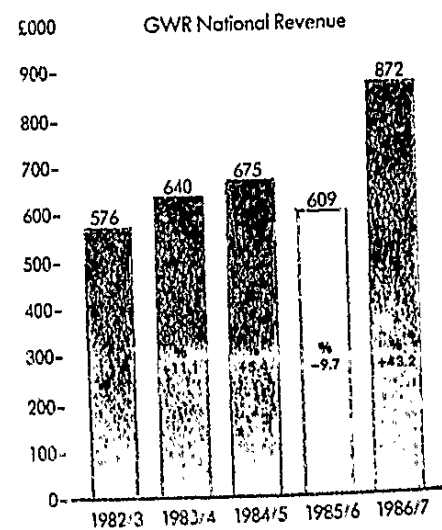


Fig. 2

Fig 2 shows the progress of national advertising sales in the GWR Radio area consolidated across the last 5 years. Though the year 1985/86 – which saw the impact of Breakfast Television and Channel 4 – was a poor one for national sales throughout the network, GWR in its first year slightly outperformed the average, and did so significantly in the year 1986/7.





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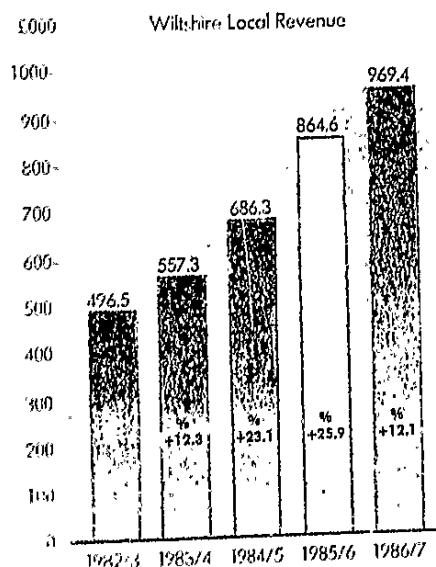
At the local level GWR has separately managed advertising sales forces in Bristol and Bath and Swindon/West Wiltshire.

This pattern enables the station to offer its advertisers a choice of area and regional options.

The Wiltshire sales team has produced steadily increasing output from its area across the years, and in 1987 achieved the distinction of becoming of the highest per capita IR salesforce in England and Wales.

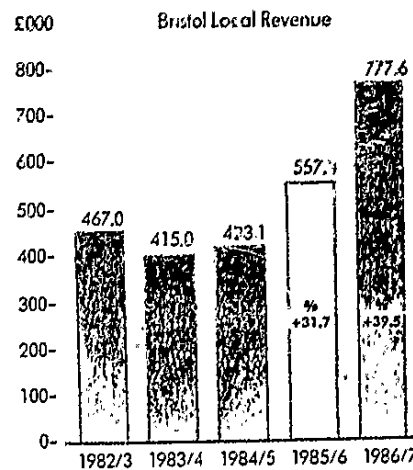
Fig 3 demonstrates the steady increase in local advertising revenue in the Wiltshire area across the last 5 years.

Fig. 3



In Bristol local revenue was in serious decline at the time of the formation of the GWR Partnership, but as Fig 4 shows it has rebounded strongly since the operational merger, with increases of 31.7% and 39.5% year on year.

Fig. 4



However it should be noted that had Radio West's local advertising revenue grown directly from its 1982/3 level, a much higher level of local sales might by now be expected. That differential still represents a very considerable potential for future growth in the Bristol area.



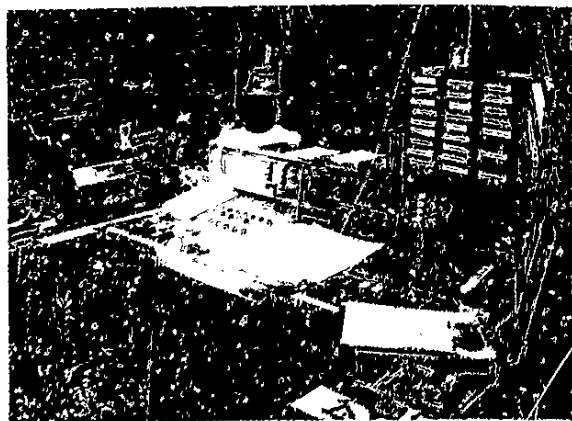
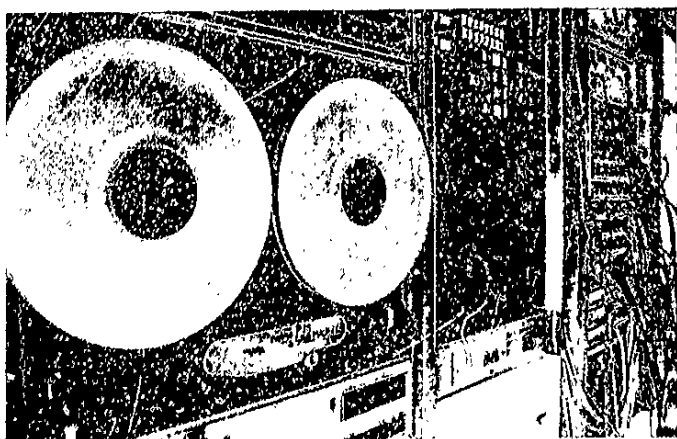
PROGRAMMING

A major reason for the commercial success of GWR Radio has been the excellence of its broadcast output, maintained from its two main operating centres, the Watershed in Bristol and Lime Kiln Studios at Wootton Bassett near Swindon.

Each centre provides a high-technology newsroom and well-equipped studios for local broadcasting of news, information, music and advertising commercials, while sophisticated electronic switching between the two centres permits shared programming during the middle period of the day, the evenings and at night.

In addition 1987 saw the successful launch of GWR Radio Bath, whose separate FM transmitter the company is forward funding under new arrangements with the IBA which allow GWR to lend the Authority funds to build a new transmitter. A similar plan is proposed for Marlborough this year.

The GWR Radio network now supports three simultaneous breakfast shows, each targeted for its own individual listening audience in Bristol, Bath and Wiltshire.



The mid-morning shows, afternoon drivetime shows and local news bulletins throughout the day are likewise tailored for local audiences in each of the company's main broadcast areas. In particular the station provides separate news bulletins for Bristol, Bath and Wiltshire, every hour on the hour, from 0600-1300 a service unrivalled by any other UK radio or television company.

The economic benefits derived from shared output in the middle of the day have made possible further investment in the quality of our programming.

GWR Radio's 'AD LIB', an hour long morning programme designed as the first alternative to the BBC's Women's Hour for 40 years, was introduced in spring 1987 and is already drawing high audiences not only from its target group of women aged 25-55, but also from male listeners.

GWR Radio's 'News Hour' now into its third year continues its imaginative exploitation of the 'live' telephone interview to bring breaking news stories from all over the world, as they occur, into our listeners' homes.

66



In addition GWR Radio has served as a news source to the IR network and indeed to the world when major news stories have broken within the area.

On the day of the horrific massacre at Hungerford, two of the company's female reporters, Henrietta Peake and Jane Chandler, showed outstanding courage in entering the town before the murderer had been located in order to report first-hand to the outside world.

The company's continuing investment in the quality of its broadcast output is reflected in the steady increases in audience and listening hours delivered to advertisers since October 1985. According to the industry's JICRAR research for the period February to December 1986, the latest figures available to date

GWR Radio's total weekly audience has increased by 30% to over half a million listeners

weekly listening hours have increased by 22% to 5.069 million

in the Bristol & Bath urban area GWR's audience has increased by some 50%



- in the Bristol area overall, GWR is now the second most listened to service in its area, surpassing BBC Radio Bristol and exceeded only by Radio One

- in peak periods of the day in the Wiltshire Radio franchise area, GWR Radio has more listeners than all other services put together.

The strength of the company's audience base, particularly within Swindon itself where GWR Wiltshire reaches some 70% of the adult population each month, will be of even greater significance to the future prosperity of the company when the BBC opens a competing - though - part-time - local radio service in Swindon later this year.



COMMUNITY PRESENCE



The Swindon and Bristol walkathons which raised £110,000

GWR Radio's operating philosophy stems from the premise that local radio must use all available means to penetrate its community and maintain high levels of awareness.

The company has therefore always placed a high value on community projects, and through its Linkline operations in Bristol and Wiltshire despatches hundreds - on occasions thousands - of information packs each week, in response to interest generated by some 20 regular community interest features on changing weekly themes.

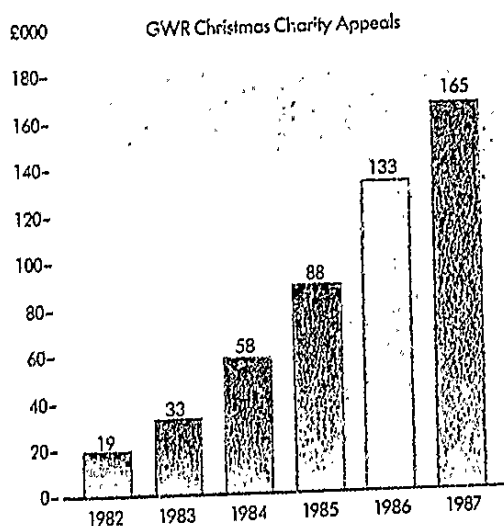
The Linkline service also provides its volunteers - many of them disabled - with training for future work. During 1987, and with the full support of GWR Radio, it became a Charitable Company Limited by Guarantee. Linkline Media Action, run by its director Margo Horsley, is the first such project in the country.



GWR Radio has also vigorously promoted local charitable appeals. During 1987 the company raised a total of £265,000 for local charities in Bristol, Bath and Wiltshire – a sum unparalleled for a station of its size in the UK – which as well as creating an immense benefit for the community, has contributed substantially to the marketing of the station throughout its broadcast area.

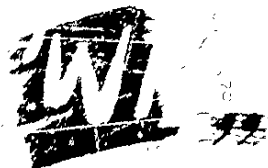
Fig. 5 shows the continuing success of the annual Christmas appeal.

Fig. 5



During 1988 the proceeds will be distributed to local charitable organisations by the GWR Radio Charitable Trust under the Chairmanship of Bill Vallis.

Valuable information about local affairs and community concerns is also provided by the Information Groups of the GWR Liaison Council, whose Chairman Harold Cory continues to perform great services for the company.



PLYMOUTH SOUND

In 1986/7, the year that it joined the GWR Group, Plymouth Sound achieved an outstanding trading year, recording its highest ever profit of £91,244.

Established in 1975, one of the Independent Radio network's smallest stations in terms of the size of its 300,000 total potential adult audience in Plymouth and South East Cornwall, Plymouth Sound has consistently been England's number one station in terms of percentage of listeners reached.

In 1986 the company successfully re-applied for the IR franchise in its area and was re-appointed for a term of 8 years.

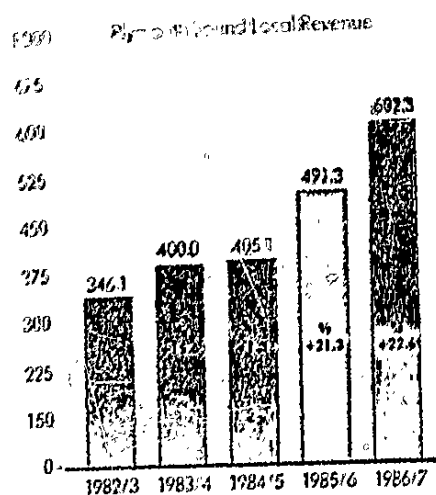
SALES AND MARKETING

Plymouth Sound's financial year started well with one of the highest per capita advertising orders ever received by a local radio station when the superstore chain Asda signed contracts worth over £100,000.

The results of the campaign were highly praised by Asda, as was the creative approach of the station's Head of Sales, Howard Bowles.

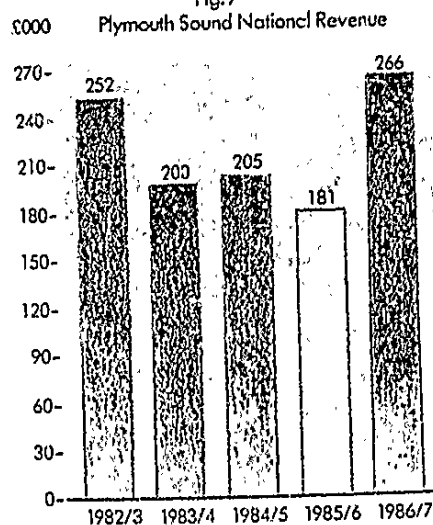
As Fig. 6 shows, Plymouth Sound's local revenue has improved consistently across the last 5 years. The Asda contract contributed substantially to the station's major increase in local revenue up 22.6% over the previous year.

Fig. 6



In national advertising sales the station has yet to show the full potential of the grouping with GWR Radio. In the meantime the station has shared fully in the general increase of national advertising revenue showing an improvement year on year of 40.5%. As shown in Fig. 7 below.

Fig. 7



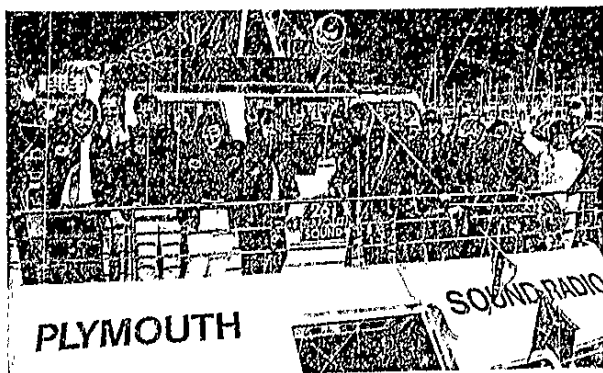


PROGRAMMING

Plymouth Sound has an outstanding reputation for public service broadcasting. The station is principally speech oriented - a strategy whose appropriateness for the area has been confirmed by its consistently high delivery of audience to its advertisers.

Latest JICRAR survey figures confirm it as the most listened to station in its area, reaching 57% of its total potential adult audience for an average listening of nearly 14 hours per week.

The 'flagship' of the programme schedule is the daily two-hour "Phone Forum" which since 1982 has been hosted by the station's Programme Controller, Louise Churchill. The success of the format is substantiated by ratings which show that between 10 am and midday each weekday the station has a higher audience than any BBC audience in the area.



The highlight of 1987 was the visit to WPLM in Plymouth Massachusetts during May/June. Each day for a week by satellite Louise Churchill and her Plymouth Sound team broadcast live simultaneously to the home town and the Boston area - a highly ambitious outside broadcast undertaken by a British IR station.

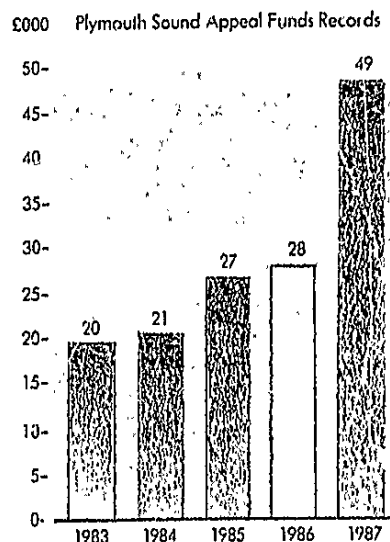
Another innovation during the year has been the introduction of "Wednesday Walk-In". Presenter Peter Greig invites the listener into the studio and straight onto the air to publicise an event or promote a cause.

Plymouth Sound's, subsidiary, Radio in Tavistock, continues to make progress. Recognised throughout the broadcasting industry as a bold experiment, it has pre-empted by two years the Government's plans for a rapid expansion of 'community' radio. Broadcasting only on the FM wavelength it is listened to regularly by over 50% of the available 15,000 audience and has won much acclaim from local organisations.

COMMUNITY PRESENCE

As Fig. 8 shows, Plymouth Sound also has an exceptional record of fund raising on behalf of the local community. In one week-end before Christmas 1987 the station raised some £50,000 and was able to help over fifteen local causes with donations of up to £10,000.

Fig. 8





Directors Report

The Directors present their report and financial statements for the year ended 30th September 1987.

PRINCIPAL ACTIVITY

The group operates the independent radio franchises for Bristol, Wiltshire and Plymouth through its subsidiaries respectively Radio West Ltd, Wiltshire Radio PLC, and Plymouth Sound Limited.

BUSINESS REVIEW

During the year Radio West Plc, Wiltshire Radio PLC and Plymouth Sound Limited merged. The business operations and responsibility for the franchise of Radio West will be hived down to a new company with the Radio West name. At the same time this company changed its name from Radio West Plc leaving it to be the Group holding company, with three operating subsidiaries.

Details of the movements in the share capital due to the capital reduction and mergers are set out in the notes to the accounts numbers 17 and 18.

At the date of the merger the shareholders of Radio West Plc, Wiltshire radio PLC and Plymouth Sound Limited owned 41.5%, 41.5% and 17% of the issued share capital of the GWR Group PLC respectively.

A review of the activity of the Group for the financial year together with the position at the year end, developments since and indications for the future are provided in the Chairman's Report.

RESULTS AND DIVIDENDS

The profit for the year after interest payable, taxation and extraordinary items was £415,972. No dividend is declared since the directors consider that it is likely to be financially more advantageous to make repayment of the existing loan stocks a higher priority.

DIRECTORS

The persons who were Directors of the Company during the year together with their beneficial interests in the shares and loan stock of the Company, were as follows:

	At 30.9.87		Shares Granted Under Option 31.10.87	at 30.9.86	
	Ordinary Shares	Loan Stock		Ordinary Shares	Loan Stock
H.P.J. Meakin (Chairman)	50			50	
J.G. Pontin (Deputy Chairman)	2322	1000		2322	
N.S. Tresilian (Vice Chairman)	16239	500	51000	1429	500
R. Bernard (Managing Director)			29628		
P.C. Angus (Deputy Managing Director)					
R.B. Hussell (Managing Director Plymouth)	14338		14814	14338	
H.F.W. Cory	18403			18403	
P.S. Harford	3707	1000		3707	1000
H.M. Kime	2322	1000		2322	1000
D.M. Parkes FCA	650	1000		650	1000
S.J. Pirie FCA	150			150	
J.N. Tidmarsh	9525			9525	
J.H. Trafford	856			856	



Details of Directors' interest in the deferred shares have not been shown since, by resolution of the Company on 24th June 1987, they were cancelled subject to confirmation of the High Court.

The 1986 share holdings have been adjusted to take account of the capital reconstruction and issue of shares during the year.

Aspen Communications in which H.P.J. Meakin is interested is the beneficial owner of 346,488 Ordinary Shares, £92,875 nominal 12% Loan Stock and £2,000 nominal 15% Loan Stock.

J.T. Group in which J.G. Pontin is interested is the beneficial owner of 23,589 Ordinary Shares and £3,000 nominal 15% Loan Stock.

W.G. Beloe, G. Kitto, T.E. Turvey retired from the Board on the merging of the Group but remained as members of the subsidiary Board, M.J. Hussey resigned in October 1986.

H.P.J. Meakin, N.S. Tresilian, P.C. Angus, R.B. Hussell, H.S.W. Cory, P.S. Harford, H.M. Kime and J.H. Trafford retire not having been elected at an Annual General Meeting and offer themselves for re-election. R.B. Hussell has a service contract with 22 months unexpired.

S.J. Pirie and D.M. Parkes retire by rotation in accordance with Article 84 of the Company's Articles and offer themselves for re-election.

J.G. Pontin is a director of the holding company of J.T. Group which owns the lease of the premises occupied by GWR at Watershed Bristol. This apart, no directors held a material interest in any contracts significant to the company's business.

SUBSTANTIAL SHAREHOLDERS

According to the notification received by the Company, in accordance with the requirements of the Companies Act, Aspen Communications PLC held 23.4% and Bristol United Press Limited 6.9% of the ordinary share capital of the company at 18th February 1988.

SHARE OPTION SCHEME

The Company has an executive share option scheme which has been approved by the Inland Revenue under the Finance Act 1984. The directors granted options on 138092 shares at £1.25 per share on 31st October 1987 which represents 8.53% of the diluted share capital and issue of a further 24857 shares is proposed.

AUDITORS

Deloitte Haskins & Sells have indicated their willingness to continue in office as auditors, and a resolution for their reappointment is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

B. GIFFARD-TAYLOR FCA
Secretary

7th March 1988

Accounting Policies

BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost basis of accounting, as modified by the revaluation of certain fixed assets.

CONSOLIDATION

On 14th July 1987, the Company merged with Wiltshire Radio PLC and Plymouth Sound Limited.

As a result of the merger the Company acquired the whole of the issued share capital of those companies.

The company has utilised the merger relief provisions of the Companies Act 1985 and has recorded these investments at the nominal value of the new ordinary shares together with the cash consideration.

The group accounts have been prepared in accordance with the principles of merger accounting. Consequently, in the group profit and loss account the results of the Company, Wiltshire Radio PLC, the GWR partnership and Plymouth Sound Limited have been combined for the whole of the year ended 30th September 1987. The comparative results and balance sheets and source and application of funds for the prior year have been presented on the same basis.

TURNOVER

Turnover represents amounts invoiced in respect of all services and goods provided during the year excluding value added tax.

TANGIBLE FIXED ASSETS

- a No depreciation is provided in respect of freehold buildings as the directors are of the opinion that at the end of their useful lives the residual value of freehold buildings is such that any depreciation would be immaterial.
- b Short leasehold properties are amortised over the period of the lease.
- c Other fixed assets are depreciated on a straight line basis at annual rates calculated to write off each asset over its useful life. The principal annual rates of depreciation used are as follows:

Fixtures and Technical equipment	10-20% p.a.
Motor vehicles	20% p.a.

STOCKS

Stocks are valued at the lower of cost and net realisable value.

LEASED ASSETS

Assets which are the subject of finance leases and hire purchase contracts of a finance nature are dealt with as tangible assets and equivalent liabilities at the cost of outright purchase.

Rentals are apportioned between reduction of the liabilities and finance charges calculated on a straight line basis.

MUSICAL EMPLOYMENT

The licences from the Independent Broadcasting Authority require that the licence holders expend a minimum of three per cent of net advertising revenue on musical employment during the period of the licence. An annual charge is made to the profit and loss account equivalent to the minimum sum and any under or over spending during the year is carried forward at the balance sheet date to the next accounting period as a deferred payment or liability.

DEFERRED TAXATION

Provision for deferred taxation is made on the liability method where there is a reasonable probability that the liability will become payable in the foreseeable future.



Consolidated Profit and Loss Account

for the year ended 30th September

	Notes	1987 £	1986 £
TURNOVER		3,487,297	2,703,196
Operating expenses	1	(2,843,327)	(2,395,636)
Gross profit		643,970	307,560
IBA Primary Rental		(101,754)	(125,499)
Trading profit		542,216	182,061
Investment Income	2	14,284	1,226
Operating profit		556,500	183,287
Interest Payable	2	(70,431)	(84,570)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		486,069	98,717
Taxation	4 & 5 6	(109,086)	394
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		376,983	99,111
Extraordinary items	7	38,989	-
RETAINED PROFIT FOR THE YEAR		415,972	99,111
EARNINGS PER ORDINARY SHARE		25.5p	6.7p
FULLY DILUTED EARNINGS PER ORDINARY SHARE		23.3p	6.1p

Balance Sheet

at 30th September

FIXED ASSETS
Investment in subsidiaries
Investment in GWR partnership

CURRENT ASSETS
CURRENT LIABILITIES
Creditors: amounts falling
due within one year
TOTAL ASSETS LESS
CURRENT LIABILITIES

CREDITORS
Amounts falling due after
more than one year

NET ASSETS

CAPITAL AND RESERVES
Ordinary shares
Deferred shares
Share premium account
Profit and loss account

Notes	1987 £	1986 £
11	378,652	-
12	398,768	381,137
	<u>777,420</u>	<u>381,137</u>
	-	-
15	81,627	4,014
	<u>695,793</u>	<u>377,123</u>
15	(119,158)	(119,158)
	<u>576,635</u>	<u>257,965</u>
17	296,272	491,835
17	368,876	-
19	-	42,999
	(88,513)	(276,869)
	<u>576,635</u>	<u>257,965</u>

The financial statements on pages 16 to 27 were approved by the board of directors on 23rd February 1988 and were signed on its behalf by:

Henry Meakin

Ralph Bernard

Directors

Consolidated Balance Sheet

at 30th September

	Notes	1987 £	1986 £
FIXED ASSETS			
Tangible assets	10	1,172,540	1,114,998
CURRENT ASSETS			
Stocks		10,668	5,584
Debtors	13	847,945	719,156
Investments	14	140,000	10,000
Cash at bank and in hand		32,341	1,619
		<u>1,030,954</u>	<u>736,359</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	700,220	730,903
NET CURRENT ASSETS		<u>330,734</u>	<u>5,456</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,503,274</u>	<u>1,120,454</u>
CREDITORS			
Amounts falling due after more than one year	15	456,414	423,569
PROVISIONS FOR LIABILITIES AND CHARGES	16	85,104	13,500
NET ASSETS		<u>961,756</u>	<u>683,385</u>
CAPITAL AND RESERVES			
Ordinary shares	18	296,272	665,148
Deferred shares	18	368,876	-
Share premium account	19	-	42,999
Revaluation reserve	20	95,999	123,611
Merger reserve	21	98,249	165,239
Profit and loss account	22	102,360	(313,612)
		<u>961,756</u>	<u>683,385</u>

The financial statements on pages 16 to 27 were approved by the board of directors on 23rd February 1988 and were signed on its behalf by:

Henry Meakin

Ralph Bernard

Directors

Statement of Source and Application of Funds

for the year ended 20th September

	1987 £	1986 £
SOURCE OF FUNDS		
Profit before tax	486,069	98,717
Adjustment for items not involving the movement of funds	99,708	91,357
Depreciation	2,517	-
Loss on sale of fixed assets	-	-
FUNDS GENERATED FROM OPERATIONS	588,294	190,074
Funds from other sources		
Sale of fixed assets	1,532	5,942
Taxation receipts	1,011	-
Extraordinary items	60,000	-
	650,837	196,016
APPLICATION OF FUNDS		
Cash consideration	138,347	-
Merger costs	32,378	-
Purchase of fixed assets	196,299	56,107
Taxation paid	-	996
	367,024	57,103
NET SOURCE OF FUNDS	283,813	138,913
INCREASE IN WORKING CAPITAL		
Increase in stocks	5,084	1,338
Increase in debtors	129,767	210,950
Increase in creditors falling due within one year	(75,076)	(14,397)
	59,775	197,891
MOVEMENT IN NET LIQUID FUNDS		
Increase in investments	130,000	(15,445)
Decrease in bank overdraft	63,316	(43,655)
Increase in cash at bank and in hand	30,722	122
	224,038	(58,978)
INCREASE IN WORKING CAPITAL	283,813	138,913



Notes to the Financial Statements

- 1 OPERATING EXPENSES
Selling and administrative expenses
Other operating expenses

The Group	
1987	1986
£	£
1,985,705	1,587,457
856,622	808,179
<u>3,843,327</u>	<u>2,395,636</u>

- 2 INTEREST
Investment income
On short term deposits

Interest payable
Loan stock
Bank overdraft
On finance leases and hire purchase contracts
Other

14,284	1,226
<u>53,674</u>	<u>53,874</u>
1,861	10,264
9,971	12,280
4,725	8,152
<u>70,431</u>	<u>84,570</u>

- 3 EMPLOYEES
Wages and salaries
Social security costs

753,008	725,696
80,345	77,317
<u>833,353</u>	<u>806,013</u>

The average weekly number of employees during the year was

Number	Number
75	71

Directors' remuneration
Staff costs include the following remuneration in respect of the directors of GWR Group PLC

Fees
Other emoluments (including pension contributions)
Compensation for loss of office

£	£
943	-
67,010	63,796
-	38,000
<u>67,953</u>	<u>101,796</u>

The directors remuneration disclosed above (excluding pension contributions) include amounts paid to:
The Chairman

-	-
<u>48,926</u>	<u>88,192</u>

The highest paid director

The emoluments of other directors

Number	Number
11	1
2	-
2	-
1	-
-	1
<u>16</u>	<u>2</u>

N.
£ 1 £ 5,000
£ 5,001 £10,000
£10,001 £15,000
£15,001 £20,000

Notes to the Financial Statements

		The Group	
		1987	1986
		£	£
4.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
	Profit on ordinary activities before taxation is stated after charging		
	Depreciation	99,708	91,357
	Redundancy costs	-	11,829
	Leasing & hire charges	105,561	95,526
	Auditors remuneration	10,000	8,000

5. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AT DATE OF MERGER**
The profit on ordinary activities before taxation, before and after the date of the merger (14th July 1987) is set out below:

	Pre Merger 1987 £	Post Merger 1987 £	Year ended 30th September 1987 £	Year ended 30th September 1986 £
Wiltshire Radio PLC	170,074	36,395	206,469	57,554
Plymouth Sound Limited	90,087	1,157	91,244	(14,702)
The Company	151,961	36,395	188,356	55,465
	<u>412,122</u>	<u>73,947</u>	<u>486,069</u>	<u>98,717</u>

Extraordinary items (note 7) relate solely to Plymouth Sound Limited and are after the date of the merger

6.	TAXATION		
	Corporation tax at 35%	(37,482)	1,094
	Deferred tax	(71,604)	(700)
		<u>(109,086)</u>	<u>394</u>

At 30th September 1987 there are tax losses amounting to £446,542 (1986 £830,533) that can be utilized against future tax profits of the Company.

7.	EXTRAORDINARY ITEMS		
	Profit on sale of freehold property less taxation	52,612	-
		(13,623)	-
		<u>38,989</u>	<u>-</u>

8. **RETAINED PROFIT**
Under the Companies Act 1985, the Company is not required to present its own profit and loss account. The amount of group profit for the year dealt with in the accounts of the parent company was £188,356 (1986 £55,465).

9. **EARNINGS PER SHARE**
The calculations of earnings per ordinary share have been compiled on the basis of 1,481,358 ordinary shares. (see note 18).

The fully diluted earnings per share have been compiled on the basis of 1,619,450 ordinary shares. This allows for full conversion of share options.

Notes to the Financial Statements

FIXED ASSETS

	Freehold Land and Buildings £	Land and Buildings Short Leasehold £	Fixtures and Technical Equipment £	Motor Vehicles £	Total £
Cost or valuation At 1st October 1986	671,406	311,610	491,449	21,325	1,495,790
Additions during the year	-	-	128,070	68,229	196,299
Disposals	(35,000)	-	(45,215)	(3,648)	(83,863)
At 30th September 1987	636,406	375,610	574,304	89,906	1,676,226
Depreciation At 1st October 1986	-	73,132	367,329	8,331	448,792
Charge for year	-	15,828	68,798	15,082	99,708
Disposals	-	-	(42,503)	(2,311)	(44,814)
At 30th September 1987	-	88,960	393,624	21,102	503,686
Net book value At 30th September 1987	636,406	286,650	180,680	68,804	1,172,540
Net book value At 30th September 1986	671,406	302,478	124,120	16,994	1,114,998
Fixed assets comprise: Cost	441,406	375,610	574,304	89,906	1,481,226
Valuation 1986	195,000	-	-	-	195,000
	636,406	375,610	574,304	89,906	1,676,226

The basis of the valuation was open market and existing use.

If freehold land and buildings had not been revalued they would have been shown in the accounts at original cost of £540,407 (1986 £547,795).

FIXED ASSETS AT NET BOOK VALUE COMPRISE:

	1987 £	1986 £
Owned assets	1,084,789	1,085,633
Leased assets and hire purchase contracts	87,751	29,365
	1,172,540	1,114,998

Notes to the Financial Statements

10. cont. Depreciation for the year comprises:
Owned assets
Leased assets and hire purchase contracts

1987 £	1986 £
72,251	51,053
27,457	40,304
<u>99,708</u>	<u>91,357</u>

11. FIXED ASSET INVESTMENT IN SUBSIDIARIES - THE COMPANY

Subsidiary
Companies
£

Acquisitions during the year

378,652

At 30th September 1987

378,652

The subsidiaries of the Company, all of which are wholly owned, are set out below.

Subsidiary Company	Place of incorporation	Principal activity
Wiltshire Radio PLC	England	Independent local radio contractor
Plymouth Sound Limited	England	Independent local radio contractor
Radio West Limited	England	Independent local radio contractor - in process
West Country Broadcasting Limited (Subsidiary of Plymouth Sound Ltd)	England	Non-trading
Radio Midwest Limited (Subsidiary of Wiltshire Radio PLC)	England	Non-trading

12. FIXED ASSET INVESTMENT OF THE COMPANY IN THE GWR PARTNERSHIP

- Capital account
Share of results
Less drawings

321,658	321,658
283,583	77,353
(206,473)	(17,874)
<u>398,768</u>	<u>381,137</u>

13. DEBTORS - THE GROUP

- Trade debtors
Prepayments
Musical employment
Other

603,085	577,684
91,489	63,288
50,322	26,158
103,049	52,026
<u>847,945</u>	<u>719,156</u>

At 30th September 1986, other debtors included a loan of £28,000 made by the GWR partnership to Mr R. Bernard, a Director of GWR Group PLC. The loan has been repaid during the year and was interest free.

14. INVESTMENTS - THE GROUP

- Short term deposits

140,000	10,000
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Notes to the Financial Statements

15. CREDITORS

Amounts falling due within one year:

	The Group		The Company	
	1987	1986	1987	1986
	£	£	£	£
Trade creditors	342,455	245,440	-	-
Taxation and social security	107,166	175,203	-	-
Accruals	61,748	61,280	-	-
Finance leases and hire purchase agreements	29,387	5,691	-	-
Corporation tax	51,138	-	-	-
Other creditors	30,715	41,426	-	-
Bank overdraft	-	63,316	-	-
Capital creditors	77,611	138,347	77,611	-
Amounts owed to				
Subsidiary companies	-	-	2	-
GWR partnership	-	-	4,014	4,014
	<u>700,220</u>	<u>730,903</u>	<u>81,627</u>	<u>4,014</u>

Amounts falling due after more than one year:

12% Unsecured Loan Stock 1987/92	300,000	300,000	-	-
15% Unsecured Loan Stock 1982/90	119,158	119,158	119,158	119,158
Finance leases within 2-5 years	37,256	4,411	-	-
	<u>456,414</u>	<u>423,569</u>	<u>119,158</u>	<u>119,158</u>

16. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation:

Accelerated capital allowances	146,364	144,178	64,683	63,839
Other timing differences	6,845	7,680	3,422	3,840
Relief for tax losses	(68,105)	(138,358)	(68,105)	(67,679)
	<u>85,104</u>	<u>13,500</u>	<u>-</u>	<u>-</u>

The full potential liability for deferred taxation, calculated under the liability method, is set out below:

Accelerated capital allowances	146,364	144,178	64,683	63,839
Other timing differences	6,845	7,680	3,422	3,840
Relief for tax losses	(68,105)	(138,358)	(68,105)	(67,679)
	<u>85,104</u>	<u>13,500</u>	<u>-</u>	<u>-</u>

The potential capital gains tax that might arise if the Group's freehold property was realised at the net amount included in the financial statements is estimated at £24,850 (1986 £37,000)

17. SHARE CAPITAL - THE COMPANY

At 30th September 1986
Ordinary shares of 20p

At 30th September 1987

Ordinary shares of 20p
Allotted
Provisionally allotted

Deferred shares of 5p

	Authorised		Called-up and fully paid	
	Number	£	Number	£
At 30th September 1986	2,910,805	582,161	2,459,173	491,835
At 30th September 1987				
Ordinary shares of 20p	1,630,000	326,000	1,414,806	282,962
Allotted			66,552	13,310
Provisionally allotted			1,481,358	296,272
Deferred shares of 5p	7,377,519	368,876	7,377,519	368,876
		<u>694,876</u>		<u>665,148</u>

Notes to the Financial Statements

17. *Cont.* On 24th June 1987, each of the 2,459,173 existing ordinary shares of 20p were sub-divided into four shares of 5p, one of which was designated as an ordinary share of 5p and three of which were designated as deferred shares of 5p.

Every four ordinary shares of 5p were then consolidated into one ordinary share of 20p.

The authorised share capital of the company was increased from £582,161 to £694,876 by the creation of 563,575 ordinary shares of 20p.

On 14th July 1987 800,013 ordinary shares of 20p were issued to acquire the issued share capital of Wiltshire Radio PLC and of Plymouth Sound Limited and 66,552 ordinary shares of 20p, provisionally allotted at 30th September 1987 were issued on 28th January 1988, pursuant to notice under section 172 Financial Services Act 1986

On 24th June 1987 a special resolution resolved to cancel the deferred shares of 5p. Application has been made to the High Court to confirm this cancellation.

Certain directors and employees of the Company have been granted options to subscribe for in aggregate 138,092 ordinary shares of 20p of the Company. These options were granted in October 1987 and are exercisable at a price of £1.25, between October 1990 and October 1997.

18. SHARE CAPITAL – THE GROUP	Authorised		Called-up and fully paid	
	Number	£	Number	£
Ordinary shares of 20p each as previously reported at 30th September 1986			2,459,173	491,835
Increase in ordinary share capital in connection with the acquisition of Wiltshire Radio PLC and Plymouth Sound Limited			800,565	173,313
				<u>665,148</u>
As restated at 30th September 1986				<u>665,148</u>

Following the capital reconstruction (see note 17)

At 30th September 1987

Ordinary shares of 20p

Allotted

Provisionally allotted

Deferred shares of 5p

1,630,000	326,000	1,414,806	282,962
		66,552	13,310
		<u>1,481,358</u>	<u>296,272</u>
7,377,519	368,876	7,377,519	368,876
	<u>694,876</u>		<u>665,148</u>

19. SHARE PREMIUM ACCOUNT

Opening balance

Less merger expenses

The Group		The Company	
1987	1986	1987	1986
£	£	£	£
42,999	42,999	42,999	42,999
(42,999)	-	(42,999)	-
<u>-</u>	<u>42,999</u>	<u>-</u>	<u>42,999</u>

20. REVALUATION RESERVE – THE GROUP

At 1st October 1986

Released to profit and loss account on properties sold

At 30th September 1987

123,611
(27,612)
<u>95,999</u>

Notes to the Financial Statements

21. MERGER RESERVE - THE GROUP

On 14th July 1987, the Company acquired the whole of the issued share capital of Wiltshire Radio PLC and of Plymouth Sound Limited. The Company has utilised the merger relief provisions of the Companies Act 1985 and has recorded these investments at the nominal value of the new ordinary shares issued together with the cash consideration. The fair value of the total consideration was £1,403,532. The group accounts have been prepared in accordance with the principles of merger accounting and the merger reserve in the group balance sheet is set out below.

Nominal value of 866,565 ordinary shares of 20p to acquire the issued share capital of Wiltshire Radio PLC and Plymouth Sound Limited

(173,313)

Cash consideration to the shareholders of Wiltshire Radio PLC and Plymouth Sound Limited

(138,347)

Issued share capital of Wiltshire Radio PLC and Plymouth Sound Limited

476,899

Merger reserve at 30th September 1986

145,239

Balance of Merger expenses

(66,990)

Merger reserve at 30th September 1987

98,249

The Group	
1987	1986
£	£

22. PROFIT AND LOSS ACCOUNT - THE GROUP

At 1st October 1986

(313,612)

(412,723)

Retained profit for year

415,972

99,111

At 30th September 1987

102,360

(313,612)

23. FINANCIAL COMMITMENTS

Capital expenditure authorised by the directors at 30th September 1987 but not provided for in the accounts is due as follows:

Contracted for

140,000

Not contracted for

The annual commitments for non-cancellable operating leases, are due as follows:

Within one year

18,806

52,642

In two to five years

35,572

52,485

Over five years

-

2,652

54,378

107,779

(Company financial commitments - Nil)

Report of the Auditors

To the members of GWR Group PLC

We have audited the financial statements on pages 16 to 27 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30th September 1987 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

Deloitte Haskins & Sells
Deloitte Haskins & Sells
Chartered Accountants
Bristol

7th March 1988

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Notice of Annual General Meeting

Notice is hereby given that the twelfth Annual General Meeting of the Company will be held at the Grand Hotel, Broad Street, Bristol on 12th April 1988 at 12.30 p.m. for the following purposes:-

1. To receive the report of the Directors and the accounts for the year ended 30th September 1987.
2. To re-elect the following directors who retire under Article 90 (not having been elected at an Annual General Meeting).
 - a. H.P.J. Meakin
 - b. N.S. Tresilian
 - c. P.C. Angus
 - d. R.B. Hussell
 - e. H.F.W. Cory
 - f. P.S. Harford
 - g. H.M. Kime
 - h. J.H. Trafford
3. To re-elect the following directors who retire by rotation in accordance with Article 84.
 - i. S.J. Pirie
 - j. D.M. Parkes
4. To re-appoint Deloitte Haskins & Sells as Auditors of the company and to authorise the Directors to fix their remuneration.
5. As special business and following from the Chairmans report to consider and if thought fit to pass the following ordinary resolution:-
 "That the GWR Group Executive Share Option Scheme (formerly known as the Radio West Executive Share Option Scheme) to be amended by deleting in rule 4 (a) (limits on issue of shares and rights) the number and words "500,000 Ordinary Shares" and substituting therefor the words "twelve and one half percent of the issued Ordinary Shares of the company for the time being"
6. As special business and to accommodate the share option scheme. To consider, and if thought fit to pass the following resolution "that the authorised share capital be increased from 1,630,000 to 1,670,000 by the creation of 200,000 new ordinary shares of 20p each."

BY ORDER OF THE BOARD

B. GIFFARD-TAYLOR FCA
Secretary

The holders of voting ordinary shares are entitled to attend and vote at the meeting.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member. A form of proxy is enclosed for use if desired.