

COMPANY REGISTRATION NUMBER 2552870

PIRATE FM LIMITED

FINANCIAL STATEMENTS

FOR

30 SEPTEMBER 2008

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PIRATE FM LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2008

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PIRATE FM LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

J P S St Aubyn
G Adams
V J Crossingham
K C Gascoigne
R A McCreadie
D W Renwick
W J G Rogers
B Warne

COMPANY SECRETARY

RJ Humm

REGISTERED OFFICE

Carn Brea Studios
Barncoose Industrial Estate
Redruth
Cornwall
TR15 3RQ

AUDITOR

Menzies LLP
Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

BANKERS

Clydesdale Bank plc
Guildford Financial Solutions Centre
Walnut Tree Close
Guildford
Surrey
GU1 4LP

PIRATE FM LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2008

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2008.

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
V J Crossingham
K C Gascoigne
R A McCreddie
D W Renwick
W J G Rogers
B Warne

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They 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 auditor is 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 auditor is aware of that information.

AUDITOR

On 1 July 2008, Menzies, the Company's auditors, transferred its business to Menzies LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treat the appointment of Menzies as extending to Menzies LLP with effect from 1 July 2008 under the provisions of section 26(5) of the Companies Act 1989.

Accordingly, a resolution approving the re-appointment of Menzies LLP will be proposed at the forthcoming Annual General Meeting.

PIRATE FM LIMITED

THE DIRECTORS' REPORT *(continued)*

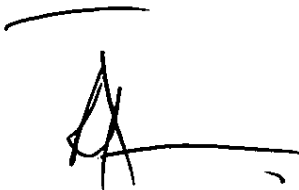
YEAR ENDED 30 SEPTEMBER 2008

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

A handwritten signature in black ink, consisting of a stylized 'A' shape with a horizontal line extending to the right.

RJ Humm
Company Secretary

Approved by the directors on 20 MAY 2009

PIRATE FM LIMITED

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

YEAR ENDED 30 SEPTEMBER 2008

We have audited the financial statements of Pirate FM Limited for the year ended 30 September 2008 on pages 5 to 10, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and on the basis of 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 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 2008 and of its profit for the year then ended;
- the financial statements 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.

Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

 2009


MENZIES LLP
Chartered Accountants
& Registered Auditors

PIRATE FM LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2008

	Note	2008 £	2007 £
TURNOVER		2,971,787	3,082,958
Variable costs		642,461	668,293
GROSS PROFIT		2,329,326	2,414,665
Programming and transmission costs, and licence fees		361,786	394,386
Operating expenses		1,011,572	1,242,028
OPERATING PROFIT	2	955,968	778,251
Interest receivable	4	48,570	34,502
Interest payable and similar charges		(3,810)	(2,085)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,000,728	810,668
Tax on profit on ordinary activities		-	-
PROFIT FOR THE FINANCIAL YEAR		1,000,728	810,668

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

PIRATE FM LIMITED

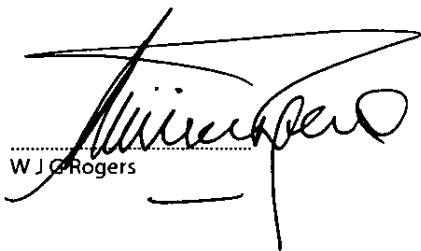
BALANCE SHEET

30 SEPTEMBER 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	6	288,274	225,188
Investments	7	103	103
		<u>288,377</u>	<u>225,291</u>
CURRENT ASSETS			
Debtors	8	849,620	911,158
Cash at bank and in hand		383,680	281,658
		<u>1,233,300</u>	<u>1,192,816</u>
CREDITORS: Amounts falling due within one year	9	358,331	276,589
NET CURRENT ASSETS		<u>874,969</u>	<u>916,227</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,163,346</u>	<u>1,141,518</u>
CREDITORS: Amounts falling due after more than one year	10	31,567	10,467
		<u>1,131,779</u>	<u>1,131,051</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	15	233,404	232,676
SHAREHOLDERS' FUNDS		<u>1,131,779</u>	<u>1,131,051</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 2007).

These financial statements were approved by the directors and authorised for issue on 20 MAY 2009, and are signed on their behalf by:


W J 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 2008

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 2007).

Turnover

The turnover shown in the profit and loss account represents amounts receivable for goods and services provided during the year in the normal course of business, net of trade discounts, VAT and other sales and related taxes.

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 within 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.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2008 £	2007 £
Depreciation of owned fixed assets	33,713	46,070
Depreciation of assets held under hire purchase agreements	12,394	9,088
Profit on disposal of fixed assets	(23,118)	(5,500)
Auditor's fees	1,000	1,000

3. DIRECTORS' EMOLUMENTS

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

	2008 £	2007 £
Aggregate emoluments	115,634	5,556

PIRATE FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2008

4. INTEREST RECEIVABLE

	2008 £	2007 £
Bank interest receivable	796	3,864
Interest from group undertakings	47,774	30,638
	<u>48,570</u>	<u>34,502</u>

5. DIVIDENDS

Equity dividends

	2008 £	2007 £
Paid during the year:		
Equity dividends on ordinary shares	<u>1,000,000</u>	<u>1,800,000</u>

6. TANGIBLE FIXED ASSETS

	Property £	Studio Equipment £	Motor Vehicles £	Office Equipment £	Total £
COST					
At 1 October 2007	301,593	373,289	144,440	182,113	1,001,435
Additions	2,000	2,573	114,228	3,313	122,114
Disposals	-	-	(135,825)	(75,290)	(211,115)
At 30 September 2008	<u>303,593</u>	<u>375,862</u>	<u>122,843</u>	<u>110,136</u>	<u>912,434</u>
DEPRECIATION					
At 1 October 2007	122,878	364,368	119,597	169,404	776,247
Charge for the year	8,287	4,239	23,823	9,758	46,107
On disposals	-	-	(122,904)	(75,290)	(198,194)
At 30 September 2008	<u>131,165</u>	<u>368,607</u>	<u>20,516</u>	<u>103,872</u>	<u>624,160</u>
NET BOOK VALUE					
At 30 September 2008	<u>172,428</u>	<u>7,255</u>	<u>102,327</u>	<u>6,264</u>	<u>288,274</u>
At 30 September 2007	<u>178,715</u>	<u>8,921</u>	<u>24,843</u>	<u>12,709</u>	<u>225,188</u>

Hire purchase agreements

Included within the net book value of £288,274 is £104,061 (2007 - £17,602) 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 £12,394 (2007 - £9,088).

7. INVESTMENTS

	£
COST	
At 1 October 2007 and 30 September 2008	<u>103</u>
NET BOOK VALUE	
At 30 September 2008 and 30 September 2007	<u>103</u>

The investments held are shares in unquoted companies.

PIRATE FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2008

8. DEBTORS

	2008 £	2007 £
Trade debtors	346,620	334,058
Amounts owed by group undertakings	451,968	512,860
Other debtors	51,032	64,240
	<u>849,620</u>	<u>911,158</u>

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

	2008 £	2007 £
Amounts owed by group undertakings	<u>1,451,968</u>	<u>512,860</u>

9. CREDITORS: Amounts falling due within one year

	2008 £	2007 £
Trade creditors	92,780	78,186
Other taxation and social security	106,533	101,607
Hire purchase agreements	51,567	7,265
Other creditors	107,451	89,531
	<u>358,331</u>	<u>276,589</u>

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

	2008 £	2007 £
Bank loans	-	10,467
Hire purchase agreements	31,567	-
	<u>31,567</u>	<u>10,467</u>

11. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2008 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2008 £	2007 £
Operating leases which expire:		
Within 1 year	3,705	3,705
After more than 5 years	83,516	83,516
	<u>87,221</u>	<u>87,221</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:

	2008 £	2007 £
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>

PIRATE FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2008

13. SHARE CAPITAL (*continued*)

Allotted, called up and fully paid:

	2008		2007	
	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>

14. SHARE PREMIUM ACCOUNT

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

15. PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
Balance brought forward	232,676	1,222,008
Profit for the financial year	1,000,728	810,668
Equity dividends	(1,000,000)	(1,800,000)
Balance carried forward	<u>233,404</u>	<u>232,676</u>

16. 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.

PIRATE FM LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 30 SEPTEMBER 2008

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on page 4.**

PIRATE FM LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2008

	2008		2007	
	£	£	£	£
TURNOVER		2,971,787		3,082,958
VARIABLE COSTS				
Local Contra costs	34,722		30,246	
Commercial production	99,330		89,448	
National agency and sales commission	123,134		171,168	
Regional agency and sales commission	7,669		7,959	
Outside promotion costs	13,560		12,262	
PPL royalties	120,039		120,766	
PRS royalties	122,327		116,898	
Local Commission	1,461		1,386	
MCPS fees	6,767		4,570	
Staff commissions and NIC	113,452		113,590	
		642,461		668,293
GROSS PROFIT		2,329,326		2,414,665
OVERHEADS				
Programming and transmission costs, and licence fees	361,786		394,386	
Operating expenses	1,011,572		1,242,028	
		1,373,358		1,636,414
OPERATING PROFIT		955,968		778,251
Interest receivable		48,570		34,502
		1,004,538		812,753
Interest payable		(3,810)		(2,085)
PROFIT ON ORDINARY ACTIVITIES		1,000,728		810,668

PIRATE FM LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2008

	2008		2007
	£	£	£
PROGRAMMING AND TRANSMISSION COSTS, AND LICENCE FEES			
Programming wages	131,688		153,671
NIC on programming wages	14,396		16,346
Airtime charges	8,874		10,188
CRCA licence fee	16,267		14,041
Contract presenters	9,600		4,430
NTL transmitter costs	95,833		107,617
Newslink	1,366		3,557
Ofcom licence fees	10,521		8,517
Research fees	23,171		27,947
Software licence fees	4,035		4,035
WTA transmitter fees	2,036		2,036
Digital licence	43,999		42,001
	<u>361,786</u>		<u>394,386</u>
ADMINISTRATIVE EXPENSES			
Personnel costs			
Directors fees	5,556		5,556
Salaries	412,166		412,067
Agency and contract staff	25,745		8,851
Staff national insurance contributions	52,795		54,952
	<u>496,262</u>		<u>481,426</u>
Establishment expenses			
Rent	3,918		3,865
Rates and water	10,949		10,073
Light and heat	11,996		9,995
Insurance	19,320		18,143
Repairs and maintenance	7,626		8,291
Cleaning	10,264		9,812
Contract maintenance	9,278		8,035
	<u>73,351</u>		<u>68,214</u>
General expenses			
Motor expenses	39,224		43,077
Travel and subsistence	4,695		3,943
Telephone	23,057		24,592
Subscriptions	2,884		1,565
Printing, stationery and postage	20,776		19,703
Staff training & recruitment	5,644		-
Sundry expenses	5,290		3,704
Marketing and promotions	95,272		66,052
Entertaining	3,713		3,254
Group management charges	210,352		473,590
Legal and professional fees	2,741		2,763
Accountancy fees	4,208		4,172
Auditors remuneration	1,000		1,000
Depreciation of freehold property	8,287		7,800
Depreciation of studio equipment	13,997		27,999
Depreciation of motor vehicles	23,823		19,359
Profit on disposal of fixed assets	(23,118)		(5,500)
	<u>441,845</u>		<u>697,073</u>
Financial costs			
Bad and doubtful debts	(8,695)		(27,398)
Provision for doubtful debts	7,647		20,951
Bank charges	1,162		1,762
	<u>114</u>		<u>(4,685)</u>
	<u>1,011,572</u>		<u>1,242,028</u>

PIRATE FM LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2008

	2008 £	2007 £
INTEREST RECEIVABLE		
Bank interest receivable	796	3,864
Group interest receivable	47,774	30,638
	<u>48,570</u>	<u>34,502</u>
INTEREST PAYABLE		
Bank interest payable	547	1,051
Hire purchase and finance lease charges	3,263	1,034
	<u>3,810</u>	<u>2,085</u>