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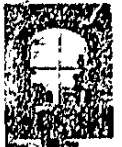
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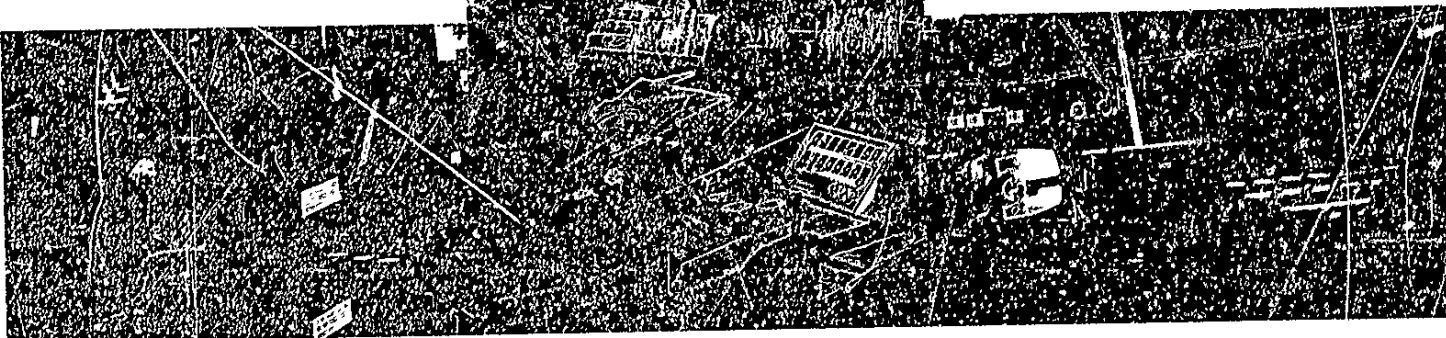


REPORT & ACCOUNTS 1989

COMPANIES HOUSE  
23 MAY 1990  
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Chairman's Statement	2 - 4
Financial Highlights	5
Broadcasting Areas	6 - 7
Operational Review	8 - 11
Directors' Report	13 - 14
Accounting Policies	15 - 16
Consolidated Profit & Loss Account	17
Consolidated Balance Sheet	18
Balance Sheet	19
Statement of Source & Application of Funds	20
Notes to the Financial Statements	21 - 33
Report of the Auditors	34
Five Year Summary	35
Notice of AGM	36



## DIRECTORS

H.P.J. Meakin (Chairman)
R.J. Palmer (Deputy Chairman)
R. Bernard (Managing Director)
A.L. Grundy (Deputy Managing Director)
P.C. Angus
J. Fowles
R.N. Gilbert F.C.A.
A.N.R. Hartwell
Dr. G.V. Jaffé
M. Lawson F.C.A.
S.J. Pirie F.C.A.
J.G. Pontin
J.H. Trafford
N.S. Tresilian
J.N.R. Wilson
Secretary: B. Gifford-Taylor F.C.A.
Registered Office: The Watershed, Canon's Road Bristol BS99 7SN

## ADVISERS

AUDITORS	Coopers & Lybrand Deloitte Bull Wharf Redcliff Street Bristol BS99 7TR
SOLICITORS	Osborne Clarke 30 Queen Charlotte Street Bristol BS99 7QQ
PRINCIPAL BANKERS	National Westminster Bank PLC 84 Commercial Road Swindon Wiltshire SN1 5NU
STOCKBROKERS	Stock Beech & Co Ltd Spectrum Bond Street Bristol BS1 3DE
REGISTRARS	National Westminster Bank PLC Registrar's Department PO Box 82 Coxton House Redcliffe Way Bristol BS99 7NH

## FINANCIAL HIGHLIGHTS

In a year of major investment for the future GWR Group doubled its size by a merger with Consolidated Radio Holdings (CRH), developed new programming for its FM services in Bristol, Bath, Swindon, West Wiltshire, Reading and Basingstoke and launched its new medium wave service Brunel Radio.

Combined turnover for the enlarged Group grew by more than 20% to £9.66m. Pre-tax profits rose by 16% to £1.65m, reflecting the running costs of Brunel Radio. Earnings per share, on a fully taxed basis, increased by 16% to 36p.

Following last year's dividend of 3p a share for GWR shareholders and an equivalent 10p for shareholders of CRH, I am very pleased to be able to announce a final dividend of 9p per share, making a total of 12p this year.

## THE MERGER WITH CRH

Following this highly significant merger with CRH in June, GWR Group is now the second largest radio group outside London with 5 franchises based in Reading, Bournemouth, Swindon, Bristol and Plymouth and a potential 3m adult listeners – equivalent to approximately 7.5% of the total UK adult audience covered by Independent Radio.

The three largest stations, GWR FM and Brunel Radio in Bristol and Swindon and 210 FM in Reading serve the rapidly developing and prosperous 'M4 Corridor'.

In addition the Group now operates sixteen transmitters – ten on stereo FM frequencies, six on medium wave – which, under plans in the new broadcasting legislation, will pass into its ownership in 1991.

Considerable management attention has been applied to the integration of the two companies and already the benefits in terms of revenue and operating efficiency are beginning to be felt.

We are confident that these benefits and those from the additional services will continue to flow in the current year.

The recent appointment of Independent Radio Sales to represent all of the Group's stations creates a single cohesive buying-point for national clients and agencies.

## AUDIENCES

A major opportunity to increase audiences in Bristol, Bath, Swindon and West Wiltshire came with the launch of Brunel Radio, our new medium wave service for the over 35s, and the simultaneous re-targeting of GWR FM to the commercially important 15-34 age group.

I am delighted to report that our expectations have been fully corroborated. JICRAR figures released during the summer showed a 21% increase in the weekly audience to just under half a million listeners. Latest research indicates a further major increase in audience share, with average weekly hours listened across the two stations rising from 9.3 to 11.2 – an increase of 20%. These results were achieved despite competition from a newly opened BBC local radio station in the area.

Encouraging increases in hours listened have also been recorded in 2CR (up 17.5%) and Plymouth Sound (up 13.6%).

In preparation for the launch of a new AM service in the Reading area, Radio 210 successfully conserved audience levels while reformatting as 210 FM – also targeting the 15-34 age group.

## CHAIRMAN'S STATEMENT

### THE YEAR AHEAD

GWR views with some concern the current tendency within the media to talk down the buoyancy of their own marketplace, particularly at a time when the commercial opportunities for media in the UK – and for radio in particular – are about to be significantly expanded.

Radio has made very significant gains in advertiser awareness in recent years and as a result of the spread of new services in the past year is better positioned than it has ever been to deliver precisely targeted audiences to local and national advertisers.

GWR Group will continue to improve its service to its advertising customers in the year ahead by further developing the substantial potential of its sixteen transmitters to target specific audiences.

In this context we warmly welcome the Home Office permission to double the power of 2CR's FM transmitter in March 1990. As a result 2CR, already covering a population of some 600,000 in one of the wealthiest advertising markets in the UK, stands very significantly to increase its listenership and marketplace.

We were disappointed by the Home Office's subsequent refusal to allow us to maximise the benefits of our transmitters in West Wiltshire, Reading and Plymouth by increasing their power to the levels permitted by international agreement. We understand we will be able to re-apply when the new Radio Authority is in position.

Meanwhile we welcome the recent IBA decision further to reduce radio Primary Rentals in 1990. The Group is also making plans for new services on its other AM transmitters not currently served by Brunel Radio. In line with my statement in the merger document, steps are simultaneously being taken to market the unique advertising potential of the 'M4 Corridor'.



### THE BROADCASTING BILL

GWR Group welcomes the new Broadcasting Bill which we anticipate will allow radio to expand coverage with more freedom for operations under less regulation – although we intend to maintain our commitment to public service.

However we remain strongly opposed to the proposal for the auction of Independent National Radio services to the highest bidder, believing this will encourage over-bidding and subsequent under-performance on-air.

We have also put on public record our belief that a "diversity test" is an unrealistic constraint on Independent National Radio, given its need to be able to compete freely with the well-established BBC Radio Services.

### TRAINING

GWR Group has launched a new training division, Media First, from its Bristol studios. Media First offers courses in communications skills to businesses and other organisations. It will also provide an on-going training programme for broadcast staff throughout the Group.

The Group has reaffirmed its commitment to the training and development of its own staff as an important priority for the future.

# CHAIRMAN'S STATEMENT

continued

## GWR BOARDS

The merger of GWR and CRH was an occasion for considerable changes in the structure of the Group Board. I would like to take this opportunity to thank Harold Cory, Piers Harford, Helen Kime, and David Parkes for their long and distinguished service to the Group Board.

I would also like to thank all members of our Local Boards who have again contributed significantly to the success of their stations.

## HARRY MCGHEE

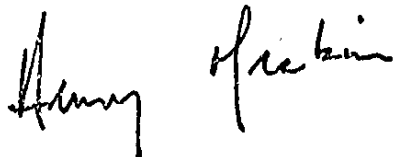
Shortly after the merger we were saddened by the loss of our colleague Harry McGhee who died in September. Harry had been on the Board of Thames Valley Broadcasting PLC for ten years and was a director of CRH prior to the merger with GWR. We shall miss the warmth of his presence and his wise advice which was of much benefit to the Company.

## GWR MANAGEMENT AND STAFF

The Group Board wishes to thank GWR's talented and hard-working Management and Staff for their contribution to another excellent year under the leadership of the Group's Managing Director Ralph Bernard. In particular we want to record our appreciation of the dedication with which people of both groups have addressed the consolidation of the merger.

## THE FUTURE

In 1990 your Group will continue to pursue the twin objectives of acquisitive and organic growth which have brought it to its present size within the radio industry. The main impact of the new government legislation for radio will be felt from 1991 onwards, particularly in the opportunities offered for Independent National Radio, a field in which GWR has already made clear its intention to compete.



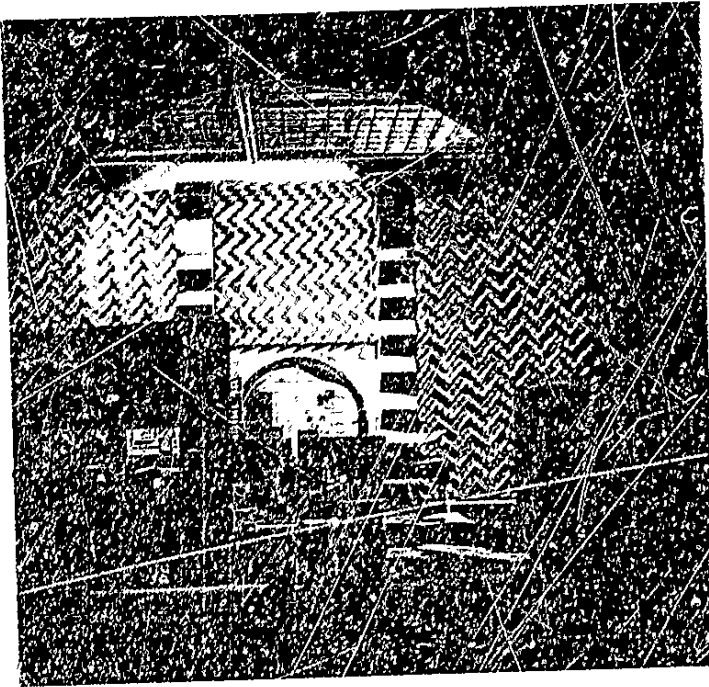
Henry Meakin,  
Chairman

26 February 1990

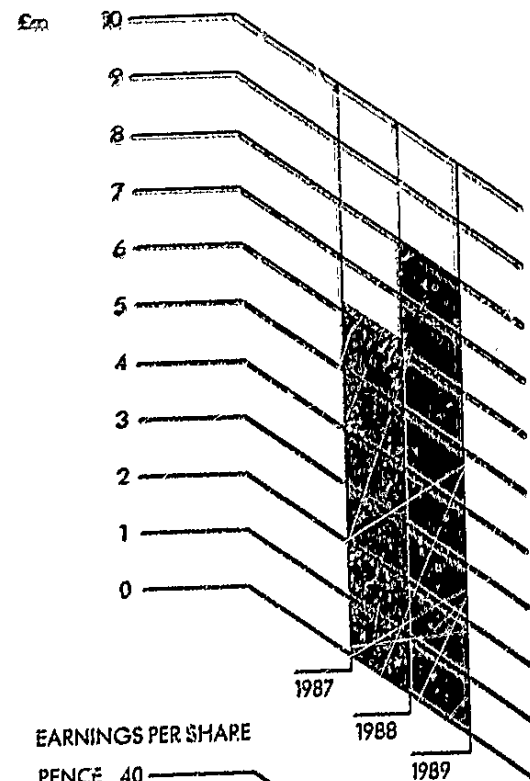
TURNOVER UP  
20% to £9.6 million

PROFIT BEFORE TAX UP  
16% to £1.6 million

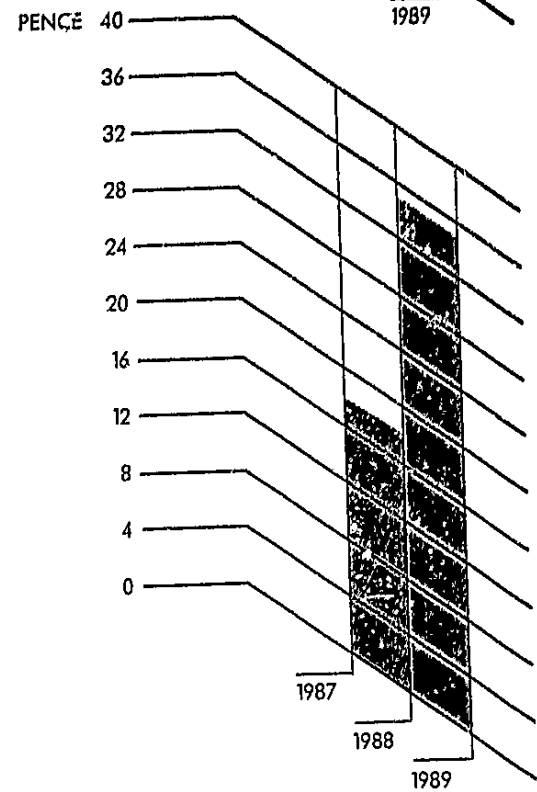
EARNINGS PER SHARE UP  
16% to 36 pence



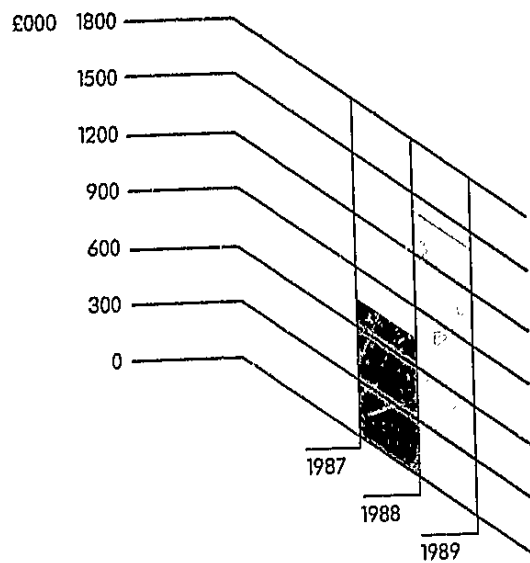
#### TURNOVER



#### EARNINGS PER SHARE



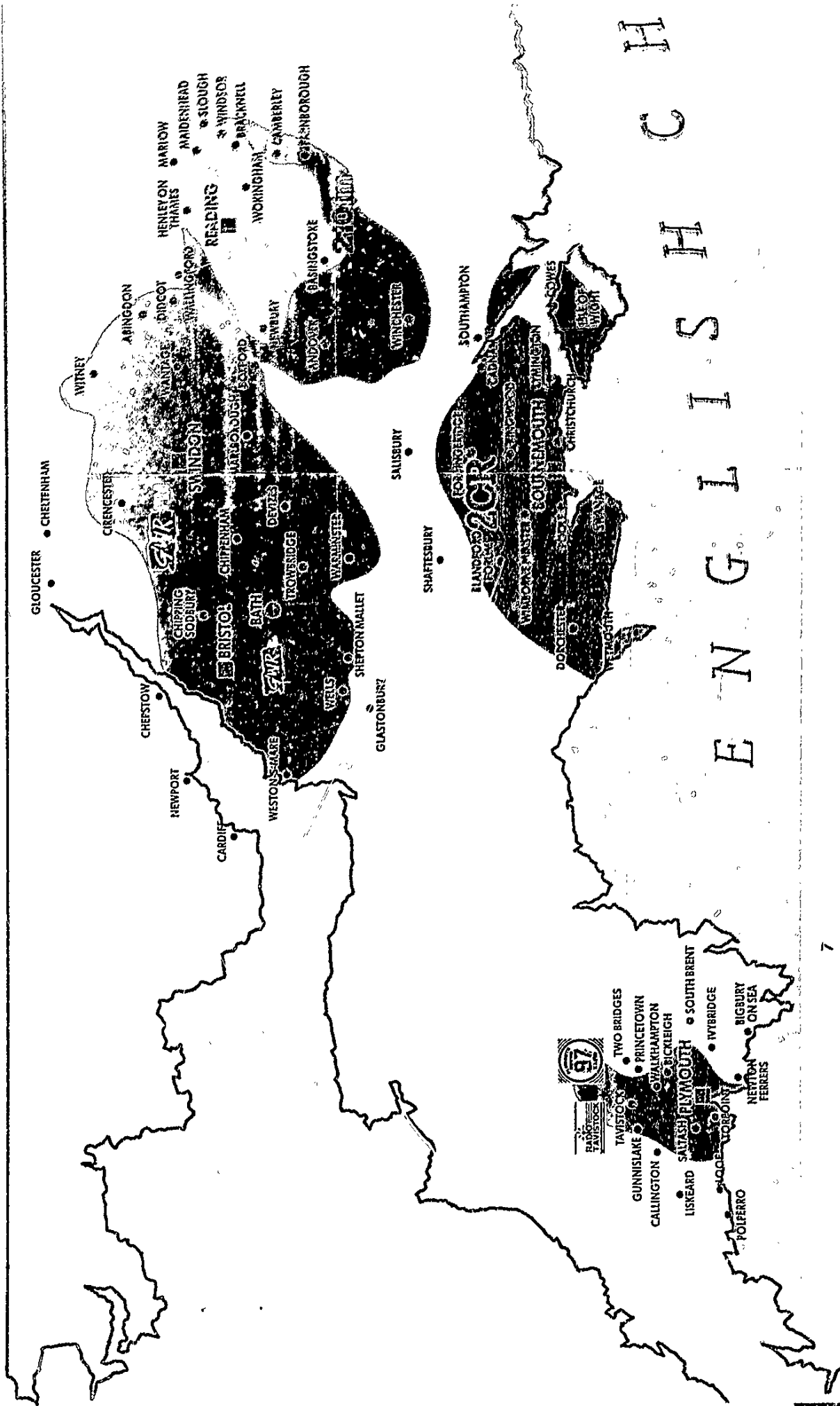
#### PROFIT BEFORE TAX







Total Survey Area Population	1,700,000	FM Frequency in MHz	95.6
Adults	300,000	City	Plymouth
Total	1,370,000	County	Tavistock





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## LOCAL BROADCASTING

GWR Group believes that the quality of local broadcasting will be the key to continued success in the increasingly competitive environment of Independent Radio in the 1990s. During 1989 the Group completed a programme of restructuring bringing forward key station executives onto each of its five Local Boards. Duties of Local Boards have been redefined to focus still more closely on the needs of audiences and advertisers in our franchise areas.

Between them the Group's stations raised more than £500,000 for local charities in the course of 1989.

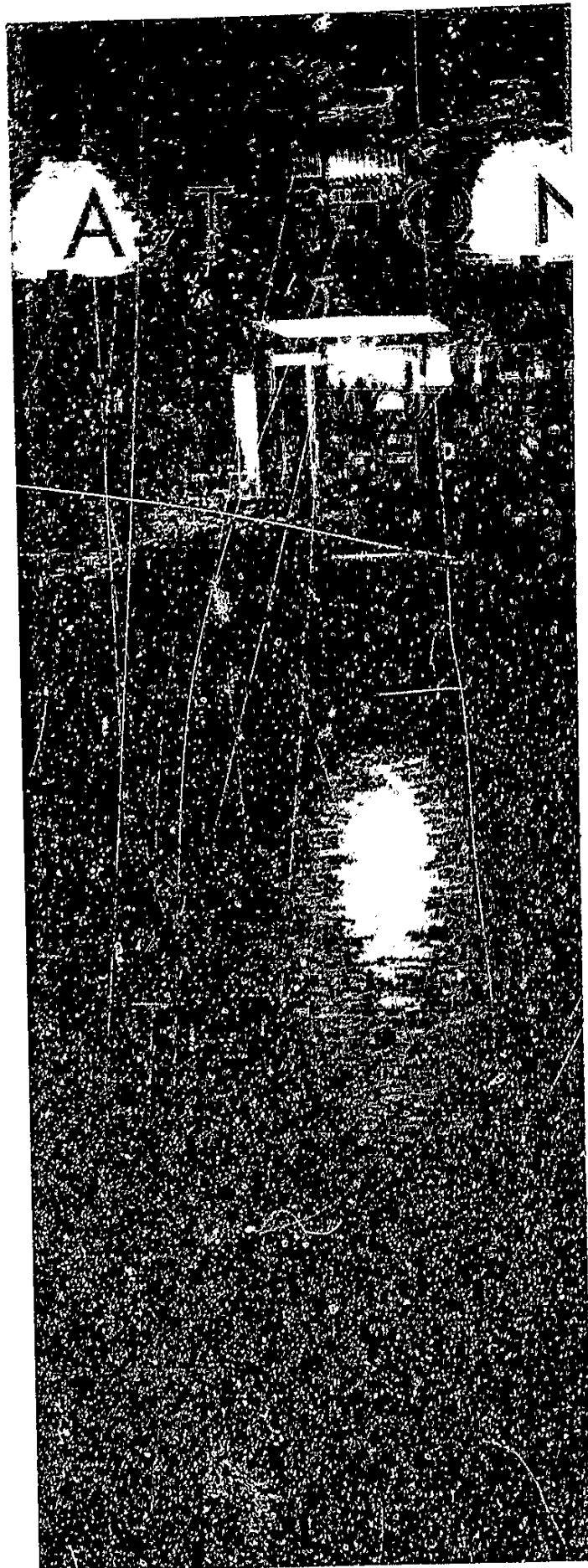
In addition to major charitable and promotional activity, each station found its own effective and friendly ways of communicating to people in its broadcast area.

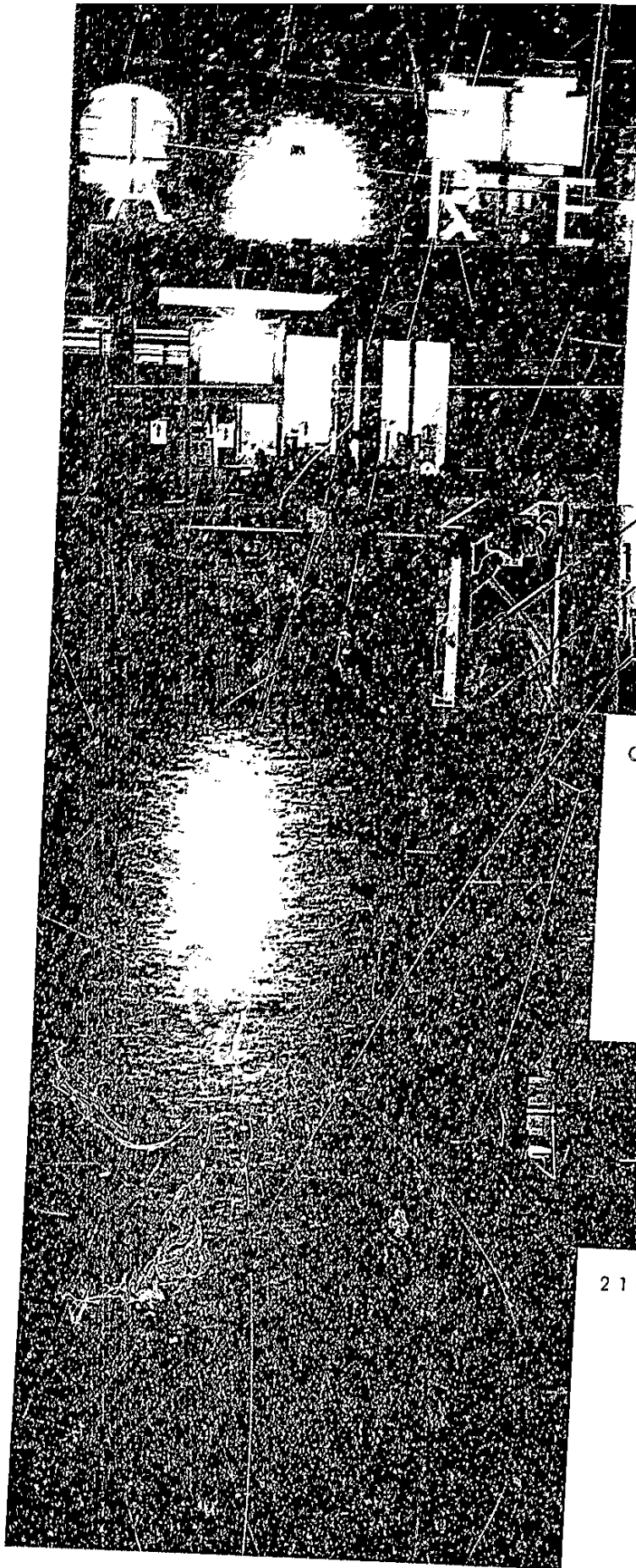
## PLYMOUTH SOUND

Plymouth Sound, the Group's longest established franchise, has led the industry in nurturing close ties with its listeners by performing community service. During the severe drought of Summer 1989 the South West turned to its favourite local station for daily information and long-term advice.

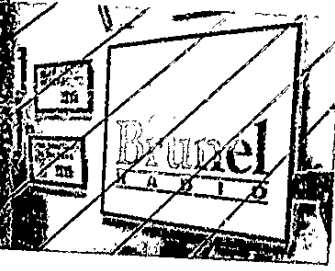
## 2CR (TWO COUNTIES RADIO)

2CR further expanded its reputation for mounting crowd-pulling promotions by a 3-day outside broadcast from the New Forest Show, where its site was visited by a stream of international celebrities attracting large audiences. The station recently opened an additional studio for sports news at the ground of Bournemouth AFC.

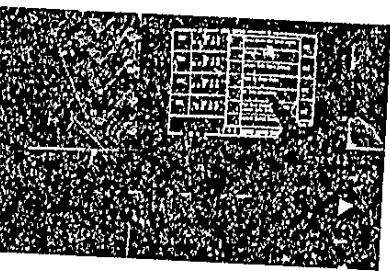
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**100% LOCAL FOR GWR FM**  
 GWR FM was launched in December 1989  
 as a 100% local station. It combined  
 the best of both worlds, offering more than £150,000  
 of advertising space. All Community Trust to  
 be used for the benefit of the community.



**GWR FM**  
 GWR FM reached out to local audiences  
 and gained a reputation for it by the arrival of  
 its NEC sponsored 'flying eye' helicopter  
 supplying live commentary with instant reports  
 on traffic conditions. Swindon Town's  
 footballers now carry the GWR FM logo on  
 their playing kit as part of the station's 2-year  
 sponsorship agreement with the successful  
 Second Division club.

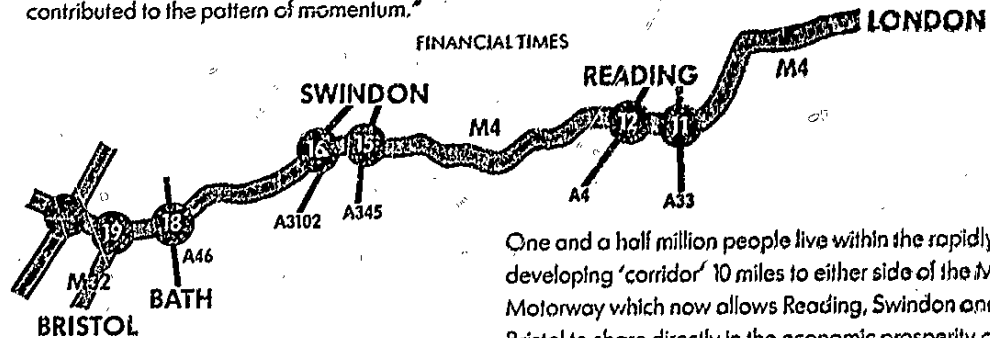


**210 FM**  
 210 FM won a Sony award for its news service,  
 which kept faith with thousands of anxious  
 listeners throughout the day of the Clapham  
 rail disaster with detailed coverage of the  
 aftermath of the accident on one of the area's  
 main commuter lines and close by. The station's  
 'Clapham' broadcast, which was used a  
 record £137,000 in the year of the year.

# O P E R A T I O N

## THE M4 CORRIDOR MARKETPLACE

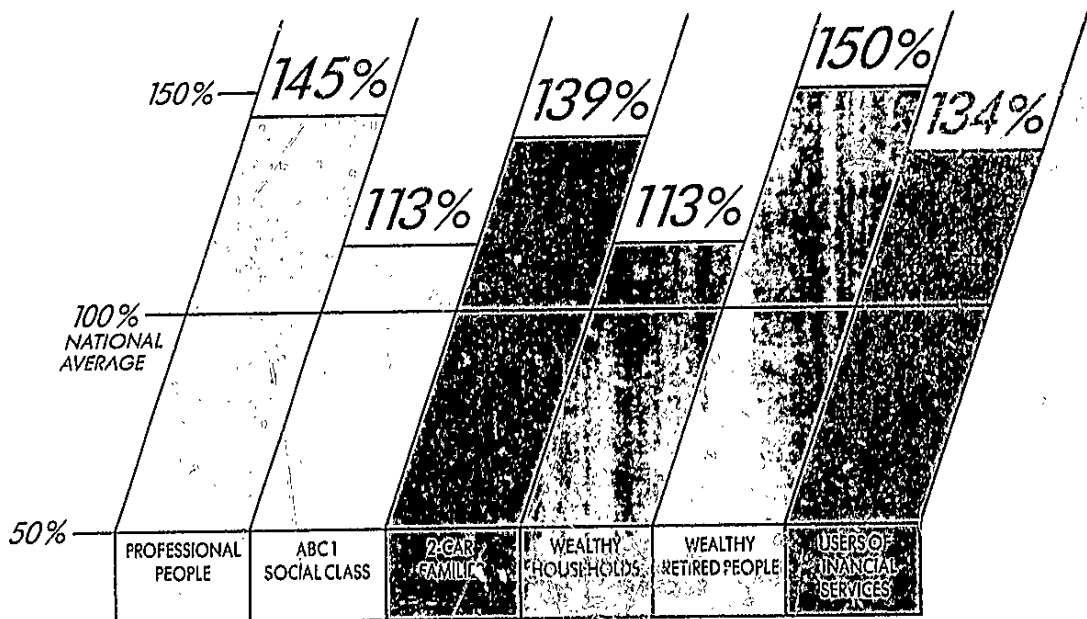
"The drive of development has moved further and further outwards from London. The revival of economic activity in Southern Wales, the buoyancy of Bristol and its consolidation as a major regional centre, the expansion of Swindon, the growing interest in Reading, the dynamism of the Thames Valley economy – all have contributed to the pattern of momentum."



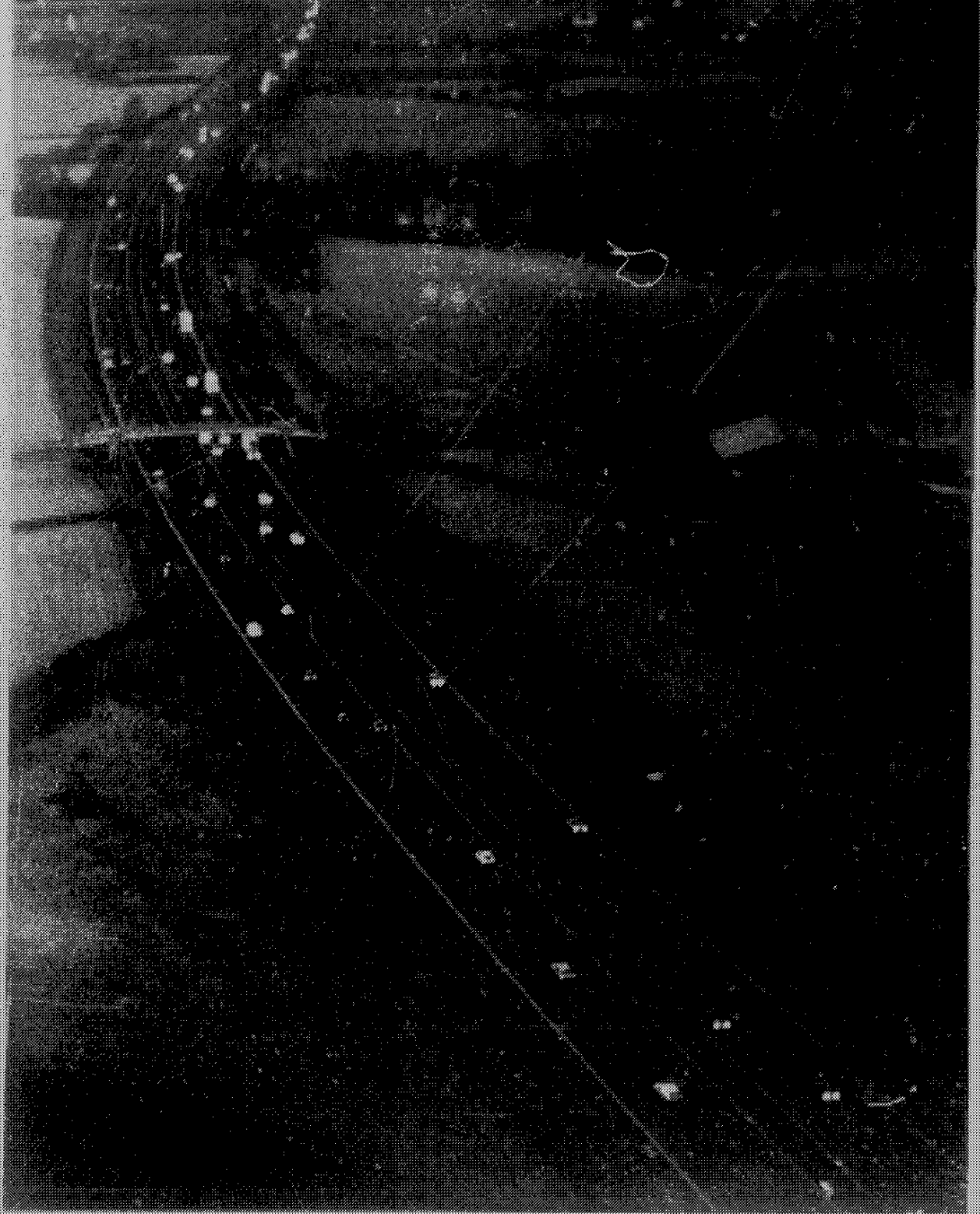
One and a half million people live within the rapidly developing 'corridor' 10 miles to either side of the M4 Motorway which now allows Reading, Swindon and Bristol to share directly in the economic prosperity of the London area.

The 'M4 Corridor Effect' is reflected in values significantly above the national average in a wide range of economic indices of relevance to advertisers on radio.

## THE M4 CORRIDOR Indices vs UK National Average



# LEARNER REVIEW



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## DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 September 1989.

### PRINCIPAL ACTIVITY AND OPERATIONAL REVIEW

The Group operates the independent radio franchises for Bristol and Bath, Swindon and West Wiltshire, Plymouth and Tavistock and since the merger with Consolidated Radio Holdings on 9 June 1989 those for Reading and Boumemouth.

The Operational Review is covered on pages 8 to 11.

### RESULTS AND DIVIDENDS

The profit and loss account set out on page 17 shows the Group profit attributable to members together with the total dividends paid and payable and the amount transferred to reserves. The directors recommend a final dividend of 9p per Ordinary Share making a total of 12p per share for the year compared with an equivalent 1.5p for the previous year (see Note 10). It is proposed to pay the final dividend of 9p per Ordinary Share on 6 April 1990 to those shareholders on the register on 9 March 1990.

### SHARE CAPITAL

At an Extraordinary General Meeting on 9 June 1989 approval was given to acquire the whole of the Ordinary Share Capital of Consolidated Radio Holdings PLC. At the same time the Authorised Share Capital was increased from £366,000 to £700,000 by the creation of 1,670,000 new Ordinary Shares of which 1,496,172 were issued according to the terms of the merger.

### DIRECTORS

The persons who were directors of the Company during the year together with the beneficial interest in the shares of the Company, were as follows:

	At 30.9.89 Ordinary Shares	Options	At 30.9.88 (or date of appointment) Ordinary Shares	Options
H.P.J. Meakin (Chairman)				
R.J. Palmer (Deputy Chairman) *				
R. Bernard (Managing Director)	31,700	51,000	16,239	51,000
A.L. Grundy (Deputy Managing Director) *	7,049	14,960	2,636	
P.C. Angus	13,186	29,628		29,628
J. Fowles *				
R.N. Gilbert F.C.A.	748		748	
A.N.R. Hartwell *				
Dr. G.V. Jaffé *	10,700		17,229	
M. Lawson F.C.A. *	18,296		18,296	
S.J. Pirie F.C.A.	150		150	
J.G. Pontin				
J. H. Trafford	856		856	
N.S. Tresilian	5,619		2,322	
J.N.R. Wilson *	1,233		2,076	

\* Appointed 9 June 1989.

## DIRECTORS' REPORT

### continued

H.F.W. Cory, B. Giffard-Taylor, P.S. Harford, H.M. Kime and D.M. Parkes retired as directors following the restructuring of the Board at the time of the merger with Consolidated Radio Holdings PLC. J.N. Tidmarsh retired at the last AGM.

H. McGhee served as a director from the date of the merger until his untimely death on 1 September 1989.

Aspen Communications in which H.P.J. Meokin is interested is the beneficial owner of 386,838 Ordinary Shares as at 2 February 1990.

J.T. Group in which J.G. Pontin is interested is the beneficial owner of 20,050 Ordinary Shares and £3,000 nominal 15% Loan Stock.

R.N. Gilbert is a director of Associated Newspapers Holdings Ltd., a wholly owned subsidiary of Daily Mail and General Trust PLC which held 595,472 shares as at 2 February 1990.

R.J. Palmer, A.L. Grundy, Dr. G.V. Jaffé, J.N.R. Wilson, M. Lawson, A.N.R. Hartwell, J. Fowles retire in accordance with Article 90 of the Company's Articles and offer themselves for re-election.

A.L. Grundy has a service contract with the Company which expires on 31 October 1992.

R. Bernard and J.G. Pontin retire by rotation in accordance with Article 84 of the Company's Articles and offer themselves for re-election. R. Bernard has a service contract with the Company which expires on 31 December 1992.

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 The Watershed Bristol. This apart, no directors held a material interest in any contracts significant to the Company's business.

#### SUBSTANTIAL SHAREHOLDINGS

According to notifications received by the Company in accordance with the requirements of Companies Act the substantial shareholdings at 2 February 1990 are as follows:

	Ordinary 20p Shares	Holding as % of Issued Share Capital
Daily Mail and General Trust PLC	595,472	19.9
Aspen Communications PLC	386,838	12.9
Thames Television PLC	284,219	9.5

#### CLOSE COMPANY STATUS

The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

#### AUDITORS

Deloitte Haskins & Sells, our auditors, are merging their practice with Coopers & Lybrand on 1 May 1990 and in the meantime are practising in the name of Coopers & Lybrand Deloitte. They have signed their audit report in their new name and a resolution will be proposed at the forthcoming Annual General Meeting to re-appoint Coopers & Lybrand Deloitte as the Company's auditors.

BY ORDER OF THE BOARD

B. Giffard-Taylor F.C.A.

Secretary

26 February 1990



## 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 9 June 1989, the Company merged with Consolidated Radio Holdings PLC.

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

The Company has utilised the merger relief provisions of the Companies Act 1985 and has recorded this investment at the nominal value of the ordinary shares issued.

The group accounts comprise the accounts of GWR Group PLC, its subsidiaries and the GWR partnership and of Consolidated Radio Holdings PLC and its subsidiaries and have been prepared in accordance with the principles of merger accounting.

### TURNOVER

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

### INTANGIBLE FIXED ASSETS

Expenditure incurred on the launch of frequency split transmission, principally Brunel Radio, has been deferred and is being amortised over the remaining periods of the franchises.

### 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 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.

## ACCOUNTING POLICIES

continued

### 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.

### PENSIONS

Pensions expense represents the cost of pension benefits provided in exchange for employees' services rendered, determined on actuarial advice.

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 September 1989

	Notes	1989 £	1988 £
<b>TURNOVER</b>		<b>9,657,175</b>	<b>8,029,841</b>
Operating expenses	1	<u>7,805,331</u>	<u>6,408,373</u>
Gross profit		<b>1,851,844</b>	<b>1,621,468</b>
IBA Primary Rental		<u>186,955</u>	<u>182,451</u>
Trading profit		<b>1,664,889</b>	<b>1,439,017</b>
Investment income	2	<u>102,923</u>	<u>59,933</u>
Operating profit		<b>1,767,812</b>	<b>1,498,950</b>
Interest payable	2	<u>112,412</u>	<u>73,336</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>5 &amp; 6</b>	<b>1,655,400</b>	<b>1,425,614</b>
Taxation	7	<u>552,720</u>	<u>396,120</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>1,102,680</b>	<b>1,029,494</b>
Extraordinary items	8	<u>91,232</u>	<u>241,375</u>
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>1,011,448</b>	<b>788,119</b>
Dividends	10	<u>355,795</u>	<u>204,441</u>
<b>RETAINED PROFIT FOR THE YEAR</b>	<b>25</b>	<b>655,653</b>	<b>583,678</b>
<b>EARNINGS PER ORDINARY SHARE</b>		<b>36.9p</b>	<b>34.6p</b>
<b>FULLY DILUTED EARNINGS PER ORDINARY SHARE</b>		<b>35.2p</b>	

# CONSOLIDATED BALANCE SHEET

	Notes	1989 £	1988 £
<b>FIXED ASSETS</b>			
Intangible assets	12	348,765	—
Tangible assets	13	3,676,375	3,199,046
Unquoted investments	16	145,234	153,000
		<u>4,170,374</u>	<u>3,352,046</u>
<b>CURRENT ASSETS</b>			
Stocks	17	31,758	17,017
Debtors	18	2,612,210	2,284,085
Investments		606,292	846,125
Cash at bank and in hand		98,920	163,914
		<u>3,349,180</u>	<u>3,311,141</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	19	2,585,180	2,076,232
		<u>764,000</u>	<u>1,234,909</u>
<b>NET CURRENT ASSETS</b>			
		<u>4,934,374</u>	<u>4,586,955</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>CREDITORS</b>			
Amounts falling due after more than one year	19	502,342	661,873
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	20	239,563	110,268
		<u>4,192,469</u>	<u>3,814,814</u>
<b>NET ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
Ordinary Shares	22	598,469	595,506
Share premium account	23	—	—
Special capital reserve		368,876	363,876
Revaluation reserve		1,208,571	1,208,571
Merger reserve	24	518,054	799,015
Profit and loss account	25	1,498,499	842,846
		<u>4,192,469</u>	<u>3,814,814</u>

The financial statements on pages 15 to 33 were approved by the board of directors on 22 January 1990 and were signed on its behalf by:

Henry Meakin

Directors

Ralph Bernard

# BALANCE SHEET

31 December 1989

	Notes	1989 £	1988 £
<b>FIXED ASSETS</b>			
Investment in subsidiaries	14	258,847	378,652
Investment in GWR partnership	15	787,769	597,718
Unquoted investment	16	120,000	120,000
		<u>1,866,616</u>	<u>1,006,370</u>
<b>CURRENT ASSETS</b>			
Debtors	17	140,600	—
		<u>140,600</u>	<u>—</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	19	978,275	126,068
		<u>(837,675)</u>	<u>(126,068)</u>
<b>NET CURRENT LIABILITIES</b>			
		1,028,941	880,302
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>CREDITORS</b>			
Amounts falling due after more than one year		—	119,158
		<u>1,028,941</u>	<u>761,144</u>
<b>NET ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
Ordinary shares	21	598,469	296,272
Share premium account	23	368,876	368,876
Special capital reserve		61,596	95,996
Profit and loss account		<u>1,028,941</u>	<u>761,144</u>

The financial statements on pages 15 to 33 were approved by the board of directors on 22 January 1990 and were signed on its behalf by:

Henry Meakin

Directors

Ralph Bernard

# STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 30 September 1988

	1988 £	1988 £
<b>SOURCE OF FUNDS</b>		
Profit before tax	1,655,400	1,425,614
Adjustment for items not involving the movement of funds:		
Amortisation	49,281	—
Depreciation	252,722	198,611
	<u>1,957,403</u>	<u>1,624,225</u>
<b>FUNDS GENERATED FROM OPERATIONS</b>		
Funds from other sources	13,261	13,000
Sale of fixed assets — at net book value	18,518	—
Conversion of share options	<u>31,779</u>	<u>13,000</u>
<b>APPLICATION OF FUNDS</b>		
Merger costs	296,515	—
Expenditure on intangible fixed assets	398,046	—
Purchase of tangible fixed assets	743,312	280,578
Purchase of investments	—	153,000
Taxation paid	399,871	106,700
Extraordinary items	118,611	243,375
Dividends	290,925	101,000
	<u>2,247,280</u>	<u>882,653</u>
<b>NET (APPLICATION)/SOURCE OF FUNDS</b>	<u>(258,098)</u>	<u>754,572</u>
<b>(DECREASE)/INCREASE IN WORKING CAPITAL</b>		
Increase (decrease) in stocks	14,741	(2,651)
Increase in debtors	328,125	607,140
Increase in creditors	(190,261)	(324,615)
	<u>152,605</u>	<u>279,874</u>
<b>MOVEMENT IN NET LIQUID FUNDS</b>		
(Decrease)/Increase in investments	(247,599)	51,125
Increase in bank overdraft	(98,110)	—
(Decrease)/Increase in cash at bank and in hand	(64,994)	323,573
	<u>(410,703)</u>	<u>474,698</u>
<b>(DECREASE)/INCREASE IN WORKING CAPITAL</b>	<u>(258,098)</u>	<u>754,572</u>

# NOTES TO THE FINANCIAL STATEMENTS

		The Group	
		1989	1988
		£	£
1	OPERATING EXPENSES		
	Selling and administrative expenses	5,077,341	4,701,796
	Other operating expenses	2,227,990	1,706,577
		<u>7,805,331</u>	<u>6,408,373</u>
2	INTEREST		
	Investment income		
	On short term deposits	102,923	59,933
	Interest payable		
	Loan stock	70,349	59,874
	On finance leases and hire purchase contracts	34,010	8,113
	Other	8,053	5,349
		<u>112,412</u>	<u>73,336</u>
3	EMPLOYEES		
	Wages and salaries	2,426,764	2,026,478
	Social security costs	234,578	188,126
	Pension costs	49,983	29,000
		<u>2,711,325</u>	<u>2,243,604</u>
The average weekly number of employees during the year was:		Number	Number
		<u>182</u>	<u>156</u>
Directors' remuneration			
Staff costs include the following remuneration in respect of the directors of GWR Group PLC			
		£	£
	Fees	13,284	16,750
	Other emoluments (including pension contributions)	159,785	147,040
		<u>173,069</u>	<u>163,790</u>

NOTES TO THE FINANCIAL STATEMENTS  
continued

## 3 EMPLOYEES—continued

EMPLOYEES – continued

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

The Chairman

### The highest paid director

### The emoluments of other directors

£ 1-£ 5,000  
£20,001-£25,000  
£25,001-£30,000  
£40,001-£45,000  
£50,001-£55,000

The Group	
1987	1988
£	£
4,400	4,000
<u>77,051</u>	<u>68,362</u>
38	11
1	1
1	1

#### 4 PENSIONS

**PENSIONS**  
Thames Valley Broadcasting, PLC, Plymouth Sound Limited and Two Counties Radio Limited, subsidiaries of the Company, operate contributory defined benefits schemes available to their permanent employees.

The schemes' funds are administered by trustees and are independent of the Group's finances. The schemes are fully funded and contributions are paid to the schemes in accordance with the recommendations of independent actuaries. The first actuarial valuations of these schemes are due in 1990/91.

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

### Amortisation

### Depreciation

Leasing and hire charges

**Auditors remuneration**

The Group	
1989	1988
£	£
49,281	—
252,722	198,611
102,306	140,573
20,000	24,500



# NOTES TO THE FINANCIAL STATEMENTS

## continued

### 6 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 is set out below:

	Pre Merger 1989 £	Post Merger 1989 £	Year ended 30 Sept 1989 £	Year ended 30 Sept 1988 £
GWR Group PLC, its subsidiaries and the GWR partnership	499,529	268,122	767,651	706,614
Consolidated Radio Holdings PLC and its subsidiaries	577,347	310,402	887,749	719,000
	<u>1,076,876</u>	<u>578,524</u>	<u>1,655,400</u>	<u>1,425,614</u>

### 7 TAXATION

Corporation tax at 35%  
Deferred tax

The Group	
1989 £	1988 £
476,425	407,500
76,295	(11,380)
<u>552,720</u>	<u>396,120</u>

At 30 September 1989 there are tax losses amounting to £24,516 (1988 £133,873) that can be utilised against future tax profits of the Company.

### 8 EXTRAORDINARY ITEMS

Costs of USM Introduction  
Costs of unsuccessful franchise applications  
Reorganisation costs  
Contract termination costs  
Merger costs  
Other

1989 £	1988 £
—	58,047
28,463	26,328
40,426	—
37,800	—
—	157,000
11,922	—
<u>118,611</u>	<u>241,375</u>
(27,379)	—
<u>91,232</u>	<u>241,375</u>

Less taxation

The merger costs in 1988 represent costs incurred by Thames Valley Broadcasting PLC and Two Counties Radio Limited on their merger with Consolidated Radio Holdings PLC.

The costs in 1989 of the merger of GWR Group PLC and Consolidated Radio Holdings PLC have been incurred by GWR Group PLC and are charged against the merger reserve arising on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

## continued

### 8 EXTRAORDINARY ITEMS – continued

The extraordinary items before and after the date of the merger are set out below:

	Pre Merger 1989 £	Post Merger 1989 £	Year ended 30 Sept 1989 £	Year ended 30 Sept 1988 £
GWR Group PLC, its subsidiaries and the GWR partnership	24,363	—	24,363	84,375
Consolidated Radio Holdings PLC and its subsidiaries	16,022	78,226	94,248	157,000
Less taxation	—	(27,379)	(27,379)	—
	<u>40,385</u>	<u>50,847</u>	<u>91,232</u>	<u>241,375</u>

### 9 RETAINED PROFIT

Under the Companies Act 1985, the Company is not required to present its own profit and loss account. The amount of Company profit for the year dealt with in the accounts of the Group was £321,395 (1988 £228,950).

### 10 DIVIDENDS

To the shareholders of Consolidated Radio Holdings PLC  
Final dividend – 4p

To the shareholders of GWR Group PLC

Interim dividend – paid 3p

Final dividend – proposed 9p  
(1988 equivalent 1.5p)

	1989 £	1988 £
	—	160,000
	36,484	—
	269,311	44,441
	<u>355,795</u>	<u>204,441</u>

### 11 EARNINGS PER SHARE

The calculations of earnings per ordinary share have been compiled on the basis of 2,984,937 ordinary shares, being the average number in issue during the financial year (1988 2,977,530).

The fully diluted earnings per share have been compiled on the basis of 3,183,794 ordinary shares. This allows for the full conversion of share options.

### 12 INTANGIBLE FIXED ASSETS

Deferred launch costs

At 1 October 1988

Expenditure during the year

Amortisation charge for year

At 30 September 1989

	1989 £	1988 £
	—	—
	353,046	—
	(49,281)	—
	<u>348,765</u>	<u>—</u>

# NOTES TO THE FINANCIAL STATEMENTS

continued

## 13 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Land and Buildings Short Leasehold £	Fixtures and Technical Equipment £	Motor Vehicles £	Total £
Cost or valuation					4,083,053
At 1 October 1988	2,386,406	375,610	1,076,843	244,194	4,083,053
Additions during the year	205,388	5,120	466,670	66,134	743,312
Disposals	—	—	(8,995)	(26,572)	(35,567)
At 30 September 1989	<u>2,591,794</u>	<u>380,730</u>	<u>1,534,518</u>	<u>283,756</u>	<u>4,790,798</u>
Depreciation					884,007
At 1 October 1988	—	105,666	659,425	118,916	884,007
Charge for year	—	17,008	196,810	38,904	252,722
Disposals	—	—	(8,993)	(13,313)	(22,306)
At 30 September 1989	<u>—</u>	<u>122,674</u>	<u>847,242</u>	<u>144,507</u>	<u>1,114,423</u>
Net book value					3,676,375
At 30 September 1989	<u>2,591,794</u>	<u>258,056</u>	<u>687,276</u>	<u>139,249</u>	<u>3,676,375</u>
Net book value					3,199,046
At 30 September 1988	<u>2,386,406</u>	<u>269,944</u>	<u>417,418</u>	<u>125,278</u>	<u>3,199,046</u>
Fixed assets comprise:					2,845,798
Cost	646,794	380,730	1,534,518	283,756	2,845,798
Valuation 1986	195,000	—	—	—	195,000
Valuation 1988	1,750,000	—	—	—	1,750,000
	<u>2,591,794</u>	<u>380,730</u>	<u>1,534,518</u>	<u>283,756</u>	<u>4,790,798</u>

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 £1,383,223 (1988 £1,177,835).

	1989 £	1988 £
<b>FIXED ASSETS AT NET BOOK VALUE COMPRISE:</b>		
Owned assets	3,301,320	2,960,732
Leased assets and hire purchase contracts	375,055	238,314
	<u>3,676,375</u>	<u>3,199,046</u>
<b>Depreciation for the year comprises:</b>		
Owned assets	168,650	125,667
Leased assets and hire purchase contracts	84,072	72,944
	<u>252,722</u>	<u>198,611</u>

# N O T E S T O T H E A C C O U N T S

		The Company	
		1989	1988
		£	£
14	<b>FIXED ASSET INVESTMENT IN SUBSIDIARIES</b>		
	At 1 October 1988	378,652	378,652
	Acquisitions during the year	580,195	—
	At 30 September 1989	<u>958,847</u>	<u>378,652</u>

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
West Country Broadcasting Limited (Subsidiary of Plymouth Sound Ltd)	England	Non-trading
Radio Midwest Limited (Subsidiary of Wiltshire Radio PLC)	England	Non-trading
Consolidated Radio Holdings PLC	England	Non-trading
Thames Valley Broadcasting PLC (Subsidiary of Consolidated Radio Holdings PLC)	England	Independent local radio contractor
Two Counties Radio Limited (Subsidiary of Consolidated Radio Holdings PLC)	England	Independent local radio contractor

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		1989	1988
		£	£
15	<b>FIXED ASSET INVESTMENT OF THE COMPANY IN THE GWR PARTNERSHIP</b>		
	Capital account	321,658	321,658
	Share of results	912,797	614,782
	Less drawings	(446,596)	(428,722)
		<u>787,769</u>	<u>507,718</u>
		<b>The Group</b>	<b>The Company</b>
		1989	1988
		£	£
16	<b>UNQUOTED INVESTMENTS</b>		
	Radio Radio Limited	120,000	120,000
	Independent Radio News Limited	25,234	25,234
	Other	—	7,766
		<u>145,234</u>	<u>153,000</u>
			<u>120,000</u>

The investment in Radio Radio Limited represents a 10% holding in the share capital of that company. The investment has been accounted for as a trade investment because the company is not in a position to exercise significant influence. In the opinion of the directors the value of this investment is not less than that shown in the accounts.

	The Group		The Company	
	1989	1988	1989	1988
	£	£	£	£
1/ DEBTORS				
Amounts falling due within one year:				
Trade debtors	2,031,873	1,871,427	—	—
IBA – forward funding	9,534	9,534	—	—
Prepayments	192,342	132,737	—	—
Musical employment	203,544	91,758	—	—
Amounts due from:				
Subsidiaries	—	—	140,600	—
Other	79,724	74,910	—	—
	<u>2,517,017</u>	<u>2,180,366</u>	<u>140,600</u>	<u>—</u>
Amounts falling due after more than one year:				
IBA forward funding	95,193	103,719	—	—
	<u>2,612,210</u>	<u>2,284,085</u>	<u>140,600</u>	<u>—</u>

Included within other debtors is a loan to Mr A L Grundy, a director of GWR Group PLC of £7,000. The loan was made on 22 March 1989, is interest free and was repaid in January 1990.

	The Group		The Company	
	1989	1988	1989	1988
	£	£	£	£
18 INVESTMENTS				
Short term deposits	<u>606,292</u>	<u>846,125</u>	<u>—</u>	<u>—</u>

# NOTES TO THE FINANCIAL STATEMENTS

		The Group		The Company	
		1989	1988	1989	1988
		£	£	£	£
19	<b>CREDITORS</b>				
	Amounts falling due within one year:				
	Trade creditors	738,915	590,165	—	—
	Taxation and social security	261,197	260,231	—	—
	Accruals	278,580	252,117	37,800	—
	Finance leases and hire purchase agreements	107,722	69,387	—	—
	Corporation tax	484,114	487,938	—	—
	Other creditors	121,720	211,953	—	—
	Bank overdraft	98,110	—	—	—
	Floating rate Unsecured Loan Stock	106,353	—	—	—
	15% Unsecured Loan Stock 1982/90	119,158	—	119,158	—
	Proposed dividends	269,311	204,441	269,311	44,441
	Amounts owed to				
	— subsidiary companies	—	—	109,620	2
	— GWR partnership	—	—	442,386	81,625
		<u>2,585,180</u>	<u>2,076,232</u>	<u>978,275</u>	<u>126,068</u>
	Amounts falling due after more than one year:				
	Floating rate Unsecured Loan Stock	—	106,353	—	—
	12% Unsecured Loan Stock 1987/92	300,000	300,000	—	—
	15% Unsecured Loan Stock 1982/90	—	119,158	—	119,158
	Finance leases within 2-5 years	202,342	136,362	—	—
		<u>502,342</u>	<u>661,873</u>	<u>—</u>	<u>119,158</u>

The floating rate unsecured loan stock matures on 31 March 1991 and bears interest at the higher of 12 per cent per annum and 2 per cent per annum above the base rate of the National Westminster Bank PLC on the relevant payment date.

The group is entitled on or at any time after 30 September 1989 to redeem the loan stock at par plus accrued interest.

	The Group		The Company	
	1989	1988	1989	1988
	£	£	£	£
<b>20 PROVISION FOR LIABILITIES AND CHARGES</b>				
Deferred taxation:				
Accelerated capital allowances	223,315	227,364	71,582	67,395
Other timing differences	20,432	6,577	10,216	3,278
Relief for tax losses	(4,184)	(70,673)	(4,184)	(70,673)
ACT recoverable	—	(53,000)	—	—
	<u>239,563</u>	<u>110,268</u>	<u>77,614</u>	<u>—</u>

The amount of deferred taxation of £77,614 for the Company has been provided in the GWR partnership on behalf of the Company.

The movements of the provision are as follows:

	£
Provision at 1 October 1988	110,268
Charge for year	76,295
ACT recovered	53,000
Provision at 30 September 1989	<u>239,563</u>

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

	223,315	234,820	71,582	67,395
Accelerated capital allowances	20,432	6,577	10,216	3,278
Other timing differences	(4,184)	(70,673)	(4,184)	(70,673)
Relief for tax losses	—	(53,000)	—	—
ACT recoverable	<u>239,563</u>	<u>117,724</u>	<u>77,614</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 £275,424 (1988 £253,597).



	Authorised		Called-up and fully paid	
	Number	£	Number	£
21 SHARE CAPITAL—THE COMPANY				
Ordinary shares of 20p each:				
At 1 October 1988	1,830,000	366,000	1,481,358	296,272
Conversion of share options			14,814	2,963
Allotted 9 June 1989	1,670,000	334,000	1,386,639	277,328
Provisionally allotted			309,533	21,906
At 30 September 1989	<u>3,500,000</u>	<u>700,000</u>	<u>2,992,344</u>	<u>598,469</u>

On 9 June 1989 1,386,639 ordinary shares of 20p were issued to acquire the issued share capital of Consolidated Radio Holdings PLC. At 30 September 1989 109,533 ordinary shares have been provisionally allotted to the former shareholders of Consolidated Radio Holdings PLC. The authorised share capital of the Company was increased from £366,000 to £700,000 by the creation of 1,670,000 Ordinary Shares of 20p.

#### SHARE OPTION SCHEME

At 30 September 1989 the Company had granted options in respect of Ordinary Shares which were outstanding as follows:

	Date Granted	Ordinary Shares	Option Price	Exercise Period
Executive Share	31.10.87	119,578	£1.25	Between 3
	5.3.88	8,292	£1.25	and 10 years
Option Scheme	16.11.88	63,580	£2.41	from date granted
		<u>191,450</u>		

On 20 December 1989 a further 183,800 options were granted at an option price of £5.85 and are exercisable between 3 and 10 years from the date granted.

		Authorised		Called up and fully paid	
		Number	£	Number	£
22	SHARE CAPITAL - THE GROUP				
	Ordinary shares of 20p each:			1,481,358	296,272
	As previously reported at 30 September 1988				
	Increase in ordinary share capital in connection with the acquisition of the issued share capital of Consolidated Radio Holdings PLC			1,496,172	299,234
	As restated at 30 September 1988	1,830,000	366,000	2,977,530	595,506
	Conversion of share options			14,814	2,963
	At 30 September 1989	3,500,000	700,000	2,992,344	598,469
		The Group		The Company	
		1989	1988	1989	1988
		£	£	£	£
23	SHARE PREMIUM ACCOUNT				
	At 1 October 1988	—	—	—	—
	Conversion of share options	15,555	—	15,555	—
	Less merger expenses	15,555	—	15,555	—
	At 30 September 1989	—	—	—	—

**24 MERGER RESERVE – THE GROUP**

On 9 June 1989, the Company acquired the whole of the issued share capital of Consolidated Radio Holdings PLC. The Company has utilised the merger relief provisions of the Companies Act 1965 and has recorded these investments at the nominal value of the ordinary shares issued. The fair value of the total consideration was £10,481,478. 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

	£
As previously reported at 30 September 1988	98,249
Nominal value of 1,496,172 ordinary shares of 20p to acquire the issued share capital of Consolidated Radio Holdings PLC	(299,234)
Issued share capital of Consolidated Radio Holdings PLC	1,000,000
As restated at 30 September 1988	799,015
Balance of merger expenses	280,961
At 30 September 1989	<u>518,054</u>

**25 PROFIT AND LOSS ACCOUNT – THE GROUP**

	1989 £	1988 £
At 1 October 1988	842,846	259,168
Retained profit for year	655,653	583,678
At 30 September 1989	<u>1,498,499</u>	<u>842,846</u>

**26 FINANCIAL COMMITMENTS**

Capital expenditure authorised by the directors at 30 September 1989 but not provided for in the accounts is due as follows:

	The Group 1989 £	1988 £
Contracted for	50,000	5,000
Not contracted for	5,399	411,000
	<u>55,399</u>	<u>416,000</u>
The annual commitments for non-cancellable operating leases are due as follows:		
Within one year	133,451	87,834
In two to five years	134,841	134,161
Over five years	30,694	—
	<u>300,986</u>	<u>221,995</u>

(Company financial commitment – NIL)

Coopers  
& Lybrand  
Deloitte

To the members of GWR Group PLC

We have audited the financial statements on pages 15 to 33 in accordance with 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 30 September 1989 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand Deloitte*

Coopers & Lybrand Deloitte  
Chartered Accountants  
Bristol

26 February 1990

# F Y S

	1985 £000	1986 £000	1987 £000	1988 £000	1989 £000
<b>RESULTS</b>					
Turnover	4,582	4,922	6,270	8,020	9,657
Operating Expenses	(4,147)	(4,391)	(5,238)	(6,408)	(7,805)
Gross Profit	435	531	1,032	1,622	1,892
IBA Rental	(239)	(192)	(172)	(183)	(187)
Net Interest Payable	(49)	(58)	(31)	(14)	(10)
Exceptional Items	—	(12)	(73)	—	—
Profit Before Tax and Extraordinary Items	147	269	756	1,425	1,655
Taxation	(71)	(57)	(214)	(396)	(552)
Profit After Tax and Before Extraordinary Items	76	212	542	1,029	1,102
Extraordinary Items	(83)	—	39	(241)	(91)
Profit/(Loss)	(7)	212	581	788	1,011
Dividends	63	56	101	204	356
<b>CAPITAL EMPLOYED</b>					
Fixed Assets	2,137	2,276	2,377	3,353	4,170
Net Current Assets	415	467	864	1,235	764
Net Assets	1,856	2,135	2,478	3,815	4,193
Other Liabilities	746	608	763	773	741
Shareholders' Funds	1,856	2,135	2,478	3,815	4,193
Earnings per share	2.6	7.1	18.2	34.6	36.9

The consolidated accounts comprise those of GWR Group PLC, its subsidiaries and the GWR Partnership and Consolidated Radio Holdings PLC and its subsidiaries and have been prepared in accordance with the principles of merger accounting.

The financial information set out above has been prepared on that basis for the five years and in accordance with the accounting policies set out on pages 15 and 16.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fourteenth Annual General Meeting of the Company will be held at The Holiday Inn, Pipers Way, Swindon on 26 March 1990 at 5.00pm for the following purposes:-

- 1 To receive the accounts for the year ended 30 September 1989 together with the reports of the directors and auditors.
- 2 To declare a final dividend.
- 3 To re-elect the directors who retire under Article 84 (by rotation) and under Article 90 (not having been elected at an Annual General Meeting).

a R. BERNARD	d A.L. GRUNDY	g M. LAWSON F.C.A.
b J.G. PONTIN	e DR. G.V. JAFFÉ	h A.N.R. HARTWELL
c R.J. PALMER	f J.N.R. WILSON	i J. FOWLES
- 4 To re-appoint Coopers & Lybrand Deloitte as auditors of the Company and to authorise the directors to fix their remuneration.
- 5 To transact any other ordinary business of an Annual General Meeting.

BY ORDER OF THE BOARD

B. Giffard-Taylor F.C.A.  
Secretary

26 February 1990

### NOTE

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. Copies of directors' service contracts with the Company may be inspected at the Company's Registered Office and are available to members on the day of the Annual General Meeting.