

Absolute Radio (UK) Limited

Financial statements

From the date of incorporation (4 December 2001)
to 31 December 2002

Company registration number: 04334042



Absolute Radio (UK) Limited

Directors' report and financial statements

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Absolute Radio (UK) Limited

Directors and other information

Directors

Beate Appel
John McCann
Donnach O'Driscoll
Rainer Poelmann
Adrian Robinson
Scott Taunton

Secretary

Adrian Robinson

Bankers

Lloyds TSB
36 Chequer Street
St Albans
Hertfordshire AL1 3YQ

Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Registered office

Suite 12 Pegaxis House
61 Victoria Road
Surbiton KT6 4JX

Company registration number

04334042

Absolute Radio (UK) Limited

Directors' report

The directors have pleasure in submitting their annual report together with the audited financial statements of the company from the date of incorporation (4 December 2001) to 31 December 2002.

Principal activities and business review

The company was established in December 2001 with a view to becoming a significant owner and operator of commercial radio in the United Kingdom.

In the period from incorporation to the date of this report, six applications for FM licences were made to the Radio Authority.

Subsequent to the year end, on 26 September 2003, the company acquired 100% of the issued share capital of Perfecttaste Limited, which trades as JUICE 107.6 FM in Liverpool. The company continues to evaluate acquisition opportunities.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors of the company at 31 December 2002 were as follows:

Beate Appel
John McCann
Donnach O'Driscoll
Rainer Poelmann
Adrian Robinson
Scott Taunton

In accordance with the articles of association the directors are not required to retire by rotation.

The directors who held office at 31 December 2002 had no interests in the shares of the company.

Several directors have an indirect interest in the company by virtue of their holdings in Absolute Radio International Limited. These shareholdings are disclosed in the relevant financial statements.

On incorporation, Combined Secretarial Services Limited and Combined Nominees Limited were the first directors of the company. These both resigned on 4 December 2001.

Absolute Radio (UK) Limited

Directors' report

Political and charitable contributions

The company made no political or charitable contributions during the period.

Auditors

Ernst & Young LLP were appointed as first auditors of the company and have expressed their willingness to continue in office. A resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

A handwritten signature in black ink, appearing to be 'J. Allen', written in a cursive style.

Director

29 September 2003

Absolute Radio (UK) Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 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 maintaining 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.

Independent auditors' report to the members of Absolute Radio (UK) Limited

We have audited the company's financial statements for the period ended 31 December 2002 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

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 United Kingdom law and accounting standards.

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.

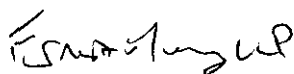
Basis of audit opinion

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 affairs of the company at 31 December 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Belfast
29 September 2003

Absolute Radio (UK) Limited

Profit and loss account

For the period from the date of incorporation (4 December 2001) to 31 December 2002

	<i>Note</i>	From 4 Dec 2001 to 31 Dec 2002 £
Turnover - continuing operations	<i>1</i>	59,570
Application costs		(373,873)
		<hr/>
Loss before administrative costs		(314,303)
Administrative costs		(67,583)
		<hr/>
Loss on ordinary activities before taxation	<i>2</i>	(381,886)
Tax on loss on ordinary activities	<i>5</i>	-
		<hr/>
Retained loss at end of period		(381,886)
		<hr/>

The company has no recognised gains or losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss for the financial period stated above, and its historical cost equivalent.

The notes on pages 9 to 12 form part of these financial statements.

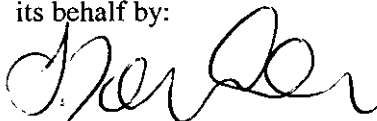
Absolute Radio (UK) Limited

Balance sheet

At 31 December 2002

	Note	31 Dec 2002	
		£	£
Fixed assets			
Investments	6		-
Current assets			
Debtors	7	88,508	
Cash at bank and in hand		284,586	
		<hr/>	
		373,094	
Creditors: Amounts falling due within one year	8	(139,959)	
		<hr/>	
Net current assets			233,135
			<hr/>
Net assets			233,135
			<hr/> <hr/>
Capital and reserves			
Called up share capital	9		249
Share premium	10		614,772
Profit and loss account	11		(381,886)
			<hr/>
Equity shareholders' funds	12		233,135
			<hr/> <hr/>

These financial statements were approved by the board of directors on 29 September 2003 and signed on its behalf by:



Director

The notes on pages 9 to 12 form part of these financial statements.

Absolute Radio (UK) Limited

Statement of 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 in accordance with applicable accounting standards under the historical cost convention.

The company has taken advantage of the exemption conferred under Section 248 of the Companies Act 1985 from preparing group financial statements as it satisfies the criteria for small status. The financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The directors have availed of the exemption for small companies provided by FRS1 and have not prepared a cash flow statement.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover comprises the invoiced value of services provided less any value-added tax.

Application costs

Application costs for new radio licences are charged to the profit and loss account as incurred.

Absolute Radio (UK) Limited

Notes forming part of the financial statements

1 Turnover – continuing operations

Turnover arises from the provision of consultancy services in the United Kingdom.

2 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting) the following:

	From 4 Dec 2001 to 31 Dec 2002 £
After charging	
Auditors' remuneration - audit	1,750
- non audit	-
	<hr/>

3 Remuneration of directors

The directors received no remuneration during the period.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period was 6.

5 Taxation

No charge to corporation tax arises due to losses incurred.

Absolute Radio (UK) Limited

Notes forming part of the financial statements

6 Investments

	31 Dec 2002 £
Cost of investment in subsidiary undertakings	900
Amount due to subsidiary undertakings	(900)
Net book value at 31 December	<u>-</u>

The company has a number of wholly owned subsidiary undertakings in whose names applications for new licences will be made. These subsidiary undertakings are listed below:

Absolute Radio Kent Limited
Absolute Radio Scotland Limited
Absolute Radio West Midlands Limited
Absolute Radio Norfolk Limited
Absolute Radio North West Limited
Absolute Radio South West Limited
Go FM Limited
My FM Limited
Jump FM Limited

Each subsidiary undertaking is incorporated in Great Britain, has an issued share capital of 100 ordinary shares of £1 each, has not yet commenced to trade and is stated in the financial statements at a net book value of £nil.

7 Debtors

	31 Dec 2002 £
Amount due from Ulster Television plc	8,988
Amount due from Eurocast GmbH	8,500
Prepayments and other debtors	10,282
VAT	60,738
	<u>88,508</u>

All amounts fall due within one year.

Absolute Radio (UK) Limited

Notes forming part of the financial statements

8 Creditors: amounts falling due within one year

	31 Dec 2002 £
Accruals	64,864
Amount due to Absolute Radio International Limited	9,095
Advances	66,000
	<hr/>
	139,959
	<hr/>

9 Called up share capital

	31 Dec 2002 £
<i>Authorised:</i>	
100,000 Ordinary shares of £1 each	100,000
	<hr/>
<i>Allotted and called up:</i>	
99 Ordinary shares of £1 each fully paid	99
198 Ordinary shares of £1 each partially paid	150
	<hr/>
	249
	<hr/>

The company was incorporated on 4 December 2001 with an authorised share capital of £100,000 comprising 100,000 shares of £1 each.

On incorporation, 99 ordinary shares of £1 each were issued for cash at par. On 1 February 2002, a further 198 shares of £1 each were issued at a premium of £4,112.64 per share, of which £614,922 has been called up and paid. The purpose of the share issues was to finance the development of the company.

Absolute Radio (UK) Limited

Notes forming part of the financial statements

10 Share premium

	31 Dec 2002 £
Share premium at beginning of period	-
Premium attaching to shares issued	614,772
	<hr/>
Share premium at end of period	614,772
	<hr/>

During the period, £3,104.91 per share of the premium attaching to the 198 shares issued on 1 February 2002 was called up and paid. The balance of the share premium (£1,007.73 per share or £199,531 in aggregate) together with the balance on the par value of the ordinary shares (some £48 in aggregate) was called up and paid in March 2003.

11 Reserves

	31 Dec 2002 £
At beginning of period	-
Retained loss for the period	(381,886)
	<hr/>
At end of period	(381,886)
	<hr/>

12 Reconciliation of movement in equity shareholders' fund

	31 Dec 2002 £
Opening equity shareholders' funds	-
Loss for the financial period	(381,886)
Issue of share capital	249
Share premium on issue of shares	614,772
	<hr/>
Closing equity shareholders' funds	233,135
	<hr/>

Absolute Radio (UK) Limited

Notes forming part of the financial statements

13 Going concern

The financial statements are prepared on the going concern basis as further funding contractually committed to the company by the shareholders at 31 December 2002 comprises:

- Uncalled share capital amounting to £199,579 drawn down in March 2003
- Loans totalling £450,000 to be drawn down as necessary during 2003 and 2004.

In addition, each shareholder will provide the company with further funding, as necessary, to fund acquisitions and the start up capital of each winning licence application.

14 Related party transactions

During the period under review, pending the formal setting up of Absolute Radio (UK) Limited, funds were advanced to Absolute Radio International Limited by Ulster Television plc and Eurocast GmbH to fund the agreed programme of licence applications. Upon the setting up of Absolute Radio (UK) Limited, this trade and all associated remaining funds were transferred across to it from Absolute Radio International Limited. The costs incurred by Absolute Radio International Limited and which were reimbursed to it in respect of such activity amounted to £264,188.

15 Post balance sheet event

On 26 September 2003, the company acquired the entire issued share capital of Perfecttaste Limited trading as JUICE 107.6 FM in Liverpool in a deal valued at £3.1 million.

16 Ultimate controlling party

The company is controlled by the directors on behalf of the three equal shareholders being Absolute Radio International Limited, Ulster Television plc and Eurocast GmbH. The results of the company are consolidated, under the equity method of accounting, into the financial statements of each of its shareholder undertakings.