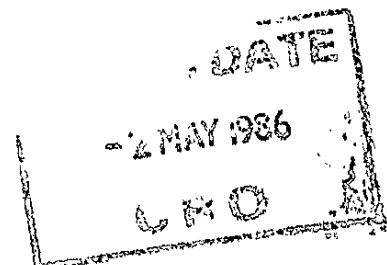


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NORTH STAFFORDSHIRE & SOUTH CHESHIRE
BROADCASTING LIMITED

STATEMENT OF ACCOUNTS

30TH SEPTEMBER 1985



FEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Churchill House, Regent Road, Stoke-on-Trent, ST1 3RG

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITED

NOTICE OF MEETING

Notice is hereby given that the fourth annual general meeting of the members of the company will be held at The Grand Hotel at Hanley on 5th March 1986 at 12 noon for the following purposes:-

1. To receive and adopt the statement of accounts and the reports of the directors and auditors thereon.
2. To re-elect as directors of the company:

A. W. A. Spiegelberg
A. Cholerton C.B.E.
P. Coates
N. Demuth
3. To elect as a director of the company B. H. Machin A.C.C.A.
4. To re-appoint Peat, Marwick, Mitchell & Co., as the company's auditors and to authorise the directors to fix their remuneration.
5. To transact any other business which may legally be transacted at an annual general meeting.

BY ORDER OF THE BOARD

B. H. MACHIN

Secretary

Studio 257,
Stoke Road,
Stoke-on-Trent.
16th January 1986

Note

A member eligible to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him; a proxy need not also be a member.

A form of proxy is enclosed in respect of the ordinary resolutions which will be proposed at the annual general meeting. The form of proxy should be completed and returned so as to reach the company's registrar not later than forty-eight hours before the time of the meeting. Completion of a form of proxy will not preclude you from attending and voting at the annual general meeting in person if you subsequently find it convenient to do so. The following will be available for inspection at the registered office of the company, Studio 257, Stoke Road, Stoke-on-Trent, during usual business hours (Saturdays excluded) from the date of this notice until 11a.m. on the date of the meeting:-

A statement of transactions of directors and of their family interests in the ordinary shares of the company.

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITED

CHAIRMAN'S STATEMENT

The results for the trading year 1984-5 show a commendable performance compared with 1983-4. Before accounting for exceptional items of £26,314 a loss in 1983-84 of £46,419 has been converted to a profit of £46,989, leaving a net profit for the year of £20,675 compared with a previous loss of £50,599, a turn-round of £93,408. The majority of this recovery has been achieved in a period of nine months from January to September 1985, by a combination of strict cost control, a healthy increase in local advertising income and an exploitation of income from outside sources e.g. promotion of concerts, industrial exhibitions etc.

Income from national as opposed to local advertisers gives cause for concern throughout the Independent Local Radio industry and particularly to Signal Radio. Income achieved from local sources through the efforts of our sales force compares very favourably with stations of comparable and even greater size whilst that from national sources obtained via Independent Radio Sales agency falls well below that merited by our size and area coverage and gives cause for concern.

We are satisfied that we have established a strong audience support. Recent independent research shows we have increased our share of the radio audience and particularly we can claim 60% of the important age groups from 15 years to 35 year olds. Whilst this is extremely important in marketing terms it also reflects the attraction of our programme output.

Whilst the first three months of trading year 1985-86 continues to follow the trend of improvement it would be most unwise to anticipate any dramatic improvement in this performance.

Your Board of Directors are constantly aware of the highly competitive and volatile nature of the Independent Radio Industry as well as they are of the un-rewarding royalties and levies we as an operating company have to face. In the year under review the company has paid out £201,924 most of which returns no benefit of current or future help to the development of the operation of the company commercially or professionally.

I am able to say with confidence that our station has established itself soundly in difficult times for the industry and despite the take overs and failures of stations in the UK is now part of the scene in North Staffordshire & South Cheshire. It is administratively sound and in the hands of an able and young team of executives supported by a small enthusiastic staff and a growing number of local advertisers - to all of whom I want to express my thanks.

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITED

CHAIRMAN'S STATEMENT (CONTINUED)

In October 1985 we appointed Barry Machin to the Board thus ensuring representation of the executive role. He retains his appointment as Company Secretary and Chief Executive.

Jonathan Bryant, Diane Mather and Peter Wheeler during the year tendered their resignation for various personal reasons. I want to record their colleagues and my personal thanks to them for their contributions.

Since the end of our financial year we also regret having received the resignation of Denis Smith again due to personal and business commitments.

Whilst the first quarter of our current financial year has started well I must emphasise the volatile nature of the industry and the uncertainty with which this must infect any forecasts for the future. I can however say with certainty that we have a confident, competent and enthusiastic staff committed to the success of our enterprise which they pursue with commendable energy and professional ability. I speak on behalf of my fellow Directors when I express our thanks to them all.

Finally, I want to record my own thanks to all past and present members of the Board for their support and interest in all matters affecting our well being.

S. H. JERRETT

16th January 1986

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITEDDIRECTORS AND OFFICERSDIRECTORS

S. H. Jerrett O.B.E. T.D D.L.
 (Chairman)
 P. Coates (Deputy Chairman)
 F. A. Cholerton C.B.E.
 N. Demuth
 M. A. Hallas
 Miss C. E. Holder
 D. G. Jones F.C.A.
 Miss A. Linscott J.P.
 H. Lovatt
 B. H. Machin A.C.C.A. (Chief
 Executive) (appointed 1st
 October 1985)
 D. May
 A. Richardson O.B.E.
 D. Smith
 A. W. A. Spiegelberg F.C.A T.D.

SECRETARY AND REGISTERED OFFICE

B. H. Machin, A.C.C.A.
 Studio 257,
 Stoke Road,
 Stoke-on-Trent.

AUDITORS

Peat, Marwick, Mitchell & Co.

BANKERS

National Westminster Bank PLC

REGISTRARS AND TRANSFER OFFICE

Peat, Marwick, Mitchell & Co.
 Churchill House,
 Regent Road,
 Stoke-on-Trent.
 ST1 3RG

DIRECTORS' REPORT

The directors present their annual report and the audited accounts for the year ended 30th September 1985.

Business review

The results for the year are set out below.

	£
Turnover	<u>861,527</u>
Profit before taxation	20,675
Taxation	<u>-</u>
Profit after taxation	<u>20,675</u>

The principal activity of the company is the operation of a radio station. During the year the company completed its rationalisation programme which has resulted in a substantially improved trading performance during the last nine months of the trading year.

Proposed dividends

The directors do not propose the payment of a dividend for the year ended 30th September 1985.

Fixed assets

Movements in fixed assets are set out at note 6 to the accounts.

Income and corporation taxes act 1970

The company is not a "close" company within the meaning of the provisions of this act.

DIRECTORS' REPORT (CONTINUED)Directors

The directors who held office during the period and their interests in the share capital of the company are set out below:-

	<u>At 30th September 1985</u> <u>or date of retirement</u>		<u>At 30th September 1984</u> <u>or date of appointment</u>	
	<u>Ordinary</u> <u>shares</u>	<u>Unsecured</u> <u>loan stock</u>	<u>Ordinary</u> <u>shares</u>	<u>Unsecured</u> <u>loan stock</u>
S. H. Jerrett O.B.E. T.D. D.L.	666	334	666	334
D. E. Brooks (retired 31st December 1984)	100	50	100	50
P. Coates	667	333	667	333
J. A. Bryant (resigned 19th June 1985)	100	50	100	50
F. A. Cholerton C. B. E.	300	150	300	150
N. Demuth	1,000	500	1,000	500
Miss C. E. Holder	133	67	133	67
D. G. Jones	100	50	100	50
Miss A. Linscott J.P.	100	50	100	50
Ms. D. G. Mather (resigned 5th November 1985)	1,000	500	1,000	500
D. May	667	333	667	333
A. Richardson O.B.E.	167	83	167	83
D. Smith (resigned 14th January 1986)	1,333	667	1,333	667
A. W. A. Spiegelberg F.C.A. T.D.	667	333	667	333
P. K. Wheeler (resigned 5th November 1985)	1,334	666	1,334	666
M. A. Hallas	100	50	-	-
H. Lovatt	466	234	100	50
B. H. Machin A.C.C.A. (appointed 1st October 1985)	100	50	100	50

4.

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITED

DIRECTORS' REPORT (CONTINUED)

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of Peat, Marwick, Mitchell & Co., as auditors of the company is to be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

B. H. MACHIN



Secretary

16th January 1986

REPORT OF THE AUDITORS TO THE MEMBERS OF
NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITED

We have audited the accounts on pages 6 to 13 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 9, give a true and fair view of the state of the company's affairs at 30th September 1985 and of its profit and source and application of funds for the year to that date and comply with the Companies Act 1985.

Churchill House,
Regent Road,
Stoke-on-Trent.
16th January 1986

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 1985

	<u>Notes</u>	£	<u>1984</u> £
TURNOVER	2	814,643	805,967
Other operating income		<u>46,884</u>	<u>11,255</u>
		861,527	817,222
Raw materials and consumables		(2,751)	(5,112)
Other external charges		(217,518)	(218,557)
Staff costs	3	(295,913)	(335,271)
Depreciation		(24,612)	(23,826)
Other operating charges		(273,744)	(281,420)
Other interest receivable and similar income		<u>-</u>	<u>545</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS	4	46,989	(46,419)
Exceptional items	5	<u>(26,314)</u>	<u>(4,180)</u>
Profit/(loss) for the financial year		20,675	(50,599)
Revenue deficit brought forward		<u>(249,740)</u>	<u>(199,141)</u>
REVENUE DEFICIT CARRIED FORWARD		<u>(229,065)</u>	<u>(249,740)</u>

The attached notes form part of these accounts.

7.

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITED

BALANCE SHEET AT 30TH SEPTEMBER 1985

	<u>Notes</u>	£	£	£	<u>1984</u>	£
<u>FIXED ASSETS</u>						
Tangible assets	6		360,835			384,910
<u>CURRENT ASSETS</u>						
Stocks	8	11,313		10,852		
Debtors	9	193,590		191,034		
Cash at bank and in hand		<u>63</u>		<u>29</u>		
		204,966		201,915		
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	10	<u>194,866</u>		<u>236,565</u>		
<u>NET CURRENT ASSETS/LIABILITIES</u>			<u>10,100</u>			<u>(34,650)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			370,935			350,260
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	11		200,000			200,000
<u>NET ASSETS</u>			<u>170,935</u>			<u>150,260</u>
<u>CAPITAL AND RESERVES</u>						
Called up share capital	12	400,000		400,000		
Profit and loss account		(229,065)		(249,740)		

These accounts were approved by the Board of Directors on 16th January 1986

S. H. JERRETT

B. H. MACHIN

) *[Signature]*
) Directors
) *[Signature]*

170,935

150,260

The attached notes form part of these accounts.

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30TH SEPTEMBER 1985

	£	£	£	<u>1984</u>	£
<u>SOURCE OF FUNDS</u>					
Profit/loss on ordinary activities before taxation		20,675			(50,599)
<u>ADJUSTMENT FOR ITEM NOT INVOLVING THE MOVEMENT OF FUNDS</u>					
Depreciation		<u>24,612</u>			<u>23,826</u>
<u>FUNDS GENERATED/(UTILIZED) BY OPERATIONS</u>		45,287			(26,773)
<u>FUNDS FROM OTHER SOURCES</u>					
Proceeds of sale of tangible fixed assets		<u>2,121</u>			<u>-</u>
		47,408			(26,773)
<u>APPLICATION OF FUNDS</u>					
Purchase of fixed assets		<u>(2,658)</u>			<u>(25,474)</u>
		44,750			(52,247)
<u>DECREASE/(INCREASE) IN WORKING CAPITAL</u>					
Stocks	(461)			249	
Debtors	(2,556)			(1,229)	
Creditors: amounts falling due within one year	<u>18,538</u>			<u>(60,062)</u>	
		<u>15,521</u>			<u>(71,042)</u>
		<u>60,271</u>			<u>(123,289)</u>
<u>MOVEMENT IN NET LIQUID FUNDS:</u>					
Increase/(decrease) in cash at bank and in hand		34			(49,990)
Decrease/(increase) in overdraft		<u>60,237</u>			<u>(73,299)</u>
		<u>60,271</u>			<u>(123,289)</u>

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITEDNOTES TO THE ACCOUNTS1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts:

(a) Basis of accounting

The accounts have been prepared under the historical cost accounting rules.

(b) Depreciation

Depreciation is provided on a straight line basis so as to write off the cost of fixed assets over their estimated useful lives on the following bases:

Freehold buildings	- 2% on cost
Costs of converting the buildings	- 5% on cost
Technical equipment	- 20% on cost
Furniture and fittings	- 20% on cost
Motor vehicles	- 25% on cost

(c) Stock

Stock has been valued at the lower of cost and net realisable value.

(d) Deferred taxation

Provision is made for deferred taxation using the liability method in respect of all material timing differences, except where, in the opinion of the directors, it can be seen with reasonable certainty that the deferral of tax will continue for the foreseeable future.

(e) Pre-operational expenses

Pre-operational expenses incurred before the radio station began to trade which amounted to £210,386, were written-off in the accounts to 30th September 1983.

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)2. Turnover

Turnover represents amounts invoiced by the company in respect of advertisements produced and broadcast excluding value added tax.

3. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:-

	<u>1985</u> <u>Number</u>	<u>1984</u> <u>Number</u>
Administration	6	6
Programmes	6	7
News	7	8
Engineers	3	2
Sales	9	10
Commercial production	<u>2</u>	<u>2</u>
	<u>33</u>	<u>35</u>

The aggregate payroll costs of these persons were as follows:-

	£	£
Wages and salaries	262,490	298,426
Social security costs	23,161	28,909
Other pension costs	<u>10,262</u>	<u>7,936</u>
	<u>295,913</u>	<u>335,271</u>

4. Profit/(loss) on ordinary activities

Profit/(loss) is stated after charging or (crediting) the following:-

	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
Interest on bank overdraft	10,015	4,419
Directors' emoluments:		
Remuneration as executives	7,287	50,384
Auditors' remuneration and expenses	2,500	2,500
Lease and hire of equipment	65,127	61,640
Interest received from G.D.O. deposit	-	(545)
	<u>-</u>	<u>-</u>

5. Exceptional items

	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
Compensation for loss of office paid to former director	22,314	4,180
Redundancy payments	<u>4,000</u>	<u>-</u>
	<u>26,314</u>	<u>4,180</u>

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)

6. <u>Tangible fixed assets</u>	<u>Freehold</u>	<u>Plant and</u>	<u>Fixtures,</u>	<u>Motor</u>	<u>Total</u>
	<u>land and</u>	<u>machinery</u>	<u>fittings,</u>	<u>cars</u>	
<u>Cost</u>	<u>buildings</u>		<u>tools and</u>		
	£	£	£	£	£
At 30th September 1984	364,931	18,149	18,904	9,450	411,434
Additions	659	1,859	140	-	2,658
Disposals	-	-	-	(4,850)	(4,850)
At 30th September 1985	365,590	20,008	19,044	4,600	409,242
<u>Depreciation</u>					
At 30th September 1984	16,177	3,674	3,962	2,711	26,524
On disposals	-	-	-	(2,729)	(2,729)
Charge for the year	15,595	3,780	3,784	1,453	24,612
At 30th September 1985	31,772	7,454	7,746	1,435	48,407
<u>Net book value</u>					
At 30th September 1984	348,754	14,475	14,942	6,739	384,910
At 30th September 1985	333,818	12,554	11,298	3,165	360,835
7. <u>Unlisted investment</u>				<u>1985</u>	<u>1984</u>
				£	£
Shares in Signal Radio Limited at cost				4,830	4,830
Less amount written off				(4,830)	(4,830)
				-	-
Signal Radio Limited is a wholly owned subsidiary but consolidated accounts have not been prepared as it does not trade and is immaterial to the accounts of this company.					
8. <u>Stocks</u>				<u>1985</u>	<u>1984</u>
				£	£
Raw materials and consumables				5,963	5,703
Goods for resale				5,350	5,149
				11,313	10,852

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
9. <u>Debtors</u>		
Trade debtors	171,599	160,174
Other debtors	7,686	12,526
Prepayments and accrued income	<u>14,305</u>	<u>18,334</u>
	<u>193,590</u>	<u>191,034</u>

10. Creditors: amounts falling due within one year

Bank overdraft	40,071	100,308
Trade creditors	92,366	75,494
Taxation and social security	38,684	38,787
Other creditors and accruals	<u>23,745</u>	<u>21,976</u>
	<u>194,866</u>	<u>236,565</u>

11. Creditors: amounts falling due after more than one year

Unsecured loan stock	<u>200,000</u>	<u>200,000</u>
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The £200,000 of unsecured loan stock was issued on 1st October 1982. The interest is payable half yearly on the 1st April and 1st October at a rate 2% over the seven day base rate of the National Westminster Bank PLC ruling at the date of payment.

The first payment of interest is due on 1st April 1987.

The stock is repayable at the company's option upon giving not less than six months notice of its intention to repay the whole of or any part of amounts outstanding.

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
12. <u>Called up share capital</u>		
Authorised:		
400,000 ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>
Share capital allotted, called up and fully paid:		
400,000 ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>

13. Deferred taxation

The potential liability is reduced to nil by taxation losses available for set off against future trading profits.

NORTH STAFFORDSHIRE & SOUTH CHESHIRE BROADCASTING LIMITEDNOTES TO THE ACCOUNTS (CONTINUED)14. Capital commitments

Capital commitments at 30th September 1985, for which no provision has been made in these accounts, were as follows:-

	<u>1985</u>	<u>1984</u>
	£	£
Contracted	nil	nil
Authorised but not contracted	<u>4,900</u>	<u>nil</u>

15. Leasing commitments

The future minimum lease payments to which the company is committed as at 30th September 1985 are as follows:-

	£	£
Year ending 30th September:		
1986	66,212	62,888
1987	59,763	58,933
1988	44,700	40,965
1989	<u>3,076</u>	<u>-</u>