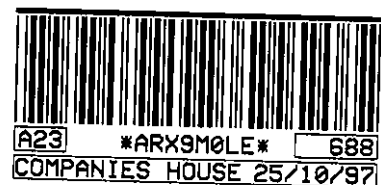


Highpoint Radio Communications Limited

Financial Statements

for the year ended 31 December 1996



Highpoint Radio Communications Limited

Company Information

Company No: 1280495

Registered Office

2 Applegarth
Wymondham
Norfolk
NR18 0BZ

Directors

Mr C D Jameson
Mrs M E Jameson

Secretary

Mrs M E Jameson

Reporting Accountants

Peters Elworthy & Moore
Salisbury House
Station Road
Cambridge
CB1 2LA

Bankers

Lloyds Bank plc
48 High Street
Newmarket
Suffolk
CB8 8LF

Highpoint Radio Communications Limited

Index

Page No.

1	Directors' Report
2	Accountants' Report
3	Profit and Loss Account
4	Balance Sheet
5 to 8	Notes to the Financial Statements

Highpoint Radio Communications Limited

Directors' Report

for the year ended 31 December 1996

The directors submit their report together with the unaudited financial statements for the year ended 31 December 1996.

Principal Activity and Business Review

The principal activity of the company continues to be the hiring out of radio aerial space from its radio stations and the directors intend to continue and develop this activity in the future.

The results for the past year and the state of the Company's affairs, which the directors consider satisfactory, are as set out in the financial statements.

The directors do not recommend the payment of a dividend.

The Company was entitled to exemption from audit of its financial statements under section 249A of the Companies Act 1985. These financial statements have therefore, not been audited. An Accountants' Report relating to the preparation of the financial statements is set out on page 3.

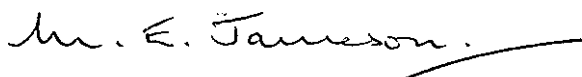
Directors and their Interests

The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	1996	1995
	No.	No.
Mr C D Jameson	100	100
Mrs M E Jameson	1	1

In accordance with the Articles of Association, Mr C D Jameson retires by rotation and, being eligible, offers himself for re-election.

By Order of the Board:



Mrs M E Jameson
Secretary

Date: 26/10/97

Accountants' Report to the Shareholders

on the Unaudited Financial Statements of Highpoint Radio Communications Limited

We report on the financial statements for the year ended 31 December 1996 set out on pages 3 to 7.

Respective responsibilities of directors and reporting accountants

As described on page 4, the company's directors are responsible for the preparation of the financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

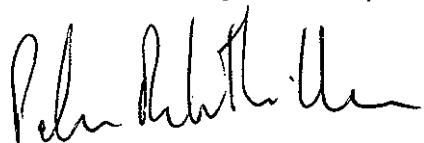
Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- a) the financial statements are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;
- b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).



PETERS ELWORTHY & MOORE
Reporting Accountants

CAMBRIDGE
21 October 1997

Highpoint Radio Communications Limited

Profit and Loss Account

for the year ended 31 December 1996

	Notes	1996 £	1995 £
Turnover	2	124,832	135,919
Administrative expenses		(81,621)	(79,831)
Operating profit	3	43,211	56,088
Interest receivable		249	86
Profit on ordinary activities before Taxation		43,460	56,174
Tax on profit on ordinary activities	5	(11,754)	(16,370)
Profit on ordinary activities after Taxation being retained profit for the year		31,706	39,804
Retained profit brought forward		192,562	152,758
Retained profit carried forward		224,268	192,562

All amounts relate to continuing activities.

There have been no recognised gains or losses, other than the results for the financial year.

Highpoint Radio Communications Limited

Balance Sheet

as at 31 December 1996

	Notes	1996 £	1996 £	1995 £	1995 £
Fixed Assets					
Tangible fixed assets	6		360,148		367,512
Current Assets					
Debtors	7	56,493		9,358	
Cash at bank		87,375		7,433	
		143,868		16,791	
Creditors:					
Amounts falling due within one year	8	(75,318)		(62,536)	
Net Current Assets/(Liabilities)			68,550		(45,745)
Total Assets Less Current Liabilities			428,698		321,767
Creditors:					
Amounts falling due after more than one year	9		(189,829)		(115,904)
Provision for Liabilities and Charges					
Deferred taxation			(14,500)		(13,200)
			224,369		192,663
Capital and Reserves					
Share capital	11		101		101
Profit and loss account			224,268		192,562
Equity Shareholders' Funds			224,369		192,663

In the directors' opinion the company was entitled under Section 249A(2) of the Companies Act 1985 to exemption from the audit of its financial statements for the year ended 31 December 1996. No notice from members requiring an audit has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for: ensuring that the company keeps accounting records which comply with section 221; and for preparing financial statements which give a true and fair view of the state of the affairs of the company as at 31 December 1996 and of its profit for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

ON BEHALF OF THE BOARD

C. D. Jameson

Mr C D Jameson
Director

Approved by the Board on 21/10/97

Highpoint Radio Communications Limited

Notes to the Financial Statements

for the year ended 31 December 1996

1 Principal Accounting Policies

Accounting Convention

The Financial Statements have been prepared under the historical cost convention.

Cash Flow Statement

In the opinion of the directors the company qualifies as a small company and accordingly a cash flow statement is not required.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of tangible fixed assets over their expected useful lives by equal annual instalments at the following rates:

Freehold buildings	3% on cost
Leasehold radio stations	over the period of the lease, or expected life if shorter (see note 6 below.)
Radio equipment	4% - 20% on cost
Furniture and equipment	10% on cost
Motor vehicles	25% on cost

Deferred Taxation

Provision is made for taxation deferred in respect of all material timing differences only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallize in the foreseeable future.

2 Turnover

Turnover, all of which arises in the United Kingdom, represents amounts receivable, excluding value added tax, for goods and services invoiced during the year.

3 Operating Profit

The operating profit is stated after charging :

	1996	1995
	£	£
Depreciation of tangible fixed assets	38,061	37,177

1995 Turnover includes exceptional income of £27,900 comprising a compensation claim for loss of income in prior years.

4 Staff Costs

The two directors were the only employees of the company during the year and in the preceding year, and both were engaged in the company's administration. The directors received no remuneration during the year.

Highpoint Radio Communications Limited

Notes to the Financial Statements

for the year ended 31 December 1996

5	Tax on Profit on Ordinary Activities	1996 £	1995 £
	<i>Based on the profit for the year:</i>		
	U.K. Corporation tax at 24% / 25% (1995: 25%)	10,454	14,070
	Deferred tax charge	1,300	2,300
		<u>11,754</u>	<u>16,370</u>

The company is a close company within the meaning of Section 414 of the Taxes Act 1988.

6	Tangible Fixed Assets	Freehold land and buildings	Leasehold radio stations	Radio equipment	Motor vehicle furniture & equipment	Total
	Cost	£	£	£	£	£
	At 1 January 1996	118,378	143,985	306,362	37,155	605,880
	Additions	-	(9,265)	38,578	1,383	30,696
	At 31 December 1996	<u>118,378</u>	<u>134,720</u>	<u>344,940</u>	<u>38,538</u>	<u>636,576</u>
	Depreciation					
	At 1 January 1996	6,864	54,319	149,858	27,326	238,367
	Charged for the year	3,432	3,896	28,269	2,464	38,061
	At 31 December 1996	<u>10,296</u>	<u>58,215</u>	<u>178,127</u>	<u>29,790</u>	<u>276,428</u>
	Net Book Value					
	At 31 December 1996	<u>108,082</u>	<u>76,505</u>	<u>166,813</u>	<u>8,748</u>	<u>360,148</u>
	At 31 December 1995	<u>111,514</u>	<u>89,666</u>	<u>156,504</u>	<u>9,829</u>	<u>367,513</u>

Leasehold radio stations above include net book value of £49,055 in respect of properties owned by Mr C D Jameson, a director of the Company. There is a formal tenancy agreement between Mr Jameson and the Company and such properties are depreciated as follows:

Buildings	-	over the term of the lease
Antenna towers	-	from 6.6% to 10% on cost

7	Debtors	1996 £	1995 £
	Due within one year:		
	Trade debtors	47,125	1,850
	Other debtors	3,262	652
	Prepayments	6,106	6,856
		<u>56,493</u>	<u>9,358</u>

Highpoint Radio Communications Limited

Notes to the Financial Statements

for the year ended 31 December 1996

8	Creditors: Amounts falling due within one year	1996	1995
		£	£
	Trade creditors	850	4,439
	Income received in advance	61,919	41,845
	Corporation tax	10,454	14,070
	Accruals and deferred income	2,095	2,182
		<u>75,318</u>	<u>62,536</u>
9	Creditors: Amounts falling due after more than one year	1996	1995
		£	£
	Directors' loans, free of interest and not repayable before 1 January 1998 but with no final repayment date	<u>189,829</u>	<u>115,904</u>
10	Provision for Liabilities and Charges	1996	1995
		£	£
	The movement on the provision for deferred taxation is as follows:		
	Provision at beginning of year	13,200	10,900
	Movement in year	1,300	2,300
	Provision at end of year	<u>14,500</u>	<u>13,200</u>
	The provision for deferred taxation relates solely to accelerated capital allowances.		
11	Share Capital		
	Authorised	1996	1995
		£	£
	2,000 Ordinary shares of £1 each (1995: 2,000)	<u>2,000</u>	<u>2,000</u>
	Allotted, issued and fully paid	1996	1995
		£	£
	101 Ordinary shares of £1 each (1995: 101)	<u>101</u>	<u>101</u>

Highpoint Radio Communications Limited

Notes to the Financial Statements

for the year ended 31 December 1996

12 Related Undertakings

For the purpose of schedule 6 of the Companies Act 1985, Mr C D Jameson and Mrs M E Jameson are associated with Highpoint Community Repeaters Ltd. During the year, the Company sold goods and services amounting to £7,800 on commercial terms to that company.