

**SAGA DIGITAL RADIO LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**31 JANUARY 2003**

**Company Registration Number: 972880**



## **SAGA DIGITAL RADIO LIMITED**

### **Directors' report**

Directors: R M De Haan (Chairman)  
T B Bull  
R J Coles  
R J Fraser  
S M Howard

Secretary: R J Fraser

Registered Office: The Saga Building, Enbrook Park, Folkestone, Kent CT20 3SE

The directors present their report for the year ended 31 January 2003.

#### **Principal activities and review of business**

The company's principal activity is the broadcasting of digital radio services. The directors consider the results for the year to be satisfactory and anticipate further development of the business in the coming year.

#### **Accounts and dividends**

The loss before taxation for the year amounted to £1,836,843. After taxation, an amount of £1,282,199 has been transferred to reserves. The company's parent, Saga Group Limited, has agreed to provide the company with the financial support necessary to enable it to meet its liabilities as they fall due.

#### **Directors**

The directors of the company during the year ended 31 January 2003 were those listed above.

#### **Directors' interests**

Mr R M De Haan is a director of the ultimate parent undertaking Saga Limited, and his interest in shares is set out in the accounts of that company. No other director holds any shares in the company or the ultimate parent undertaking.

## **SAGA DIGITAL RADIO LIMITED**

### **Directors' report continued**

#### **Auditors**

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for the year.

The Directors confirm that the accounting policies are appropriate to the company's business and have been applied consistently. In preparing the accounts for the year, the Directors have made reasonable and prudent judgements, have ensured that applicable accounting standards have been followed and confirm that it is appropriate to prepare the accounts on a going concern basis.

The Directors are responsible for maintaining proper accounting records, for safeguarding the Company's assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



R J Fraser  
Secretary  
24 April 2003

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAGA DIGITAL RADIO LIMITED**

We have audited the company's financial statements for the year ended 31 January 2003 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Shareholders' Funds and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

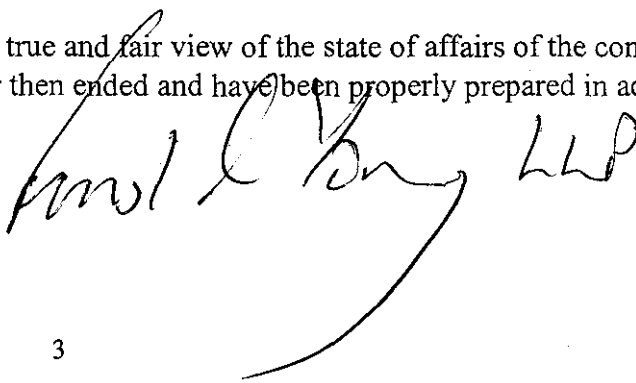
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 January 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP  
Registered Auditor  
London

24 April 2003



**SAGA DIGITAL RADIO LIMITED**  
**Profit and loss account**  
**For the year ended 31 January 2003**

	Note	2003 £	2002 £
<b>Turnover</b>	2	28,264	23,167
Staff costs	6	(304,790)	(189,632)
Depreciation of fixed assets	4	(64,305)	(55,539)
Other operating charges		<u>(1,398,313)</u>	<u>(990,844)</u>
<b>Operating loss</b>		(1,739,144)	(1,212,848)
Net interest payable	3	(97,699)	(56,322)
<b>Loss on ordinary activities before taxation</b>	4	<u>(1,836,843)</u>	<u>(1,269,170)</u>
Taxation	8	554,644	371,875
<b>Retained loss for the year</b>	13	<u><u>(1,282,199)</u></u>	<u><u>(897,295)</u></u>

There were no recognised gains or losses other than the amounts included above.

**SAGA DIGITAL RADIO LIMITED**  
**Balance sheet as at 31 January 2003**

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	9	<u>60,755</u>	<u>100,389</u>
<b>Current assets</b>			
Debtors	10	229,371	158,034
<b>Creditors</b>			
- amounts falling due within one year	11	(629,890)	(1,815,888)
<b>Net current liabilities</b>		<u>(400,519)</u>	<u>(1,657,854)</u>
<b>Total assets less current liabilities</b>		<u>(339,764)</u>	<u>(1,557,465)</u>
<b>Capital and reserves</b>			
Called-up share capital	12	2,500,000	100
Profit and loss account	13	(2,839,764)	(1,557,565)
<b>Equity shareholders' funds</b>	14	<u>(339,764)</u>	<u>(1,557,465)</u>

S M Howard

T B Bull

24 April 2003

Directors

# SAGA DIGITAL RADIO LIMITED

## Notes to the accounts

### 1 Accounting policies

#### a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### b) Fixed assets

Fixed assets are stated at cost less depreciation. The cost of fixed assets is depreciated in equal instalments over the following periods.

Plant, machinery and equipment	various up to a maximum of 10 years
Fixtures and fittings	various up to a maximum of 5 years
Computers	various up to a maximum of 3 years

#### c) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive, more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### d) Pension benefits

The company contributes to a funded scheme administered by the immediate parent undertaking. Pension benefits are funded over the employee's period of service. The company's contributions are based on the most recent actuarial valuation of the fund.

### 2 Turnover

Turnover, which all arises from continuing business, represents the invoiced amount of services supplied stated net of value added tax.

### 3 Net interest payable

	2003	2002
	£	£
Inter-company and other interest	<u>97,699</u>	<u>56,322</u>

## SAGA DIGITAL RADIO LIMITED

### Notes to the accounts continued

#### 4 Loss on ordinary activities before taxation is stated

	2003	2002
After charging:	£	£
Audit fees	1,000	1,000
Depreciation	<u>64,305</u>	<u>55,539</u>

#### 5 Emoluments of directors

The emoluments of the directors of the company were:

	2003	2002
	£	£
Emoluments	<u>123,180</u>	<u>92,998</u>
Members of defined benefit pension scheme (*)	<u>5</u>	<u>5</u>

\* - Including directors not remunerated by the company.

#### 6 Staff costs

	2003	2002
	£	£
Wages and salaries	258,514	158,523
Social security costs	24,326	19,258
Other pension costs	<u>21,950</u>	<u>11,851</u>
	<u>304,790</u>	<u>189,632</u>
Average number of employees (*)	<u>10</u>	<u>9</u>

\* - Including directors not remunerated by the company.

#### 7 Pension benefits

The Company is a member of the Saga Group Limited Pension and Life Assurance Scheme which is a defined benefit pension scheme.

The Company is one of a number of Saga companies participating in the Scheme, and its contributions are affected by the financial position of the Scheme as a whole. As it is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis, the Company is accounting for its pension expense on a defined contribution basis in accordance with paragraph 9 of FRS 17.

Further details of the Scheme can be found in the accounts of Saga Group Limited.



# SAGA DIGITAL RADIO LIMITED

## Notes to the accounts continued

### 8 Taxation

	2003	2002
	£	£
Group relief @ 30%	(533,644)	(373,225)
Current tax	(533,644)	(373,225)
Prior year tax	-	1,350
Deferred tax – current year	(16,000)	-
Deferred tax – prior years	(5,000)	-
	<u>(554,644)</u>	<u>(371,875)</u>

#### Reconciliation of Current Tax Charge:

	2003	2002
	£	£
Pre-tax losses at 30%	(551,053)	(380,751)
Depreciation in excess of capital allowances	9,984	6,151
Permanent differences	1,426	1,376
Other timing differences	5,999	(1)
	<u>(533,644)</u>	<u>(373,225)</u>

### 9 Tangible fixed assets

	Fixtures Fittings & Equipment	Total
	£	£
Cost		
At 31 January 2002	180,724	180,724
Additions	24,671	24,671
Disposals	-	-
At 31 January 2003	<u>205,395</u>	<u>205,395</u>
Depreciation		
At 31 January 2002	80,335	80,335
Charge for year	64,305	64,305
Disposals	-	-
At 31 January 2003	<u>144,640</u>	<u>144,640</u>
Net book amounts		
At 31 January 2003	60,755	60,755
At 31 January 2002	<u>100,389</u>	<u>100,389</u>

**SAGA DIGITAL RADIO LIMITED****Notes to the accounts continued**

<b>10 Debtors</b>	<b>2003</b>	<b>2002</b>
	£	£
Trade debtors	2,447	-
Deferred tax	21,000	-
Other debtors	79,089	56,701
Prepayments	126,835	101,333
	<u>229,371</u>	<u>158,034</u>

Deferred taxation comprises of an excess of depreciation over capital allowances of £15,000 and other short-term timing differences of £6,000. The directors anticipate that there will be sufficient future profits against which deferred tax can be recovered, either in the company or by the surrender of group relief to other Saga companies.

<b>11 Creditors</b>	<b>2003</b>	<b>2002</b>
<b>- amounts falling due within one year</b>	£	£
Trade creditors	83,419	21,154
Bank overdraft	154,505	53,837
Amount due to group undertakings	282,757	1,680,429
Accruals	109,209	60,468
	<u>629,890</u>	<u>1,815,888</u>

**12 Called up share capital**

	<b>2003</b>	<b>2002</b>
	£	£
Authorised		
5,000,000 Ordinary shares of £1 each	<u>5,000,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
2,500,000 Ordinary shares of £1 each	<u>2,500,000</u>	<u>100</u>

During the year the company's authorised ordinary share capital was increased by 4,990,000 shares. An additional 2,499,900 ordinary £1 shares were allotted, called up and fully paid during the year.

**13 Profit and loss account**

	<b>2003</b>	<b>2002</b>
	£	£
At 31 January 2002	(1,557,565)	(660,270)
Loss for year	<u>(1,282,199)</u>	<u>(897,295)</u>
At 31 January 2003	<u>(2,839,764)</u>	<u>(1,557,565)</u>

**SAGA DIGITAL RADIO LIMITED****Notes to the accounts continued****14 Reconciliation of movement in shareholders' funds**

	2003	2002
	£	£
At 31 January 2002	(1,557,465)	(660,170)
New share capital issued	2,499,900	-
Loss for year	(1,282,199)	(897,295)
At 31 January 2003	<u>(339,764)</u>	<u>(1,557,465)</u>

**15 Related party transactions**

The company has taken advantage of the exemption afforded by FRS8 in not disclosing transactions with other entities in the Saga group of companies.

**16 Ultimate parent undertaking**

The accounts of the company have been consolidated in the group accounts of Saga Limited (the ultimate parent undertaking), Saga Leisure Limited and Saga Group Limited, all of which are registered in England.