

TEAMtalk Broadcast Limited

**Directors' report and financial
statements**

Registered number 4004291

31 December 2003



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Company information

Company number: 4004291

Directors

M Woodhead
AM Galvin
P Dubens
D Annat

Secretary

C Kennedy

Registered office

Apsley House
Wellington Street
Leeds
LS1 2EQ

Auditor

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors submit their report and the audited financial statements for the year ended 31 December 2003.

Results and dividends

The profit on the ordinary activities of the Company amounted to £2,233,000 (2002 loss: £101,000) and has been transferred to reserves. The directors do not recommend payment of a dividend.

£2,173,000 of the profit generated relates to the relief of inter-group debt originally generated on the purchase of Radio Tara Ltd. This business was closed in 2002.

During the year £680,000 of new share capital was subscribed to reduce inter-group debt.

Principal activity and business review

The principal activity of the company is that of the production and sale of in-store radio programming.

Directors and their interests

The directors who served during the period and the post balance sheet period and their beneficial interests in the share capital of the company were as follows:

Mr M Woodhead

Mr AM Galvin

Mr P Dubens

Mr E Semel - resigned 1 April 2003

Mr D Annat

None of the directors serving at the period end have any interest in the share capital of the company.

AM Galvin, P Dubens, E Semel and D Annat are also directors of the company's ultimate parent company, ukbetting plc. Their interests in the shares of the ultimate parent company are disclosed in the financial statements of the ultimate parent.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



29 October 2004

AM Galvin
Director

Statement of 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 for that period. In preparing those 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;*
- *state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;*
- *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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Report of the independent auditors to the members of TEAMtalk Broadcast Limited

We have audited the financial statements on pages 5 to 12.

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 auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

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 as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

29 October 2004

Profit and loss account

for the 12 months ended 31 December 2003

	Note	12 months to 31 December 2003 £000	6 months to 31 December 2002 £000
Turnover	1	1,366	488
Cost of sales		(512)	(364)
Gross profit		854	124
Administrative expenses		1,379	(225)
Operating profit/(loss)	3	2,223	(101)
Profit/(loss) on ordinary activities before taxation		2,233	(101)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) for the financial period	13	2,233	(101)

The company had no recognised gains and losses other than those stated in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the result on ordinary activities before taxation and the result for the period stated above and their historical cost equivalents.

All of the trading during the period related to continuing operations as defined by Financial Reporting Standard No. 3.

Balance sheet
at 31 December 2003

	<i>Note</i>	31 December 2003 £000	31 December 2002 £000
Fixed assets			
Tangible assets	6	56	51
Investments	7	-	-
		<hr/>	<hr/>
		56	51
Current assets			
Stock	8	35	68
Debtors	9	505	243
Cash at bank and in hand		9	26
		<hr/>	<hr/>
		549	337
Creditors: amounts falling due within one year	10	(604)	(3,300)
		<hr/>	<hr/>
Net current liabilities		(55)	(2,963)
		<hr/>	<hr/>
Net assets/(liabilities)		1	(2,912)
		<hr/>	<hr/>
Capital and reserves			
Called up equity share capital	12	-	-
Share premium account		930	250
Profit and loss account	13	(929)	(3,162)
		<hr/>	<hr/>
Shareholders' funds – equity	14	1	(2,912)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 29th October 2004 and were signed on its behalf by:

AM Galvin
 Director



Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

As the company is a wholly owned subsidiary of a UK parent company (note 17) it has taken advantage of the exemption permitted by Section 228 of the Companies Act 1985 and consolidated accounts of the company and its subsidiaries have not been prepared.

Cash flow statement

In accordance with Financial Reporting Standard Number 1, the company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied to customers.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition. Software and development costs are capitalised where they relate to separately identifiable projects of ongoing commercial value to the Company and are depreciated over their estimated useful economic lives.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Equipment	20% to 33%
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Investments

Investments are included at cost less any required provision for impairment.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Deferred tax

Deferred tax is recognised, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Pension costs

The ultimate parent company, ukbetting plc, operates a defined contribution pension scheme in which the employees of the company participate. The pension cost under this scheme is the amount of contributions payable in respect of the accounting period. The ukbetting plc group provides no other post-retirement benefits to employees.

Notes (continued)

2 Segmental analysis

The company operated in one area of activity, the production and sale of in-store radio content. It operates within the United Kingdom.

3 Operating profit/(loss)

	12 months to 31 December 2003 £000	6 months to 31 December 2002 £000
The operating profit/(loss) is stated after charging/(crediting):		
Operating lease rentals in respect of plant or machinery	28	14
Auditor's remuneration	6	3
Depreciation of tangible fixed assets	17	6
Exceptional reorganisation costs	-	22
Loan waived	(2,173)	-
	<hr/>	<hr/>

The loan payable to TEAMtalk Media Group Limited was waived in the year.

4 Directors and employees

	12 months to 31 December 2003 £000	6 months to 31 December 2002 £000
Staff costs during the period were as follows:		
Wages and salaries	251	108
Social security costs	26	11
Other pension costs	13	3
	<hr/>	<hr/>
	290	122
	<hr/>	<hr/>

The average number of employees, including directors, during the period was 10 (2002: 10).

The remuneration of the directors of the company was as follows:

	12 months to 31 December 2003 £000	6 months to 31 December 2002 £000
Aggregate emoluments	-	-
	<hr/>	<hr/>

During the period, directors' emoluments were borne by other group undertakings.

Notes (continued)

5 Tax on profit on ordinary activities

There is no tax charge as no chargeable profits arose in the period.

	12 months to 31 December 2003 £000	6 months to 31 December 2002 £000
Reconciliation of current tax charge		
Profit/(loss) on ordinary activities before tax	2,233	(101)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK (30%)	670	(30)
<i>Effects of:</i>		
Expenses non deductible for tax purposes/(non-taxable credits)	(646)	11
Depreciation in excess of capital allowances	5	-
Other timing differences	-	2
Deferred tax not provided	-	17
Utilisation of tax losses	(29)	-
Current tax charge for period	-	-

6 Tangible fixed assets

	Equipment £000
Cost	
At 1 January 2003	61
Additions	22
<i>At 31 December 2003</i>	83
Depreciation	
At 1 January 2003	10
Charged in the period	17
<i>At 31 December 2003</i>	27
Net book value at 31 December 2003	56
Net book value at 31 December 2002	51

Notes (continued)

7 Investments

	Interests in subsidiary undertakings £000
<i>Cost</i>	
At 31 December 2002 and 31 December 2003	2,214
<i>Impairment provision</i>	
At 31 December 2002 and 31 December 2003	(2,214)
Net book value at 31 December 2002 and 31 December 2003	-

The investment in Radio Tara Limited was fully impaired at 30 June 2002 and on 31 July 2002 Radio Tara Limited trading as TEAMtalk 252 ceased to broadcast.

8 Stock

	31 December 2003 £000	31 December 2002 £000
Receiver equipment for installation	35	68

9 Debtors

	31 December 2003 £000	31 December 2002 £000
Trade debtors	320	167
Amounts owed by fellow subsidiary undertakings	133	3
Prepayments and accrued income	52	73
	505	243

Notes (continued)

10 Creditors: amounts falling due within one year

	31 December 2003 £000	31 December 2002 £000
Trade creditors	154	133
Amount owed to parent company	79	2,383
Amounts owed to fellow and subsidiary undertakings	121	654
Taxation and social security	12	-
Accruals and deferred income	238	130
	<u>604</u>	<u>3,300</u>

11 Deferred taxation

No deferred taxation is provided for in the financial statements. The unprovided deferred tax asset is as follows:

Tax effect on timing differences because of:

	31 December 2003 £000	31 December 2002 £000
Difference between capital allowance and depreciation	(9)	1
Losses	(259)	(281)
	<u>(268)</u>	<u>(280)</u>

12 Share capital

	31 December 2003 £000	31 December 2002 £000
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1	1
<i>Allotted, called up and fully paid</i>		
932 Ordinary shares of £1 each (2002: 252 shares of £1 each)	-	-

680 ordinary shares of £1 were issued at a premium of £999 per share during the year.

13 Share premium and reserves

	Share premium account £000	Profit and loss account £000
At 31 December 2002	250	(3,162)
Profit for the period	-	2,233
New share capital subscribed	680	-
At 31 December 2003	<u>930</u>	<u>(929)</u>

Notes (continued)

14 Reconciliation of movement in shareholders' funds

	31 December 2003 £000	31 December 2002 £000
Profit/(loss) for the period	2,233	(101)
New share capital subscribed	680	-
Opening shareholders' funds	(2,912)	(2,811)
	<hr/>	<hr/>
Closing shareholders' funds	1	(2,912)
	<hr/>	<hr/>

15 Operating lease commitments

	At 31 December 2003		At 31 December 2002	
	Land & Buildings £000	Other £000	Land & buildings £000	Other £000
Expiring:				
Within two to five years	-	5	-	5
	<hr/>	<hr/>	<hr/>	<hr/>
	-	5	-	5
	<hr/>	<hr/>	<hr/>	<hr/>

16 Related party transactions

Financial Reporting Standard No. 8 gives an exemption that transactions which eliminate upon consolidation do not require disclosure. The company has taken advantage of this exemption.

17 Ultimate parent undertaking

The company's ultimate parent undertaking is ukbetting plc, a company registered in England and Wales.

The accounts of ukbetting plc are available from the company's registered office at 14 Waterloo Place, London, SW1Y 4AR.