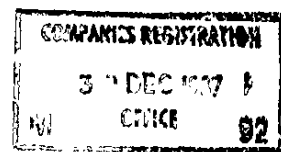
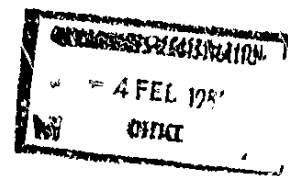


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**BROADCASTING  
SUCCESS**



RADIO WEST plc  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30th SEPTEMBER 1986



RADIO WEST plc

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30th SEPTEMBER 1986

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GWR

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30th SEPTEMBER 1986

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GWR

## JOINT CHAIRMAN'S REPORT

### FINANCIAL YEAR 1985/86

At the end of its first year the GWR Partnership Board can report a marked improvement over the previous year in terms of profitability overall, though we believe that GWR Radio is still a long way short of achieving the profit potential for Independent Radio in the six counties of the mid-west.

GWR Radio achieved a profit of £119,000 in 1985/86, as against Wiltshire Radio's profit of over £48,000 and Radio West's loss of over £172,000 in the previous year (results which included the formation costs of the Partnership and the launch costs of GWR's new on-air service in both areas).

Total turnover rose by 13.8% to just over £2 million, with local advertising revenue showing a particularly encouraging increase of 16% overall.

Both local salesforces are equally to be commended on these results, in Bristol this was achieved despite staff shortages and in a hitherto declining market, in Wiltshire coming on top of a comparable increase in the previous year.

Other revenue earning departments also performed strongly, led by Commercial Production with an increase of nearly one third over the combined achievement of the previous year.

National advertising sales were very disappointing down 9.1% on the year. However, across the year there was an encouraging increase in the proportion of sales achieved from simultaneous bookings in both advertising areas.

In addition, publication of the initial JICRAR research figures for GWR Radio in Summer 1986 confirmed the strength of audience for both stations for the first time. Our national sales agency IRS, under new management, used the figures to good effect to end the year with an improving performance.

Copyright remains an unreasonable burden on our two stations, levied as it is on their net advertising revenues at punitive U.K. rates without parallel in the rest of the world.

Happier news was the reduction of £45,000 per annum in primary rental payable to the IBA, effective from 1st April 1986. This industry-wide concession by the IBA was preceded by consistent pressure from our trade association AIRC.

### JICRAR RESULTS

Central to the formation of the GWR Partnership was the belief that Wiltshire Radio's lively and informative programming approach could be adapted to the needs of the Bristol area and deliver a substantially improved audience to the West transmitter - and thus to advertisers in Bristol and Bath - without prejudice to the strength of our audience figures in Wiltshire itself.

Our initial JICRAR research confirmed these expectations.

- The GWR Radio audience is up by 16.7% overall against the previous year.

GWR

- Listening hours have increased by 15.5% to a weekly total of nearly 5 million.
- GWR Radio now has more than half a million listeners every week.
- More than 700,000 listeners tune into GWR Radio each month.
- GWR's weekly 'reach' in Bristol itself has risen from 23% to 39% - a record for Independent Local Radio in the area.

In short, GWR Radio has achieved a successful re-launch of Independent Radio broadcasting in the Bristol area - and in terms of percentage audience 'share' in the City of Bristol for the first time overhauled its BBC local competitor.

Meanwhile in Swindon/West Wiltshire, the transition from WR to GWR has been accomplished in a highly professional way and excellent local audience figures have been maintained.

Overall, the combined stations showed large gains in younger listeners. GWR Radio's weekly reach rose

- 11 percentage points to 40% of all 15-24 year olds
- 6 points to 41% of all 25-34 year olds
- 4 points to 32% of all 35-54 year olds

These figures in turn provided the GWR sales teams with fresh evidence to carry to national and local advertisers as to the vitality of local radio as an advertising medium in the Wiltshire and West areas.

#### OPERATIONAL HIGHLIGHTS

1985/6 saw two outstanding 'firsts' in operational terms

- The first ever GWR Radio Christmas Charity Appeal raised a record £90,000 in pledges from local listeners, including a substantial contribution to 'Band Aid'.
- The launch of the GWR 'News Hour' - an innovative and very popular programme at midday Monday to Friday which responds spontaneously to breaking news around the world, with on-air searches for the news-makers and up-to-the-minute live comment on events.

In addition, GWR broadcasters maintained their lively and aggressive coverage of local news and events in both areas.

- 1986 opened with floods in Bath and GWR's reporters up to their waists in water interviewing the residents of flooded homes.
- Major sporting events covered live included Swindon Town's rise to the 3rd Division, Bristol City's Wembley triumph in the Freight Rover Trophy, the Power Boat Grand Prix in Bristol Docks, the Bristol Marathon and the Badminton Horse Trials.

GWR

- On one night of particular drama in news, GWR reporters covered prison riots at Horfield in Bristol and Erlestoke in Wiltshire, a double murder enquiry in Westbury, and an alert at Porton Down research centre outside Salisbury.
- Charity fund raising was a major theme throughout the year, and GWR Radio proved its power in Bristol by drawing tens of thousands of participants and spectators to a 'Sport Aid' Run for The World on Bristol Downs.

### COMMUNITY HIGHLIGHTS

During the year Linkline expanded its operations to Bristol and itself became a registered charity under the title Linkline Media Action.

The GWR Liaison Council with its range of Information Groups also laid the foundations for an expansion in the Bristol area, while continuing to maintain a stream of valuable local information to the Wiltshire output.

The GWR Linkline service received more than 18,000 calls from listeners during the course of the year and despatched 10,000 information packs.

Our thanks are due to the many splendid volunteers and the highly enterprising staff who combine their efforts in using radio to serve local communities in both franchise areas.

As a result of the deliberations of the GWR Community Trust under the able Chairmanship of Harold Cory, 230 local charities and community organisations received money raised by the 1985 GWR Christmas Appeal. The Trust's Chairmanship has now passed to Richard Vallis. Our hope is that even more organisations will benefit from the outstanding result of the 1986 Appeal referred to later.

### MANAGEMENT

During the course of the year there have been a number of significant changes in the management of the Company. Duke Hussey (Chairman of Radio West and Joint Chairman of the GWR Partnership) accepted the appointment of Chairman of Governors of the BBC during the course of the year and consequently, therefore, had to resign. While congratulating him on his Chairmanship and appointment we shall miss his experience.

Also in the course of the year John Bradford resigned from the post of Chief Executive. The Board thanks him for his services to the Company. Following his resignation Ralph Bernard therefore now combines the role of Managing Director of GWR with that of Programme Controller.

Subsequently, Paul Angus was appointed Deputy Managing Director of GWR with particular responsibility for the Bristol station.

Under the IBA's age rules for the Directors of Independent Radio companies, William Beloe and Tom Turvey, both of whom will achieve the age of 70 before this year's AGM, will not be seeking re-election. We thank them both for their valuable contributions, both to Radio West and the GWR Partnership.

GWR

Johnnie Walker, who as a broadcaster has served West and Wiltshire audiences with distinction in recent years, has also left for the BBC. In his place on Sundays we welcome an equally well-known broadcaster in David Hamilton.

#### FINANCIAL YEAR 1986/87 : THE FIRST QUARTER

In both national and local revenue terms the year has started well, with trading ahead of budgetary expectation and operational costs strictly contained.

The outstanding generosity of GWR's listeners in both areas - and the exceptional skills of its broadcasters - combined to set a new record in our 1986 Christmas Charity Appeal - £135,000 was raised for distribution to local charities.

#### THE FUTURE

Our investment programme for future growth continues

- On the marketing side, an increase of some £80,000 in promotional budgets for the present year has been authorised to support our drive for increased understanding of the size and quality of the GWR listening audience for advertisers on GWR Radio. The campaign theme - 'Broadcasting Success' - highlights GWR as a powerful revenue-creating medium for local businesses.
- On the production side, investment has also been authorised to expand the recording and editing capacities of the Bristol newsroom, bringing it into line with the facilities at Wootton Bassett and thus giving equal support to the news gathering efforts of the two excellent journalist teams.

The programme schedule has meanwhile been strengthened with more local programmes to both Wiltshire and West.

Unfortunately uncertainties remain.

- The long-awaited Green Paper on broadcasting is expected to change the regulatory and commercial environment in which Independent Radio operates.
- Plans for the introduction of so-called 'Community Radio' are expected to be revived - potentially posing a significant threat to Independent Radio revenues.
- Competitive media continue to proliferate nationally and internationally: satellite and cable T.V., daytime television, new newspapers, etc.

In addition we should remind shareholders that both GWR stations face the constraint of a fixed franchise period and that we must still expect shortly to meet the challenge of an additional B.B.C. local radio station in our own broadcast area.

In all these circumstances we believe that the completion of the merger of the two companies into the GWR Group PLC is imperative to continue the impetus which was started by the formation of the Partnership last year. Our proposals, unanimously recommended by the Board to achieve this objective, will be despatched shortly and we ask for your support.

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CONCLUSION

On behalf of the shareholders of both companies we would like to thank the entire GWR management staff for their achievements and congratulate them on a successful first year. In particular we would like to thank Ralph Bernard for the immense efforts he has made to make the partnership work and are grateful to him and his team for the confidence that they engender and whatever difficulties arise in the coming year they will be addressed with determination and enthusiasm.

NICHOLAS TRESILIAN

CHAIRMAN, WILTSHIRE RADIO PLC

JOHN PONTIN

CHAIRMAN, RADIO WEST plc



# RADIO WEST plc

## DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 30th September 1986.

### PRINCIPAL ACTIVITY

The company operates the independent radio franchise in Bristol, Avon and the surrounding area and is a partner in the GWR partnership, which was formed on 1st October 1985 to operate the combined activities formerly carried out by Radio West plc and Wiltshire Radio PLC. The accounts of the partnership for the year to 30th September 1986 are attached.

### BUSINESS REVIEW

A review of the activity of the company during 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 on the GWR partnership.

### RESULTS AND DIVIDENDS

The profit for the year after interest payable and taxation amounted to £55,465. No dividends have been declared given the deficit on the profit and loss account.

### 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:

	<u>At 30.9.86 and 30.9.85</u>	
	<u>20p Ordinary Voting</u>	<u>£1 15% Loan Stock</u>
M. J. Hussey (resigned October 1986)		
At 30.9.85	70,600	
At 30.9.86	35,844	
J. R. F. Bradford (resigned April 1986)	600	
W. G. Beloe	39,600	
Miss G. Kitto	2,000	
D. M. Parkes	2,600 *	1,000 *
Mrs. S. J. Pirie	600	
J. G. Pontin (see below)	200	
J. N. Tidmarsh	38,100	
T. E. Turvey	3,200	
R. M. Bernard	-	

\* Non-beneficial holding.

The JT Group Limited, in which J. Pontin is interested owns 23,756 Ordinary Shares and £3,000 nominal 15% Loan Stock.

RADIO WEST plc

DIRECTORS' REPORT (continued)

DIRECTORS (continued)

J. G. Pontin and J. N. Tidmarsh retire by rotation in accordance with Article 84 of the Company's Articles of Association and offer themselves for re-election.

Mr. J. G. Pontin is a director of the holding company of JT Group which owns the lease of the premises occupied by Radio West plc at Watershed, Bristol. This apart, no directors held a material interest in any contracts significant to the company's business.

TAXATION STATUS

The company is not a "close company" within the provision of the Income and Corporation Taxes Act 1970.

SHARE OPTION SCHEME

By resolution of the shareholders dated 14th August 1985, the company adopted a share option scheme whereby up to 5% of the issued share capital of the company could be allocated to senior executives under a share option scheme approved by the Inland Revenue for the purpose of the F.A. 1984. At the present time no options have been granted under the scheme.

AUDITORS

A resolution for the re-appointment of Deloitte Haskins & Sells as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

R. W. SMERDON  
Secretary  
2nd March 1987

AUDITORS' REPORT TO THE MEMBERS OF  
PACIFIC WEST plc

We have audited the financial statements on pages 9 to 18  
in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and  
fair view of the state of the company's affairs at  
30th September 1986 and of its profit and source and  
application of funds for the year then ended and comply  
with the Companies Act 1985.

DELOITTE HASKINS & SELLS  
Chartered Accountants

Bristol  
16th February 1987

## RADIO WEST plc

### ACCOUNTING POLICIES

#### Basis of Accounting

The accounts have been prepared under the historical cost basis of accounting.

#### GWR Partnership

The results of the investment in the GWR partnership are accounted for under the 'equity method of accounting'. The effect is to include the share of results accruing to the company from the activities of the partnership.

#### Tangible Assets

Depreciation is charged on a straight line basis at the following rates:

Short leasehold property	Over the remaining life of the lease which expires in 2006
Plant and machinery	20% - 25% p.a.
Fixtures, fittings and equipment	20% p.a.

For accounting periods up to 30th September 1983 the rate of depreciation adopted for short leasehold property was 12½% which assumed that the property would have no material residual value at 30th September 1989 which at that time was the latest date to which the current contract with the IBA could be extended. The current contract with the IBA can now be extended. However, the property is held under a lease expiring in 2006 and it is considered that the remaining unamortised balance of cost at 30th September 1983 and any subsequent additions should be written off over the remaining life of the lease.

#### Stocks

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

#### Leases

Leasing costs are charged to revenue as arising, all leases being treated as operating leases.

#### Turnover

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

#### Musical Employment

The licence from the Independent Broadcasting Authority requires that the company expends 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.

RADIO WEST plcPROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30th SEPTEMBER 1986

	<u>Notes</u>	<u>1986</u>	<u>1985</u>
		£	£
TURNOVER		-	780,647
Operating expenses	1	(4,014)	(782,502)
GROSS LOSS		(4,014)	(1,855)
IBA Primary Rental		-	(94,851)
TRADING LOSS		(4,014)	(96,706)
Share of results of GWR partnership		77,353	-
Investment income	2	-	10,036
OPERATING PROFIT/(LOSS)		73,339	(86,670)
Interest payable	2	(17,874)	(30,968)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		55,465	(117,638)
Taxation	7	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		55,465	(117,638)
Extraordinary item	4	-	(55,014)
PROFIT/(LOSS) FOR YEAR		£ 55,465	£ (172,652)

FADIC WEST plc

BALANCE SHEET AT 30th SEPTEMBER 1986

	<u>Notes</u>	<u>1986</u>	<u>1985</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	8	-	276,951
Investment in GWR partnership	9	381,137	-
			<u>276,951</u>
<b>CURRENT ASSETS</b>			
Debtors	10	-	145,263
Investments	11	-	25,445
Cash at bank and in hand		-	978
		<u>-</u>	<u>171,686</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	4,014	189,505
<b>NET CURRENT (LIABILITIES)</b>		<u>(4,014)</u>	<u>(17,819)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		377,123	259,132
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(119,158)	(119,158)
<b>NET ASSETS</b>		<u>£257,965</u>	<u>£139,974</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	16	491,835	491,835
Share premium account	15	42,999	42,999
Profit and loss account deficit	15	(276,869)	(394,860)
		<u>£257,965</u>	<u>£139,974</u>

The accounts on pages 9 to 18 were approved by the board of Directors on 30th January 1987 and were signed on its behalf by:

J. G. Pontin )  
J. N. Tidmarsh ) Directors

*J. G. Pontin*  
*J. N. Tidmarsh*

PALLO WEST PLC

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30th SEPTEMBER 1986

		<u>1986</u>		<u>1985</u>
SOURCE OF FUNDS	£	£	£	£
Profit/(Loss) for year		<u>55,465</u>		<u>(172,652)</u>
Adjustment for items not involving the movement of funds:				
Profit retained in GWR partnership	(59,479)			
Depreciation	<u>-</u>		<u>20,927</u>	
Total absorbed by operations		<u>(59,479)</u>		<u>20,927</u>
		(4,014)		(151,725)
Funds from other sources:				
Transfer of fixed assets		276,951 *		-
Other adjustments for items not involving the movement of funds:				
Adjustment to capital account		<u>62,526 *</u>		<u>-</u>
		335,463		(151,725)
Application of funds				
Investment in GWR partnership		(321,658) *		-
Purchase of tangible fixed assets		<u>-</u>		<u>(1,479)</u>
NET SOURCE/(APPLICATION) OF FUNDS		<u>£ 13,805</u>		<u>£ (153,204)</u>
INCREASE/(DECREASE) IN WORKING CAPITAL				
Decrease in stocks		-		(2,630)
Decrease in debtors		(145,263) *		(41,552)
Decrease/(Increase) in creditors falling due within one year		<u>170,514 *</u>		<u>(4,957)</u>
		25,251		(49,139)
Movement in net liquid funds:				
Decrease in investments	(25,445) *		(95,000)	
Decrease/(Increase) in bank overdraft	14,977 *		(9,278)	
(Decrease)/Increase in cash at bank and in hand	<u>(978) *</u>		<u>213</u>	
		<u>(11,446)</u>		<u>(104,065)</u>
INCREASE/(DECREASE) IN WORKING CAPITAL		<u>£ 13,805</u>		<u>£ (153,204)</u>

PADIO WEST plc

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30th SEPTEMBER 1986 (continued)

\* This statement includes the effect of the investment in the GWR partnership and transfer of assets to the partnership as follows:

<u>Transfer of assets</u>	<u>£</u>	<u>Discharged by</u>	<u>£</u>
Fixed assets	276,951	Investment in GWR	
Debtors	145,263	partnership	321,658
Investments	25,445		
Cash at bank and in hand	978		
Creditors	(174,528)		
Bank overdraft	(14,977)		
Adjustment to capital account	62,526		
	<u>£321,658</u>		<u>£321,658</u>



RADIO WEST plc

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30th SEPTEMBER 1986

1. NET OPERATING EXPENSES

	<u>1986</u>	<u>1985</u>
	£	£
Selling and administrative expenses	-	648,016
Other operating expenses	<u>4,014</u>	<u>134,486</u>
	£ 4,014	£782,502

2. INTEREST

Interest Payable

On bank overdraft	-	1,511
On loan stock	17,874	17,874
Other	<u>-</u>	<u>11,583</u>
	£17,874	£30,968

Other interest represents the defrayment of interest charges on a bridging loan to enable Mr. Bradford to move house to Bristol.

Investment Income

On short term deposits	-	10,036
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3. PROFIT ON ORDINARY ACTIVITIES  
BEFORE TAXATION

Profit is stated after charging:

Depreciation	-	20,927
Equipment leasing	-	53,799
Auditors' remuneration	-	4,000

4. EXTRAORDINARY ITEM

1986 fnil - 1985 represents the company's share of the GWR launch costs being two thirds of the total.

5. EMPLOYEES

Staff costs:

Wages and salaries	-	229,779
Social security costs	<u>-</u>	<u>22,172</u>
	£ -	£251,951

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. EMPLOYEES (continued)

	<u>1986</u>	<u>1985</u>
The average weekly number of persons employed by the company during the year was	<u>Number</u>	<u>Number</u>
	-	25
Directors' remuneration in respect of their services to the GWR partnership and paid by the partnership.	<u>£</u>	<u>£</u>
Staff costs include the following remuneration in respect of directors of the company:		
Fees	-	-
Other emoluments (including pension contributions)	59,055	34,980
Compensation for loss of office	<u>38,000</u>	<u>-</u>
	£97,055	£34,980
The directors remuneration disclosed above (excluding pension contributions) include amounts paid to:		
The Chairman	£ -	£ -
The highest paid director	£34,000	£30,000
The emoluments of other directors	<u>Number</u>	<u>Number</u>
Nil	7	10
£ 1 - £ 5,000	-	-
£ 5,001 - £10,000	-	-
£10,001 - £15,000	-	-
£15,001 - £20,000	1	-

6. DIRECTORS' INTERESTS IN CONTRACTS WITH THE COMPANY

Mr. J. G. Pontin is a director of and (either as an individual or Trustee) a substantial shareholder in JT Group Limited. The GWR partnership leases its premises from an associated company of JT Group Limited for £45,000 p.a.

7. TAXATION

Corporation tax on the results of the GWR partnership is chargeable to the corporate partners separately. However, no provision for corporation tax has been made due to the availability of tax losses. At 30th September 1986 there are tax losses amounting to £830,533 (1985 £943,626) that can be utilised against future tax profits of the company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. TANGIBLE FIXED ASSETS

	Land and Buildings Short Leasehold £	Plant & Machinery £	Fixtures, Fittings & Equipment £	Total £
COST				
At 1st October 1985				
Transferred to GWR partnership	362,755	35,483	7,342	405,580
At 30th September 1986	<u>362,755</u>	<u>35,483</u>	<u>7,342</u>	<u>405,580</u>
	-	-	-	-
DEPRECIATION				
At 1st October 1985				
Transferred to GWR partnership	110,715	14,905	3,009	128,629
At 30th September 1986	<u>110,715</u>	<u>14,905</u>	<u>3,009</u>	<u>128,629</u>
	-	-	-	-
NET BOOK VALUE				
At 30th September 1986	-	-	-	-
At 30th September 1985	<u>252,040</u>	<u>20,578</u>	<u>4,333</u>	<u>276,951</u>

9. INVESTMENT IN GWR PARTNERSHIP

	1986 £	1985 £
Transfer of assets to GWR partnership at valuation	321,658	-
Share of reserves	77,353	-
Less drawings	(17,874)	-
	<u>£381,137</u>	<u>£ -</u>

In the directors opinion, the investment is stated at fair value.

10. DEBTORS

	1986 £	1985 £
Trade debtors	-	117,861
Prepayments	-	27,402
	<u>£ -</u>	<u>£145,263</u>

Included in other debtors of the GWR partnership is a loan to Mr. R. Bernard, a Director of Radio West plc and Wiltshire Radio PLC, of £28,000 which was made on 25th November 1985. The loan is interest free.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. INVESTMENTS

	<u>1986</u>	<u>1985</u>
	£	£
Short term deposit	£ -	£ 25,445

12. CREDITORS: Amounts falling due within one year:

GWR partnership current account	4,014	-
Bank overdraft (secured)	-	14,977
Trade creditors	-	97,586
Corporation tax	-	1,154
Taxation and social security	-	18,814
Accruals	-	56,974
	<u>£ 4,014</u>	<u>£189,505</u>

13. CREDITORS: Amounts falling due after more than one year:

Loan stock	£119,158	£119,158
------------	----------	----------

The loan stock is unsecured and carries interest at 15% per annum, payable half-yearly. The stock is redeemable up to 29th September 1990 at the company's discretion.

14. DEFERRED TAXATION

No provision is made for deferred taxation. The directors consider that no actual liability will arise in the foreseeable future because of the level of tax losses available for carry forward at 30th September 1986.

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

Accelerated capital allowances in GWR partnership (1985 company)	63,839	67,026
Other	<u>3,840</u>	<u>-</u>
	67,679	67,026
Less: Relief for tax losses	<u>(67,679)</u>	<u>(67,026)</u>
	<u>£ -</u>	<u>£ -</u>

15. SHARE PREMIUM ACCOUNT AND RESERVES

	<u>Share premium acco</u>	<u>Profit and loss account</u>
	£	£
At 1st October 1985	42,999	(394,860)
Adjustment to capital account in accordance with the partnership agreement	-	62,526
Profit for the year	-	<u>55,465</u>
At 30th September 1986	<u>£42,999</u>	<u>£(276,869)</u>

RADIO WEST plc

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. SHARE CAPITAL

	<u>1986</u>	<u>1985</u>
	£	£
Authorised:		
2,910,805 Voting Ordinary Shares of 20p each	£582,161	£582,161
Issued:	<u>          </u>	<u>          </u>
2,459,173 Voting Ordinary Shares of 20p each, fully paid	£491,835	£491,835
	<u>          </u>	<u>          </u>

17. CAPITAL COMMITMENTS

There were no capital commitments at either this or the previous year end.

18. LEASING COMMITMENTS

The future lease payments (excluding those relating to premises) to which the company is committed as at 30th. September 1986 are as follows:

Within one year	-	50,346
Between two and five years	-	3,672
Over five years	-	-
	<u>          </u>	<u>          </u>
	£ -	£ 54,018
	<u>          </u>	<u>          </u>

19. CONTINGENT LIABILITIES

There are no contingent liabilities (1985 - £Nil).

GWR  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30th SEPTEMBER 1986

AUDITORS' REPORT TO THE PARTNERS OF  
GWZ

We have audited the financial statements on pages 21 to 30 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the partnership's affairs at 30th September 1986 and of its profit and source and application of funds for the year then ended.

DELOITTE HASKINS & SELLS  
Chartered Accountants

Bristol  
16th February 1987

GWR

GWR is a partnership between Radio West plc (RW) and Will Silver Radio PLC (WR). The partnership was formed on 1st October 1985. These accounts show the results for the year ended 30th November 1986.

## ACCOUNTING POLICIES

### Basis of Accounting

The accounts have been prepared under the historical cost basis of accounting.

### Tangible Assets

No depreciation has been provided on the freehold building because it is a Grade II listed building and its residual value in fifty /one hundred years time is expected not to be substantially different from its cost and, therefore, any provision for depreciation would not be material. No depreciation is provided on the studio block, as the Directors are of the opinion that at the end of the licence period the residual value of this building is such that any depreciation would be immaterial.

Depreciation on other tangible fixed assets is charged on a straight line basis at the following rates:

Short leasehold property	Over the period of the lease 25 years to 2006
Equipment and motor vehicles	20% p.a.
Fixtures and fittings	10% p.a.

### Stocks

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

### Leases

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.

### Turnover

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

### Musical Employment

The licences from the Independent Broadcasting Authority requires that the licence holders (RW and WR) 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.



GNE

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30th SEPTEMBER 1986

	<u>Notes</u>	<u>1986</u> £
TURNOVER		2,030,888
Operating expenses	1	<u>1,725,094</u>
GROSS PROFIT		305,794
IBA Primary Rental		<u>110,274</u>
TRADING PROFIT		195,520
Investment income	2	<u>1,226</u>
OPERATING PROFIT		196,746
Interest payable	2	<u>77,788</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		118,958
Taxation	5	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	<u><u>£118,958</u></u>

23870  
118958  
172822

GWR

BALANCE SHEET AT 30th SEPTEMBER 1986

	<u>Notes</u>	<u>1986</u> £
FIXED ASSETS		
Tangible assets	6	816,796
CURRENT ASSETS		
Stocks	7	2,300
Debtors	8	570,020
Investments	9	10,000
Cash at bank and in hand		966
		<u>583,286</u>
CREDITORS		
Amounts falling due within one year	10	463,966
NET CURRENT ASSETS		<u>119,320</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		936,116
CREDITORS		
Amounts falling due after more than one year	11	419,158
NET ASSETS		<u>£516,958</u>
CAPITAL ACCOUNTS		
Radio West plc	14	261,979
Wiltshire Radio PLC	14	254,979
		<u>£516,958</u>

The accounts on pages 21 to 30 were approved by the boards of the corporate partners on 30th January 1987 and were signed on its behalf by:

R. M. Bernard	)	Director - Radio West plc
N. Tresilian	)	Director - Wiltshire Radio PLC

GNE

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30th SEPTEMBER 1986

		<u>1986</u>
	£	£
<b>SOURCE OF FUNDS</b>		
Capital introduced by the partners		398,000
Loan stocks		<u>419,158</u>
		817,158
Profit for year	118,958	
Adjustment for items not involving the movement of funds:		
Depreciation	<u>71,592</u>	<u>190,550</u>
		1,007,708
<b>APPLICATION OF FUNDS</b>		
Transfer of fixed assets	874,740	
Other movement in fixed assets	<u>13,648</u>	<u>(888,388)</u>
		£ 119,320
<b>NET SOURCE OF FUNDS</b>		<u><u>£ 119,320</u></u>
<b>INCREASE IN WORKING CAPITAL</b>		
Increase in stocks		2,300
Increase in debtors		570,020
Increase in creditors falling due within one year		<u>(447,854)</u>
		124,466
Movement in net liquid funds:		
Increase in investments	10,000	
Increase in bank overdraft	<u>(16,112)</u>	
Increase in cash at bank and in hand	966	<u>(5,146)</u>
		£119,320
<b>INCREASE IN WORKING CAPITAL</b>		<u><u>£119,320</u></u>

This statement includes the effect of the transfer of assets from the partners and introduction of capital as follows:

<u>Transfer of assets</u>		<u>Discharged by</u>	
	£		£
Fixed assets	874,740	Radio West plc -	
Debtors	394,747	Initial Capital	202,500
Investments	25,445	Wiltshire Radio PLC	
Cash at bank and in		- Initial Capital	111,500
hand	1,086	Wiltshire Radio PLC	
Creditors	<u>(461,218)</u>	- Separate loan	84,000
Bank overdraft	<u>(17,642)</u>	account	
Loan stocks	<u>(419,158)</u>		<u>£398,000</u>
	<u><u>£398,000</u></u>		<u><u>£398,000</u></u>

GNE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30th SEPTEMBER 1986

1. NET OPERATING EXPENSES

1986

£

Selling and administrative expenses  
Other operating expenses

1,208,407  
516,687  
£1,725,094

2. INTEREST

Interest Payable

On bank overdraft  
On partnership loans (note 11)  
Interest on finance leases and hire  
purchase contracts  
Other

4,785  
53,874  
10,977  
8,152  
£77,788

Investment Income

On short term deposits

£ 1,226

3. PROFIT ON ORDINARY ACTIVITIES  
BEFORE TAXATION

Profit is stated after charging:

Depreciation  
Equipment leasing  
Auditors' remuneration

71,592  
78,564  
6,000

4. EMPLOYEES

Staff costs:

Wages and salaries  
Social security costs

493,537  
45,296  
£538,833

The average weekly number of persons  
employed by the partnership during the  
year was

Number

60

GWT

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. EMPLOYEES (continued)	<u>1986</u>
Employees' remuneration	<u>£</u>
Staff costs include the following remuneration in respect of salaries of directors of the partners:	
Fees	4,000
Other emoluments (including pension contributions)	80,888
Compensation for loss of office	<u>38,000</u>
	<u>122,888</u>
The remuneration disclosed above (excluding pension contributions) include amounts paid to:	
The Chairman	<u>4,000</u>
The highest paid director of the partners	<u>34,000</u>
The emoluments of other directors of the partners	<u>Number</u>
Nil	21
£ 1 - £ 5,000	-
£ 5,001 - £10,000	-
£10,001 - £15,000	-
£15,001 - £20,000	1
£20,001 - £25,000	1

5. TAXATION

Corporation tax on the results of the partnership is chargeable to the corporate partners separately. However, no provision for corporation tax is necessary in the accounts of the corporate partners due to the availability of tax losses.

GWR

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 6. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Land and Buildings Short Leasehold	Technical Equipment	Motor Vehicles	Fixtures and Fittings	Total
	£	£	£	£	£	
<b>COST</b>						
Transferred from corporate partners						
Owned assets	441,406	362,755	43,928	32,020	27,973	908,082
Leased assets	-	-	168,033	-	42,495	210,528
At 1st October 1985	441,406	362,755	211,961	32,020	70,468	1,118,610
Additions during the year	-	3,397	10,816	4,695	682	19,590
Disposals	-	-	-	(15,245)	-	(15,245)
At 30th September 1986	441,406	366,152	222,777	21,470	71,150	1,122,955
	=====	=====	=====	=====	=====	=====
<b>DEPRECIATION</b>						
Transferred from corporate partners						
Owned assets	-	110,715	16,190	11,909	7,873	146,687
Leased assets	-	-	132,567	-	15,972	148,539
Depreciation rate adjustment	-	(53,471)	3,303	(453)	(735)	(51,356)
At 1st October 1985	-	57,244	152,060	11,456	23,110	243,870
Charge for year	-	14,706	44,556	5,214	7,116	71,592
Disposals	-	-	-	(9,303)	-	(9,303)
At 30th September 1986	-	71,950	196,616	7,367	30,226	306,159
	=====	=====	=====	=====	=====	=====
<b>NET BOOK VALUE</b>						
At 30th September 1986	£441,406	£294,202	£26,161	£14,103	£40,924	£816,796
	=====	=====	=====	=====	=====	=====
Fixed assets at net book value comprise:						1986
						£
Owned assets						787,431
Leased assets and hire purchase contracts						29,365
						816,796
						=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

6.	TANGIBLE FIXED ASSETS (continued)	<u>1986</u>
		£
	Depreciation charge for the year comprises:	
	Owned assets	31,288
	Leased asset and hire purchase contracts	<u>40,304</u>
		£71,592
7.	STOCKS	<u></u>
	Promotional items and goods for resale	£ 2,300
8.	DEBTORS	<u></u>
	Radio West plc - Current account	4,014
	Wiltshire Radio PLC - Current account	1,582
	Trade debtors	447,141
	Prepayments	33,033
	Musical employment	22,559
	Other	<u>61,591</u>
		£570,020
	Included in other debtors is a loan to Mr. R. Bernard, a Director of Radio West plc and Wiltshire Radio PLC, of £28,000 which was made on 25th November 1985. The loan is interest free.	
9.	INVESTMENTS	<u></u>
	Short term deposit	£ 10,000
10.	CREDITORS	<u></u>
	Amounts falling due within one year:	
	Bank overdraft	16,112
	Trade creditors	215,877
	Taxation and social security	151,257
	Accruals	36,189
	Finance leases and hire purchase agreements	3,105
	Other creditors	<u>41,426</u>
		£463,966
11.	CREDITORS	<u></u>
	Amounts falling due after more than one year:	
	<u>Partnership Loans</u>	
	Radio West plc	119,158
	Wiltshire Radio PLC	<u>300,000</u>
		£419,158

GWR

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. DEFERRED TAXATION

No provision is made for deferred taxation. The directors of the corporate partners consider that no actual liability will arise in the foreseeable future because of the level of tax losses available for carry forward at 30th September 1986.

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

	<u>1986</u>
	£
Accelerated capital allowances	127,678
Other	<u>7,680</u>
	135,358
Less: Relief for tax losses available to the corporate partners	<u>(135,358)</u>
	£ -

13. PROFIT AND LOSS APPROPRIATION ACCOUNT

	<u>GWR</u>	<u>Radio West plc</u>	<u>Wiltshire Radio PLC</u>
	£	£	£
Profit after taxation	118,958		
Add:			
Interest on partnership loans	<u>53,874</u>		
	£172,832		
	<u><u>          </u></u>		
Deduct:			
Prior charges	53,874	17,874	36,000
Balance equally	<u>118,958</u>	<u>59,479</u>	<u>59,479</u>
	£172,832	£77,353	£95,479
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>

Prior charges represent the interest on the partnership loans (Note 11).



GWR

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. CAPITAL ACCOUNTS

	<u>GWR</u>	<u>Radio West plc</u>	<u>Wiltshire Radio PLC</u>
	£	£	£
Initial Capital 1st October 1985	314,000	202,500	111,500
Add:			
Share of profits (Note 13)	172,832	77,353	95,479
Deduct:			
Drawings in respect of prior charges	(53,874)	(17,874)	(36,000)
	<u>432,958</u>	<u>261,979</u>	<u>170,979</u>
Separate Loan Account	<u>84,000</u>	<u>-</u>	<u>84,000</u>
Capital at 30th September 1986	<u>£516,958</u>	<u>£261,979</u>	<u>£254,979</u>

15. CAPITAL COMMITMENTS

There were no capital commitments at the year end.

16. LEASING COMMITMENTS

The future lease payments (excluding those relating to premises) to which the partnership is committed as at 30th September 1986 are as follows:

	<u>1986</u>
	£
Within one year	51,856
Between two and five years	48,074
Over five years	<u>2,652</u>
	<u>102,582</u>

17. CONTINGENT LIABILITIES

There are no contingent liabilities.