

PIRATE FM LIMITED
FINANCIAL STATEMENTS
FOR
30 SEPTEMBER 2002

Company Registration Number 2552870



PIRATE FM LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2002

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PIRATE FM LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

J P S St Aubyn
G Adams
H Ashworth
J R Berry
R McCreadie
Dame Annette Penhaligon
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 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2002.

PRINCIPAL ACTIVITIES

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 AND THEIR INTERESTS IN SHARES OF THE COMPANY

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

J P S St Aubyn	
Dame Annette Penhaligon	
W J G Rogers	
J R Berry	
B Warne	
D Renwick	
R McCreadie	(Appointed 23 November 2001)
H Ashworth	(Appointed 28 June 2002)
G Adams	(Appointed 28 June 2002)
M L Powell	(Resigned 31 October 2001)
J W Swain	(Resigned 3 April 2002)
P Angell	(Resigned 23 November 2001)

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 at the end of the year and of the 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 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 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.

PIRATE FM LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2002

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 12.2.2003

PIRATE FM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30 SEPTEMBER 2002

We have audited the financial statements on pages 5 to 10 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 7.

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 THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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. Our responsibilities do not extend to any other information.

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.

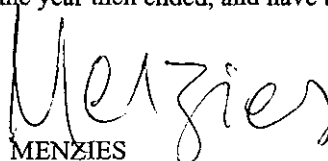
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Sandringham
Guildford Road
Woking
Surrey
GU22 7QL

17/7/03


MENZIES
Chartered Accountants
& Registered Auditors

PIRATE FM LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2002

	Note	2002 £	2001 £
TURNOVER		2,836,949	2,571,836
Variable costs		711,592	585,921
GROSS PROFIT		2,125,357	1,985,915
Programming and transmission costs, and licence fees		336,847	350,966
Operating expenses		927,173	1,123,746
Other operating income	2	(16,200)	(28,902)
OPERATING PROFIT	3	877,537	540,105
Interest receivable	5	60,356	80,214
Interest payable		(9,218)	(7,063)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		928,675	613,256
Tax on profit on ordinary activities		—	187,199
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		928,675	426,057
Equity dividends paid		900,000	860,000
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		28,675	(433,943)
Balance brought forward		9,242	443,185
Balance carried forward		37,917	9,242

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

PIRATE FM LIMITED**BALANCE SHEET****30 SEPTEMBER 2002**

	Note	2002 £	£	2001 £	£
FIXED ASSETS					
Tangible assets	6		435,351		330,318
Investments	7		100		100
			<u>435,451</u>		<u>330,418</u>
CURRENT ASSETS					
Stocks		227		2,881	
Debtors due within one year	8	564,688		459,369	
Debtors due after one year	8	559,577		775,238	
Cash at bank and in hand		51,578		11,737	
		<u>1,176,070</u>		<u>1,249,225</u>	
CREDITORS: Amounts falling due within one year	9	<u>511,531</u>		<u>593,258</u>	
NET CURRENT ASSETS			<u>664,539</u>		<u>655,967</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,099,990</u>		<u>986,385</u>
CREDITORS: Amounts falling due after more than one year	10		<u>163,698</u>		<u>78,768</u>
			<u>936,292</u>		<u>907,617</u>
CAPITAL AND RESERVES					
Called-up equity share capital	14		708,500		708,500
Share premium account			189,875		189,875
Profit and Loss Account			37,917		9,242
SHAREHOLDERS' FUNDS			<u>936,292</u>		<u>907,617</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 12/2/03..... and are signed on their behalf



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 2002

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

Stocks

Stocks are 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 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.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

2. OTHER OPERATING INCOME

	2002 £	2001 £
Rent receivable	<u>16,200</u>	<u>28,902</u>

PIRATE FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2002	2001
	£	£
Depreciation	64,904	48,332
Profit on disposal of fixed assets	(5,536)	(416)
Auditors' fees	1,000	1,250
	<u>64,368</u>	<u>48,966</u>

4. DIRECTORS' EMOLUMENTS

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

	2002	2001
	£	£
Aggregate emoluments	<u>117,148</u>	<u>135,920</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2002	2001
	No.	No.
Money purchase schemes	<u>—</u>	<u>2</u>

5. INTEREST RECEIVABLE

	2002	2001
	£	£
Bank interest receivable	—	13,892
Interest from group undertakings	60,356	66,322
	<u>60,356</u>	<u>80,214</u>

6. TANGIBLE FIXED ASSETS

	Property	Studio	Motor	Office	Total
	£	equipment	Vehicles	Equipment	£
		£	£	£	
COST					
At 1 October 2001	290,990	236,110	165,595	99,915	792,610
Additions	2,385	121,870	54,901	12,176	191,332
Disposals	—	—	(63,878)	(717)	(64,595)
At 30 September 2002	<u>293,375</u>	<u>357,980</u>	<u>156,618</u>	<u>111,374</u>	<u>919,347</u>
DEPRECIATION					
At 1 October 2001	77,682	220,156	82,424	82,030	462,292
Charge for the year	7,194	19,398	30,022	8,290	64,904
On disposals	—	—	(42,822)	(378)	(43,200)
At 30 September 2002	<u>84,876</u>	<u>239,554</u>	<u>69,624</u>	<u>89,942</u>	<u>483,996</u>
NET BOOK VALUE					
At 30 September 2002	<u>208,499</u>	<u>118,426</u>	<u>86,994</u>	<u>21,432</u>	<u>435,351</u>
At 30 September 2001	<u>213,308</u>	<u>15,954</u>	<u>83,171</u>	<u>17,885</u>	<u>330,318</u>

PIRATE FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

6. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements

Included within the net book value of £435,351 is £136,484 (2001 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £18,982 (2001 - £Nil).

7. INVESTMENTS

	£
COST	
At 1 October 2001 and 30 September 2002	<u>100</u>
NET BOOK VALUE	
At 30 September 2002	<u>100</u>
At 30 September 2001	<u>100</u>

8. DEBTORS

	2002 £	2001 £
Trade debtors	447,347	380,813
Amounts owed by group undertakings	646,856	803,746
Other debtors	30,062	50,048
	<u>1,124,265</u>	<u>1,234,607</u>

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

	2002 £	2001 £
Amounts owed by group undertakings	<u>559,577</u>	<u>775,238</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 2003. Accordingly, the loan has been classified as a long term debtor.

9. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	—	11,000
Trade creditors	102,823	85,732
Amounts owed to group undertakings	—	143,769
Other taxation and social security	90,557	65,167
Hire purchase agreements	38,548	—
Other creditors	279,603	287,590
	<u>511,531</u>	<u>593,258</u>

PIRATE FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

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

	2002 £	2001 £
Bank loans and overdrafts	79,495	78,768
Hire purchase agreements	84,203	—
	<u>163,698</u>	<u>78,768</u>

11. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2002 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2002 £	2001 £
Operating leases which expire:		
Within 1 year	—	2,970
Within 2 to 5 years	113,555	5,352
After more than 5 years	—	9,030
	<u>113,555</u>	<u>17,352</u>

12. CONTINGENCIES

The company is party to a group cross guarantee covering bank facilities within the UKRD Group Limited. The directors do not consider that any liability will arise in this regard.

13. 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.

14. SHARE CAPITAL

Authorised share capital:

	2002 £	2001 £
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:

	2002 No.	£	2001 No.	£
A Ordinary shares	408,500	408,500	408,500	408,500
B Ordinary shares	300,000	300,000	300,000	300,000
	<u>708,500</u>	<u>708,500</u>	<u>708,500</u>	<u>708,500</u>

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.