

FINANCIAL STATEMENTS
CORNWALL INDEPENDENT RADIO LIMITED
YEAR ENDED 30th SEPTEMBER 1994

Company Registration Number: 2552870

PEARCE SHAPLAND
Registered Auditor
Chartered Accountants
48/50 Killigrew Street
Falmouth TR11 3AP



CORNWALL INDEPENDENT RADIO LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 1994

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The following pages do not form part of the financial statements.

Auditors' report to the directors pursuant to Section 248 of the Companies Act 1985	Appendix 1
Detailed trading, profit and loss account	Appendix 2

CORNWALL INDEPENDENT RADIO LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 30th SEPTEMBER 1994

The directors present their report and the financial statements of the company for the year ended 30th September 1994.

PRINCIPAL ACTIVITY.

The principal activity of the company is the operation of an independent local radio station. The station broadcasts under the name of Pirate FM 102.

REVIEW OF DEVELOPMENTS

Acquisitions

During the year, the company formed two dormant new subsidiary undertakings, Pirate FM Limited and Plymouth Local Radio Limited, to protect the trading names. Shareholders also approved the acquisition of 31% of the issued share capital and 29% of the unsecured loan stock of Tristar Broadcasting Limited. This associated undertaking operates a radio station in Slough broadcasting as Star FM.

Merger

On 5th September 1994, UK Radio Holdings Limited made an offer for all the issued A shares (408,500) and 60,000 of the issued B shares of Cornwall Independent Radio Limited, on the basis of 75 ordinary 10p shares in UK Radio Holdings Limited for every 4 ordinary £1 shares in Cornwall Independent Radio Limited. Acceptances were received from all shareholders and the offer became unconditional on 30th September 1994. Cornwall Independent Radio Limited became a wholly-owned subsidiary undertaking of UK Radio Holdings Limited on that date since the balance of 240,000 B shares issued but excluded from the offer were already held by UK Radio Developments Limited, a wholly owned subsidiary undertaking of UK Radio Holdings Limited. On 4th October 1994 the name of UK Radio Holdings Limited was changed to UKRD Group Limited.

Name change

On 30th September 1994, the shareholders of Cornwall Independent Radio Limited resolved to change its name to Pirate FM Limited. The certificate of incorporation on change of name was issued on 10th October 1994.

CORNWALL INDEPENDENT RADIO LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 30th SEPTEMBER 1994

DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARES.

The directors who served in office during the year and their beneficial interests in the company's shares were as follows:

	Type of share	At the end of the period	At the start of the period
J P S St Aubyn	Ordinary	-	113,500
P M Benson		-	-
A E Holden	Ordinary	-	10,000
R H J Lawley	Ordinary	-	5,000
Mrs A Penhaligon	Ordinary	-	7,500
R J Pincham	Ordinary	-	1,000
M L Powell		-	-
W J G Rogers	Ordinary	-	15,000
J R Berry		-	-
J W Swain	Ordinary	-	1,500
I Davis		-	-

I Davis was appointed as a director on 19th February 1994 I Davis resigned as a director on 5th September 1994

The directors' interests in the ordinary shares of the ultimate parent undertaking UKRD Group Limited (formerly UK Radio Holdings Limited) at 30th September 1994 were as follows:-

	Beneficial holdings	Share options
J P S St Aubyn	3,248,496	20,000
M L Powell	378,090	100,000
W J G Rogers	375,000	60,000
R H J Lawley	93,750	60,000
J W Swain	28,125	60,000
R J Pincham	146,250	20,000
A E Holden	243,750	-
Mrs A Penhaligon	140,625	-

During the year, Messrs Lawley, Rogers and Swain were granted options to subscribe for 3,200 A ordinary shares each at £3.10 per share. These options were subsequently waived in consideration of the grant of options to subscribe for 60,000 ordinary shares each at 16.53 pence in the ultimate parent undertaking, UKRD Group Limited. Messrs St Aubyn, Powell and Pincham were granted their options by the ultimate parent undertaking.

In accordance with the company's Articles of Association the directors are not required to retire by rotation.

CORNWALL INDEPENDENT RADIO LIMITED
THE DIRECTORS' REPORT
FOR THE YEAR ENDED 30th SEPTEMBER 1994

DIRECTORS' RESPONSIBILITIES.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the year and profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 10 to 11, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose 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. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS.

A resolution to appoint Pearce Shapland as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY EXEMPTIONS.

In preparing the directors' report, the directors have taken advantage of the exemptions conferred by Part II of Schedule 8 to the Companies Act 1985 on the basis that, in their opinion, the company qualifies as a small company.

Signed on behalf of the board of directors

Y. L. Clayton

Y L Clayton
Company secretary

Approved by the board of directors on: 23 March 1995

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
CORNWALL INDEPENDENT RADIO LIMITED
FOR THE YEAR ENDED 30th SEPTEMBER 1994**

We have audited the financial statements on pages 7 to 20 which have been prepared in accordance with Auditing Standards and the accounting policies set out on pages 10 to 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS.

As described on page 5 of the directors' report, 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 30th September 1994 and of its profit for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Pearce Shapland

Date: 27 March 1995

PEARCE SHAPLAND
Registered Auditor
Chartered Accountants
48/50 Killigrew Street
Falmouth TR11 3AP

CORNWALL INDEPENDENT RADIO LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th SEPTEMBER 1994

	Note	1994 £	1993 £
Turnover		1,272,813	1,038,010
Cost of sales		(750,088)	(663,603)
Gross profit		<u>522,725</u>	<u>374,407</u>
Distribution costs		(153,378)	(180,531)
Administrative expenses		(270,655)	(219,883)
Other operating income		2,288	3,432
Operating profit/(loss)	2	<u>100,980</u>	<u>(22,575)</u>
Other interest receivable and similar income		8,328	8,242
Amounts written off investments		596	(5,417)
Profit/(Loss) on ordinary activities before taxation		<u>109,904</u>	<u>(19,750)</u>
Tax on profit/(loss) on ordinary activities		(2,082)	-
Retained profit/(loss) for the financial year		<u>107,822</u>	<u>(19,750)</u>
Profit & loss account brought forward		(289,475)	(269,725)
Profit & loss account carried forward		<u>(181,653)</u>	<u>(289,475)</u>

Total recognised gains and losses.

The company had no recognised gains or losses other than the profit/(loss) for the above two financial years.

Continuing Operations.

None of the company's activities were acquired or discontinued during the above two financial years.

CORNWALL INDEPENDENT RADIO LIMITED
BALANCE SHEET AS AT 30th SEPTEMBER 1994

	Note	£	1994 £	£	1993 £
Fixed assets					
Tangible assets	4		261,071		230,681
Investments	5		<u>244,756</u>		<u>-</u>
			505,827		230,681
Current assets					
Stocks		6,157		6,731	
Debtors	6	431,256		203,017	
Cash at bank and in hand		<u>123,782</u>		<u>169,512</u>	
		561,195		379,260	
Creditors: Amounts falling due within one year	7	<u>266,736</u>		<u>180,415</u>	
Net current assets			294,459		198,845
Total assets less current liabilities			<u>800,286</u>		<u>429,526</u>
Creditors: Amounts falling due after more than one year	8		83,564		119,001
Net assets			<u>716,722</u>		<u>310,525</u>
Capital and reserves					
Called up share capital	13		708,500		600,000
Share premium account	14		189,875		-
Profit and loss account			<u>(181,653)</u>		<u>(289,475)</u>
			<u>716,722</u>		<u>310,525</u>

The notes on pages 10 to 20 form part of these financial statements.

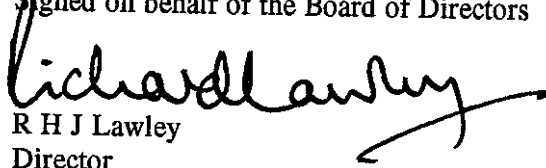
CORNWALL INDEPENDENT RADIO LIMITED
BALANCE SHEET AS AT 30th SEPTEMBER 1994

Continued...

In preparing these financial statements, the directors have taken advantage of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the basis that, in the directors' opinion, the company qualifies as a small company.

Approved by the board of directors on:

Signed on behalf of the Board of Directors


R H J Lawley
Director

The notes on pages 10 to 20 form part of these financial statements.

CORNWALL INDEPENDENT RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th SEPTEMBER 1994

1. ACCOUNTING POLICIES.

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention using the following accounting policies.

CONSOLIDATION.

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

CASH FLOW STATEMENT.

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

DEPRECIATION.

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Short leasehold improvements	8 years
Studio equipment and music library	5 to 8 years
Office furniture and equipment	3 to 8 years
Motor vehicles	4 years

STOCK.

Stock has been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

HIRE PURCHASE AGREEMENTS.

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged against the profit and loss account so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

CORNWALL INDEPENDENT RADIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 1994**

1. ACCOUNTING POLICIES NOTE - CONTINUED.

FINANCE LEASE AGREEMENTS.

Assets held under finance leases where substantially all of the benefits and risks of ownership accrue to the lessee, are capitalised and disclosed under tangible fixed assets at their fair value. The assets are depreciated over the shorter of the lease term or their useful economic life. The capital element of the future payments is treated as a liability. The total finance charge for each lease is charged against the profit and loss account so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

OPERATING LEASE AGREEMENTS.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

DEFERRED TAXATION.

Provision has been made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

GOVERNMENT GRANTS.

Grants relating to tangible fixed assets are treated as a deferred credit and are released to the profit and loss account in equal instalments over the estimated useful economic life of the assets concerned.

CORNWALL INDEPENDENT RADIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 1994**

2. OPERATING PROFIT.

Operating profit is stated after charging:

	1994 £	1993 £
Directors' emoluments For services as directors	75,162	63,833
Depreciation	75,563	49,098
Loss on disposal of fixed assets	1,795	14,140
Auditors' fees	3,825	3,625
Government grant	(2,288)	(3,432)
Operating lease rentals		
land and buildings	12,000	12,000
other	12,805	10,337
Hire of motor vehicles	-	7,221
Finance charges	18,385	23,428

3. DIRECTORS' EMOLUMENTS.

Directors' emoluments, including pensions and benefits in kind were:

	1994 £	1993 £
For services as directors	11,000	-
For management of the company	68,970	68,988
	<u>79,970</u>	<u>68,988</u>

CORNWALL INDEPENDENT RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th SEPTEMBER 1994

4. TANGIBLE FIXED ASSETS.

	Short term leasehold improvements £	Studio equipment and music library £	Office furniture and equipment £	Motor vehicles £	TOTAL £
COST:					
Brought forward	57,444	165,828	56,619	24,203	304,094
Additions	-	430	5,933	113,591	119,954
Disposals	-	-	-	(14,000)	(14,000)
Carried forward	<u>57,444</u>	<u>166,258</u>	<u>62,552</u>	<u>123,794</u>	<u>410,048</u>
DEPRECIATION:	£	£	£	£	£
Brought forward	10,785	34,995	17,563	10,071	73,414
Charge	7,180	23,408	13,927	31,048	75,563
Carried forward	<u>17,965</u>	<u>58,403</u>	<u>31,490</u>	<u>41,119</u>	<u>148,977</u>
NET BOOK VALUE:	£	£	£	£	£
At 30th September 1994	<u>39,479</u>	<u>107,855</u>	<u>31,062</u>	<u>82,675</u>	<u>261,071</u>
At 30th September 1993	<u>46,659</u>	<u>130,833</u>	<u>39,056</u>	<u>14,132</u>	<u>230,680</u>

Hire purchase and finance lease agreements.

Included within the net book value £261,071 is £76,213 (1993 - £14,133) relating to assets held under hire purchase agreements, and £95,724 (1993 - £128,200) relating to assets held under finance lease agreements. The depreciation charged in the period in respect of assets held under hire purchase agreements amounted to £28,895 (1993 - £6,050), and £32,476 (1993 - £33,437) in respect of assets held under finance lease agreements.

CORNWALL INDEPENDENT RADIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 1994**

4. TANGIBLE FIXED ASSETS NOTE - CONTINUED.

Capital commitments at the 30th September 1994 were as follows:

	1994 £	1993 £
Authorised by the directors, but not contracted for	-	70,300

5. INVESTMENTS HELD AS FIXED ASSETS.

	Shares in subsidiary undertakings £	Associated undertakings Shares £	Loan notes £	Other investments £	TOTAL £
COST AND NET BOOK VALUE:					
At 1 October 1993	-	-	-	-	-
Additions	4	172,081	72,571	100	244,756
At 30th September 1994	4	172,081	72,571	100	244,756

All of the above investments are unlisted.

6. DEBTORS.

	1994 £	1993 £
Trade debtors	183,024	166,552
Amounts owed by group undertakings	212,000	-
Other debtors	1,196	4,195
Prepayments and accrued income	35,036	32,270
	431,256	203,017

All debtors are receivable within one year of the balance sheet date.

CORNWALL INDEPENDENT RADIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 1994**

7. CREDITORS: Amounts falling due within one year.

	1994 £	1993 £
Bank loans and overdrafts	-	4,926
Trade creditors	74,361	52,562
Other creditors	192,375	122,927
	<u>266,736</u>	<u>180,415</u>

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

	1994 £	1993 £
Other creditors	<u>83,564</u>	<u>119,001</u>

All liabilities are payable within five years of the balance sheet date.

9. COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS.

Future commitments under such agreements are as follows:

	1994 £	1993 £
Amounts payable within 1 year	94,091	54,070
Amounts payable between 2 to 5 years	81,934	124,043
	<u>176,025</u>	<u>178,113</u>
Less: finance charges relating to future periods	(16,914)	(29,013)
	<u>159,111</u>	<u>149,100</u>

CORNWALL INDEPENDENT RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th SEPTEMBER 1994

10. COMMITMENTS UNDER OPERATING LEASES.

The company has commitments under operating leases to make payments totalling £24,880 (1993 - £24,374) in the year to 30th September 1995 as follows:

	1994		1993	
	Land and Buildings £	Other Items £	Land and Buildings £	Other Items £
Agreements expiring:				
Within 1 year	-	12,880	-	10,220
Within 2 to 5 years	-	-	-	2,154
After more than 5 years	12,000	-	12,000	-
	<u>12,000</u>	<u>12,880</u>	<u>12,000</u>	<u>12,374</u>

11. CONTINGENCIES.

As part of their obligations independent radio companies pay royalties to the Performing Right Society Limited (PRS).

At 30th September 1994 negotiations were in progress with PRS to try and conclude the terms of a new agreement, the new terms to be retroactively applicable from 1st October 1993.

The directors consider that it is not practicable to estimate the total amount of royalty due to or receivable from PRS at 30th September 1994. The royalty has been paid at the rate set by the existing agreement and the directors do not anticipate that there will be a material increase.

12. TRANSACTIONS WITH DIRECTORS.

Infinity Radio Limited, a company of which J P S St Aubyn, R J Pincham and M L Powell are directors, provided £1,000 of consultancy services in the year. Likewise, the company provided Infinity Radio Limited with consultancy services of £1,000. These were on normal commercial terms.

CORNWALL INDEPENDENT RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th SEPTEMBER 1994

13. SHARE CAPITAL.

	1994 £	1993 £
Authorised share capital:		
480,000 A Ordinary shares of £1 each	480,000	360,000
320,000 B Ordinary shares of £1 each	<u>320,000</u>	<u>240,000</u>
Allotted, called up and fully paid:		
408,500 A Ordinary shares of £1 each	408,500	360,000
300,000 B Ordinary shares of £1 each	<u>300,000</u>	<u>240,000</u>

The authorised share capital of the company was increased on 19th February 1994 from 600,000 £1 shares (360,000 A shares and 240,000 B shares) to 800,000 £1 shares (480,000 A shares and 320,000 B shares). 48,500 A shares and 60,000 B shares were allotted during the year at a price of £2.75 per share. On 30th September 1994, all of the issued A shares and 60,000 B shares were acquired by the ultimate parent undertaking, UKRD Group Limited (formerly UK Radio Holdings Limited). The remaining 240,000 B shares were already held by UK Radio Developments Limited, a wholly owned subsidiary undertaking of UKRD Group Limited.

On 4th August 1994, three directors of the company were granted options as follows:-

Number of shares	Option price per share	Option period ending
9,600	£3.10	30th September 1997

These options were waived by the directors on 30th September 1994 in consideration of the grant of the following options in the ultimate parent undertakings, UKRD Group Limited:

Number of shares	Option price per share	Option period ending
180,000	16.53 pence	30th September 1997

CORNWALL INDEPENDENT RADIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 1994**

14. SHARE PREMIUM ACCOUNT.

	1994 £	1993 £
Premium on new share capital subscribed	189,875	-
Balance carried forward	<u>189,875</u>	<u>-</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS.

	1994 £	1993 £
Profit/(Loss) for the financial year	107,822	(19,750)
New ordinary share capital subscribed	108,500	-
Premium on new share capital subscribed	189,875	-
Net addition/(reduction) to funds	406,197	(19,750)
Opening shareholders' funds	310,525	330,275
Closing shareholders' funds	<u>716,722</u>	<u>310,525</u>

16. ULTIMATE PARENT UNDERTAKING.

The ultimate parent undertaking is UKRD Group Limited, formerly UK Radio Holdings Limited, a company incorporated in England.

CORNWALL INDEPENDENT RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th SEPTEMBER 1994

17. ADDITIONAL INFORMATION ON SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS.

Subsidiary undertakings.

	Country of incorporation and operation	Activity	Portion of ordinary shares held %
Pirate FM Limited	England	Dormant - name protection	100
Plymouth Local Radio Limited	England	Dormant - name protection	100

- a) On 30th September 1994, the name of Cornwall Independent Radio Limited was changed to Pirate FM Limited and the certificate of incorporation on change of name was issued on 10th October 1994.
- b) On 13th December 1994, the company disposed of its entire holding in Plymouth Local Radio Limited by sale to its ultimate parent undertaking, UKRD Group Limited, at the par value of £2.

Associated undertakings.

	Class of capital	Total issued capital	Par value £	Portion held %
Tristar Broadcasting Limited	Ordinary of £1	480,000	480,000	31
	Unsecured loan stock	249,000	249,000	29

Tristar Broadcasting Limited is incorporated and operated in England; its principal activity is the operation of a radio station.

Capital, reserves and results for the year of subsidiary and associated undertakings.

	Capital and reserves at 30. 9.94 £	Profit/(loss) for year ended 30. 9.94 £
Pirate FM Limited	2	-
Plymouth Local Radio Limited	2	-
Tristar Broadcasting Limited	(35,260)	(202,972)

CORNWALL INDEPENDENT RADIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th SEPTEMBER 1994**

**17. ADDITIONAL INFORMATION
ON SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS - CONTINUED.**

Exemption from the obligation to prepare and deliver group accounts.

Under section 228 of the Companies Act 1985 the company is exempt from the obligation to prepare and deliver group accounts by virtue of being a wholly owned subsidiary.

The company's financial statements present information about it as an individual undertaking and not about its group.

The directors consider that, in their opinion, the aggregate value of the shares in, and the amounts owing, from the subsidiary and associated undertakings is not less than the aggregate of the amounts of which they are stated in the company's balance sheet.

The ultimate parent undertaking UKRD Group Limited, formerly UK Radio Holdings Limited, is also eligible to claim exemption from the obligation to prepare and deliver group accounts under section 248 of the Companies Act 1985 by virtue of being the parent of a medium sized group.