

COMPANY REGISTRATION NUMBER 2552870

PIRATE FM LIMITED

FINANCIAL STATEMENTS

FOR

30 SEPTEMBER 2006

TUESDAY



A9DORPRR

A56

22/05/2007

188

COMPANIES HOUSE

PIRATE FM LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2006

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditor's report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 to 10
The following pages do not form part of the financial statements	
Detailed profit and loss account	12
Notes to the detailed profit and loss account	13 to 14

PIRATE FM LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

J P S St Aubyn
G Adams
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

AUDITOR

Menzies
Chartered Accountants
& Registered Auditors
1st Floor, Midas House
62 Goldsworth Road
Woking
GU21 6LQ

BANKERS

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

PIRATE FM LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2006

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
K M Gascoigne
R McCreadie
D Renwick
W J G Rogers
B Warne
H Ashworth

(Resigned 23 June 2006)

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

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 7, 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 that 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITOR

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

PIRATE FM LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2006

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 9.2.2007

PIRATE FM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PIRATE FM LIMITED

YEAR ENDED 30 SEPTEMBER 2006

We have audited the financial statements of Pirate FM Limited for the year ended 30 September 2006 on pages 5 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on page 7

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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, and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

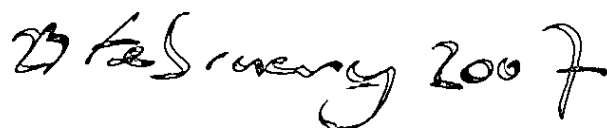
OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

1st Floor, Midas House
62 Goldsworth Road
Woking
GU21 6LQ


MENZIES
Chartered Accountants
& Registered Auditors


27 February 2007

PIRATE FM LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2006

	Note	2006 £	2005 £
TURNOVER		3,428,865	3,757,875
Variable costs		851,427	857,168
GROSS PROFIT		2,577,438	2,900,707
Programming and transmission costs, and licence fees		403,879	396,512
Operating expenses		1,362,397	1,175,308
OPERATING PROFIT	2	811,162	1,328,887
Interest receivable	4	122,373	132,409
Interest payable and similar charges		(3,823)	(7,243)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		929,712	1,454,053
PROFIT FOR THE FINANCIAL YEAR		929,712	1,454,053
Balance brought forward		292,296	2,338,243
Equity dividends paid		-	(3,500,000)
Balance carried forward		1,222,008	292,296

The notes on pages 7 to 10 form part of these financial statements.

PIRATE FM LIMITED

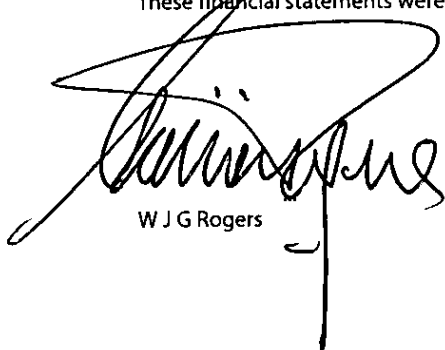
BALANCE SHEET

30 SEPTEMBER 2006

	Note	2006 £	£	2005 £	£
FIXED ASSETS					
Tangible assets	6		263,394		312,361
Investments	7		103		103
			<u>263,497</u>		<u>312,464</u>
CURRENT ASSETS					
Debtors due within one year	8	401,070		597,516	
Debtors due after one year	8	1,662,435		525,007	
Cash at bank and in hand		102,801		282,934	
		<u>2,166,306</u>		<u>1,405,457</u>	
CREDITORS: Amounts falling due within one year	9	281,233		484,414	
NET CURRENT ASSETS			<u>1,885,073</u>		<u>921,043</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,148,570</u>		<u>1,233,507</u>
CREDITORS: Amounts falling due after more than one year	10		28,187		42,836
			<u>2,120,383</u>		<u>1,190,671</u>
CAPITAL AND RESERVES					
Called-up equity share capital	13		708,500		708,500
Share premium account	14		189,875		189,875
Profit and loss account			1,222,008		292,296
SHAREHOLDERS' FUNDS			<u>2,120,383</u>		<u>1,190,671</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 January 2005)

These financial statements were approved by the directors on the 4.2.2007 and are signed on their behalf by



W J G Rogers

The notes on pages 7 to 10 form part of these financial statements.

PIRATE FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2006

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 January 2005)

Consolidation

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

Turnover

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

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

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.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

PIRATE FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2006

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2006 £	2005 £
Depreciation of owned fixed assets	76,960	74,643
Depreciation of assets held under hire purchase agreements	6,350	17,781
Profit on disposal of fixed assets	(850)	(1,250)
Auditor's fees	1,000	1,000

3. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2006 £	2005 £
Aggregate emoluments	3,200	117,856

4. INTEREST RECEIVABLE

	2006 £	2005 £
Bank interest receivable	4,732	5,571
Interest from group undertakings	117,641	126,838
	122,373	132,409

5. DIVIDENDS

Dividends on equity shares

	2006 £	2005 £
Paid		
Equity dividends on ordinary shares	—	3,500,000

6. TANGIBLE FIXED ASSETS

	Property £	Studio Equipment £	Motor Vehicles £	Office Equipment £	Total £
COST					
At 1 October 2005	296,321	365,485	157,300	165,795	984,901
Additions	1,143	627	21,902	10,671	34,343
Disposals	—	—	(10,306)	—	(10,306)
At 30 September 2006	297,464	366,112	168,896	176,466	1,008,938
DEPRECIATION					
At 1 October 2005	107,348	323,798	103,917	137,477	672,540
Charge for the year	7,730	28,419	31,082	16,079	83,310
On disposals	—	—	(10,306)	—	(10,306)
At 30 September 2006	115,078	352,217	124,693	153,556	745,544
NET BOOK VALUE					
At 30 September 2006	182,386	13,895	44,203	22,910	263,394
At 30 September 2005	188,973	41,687	53,383	28,318	312,361

PIRATE FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2006

6. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements

Included within the net book value of £263,394 is £26,690 (2005 - £43,120) 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 £6,350 (2005 - £17,781)

7. INVESTMENTS

	£
COST	
At 1 October 2005 and 30 September 2006	103
NET BOOK VALUE	
At 30 September 2006	103
At 30 September 2005	103

8. DEBTORS

	2006 £	2005 £
Trade debtors	350,120	530,592
Amounts owed by group undertakings	1,662,783	525,459
Other debtors	50,602	66,472
	<u>2,063,505</u>	<u>1,122,523</u>

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

	2006 £	2005 £
Amounts owed by group undertakings	<u>1,662,435</u>	<u>525,007</u>

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.

9. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Trade creditors	59,063	111,836
Amounts owed to group undertakings	-	2,951
Other taxation	82,279	97,275
Hire purchase agreements	14,510	20,595
Other creditors	125,381	251,757
	<u>281,233</u>	<u>484,414</u>

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

	2006 £	2005 £
Bank loans and overdrafts	22,200	37,779
Hire purchase agreements	5,987	5,057
	<u>28,187</u>	<u>42,836</u>

PIRATE FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2006

11 COMMITMENTS UNDER OPERATING LEASES

At 30 September 2006 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	2006 £	2005 £
Operating leases which expire		
Within 2 to 5 years	118,185	-
After more than 5 years	-	118,185
	<u>118,185</u>	<u>118,185</u>

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

13. SHARE CAPITAL

Authorised share capital.

	2006 £	2005 £
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:

	2006		2005	
	No	£	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 par 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