1458 BIG AM Limited

Annual report and accounts
for the year ended 31 December 2002

Registered number: 02890732

Directors' report

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 2002.

Principal activity and business review

The principal activity of the company during the period to 19th February 2002 continued to be that of a local commercial radio broadcaster under a licence issued by the Radio Authority. On the 19 February 2002 the company's radio licence was sold to Capital Radio. The company then ceased trading.

Results and dividends

The profit for the year, after taxation, amounted to £110,175 (2001 – loss of £533,887).

The directors do not recommend the payment of a dividend (2001 - £nil).

Directors and their interests

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

KJ Sadler
AC MacKenzie

Directors' interests

The interests of Mr KJ Sadler in the shares of The Wireless Group plc are disclosed in the accounts of that company. The interests of Mr AC MacKenzie are shown in the accounts of The Wireless Group (ILRs) Limited.

There are no other interests required to be disclosed under Section 234 of the Companies Act 1985.

Directors' report (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 27 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board,

KJ Sadler
Director

30 October 2003

Independent auditors' report

Independent auditors' report to the members of 1458 BIG AM Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
31 Great George Street
Bristol
BS1 5QD
30 October 2003

Profit and loss account
For the year ended 31 December 2002

	Notes	2002 £	2001 £
Turnover	2	8,298	138,757
Operating expenses	3	(126,781)	(665,765)
Operating loss	4	(118,483)	(527,008)
Interest payable and similar charges	5	(6,082)	(6,879)
Profit on sale of radio licence	6	234,740	-
Profit /(loss) on ordinary activities before taxation		110,175	(533,887)
Tax on profit/(loss) on ordinary activities	9	-	-
Retained profit /(loss) for the year	15	110,175	(533,887)

All results arise from discontinuing activities.

The company has no recognised gains and losses other than the profit stated above, and therefore no separate Statement of Total Recognised Gains and Losses has been presented.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet
31 December 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	10	-	89,637
Current assets			
Debtors	11	580,453	369,207
		580,453	369,207
Creditors: Amounts falling due within one year	12	(4,829,825)	(4,774,601)
Net current liabilities		(4,249,372)	(4,405,394)
Total assets less current liabilities		(4,249,372)	(4,315,757)
Creditors: Amount falling due after more than one year	13	-	(43,790)
Net liabilities		(4,249,372)	(4,359,547)
Capital and reserves			
Called-up share capital	14	656,000	656,000
Profit and loss account	15	(4,905,372)	(5,015,547)
Total shareholders' deficit	16	(4,249,372)	(4,359,547)

Signed on behalf of the Board

KJ Sadler
Director

30 October 2003

The accompanying notes are an integral part of this balance sheet.

Notes to the accounts

1 Principal accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation
The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has net liabilities at 31 December 2002. The directors of the ultimate parent company, The Wireless Group plc, have indicated that adequate resources will be made available to allow the company to realise its remaining assets and to pay all remaining external liabilities. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

The company's cash flows are included in the consolidated financial statements of The Wireless Group plc. The company has therefore taken advantage of the exemption of FRS 1 (revised) and has not presented a cash flow statement.

Turnover
Turnover, which is stated net of value added tax, represents amounts invoiced to third parties during the year for the provision of goods and services, net of agency commissions. Turnover includes barter arrangements which meet the requirements of UITF 26 "Barter Transactions for Advertising".

Finance and operating leases
Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged to the profit and loss on a straight line basis over the lease term, even if payments are not made on such as basis.

Tangible fixed assets

Tangible fixed assets are shown at cost less depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Leasehold improvements	7 years
Broadcasting equipment	5 years
Plant and machinery	4 - 7 years

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

Pensions

The company provides defined contribution pensions for certain eligible employees as part of a plan organised by the Commercial Radio Companies Association Limited (CRCA). Contributions to the scheme are charged to the profit and loss accounts as incurred.

2 Turnover

All turnover arose wholly within the United Kingdom. The directors consider that the business of the company is all of one class.

The company enters into barter arrangements for the supply of certain services, and these are treated as turnover as they comply with UITF 26. During the year barter transactions amounted to £4,600 (2001: £87,350) of turnover.

3 Operating expenses

	2002	2001
	£	£
Administration expenses	126,781	665,765

4 Operating profit/(loss) on ordinary activities

Profit/(loss) on ordinary activities before taxation is stated after charging:

	2002	2001
	£	£
Depreciation and amounts written off tangible fixed assets		
- owned	6,253	8,763
- finance leases	13,665	32,211
Profit on disposal of fixed assets	18,691	-
Operating lease rentals		
- plant & machinery	8,489	6,650
- other	54,379	65,096
Auditors' remuneration		
- audit services	3,000	3,000
- non-audit services	1,350	-

5 Interest payable and similar charges

	2002	2001
	£	£
Interest payable on finance leases	6,082	6,879

6 Profit on sale of radio licence

On 19 February 2002, the company disposed of its radio licence. The net proceeds from the sale after costs amounted to £234,740.

7 Staff costs

The average monthly number of employees (including executive directors) was:

	2002 Number	2001 Number
Programming	1	3
Sales	1	2
	2	5

Their aggregate remuneration comprised:

	2002 £	2001 £
Wages and salaries	33,598	89,520
Social security costs	1,479	9,200
Pension costs	313	833
	35,390	99,553

8 Directors' remuneration

The emoluments of Mr AC MacKenzie are paid by The Wireless Group (ILRs) Limited. The emoluments of Mr KJ Sadler are paid by The Wireless Group plc and are disclosed in that company's accounts.

9 Tax on profit/(loss) on ordinary activities

There is no tax charge in the current year as the taxable profit is covered by tax losses within the group, which are surrendered for nil consideration.

Reconciliation of current tax charge:	2002 £	2001 £
Profit/(loss) on ordinary activities before tax	110,175	(533,887)
Tax on profit/(loss) on ordinary activities at standard rate of tax (30%)	33,053	(160,166)
Disallowable expenses	4,151	179
Capital disposals not subject to tax	-	5,671
Depreciation in excess of capital allowances	368	12,158
Utilisation of trading losses brought forward	(37,572)	-
Group relief surrendered not paid	-	142,158
	-	-

10 Tangible fixed assets

	Broadcasting equipment £	Plant and Machinery £	Total £
Cost			
At 1 January 2002	89,714	147,024	236,738
Disposals	(89,714)	(87,549)	(177,263)
Group transfers	-	(59,475)	(59,475)
At 31 December 2002	-	-	-
Depreciation			
At 1 January 2002	86,398	60,703	147,101
Charge for the year	1,551	18,367	19,918
Disposals	(87,949)	(55,117)	(143,066)
Group transfers	-	(23,953)	(23,953)
At 31 December 2002	-	-	-
Net book value			
At 31 December 2002	-	-	-
At 31 December 2001	3,316	86,321	89,637

The net book value of fixed assets includes assets under finance leases of £nil (2001 - £79,405) and the depreciation charge on those assets during the year was £13,665 (2001 - £25,970).

11 Debtors

	2002 £	2001 £
Trade debtors	-	14,454
Amounts owed by other group undertakings	553,740	293,718
Taxation and social security	3,008	19,523
Prepayments and accrued income	23,705	41,512
	580,453	369,207

12 Creditors: Amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	137	93,675
Obligations under finance leases	45,967	32,844
Amounts owed to other group undertakings	4,768,215	4,499,533
Accruals and deferred income	15,506	148,549
	4,829,825	4,774,601

13 Creditors: Amounts falling due after more than one year

	2002 £	2001 £
Obligations under finance leases	-	43,790

Borrowings are repayable as follows:

	2002 £	2001 £
Between one and two years	-	36,634
Between two and five years	-	12,212
	-	48,846
Less financing charges included above	-	(5,056)
	-	43,790

14 Called-up share capital

	2002 £	2001 £
Authorised		
756,000 (2001 - 756,000) ordinary of £1 each	756,000	756,000
Allotted, called-up and fully-paid		
656,000 (2001 - 656,000) ordinary shares of £1 each	656,000	656,000

15 Reserves

The movement on reserves is as follows:

	Profit and loss account £
At 1 January 2002	(5,015,547)
Profit for the financial year	110,175
At 31 December 2002	(4,905,372)

16 Reconciliation of movement in shareholders' deficit

	2002 £	2001 £
Opening shareholders' deficit	(4,359,547)	(3,825,660)
Profit /(loss) for the financial year	110,175	(533,887)
Closing shareholders' deficit	(4,249,372)	(4,359,547)

17 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2002		2001	
	Land and buildings £	Other £	Land and Buildings £	Other £
Expiry date:				
- within one year	-	-	13,374	-
- between two and five years	-	-	-	2,370
	-	-	13,374	2,370

18 Capital commitments

The company had no capital commitments at 31 December 2002 (2001 - £nil).

19 Provisions for liabilities and charges

The amounts provided for deferred tax are as follows:

	Provided		Unprovided	
	2002 £	2001 £	2002 £	2001 £
Accumulated tax losses	-	-	(1,115,320)	(1,152,891)
Accelerated capital allowances	-	-	(65,322)	(64,954)
Other	-	-	1,343	441
	-	-	(1,189,956)	(1,217,404)

Notes to the accounts (continued)

20 Pensions arrangements

The company is a participator in the CRCA Staff Benefits Plan, a pension scheme shared by several independent radio companies and associated businesses. The scheme is a defined contribution scheme.

The pension cost for the year was £313 (2001 - £833).

Contributions outstanding at the year end amounted to £nil (2001 - £nil).

21 Contingent liability

The company guaranteed the bank borrowing of its parent company and fellow subsidiaries. These borrowings are secured by a fixed and floating charge over the assets of the company.

22 Related party disclosures

As a subsidiary undertaking of The Wireless Group plc, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by The Wireless Group plc. There were no other transactions which fall to be disclosed under the terms of FRS 8.

23 Ultimate parent company

The immediate parent company is Independent Radio Group Limited.

The directors regard The Wireless Group plc, a company incorporated in England and Wales as the ultimate parent company and the ultimate controlling party.

The Wireless Group plc is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of the consolidated accounts of The Wireless Group plc are available from 18 Hatfields, London, SE1 8DJ.