

**RED ROSE RADIO LIMITED  
(FORMERLY RED ROSE RADIO PLC)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1998**



**RED ROSE RADIO LIMITED  
(FORMERLY RED ROSE RADIO PLC)**

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**RED ROSE RADIO LIMITED  
(FORMERLY RED ROSE RADIO PLC)**

**DIRECTORS AND ADVISERS**

**Chairman**

T Finney \*

**Managing Director**

M Surrell

**Other Directors**

A P France \*  
T R Schoonmaker  
P J Seddon  
M Matthews  
A J Bickerstaff

\* Non-Executive

**Secretary**

D K Walmsley

**Auditors**

PricewaterhouseCoopers  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

**Bankers**

Barclays Bank Plc  
Peterborough Business Centre  
PO Box 294  
1 Church Street  
Peterborough  
PE1 1EZ

**Registered Office**

The Radio Station  
St Pauls Square  
Preston  
PR1 4YE

**RED ROSE RADIO LIMITED  
(FORMERLY RED ROSE RADIO PLC)**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1998**

The directors present their report, together with the financial statements for the year ended 31 March 1998.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The company is engaged in the operation of independent radio stations under licence from the Radio Authority. No change in the company's operations is envisaged in the immediate future.

The company re-registered as a private company on 9th June 1997 and changed its name on the same date.

**RESULTS AND DIVIDENDS**

The results for the period are shown in the profit and loss account on page 6. The Directors do not recommend the payment of a dividend. Transfers to reserves are shown in note 13.

**DIRECTORS AND THEIR INTERESTS**

The directors of the company throughout the year are listed on page 1, with the exception of:

M Surrell	(Appointed on 5th May 1997)
T Hunter	(Resigned on 8th May 1997)
P A Jordan	(Resigned on 13th February 1998)
S W Lythe	(Resigned on 1st September 1997)
A Wilkinson	(Resigned on 19th May 1997)
M Ayers	(Resigned on 4th August 1997)
Z Richardson	(Appointed on 19th May 1997 and resigned on 12th May 1998)
M Matthews	(Appointed on 4th January 1999)
A J Bickerstaff	(Appointed on 4th January 1999)
A K Roberts	(Appointed on 23rd October 1998, resigned on 4th January 1999)

The directors have no interests in the share capital of the company. The interests of the directors in the share capital of the ultimate parent company, EMAP plc, were as follows: -

	Ordinary shares in issue		Ordinary shares under Option			Executive Share Plan under Trust		
	At <u>1.4.97</u> Or at date of appointment*	At <u>31.3.98</u>	At <u>1.4.97</u> Or at date of appointment*	Granted <u>in Year</u>	Exercised <u>in Year</u>	At <u>31.3.98</u>	At <u>1.4.97</u> Or at date of appointment*	At <u>31.3.98</u>
T R Schoonmaker	23,194	24,981	49,320	961	(3,909)	46,372	-	-
P J Seddon	146	214	5,453	-	-	5,453	3,000	3,000
M Surrell*	64	132	871	480	-	1,351	1,000	3,000
Z Richardson	316	384	1,142	961	-	2,103	500	500

T R Schoonmaker exercised options on 3 April 1997 at £7.74 per share.

The market price of the shares at 31 March 1998 was £11.25 and the range during the year was £7.19 to £11.25.

**RED ROSE RADIO LIMITED  
(FORMERLY RED ROSE RADIO PLC)**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1998  
(CONTINUED)**

**DIRECTORS AND THEIR INTERESTS (CONTINUED)**

The ultimate parent company, EMAP plc, operates for its eligible staff an Approved Profit Sharing Scheme, an Approved Savings Related Share Option Scheme and, by invitation only, an approved Executive Share Plan which replaced the Executive Share Option Scheme.

Since 1985 options have been granted annually in the Savings Related Share Option Scheme at prices between 81.5p and 603.7p. The normal exercise dates for these options extends to 2003.

Between 1986 and 1994, options have been granted annually, with the exception of 1990, in the Executive Option Scheme at prices between 109.8p and 394.8p. The normal exercise dates for these options extends to 2005.

Under the Executive Share Plan, staff who are chosen to participate are provisionally allocated a number of shares. These shares are then held in the EMAP Share Trust for three years at the end of which time they can be distributed to the staff to whom they were provisionally allocated provided that they continue to be employed by a group company.

**CREDITOR PAYMENT POLICY**

It is the company's policy to settle the terms of payment with all of its suppliers when agreeing the terms of each transaction in order to ensure that these suppliers are made aware of the terms of the payment and the company abide by the terms of the payment. At the year end, the average payment period for creditors was 76 days (1997: 36 days)

**YEAR 2000**

The company has recognised the need to review its business systems to establish the potential exposure to Year 2000 non-compliance. The company has completed a review of its business critical operations and has a programme in place to rectify the areas of identified non-compliance. The costs of rectification have not been separately identified and will be covered as part of normal replacement and upgrading of systems.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the profit or loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**RED ROSE RADIO LIMITED  
(FORMERLY RED ROSE RADIO PLC)**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1998  
(CONTINUED)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)**

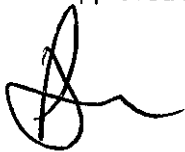
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

From 1 July 1998, the company's auditors, Price Waterhouse merged with Coopers & Lybrand. Price Waterhouse resigned as auditors on 3 August 1998, and the directors have appointed the new firm created as a result of the merger, PricewaterhouseCoopers, to fill the casual vacancy thus arising.

The company has elected under Section 386 of the Companies Act 1985 not to re-appoint auditors annually. Therefore the auditors, PricewaterhouseCoopers, are deemed to be re-appointed for the next financial year.

Approved by the Board of Directors on 15 January 1999 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'P J Seddon', written over a circular stamp or seal.

P J Seddon  
Director

PricewaterhouseCoopers  
101 Barbirolli Square  
Lower Mosley Street  
Manchester M2 3PW  
Telephone +44 (0) 161 245 2000  
Facsimile +44 (0) 161 245 2911  
Direct fax 0161 245 2904

## REPORT OF THE AUDITORS TO THE MEMBERS OF RED ROSE RADIO LIMITED

We have audited the financial statements on pages 6 to 14, which have been prepared under the historical cost convention, modified by the revaluation of land and buildings and on the basis of accounting policies as set on pages 8 to 9.

### Respective Responsibilities of Directors and Auditors

As described on pages 3 to 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

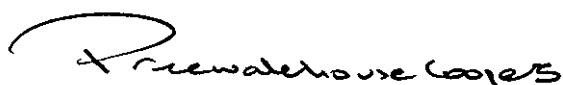
### Basis of Opinion

We conducted our audit in accordance with 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 the company's affairs as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
Chartered Accountants and  
Registered Auditors  
Manchester

15 January 1999

**RED ROSE RADIO LIMITED**  
**(FORMERLY RED ROSE RADIO PLC)**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1998**

	<u>31 March 1998</u> £'000	<u>31 March 1997</u> £'000
<b>Turnover</b> (from continuing operations) (Note 2)	6,488	5,549
Staff costs (Note 3)	(1,160)	(1,354)
Depreciation	(83)	(105)
Other operating charges	<u>(3,223)</u>	<u>(2,608)</u>
<b>OPERATING PROFIT</b> (Note 4)	2,022	1,482
Interest receivable (Note 5)	<u>-</u>	<u>237</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2,022	1,719
Tax on profit on ordinary activities (Note 6)	<u>(657)</u>	<u>(688)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b> (Note 14)	<u>1,365</u>	<u>1,031</u>

The company no recognised gains or losses attributable to shareholders in the current or preceding year other than dealt with above.

The notes on pages 8 to 14 form part of these financial statements.



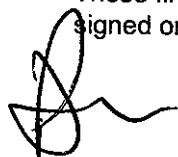
**RED ROSE RADIO LIMITED**  
**(FORMERLY RED ROSE RADIO PLC)**

**BALANCE SHEET AT 31 MARCH 1998**

	<u>31 March 1998</u> £'000	<u>31 March 1997</u> £'000
<b>FIXED ASSETS</b>		
Tangible assets (Note 7)	<u>908</u>	<u>966</u>
<b>CURRENT ASSETS</b>		
Stock	9	7
Debtors (Note 8)	1,237	1,073
Cash at bank and in hand	<u>7,275</u>	<u>4,869</u>
	8,521	5,949
<b>CREDITORS: Amounts falling due within one year</b> (Note 9)	<u>(4,208)</u>	<u>(3,102)</u>
<b>NET CURRENT ASSETS</b>	<u>4,313</u>	<u>2,847</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	5,221	3,813
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>		
Deferred tax (Note 10)	<u>(43)</u>	<u>-</u>
	<u>5,178</u>	<u>3,813</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 11)	1,239	1,239
Share premium account (Note 14)	625	625
Revaluation reserve (Note 14)	322	322
Profit and loss account (Note 14)	<u>2,992</u>	<u>1,627</u>
<b>EQUITY SHAREHOLDERS' FUNDS (Note 13)</b>	<u>5,178</u>	<u>3,813</u>

The notes on pages 8 to 14 form part of these financial statements.

These financial statements were approved by the Board of Directors on 15 January 1999 and were signed on its behalf by:



P J Seddon  
 Director

**RED ROSE RADIO LIMITED  
(FORMERLY RED ROSE RADIO PLC)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH 1998**

**1 ACCOUNTING POLICIES**

**(a) Accounting standards**

These financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

**(b) Basis of accounting**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of the freehold land and buildings.

**(c) Deferred taxation**

Provision is made using the liability method in respect of the taxation effect of all material timing differences to the extent that it is probable that the timing differences will crystallise in the foreseeable future.

**(d) Tangible fixed assets**

Depreciation is provided on a straight line basis on the cost or valuation of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives, on a straight line basis. The estimated useful lives are as follows:

Freehold buildings	50 years
Technical equipment	5 years
Office equipment and motor vehicles	3 to 4 years

**(e) Operating leases**

Rentals payable under operating lease agreements are charged to the profit and loss account as incurred.

**(f) Stocks**

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

**(g) Pensions**

The company participates in a defined contribution scheme operated by EMAP plc. The assets of the scheme are held in separately administered funds.

The total pension charge for the year is disclosed in note 3.

**RED ROSE RADIO LIMITED**  
**(FORMERLY RED ROSE RADIO PLC)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 1998 (CONTINUED)**

**1 ACCOUNTING POLICIES (CONTINUED)**

**(h) Cash flow statement and related party transactions**

The company is a wholly owned subsidiary of EMAP plc and the cash flows of the company are included in the consolidated cash flow statement of EMAP plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

The company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose related party transactions with undertakings controlled within the group.

**2 TURNOVER (FROM CONTINUING OPERATIONS)**

Turnover represents the invoiced value of advertising revenue and other income from related services, all stated net of value added tax. All turnover is derived within the United Kingdom.

**3 STAFF NUMBERS AND COSTS**

The average number of employees, including directors, during the period were as follows: -

	<u>31 March 1998</u>	<u>31 March 1997</u>
Broadcasting operations	75	73
	<hr/>	<hr/>
The aggregate payroll costs of these persons were as follows:	£'000	£'000
Wages and salaries	1,028	1,223
Social security costs	103	112
Pension costs	<u>29</u>	<u>19</u>
	1,160	1,354
	<hr/>	<hr/>

The emoluments in respect of directors were as follows:

	<u>31 March 1998</u>	<u>31 March 1997</u>
	£'000	£'000
Fees	6	7
Directors' emoluments excluding pension contributions	<u>188</u>	<u>183</u>
	194	190
	<hr/>	<hr/>

Total pension contributions for directors were £5,757 (1997: £5,698). All directors participate in the defined contribution scheme.

**RED ROSE RADIO LIMITED  
(FORMERLY RED ROSE RADIO PLC)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH 1998 (CONTINUED)**

**4 OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	<u>31 March 1998</u>	<u>31 March 1997</u>
	£'000	£'000
Operating lease rentals		
- other	63	57
Auditor's remuneration		
- for audit work	5	5
Profit on sale of fixed assets	(2)	(6)
	<u>          </u>	<u>          </u>

**5 INTEREST RECEIVABLE**

	<u>31 March 1998</u>	<u>31 March 1997</u>
	£'000	£'000
Interest on group treasury accounts	-	237
	<u>          </u>	<u>          </u>

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>31 March 1998</u>	<u>31 March 1997</u>
	£'000	£'000
Taxation charged on the profit for the period comprises :		
Corporation tax at 31% (1997 : 33%)	639	636
Prior year adjustment	(25)	-
Deferred taxation	<u>43</u>	<u>52</u>
	<u>657</u>	<u>688</u>
	<u>          </u>	<u>          </u>

**RED ROSE RADIO LIMITED  
(FORMERLY RED ROSE RADIO PLC)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH 1998 (CONTINUED)**

**7 TANGIBLE FIXED ASSETS**

	Freehold land and buildings £,000	Technical equipment £,000	Office equipment and motor vehicles £,000	Total £,000
<b>Cost or valuation</b>				
At 1 April 1997	788	562	332	1,682
Additions	-	37	2	39
Disposals	-	-	(35)	(35)
At 31 March 1998	788	599	299	1,686
<b>Depreciation</b>				
At 1 April 1997	36	413	267	716
Charge for the year	1	62	20	83
Disposals	-	-	(21)	(21)
At 31 March 1998	37	475	266	778
<b>Net book value</b>				
At 31 March 1998	751	124	33	908
At 31 March 1997	752	149	65	966

The freehold land and buildings were valued at their open market value for existing use on 15 August 1994 by EMAP Properties Ltd.

Included in freehold land and buildings is land valued at £185,000 which is not depreciated.

The historical cost of freehold land and buildings is as follows:

	£'000
At 1 April 1997	471
Additions	-
At 31 March 1998	471

The cumulative depreciation based on cost is as follows:

	£'000
At 1 April 1997	36
At 31 March 1998	37

**RED ROSE RADIO LIMITED**  
**(FORMERLY RED ROSE RADIO PLC)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 1998 (CONTINUED)**

**8 DEBTORS**

	<u>31 March 1998</u>	<u>31 March 1997</u>
	£'000	£'000
Trade debtors	1,117	752
Amounts owed by group undertakings	106	104
Prepayments	<u>14</u>	<u>217</u>
	1,237	1,073
	<u><u>          </u></u>	<u><u>          </u></u>

Amounts owed by group undertakings are repayable on demand.

**9 CREDITORS: Amounts falling due within one year**

	<u>31 March 1998</u>	<u>31 March 1997</u>
	£'000	£'000
Trade creditors	198	91
Amounts owed to group undertakings	2,820	1,747
Corporation tax	614	636
Other taxes and social security	213	121
Other creditors	181	-
Accruals and deferred income	<u>182</u>	<u>507</u>
	4,208	3,102
	<u><u>          </u></u>	<u><u>          </u></u>

Amounts owed to group undertakings are repayable on demand.

**10 DEFERRED TAX**

Deferred tax recognised in the financial statements is as follows:

	<u>31 March 1998</u>	<u>31 March 1997</u>
	£'000	£'000
Excess of capital allowances over depreciation	46	-
Other timing differences	<u>(3)</u>	<u>-</u>
	43	-
	<u><u>          </u></u>	<u><u>          </u></u>

There are no unprovided deferred tax liabilities.

Deferred taxation has not been quantified or provided on revalued assets as it is not expected that a timing difference will arise in respect of those assets.

**RED ROSE RADIO LIMITED  
(FORMERLY RED ROSE RADIO PLC)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH 1998 (CONTINUED)**

**11 SHARE CAPITAL**

	<u>31 March 1998</u> £'000	<u>31 March 1997</u> £'000
<u>Equity shares</u>		
Authorised:		
530,000 Ordinary shares of 10p each	53	53
30,000,000 'A' Ordinary non-voting shares of 10p each	3,000	3,000
	<u>          </u>	<u>          </u>
Allotted, called up and fully paid :		
517,520 Ordinary shares of 10p each	52	52
11,875,740 'A' Ordinary non-voting shares of 10p each	<u>1,187</u>	<u>1,187</u>
	1,239	1,239
	<u>          </u>	<u>          </u>

The non-voting shares rank pari-passu with ordinary shares in all other respects

**12 COMMITMENTS**

The annual commitments under other operating leases are as follows:

	<u>31 March 1998</u> £'000	<u>31 March 1997</u> £'000
Within one year	3	31
After five years	64	32
	<u>          </u>	<u>          </u>

**13 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS**

	<u>31 March 1998</u> £'000	<u>31 March 1997</u> £'000
Profit for the year	1,365	1,031
	<u>          </u>	<u>          </u>
Net increase in equity shareholders' funds	1,365	1,031
Opening equity shareholders' funds	<u>3,813</u>	<u>2,782</u>
Closing equity shareholders' funds	5,178	3,813
	<u>          </u>	<u>          </u>

**RED ROSE RADIO LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH 1998 (CONTINUED)**

**14 MOVEMENTS IN RESERVES**

	Share Premium <u>Account</u> £'000	Revaluation <u>Reserve</u> £'000	Profit and <u>Loss Account</u> £'000
At 1 April 1997	625	322	1,627
Retained profit for the year	<u>—</u>	<u>—</u>	<u>1,365</u>
At 31 March 1998	<u>625</u>	<u>322</u>	<u>2,992</u>

**15 CONTINGENT LIABILITY**

The company is party to an unlimited multilateral guarantee between the subsidiaries of EMAP plc giving the company's bankers the right of set-off. The contingent liability arising at 31 March 1998 amounted to nil (1997: nil).

**16 ULTIMATE PARENT COMPANY**

The ultimate parent company is EMAP plc. This company is also the only undertaking preparing group financial statements which include the results of Red Rose Radio Limited. Copies of the latest published financial statements of EMAP plc may be obtained from the registered office EMAP plc, 1 Lincoln Court, Lincoln Road, Peterborough PE1 2RF.