

COMPANY REGISTRATION NUMBER 2552870

**PIRATE FM LIMITED**

**FINANCIAL STATEMENTS**

**FOR**

**30 SEPTEMBER 2005**



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# PIRATE FM LIMITED

## FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2005

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# PIRATE FM LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

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### THE BOARD OF DIRECTORS

J P S St Aubyn  
G Adams  
H Ashworth  
K M Gascoigne  
R McCreadie  
D Renwick  
W J G Rogers  
B Warne

### COMPANY SECRETARY

Y L Clayton

### REGISTERED OFFICE

Carn Brea Studios  
Barncoose Industrial Estate  
Redruth  
Cornwall  
TR15 3RQ

### AUDITORS

Menzies  
Chartered Accountants  
& Registered Auditors  
Sandringham  
Guildford Road  
Woking  
Surrey  
GU22 7QL

### BANKERS

Royal Bank of Scotland  
10 North Street  
Guildford  
Surrey  
GU1 4AF

# PIRATE FM LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2005

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2005.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year is the operation of an independent local radio station. The station broadcasts under the name of Pirate FM 102 to Cornwall and parts of West Devon.

The directors consider the results for the year to be satisfactory.

### DIRECTORS

The directors who served the company during the year were as follows:

J P S St Aubyn  
G Adams  
H Ashworth  
R McCreadie  
D Renwick  
W J G Rogers  
B Warne  
K M Gascoigne

(Appointed 24 February 2005)

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

### 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 of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, 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 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. The directors 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

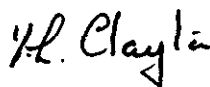
A resolution to re-appoint Menzies as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:  
Carn Brea Studios  
Barncoose Industrial Estate  
Redruth  
Cornwall  
TR15 3RQ

Signed by order of the directors



Y L Clayton  
Company Secretary

Approved by the directors on 22.2.2006

# PIRATE FM LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PIRATE FM LIMITED

YEAR ENDED 30 SEPTEMBER 2005

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We have audited the financial statements on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 law and United Kingdom 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.

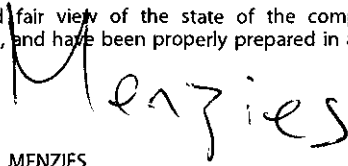
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 the company's affairs as at 30 September 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Sandringham  
Guildford Road  
Woking  
Surrey  
GU22 7QL

10/03/2006

  
MENZIES  
Chartered Accountants  
& Registered Auditors

# PIRATE FM LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2005

	Note	2005 £	2004 £
<b>TURNOVER</b>		3,757,875	3,407,722
Variable costs		857,168	776,169
<b>GROSS PROFIT</b>		2,900,707	2,631,553
Programming and transmission costs, and licence fees		396,512	385,811
Operating expenses		1,175,308	1,100,493
<b>OPERATING PROFIT</b>	2	1,328,887	1,145,249
Interest receivable	4	132,409	119,956
Interest payable and similar charges		(7,243)	(2,077)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,454,053	1,263,128
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,454,053	1,263,128
Equity dividends paid		3,500,000	—
<b>(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		(2,045,947)	1,263,128
Balance brought forward		2,338,243	1,075,115
Balance carried forward		292,296	2,338,243

The notes on pages 6 to 9 form part of these financial statements.

# PIRATE FM LIMITED

## BALANCE SHEET

30 SEPTEMBER 2005

	Note	2005 £	£	2004 £	£
<b>FIXED ASSETS</b>					
Tangible assets	5		312,361		340,295
Investments	6		103		100
			<u>312,464</u>		<u>340,395</u>
<b>CURRENT ASSETS</b>					
Debtors due within one year	7	597,516		578,248	
Debtors due after one year	7	525,007		2,628,173	
Cash at bank and in hand		282,934		195,256	
		<u>1,405,457</u>		<u>3,401,677</u>	
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>484,414</u>		<u>444,524</u>	
<b>NET CURRENT ASSETS</b>			<u>921,043</u>		<u>2,957,153</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,233,507</u>		<u>3,297,548</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	9		<u>42,836</u>		<u>60,930</u>
			<u>1,190,671</u>		<u>3,236,618</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	13		708,500		708,500
Share premium account	14		189,875		189,875
Profit and loss account			292,296		2,338,243
<b>SHAREHOLDERS' FUNDS</b>			<u>1,190,671</u>		<u>3,236,618</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 22.2.2006 and are signed on their behalf by:

W J G Rogers

The notes on pages 6 to 9 form part of these financial statements.

# PIRATE FM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2005

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

#### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	- 25 years
Studio equipment	- 12.5% straight line per annum
Motor vehicles	- 25% straight line per annum
Office equipment	- 12.5% and 33% straight line per annum
Leasehold Property	- 12.5% straight line per annum

#### 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 to the profit and loss account on a straight line basis.

#### Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

#### 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 profits on a straight line basis over the period of the lease.

### 2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2005 £	2004 £
Depreciation of owned fixed assets	74,643	41,202
Depreciation of assets held under hire purchase agreements	17,781	41,157
(Profit)/Loss on disposal of fixed assets	(1,250)	2,288
Auditors' fees	1,000	1,000

### 3. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2005 £	2004 £
Aggregate emoluments	117,856	104,865



# PIRATE FM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2005

### 4. INTEREST RECEIVABLE

	2005 £	2004 £
Bank interest receivable	5,571	3,710
Interest from group undertakings	126,838	116,246
	<u>132,409</u>	<u>119,956</u>

### 5. TANGIBLE FIXED ASSETS

	Property £	Studio Equipment £	Motor Vehicles £	Office Equipment £	Total £
<b>COST</b>					
At 1 October 2004	293,754	363,947	138,462	139,993	936,156
Additions	2,567	1,538	34,583	25,802	64,490
Disposals	-	-	(15,745)	-	(15,745)
<b>At 30 September 2005</b>	<u>296,321</u>	<u>365,485</u>	<u>157,300</u>	<u>165,795</u>	<u>984,901</u>
<b>DEPRECIATION</b>					
At 1 October 2004	99,612	295,630	84,126	116,493	595,861
Charge for the year	7,736	28,168	35,536	20,984	92,424
On disposals	-	-	(15,745)	-	(15,745)
<b>At 30 September 2005</b>	<u>107,348</u>	<u>323,798</u>	<u>103,917</u>	<u>137,477</u>	<u>672,540</u>
<b>NET BOOK VALUE</b>					
<b>At 30 September 2005</b>	<u>188,973</u>	<u>41,687</u>	<u>53,383</u>	<u>28,318</u>	<u>312,361</u>
At 30 September 2004	<u>194,142</u>	<u>68,317</u>	<u>54,336</u>	<u>23,500</u>	<u>340,295</u>

#### Hire purchase agreements

Included within the net book value of £312,361 is £43,120 (2004 - £98,939) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £17,781 (2004 - £41,157).

### 6. INVESTMENTS

	£
<b>COST</b>	
At 1 October 2004	100
Additions	3
<b>At 30 September 2005</b>	<u>103</u>
<b>NET BOOK VALUE</b>	
<b>At 30 September 2005</b>	<u>103</u>
At 30 September 2004	<u>100</u>

### 7. DEBTORS

	2005 £	2004 £
Trade debtors	530,592	515,076
Amounts owed by group undertakings	525,459	2,630,705
Other debtors	66,472	60,640
	<u>1,122,523</u>	<u>3,206,421</u>

# PIRATE FM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2005

### 7. DEBTORS (continued)

The debtors above include the following amounts falling due after more than one year:

	2005 £	2004 £
Amounts owed by group undertakings	525,007	2,628,173

This amount has been advanced to the UKRD Group Limited. The boards of both companies have formally agreed terms for the loan. The loan is unsecured and interest is payable on the amount of the loan, calculated on a daily basis, at 2% over the published base rate of the company's bankers. It has been further agreed that the loan is of a long term nature and that repayment will be after 30 September 2006. Accordingly, the loan has been classified as a long term debtor.

### 8. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	111,836	57,163
Amounts owed to group undertakings	2,951	114
Other taxation and social security	97,275	74,818
Hire purchase agreements	20,595	50,706
Other creditors	251,757	261,723
	<u>484,414</u>	<u>444,524</u>

### 9. CREDITORS: Amounts falling due after more than one year

	2005 £	2004 £
Bank loans and overdrafts	37,779	52,402
Hire purchase agreements	5,057	8,528
	<u>42,836</u>	<u>60,930</u>

### 10. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2005 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2005 £	2004 £
Operating leases which expire:		
Within 2 to 5 years	–	9,800
After more than 5 years	118,185	110,616
	<u>118,185</u>	<u>120,416</u>

### 11. CONTINGENCIES

The company was subject to a debenture creating fixed and floating charges over the assets of the company in respect of Indebtedness arising to the Security Trustee of the Loan Notes issued by the holding company UKRD Group Limited in December 2002. The loan notes have been redeemed since the year end.

### 12. RELATED PARTY TRANSACTIONS

As permitted by Financial Reporting Standard 8, "Related Party Transactions", no disclosures have been provided in respect of transactions within the ultimate parent undertaking and those subsidiary undertakings where the group controls 90% or more of the companies' voting rights.

# PIRATE FM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2005

### 13. SHARE CAPITAL

#### Authorised share capital:

	2005 £	2004 £
480,000 A Ordinary shares of £1 each	480,000	480,000
320,000 B Ordinary shares of £1 each	320,000	320,000
	<u>800,000</u>	<u>800,000</u>

#### Allotted, called up and fully paid:

	2005 No	£	2004 No	£
A Ordinary shares of £1 each	408,500	408,500	408,500	408,500
B Ordinary shares of £1 each	300,000	300,000	300,000	300,000
	<u>708,500</u>	<u>708,500</u>	<u>708,500</u>	<u>708,500</u>

The A Ordinary shares and B Ordinary shares rank pari passu in all respects, except for the ability to appoint directors to the Board of Directors. The shareholders of the A Ordinary shares can appoint a maximum of 5 directors and the shareholders of the B Ordinary shares can appoint a maximum of 2 directors.

### 14. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

### 15. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is UKRD Group Limited, a company registered in England and Wales. There is no one controlling party of UKRD Group Limited.

Copies of the accounts of UKRD Group Limited can be obtained from the Company Secretary at Carn Brea Studios, Barncoose Industrial Estate, Redruth, Cornwall, TR15 3RQ.