

**TWG-EMAP Digital (B&H) Limited**

Annual report and accounts

For the year ended 31 December 2004

Registered number: 04404178



## Directors' report

The directors present their report on the affairs of the company, together with accounts and auditors' report, for the year ended 31 December 2004.

### Principal activity

The principal activity of the company during the period was the operation of a digital radio multiplex under a licence regulated by Ofcom.

### Business review

On 13 June 2005 the company and The Wireless Group plc were acquired by Ulster Television plc, see note 16.

### Results and dividends

The profit for the period, after taxation, amounted to £119,486 (2003: £28,127).

The directors do not recommend the payment of a dividend (2003: £nil).

### Directors

The directors who served during the period were as follows:

D Embley	(Appointed 31 January 2004)
J McCann	(Appointed 24 June 2005)
S Taunton	(Appointed 24 June 2005)
MG Franklin	(Resigned 24 June 2005)
S Gregory	
KC MacKenzie	(Resigned 24 June 2005)
TR Schoonmaker	(Resigned 31 January 2004)

### Directors' interests

The interests of Mr KC MacKenzie in the shares of The Wireless Group plc are disclosed in the accounts of that company. The interests of Mr MG Franklin in the shares of The Wireless Group plc are shown below. No other directors had any interests in the shares of The Wireless Group plc.

	Date of Grant	Number of options			31 December 2004	Exercise Price (£)	Date from which exercisable	Expiry Date
		31 December 2003	Granted during the year	Lapsed during the year				
MG Franklin								
Approved	19/10/00	15,831	-	-	15,831	1.895	19/10/01	18/10/10
Unapproved	19/10/00	15,831	-	-	15,831	1.895	19/10/01	18/10/10
Unapproved	15/10/01	36,000	-	-	36,000	0.575	15/10/02	14/10/11
Unapproved	02/07/03	150,000	-	-	150,000	0.605	02/07/04	01/07/13
Unapproved	05/04/04	-	100,000	-	100,000	1.125	05/04/05	04/04/14

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.

By order of the Board,



Director

26 September 2005

## Independent auditors' report

### **Independent auditors' report to the members of TWG-EMAP Digital (B&H) 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.

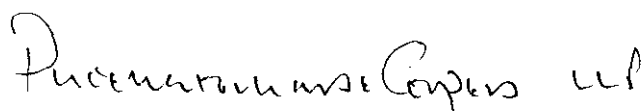
### **Basis of audit opinion**

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

**Chartered Accountants and Registered Auditors**

**31 Great George Street**

**Bristol BS1 5QD**

26 September 2005

## Profit and loss account

For the year ended 31 December 2004

	Notes	2004 £	2003 £
<b>Turnover</b>	2	498,815	304,439
Operating expenses	3	(328,124)	(263,903)
<b>Operating profit</b>		170,691	40,536
Other interest receivable and similar income		3	145
<b>Profit on ordinary activities before taxation</b>	4	170,694	40,681
Tax on profit on ordinary activities	7	(51,208)	(12,554)
<b>Retained profit for the period</b>	11	119,486	28,127

All of the company's activities are continuing.

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

As at 31 December 2004

	Notes	2004 £	2003 £
<b>Current assets</b>			
Debtors	8	1,052,386	282,045
Cash at bank and in hand		100,196	26,367
		<u>1,152,582</u>	<u>308,412</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(1,005,703)</u>	<u>(281,019)</u>
<b>Net current assets and net assets</b>		<u>146,879</u>	<u>27,393</u>
<b>Capital and reserves</b>			
Called-up share capital	10	100	100
Profit and loss account	11	<u>146,779</u>	<u>27,293</u>
<b>Total shareholders' funds</b>	12	<u>146,879</u>	<u>27,393</u>

Signed on behalf of the Board:



Director

26 September 2005

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 period.

#### **Basis of preparation**

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

The company has taken advantage of the exemption from the requirement of FRS 1 (revised) to present a cash flow statement as it is a small company.

#### **Turnover**

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

#### **Operating leases**

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 a basis.

#### **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.

## Notes to the accounts (continued)

### 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 £30,000 (2003: £nil) of turnover.

### 3 Operating expenses

	2004 £	2003 £
Administration expenses	<u>328,124</u>	<u>263,903</u>

### 4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2004 £	2003 £
Hire of plant and machinery under operating leases		
- plant & machinery	274,818	274,818
- other	-	-
Auditors remuneration		
- audit fees	3,000	3,000
- non audit fees	<u>500</u>	<u>750</u>

### 5 Staff costs

The company does not have any employees.

### 6 Directors' remuneration

The emoluments of KC MacKenzie were paid by The Wireless Group plc and are disclosed in that company's accounts. None of the other directors have been remunerated for their services to this company either by this company or any other company in the group.

## Notes to the accounts (continued)

### 7 Tax on profit on ordinary activities

The tax charge in the current year is arrived at as follows:

	2004	2003
	£	£
Reconciliation of current tax charge:		
Profit on ordinary activities before tax	170,694	40,681
Tax on profit on ordinary activities at standard rate of tax (30%)	51,208	12,204
Utilisation of losses brought forward	-	(250)
Disallowed expenditure	-	600
	<u>51,208</u>	<u>12,554</u>

### 8 Debtors

	2004	2003
	£	£
Amounts falling due within one year:		
Trade debtors	68,134	20,853
Amounts owed by group undertakings	984,231	237,148
Other Debtors	21	24,044
	<u>1,052,386</u>	<u>282,045</u>

### 9 Creditors: amounts falling due within one year

	2004	2003
	£	£
Amounts owed to group undertakings	939,557	242,030
Other taxation and social security	15,784	-
Accruals	50,362	38,989
	<u>1,005,703</u>	<u>281,019</u>

## Notes to the accounts (continued)

### 10 Called-up share capital

	2004 £	2003 £
<i>Authorised</i>		
80 (2003 – 80) "A" ordinary shares of £1 each	80	80
20 (2003 – 20) "B" ordinary shares of £1 each	20	20
	<hr/>	<hr/>
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called-up and fully paid</i>		
80 (2003 – 80) "A" ordinary shares of £1 each	80	80
20 (2003 – 20) "B" ordinary shares of £1 each	20	20
	<hr/>	<hr/>
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

### 11 Reserves

	Profit and loss account £
Retained profit brought forward at 1 January 2004	27,293
Retained profit for the period	119,486
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At 31 December 2004	146,779
	<hr/>

### 12 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Opening shareholders' funds	27,393	(734)
Profit for the period	119,486	28,127
	<hr/>	<hr/>
Closing shareholders' funds	146,879	27,393
	<hr/>	<hr/>

### 13 Financial commitments

The company had annual commitments under non-cancellable operating leases as follows:

	2004 Other £	2003 Other £
Expiry date:		
- over five years	281,800	252,000
	<hr/>	<hr/>
	281,800	252,000
	<hr/>	<hr/>

## Notes to the accounts (continued)

### 14 Capital commitments

The company had no capital commitments at 31 December 2004.

### 15 Related party disclosures

The company has billed companies related to its' shareholders the following revenues (net of VAT) for the transmission of their digital output on the multiplex and management charges:

	2004 £	2003 £
<i>Transmission charges:</i>		
Pulse FM a trading division of talkSPORT Limited	134,564	120,899
EMAP Digital Radio Limited	<u>134,564</u>	<u>105,900</u>

The company has been billed management charges by companies related to its' shareholders. The following charges (net of VAT) have been expensed:

	2004 £	2003 £
<i>Management charges:</i>		
The Wireless Group Holdings Limited	<u>25,000</u>	<u>25,000</u>

The following balances (including VAT where appropriate) were outstanding at the current and prior year ends:

	2004 £	2003 £
<i>Trade Debtors:</i>		
EMAP Digital Radio Limited	<u>13,500</u>	<u>23,500</u>
<i>Intercompany balances:</i>		
The Wireless Group Holdings Limited	532,917	(27,083)
Pulse FM a trading division of talkSPORT Limited	<u>194,564</u>	<u>60,000</u>

## Notes to the accounts (continued)

### **16 Ultimate parent company**

Until 13 June 2005, the ultimate parent undertaking and controlling party was The Wireless Group plc. The Wireless Group plc was the smallest and largest group to prepare consolidated financial statements which include the company. Copies of the consolidated accounts for the year ended 31 December 2004 of The Wireless Group plc are available from 18 Hatfields, London, SE1 8DJ.

The Wireless Group plc was purchased by Ulster Television plc on the 13 June 2005. Therefore subsequent to that date the ultimate parent undertaking and controlling party is Ulster Television plc, a company incorporated in Northern Ireland.

The registered office of Ulster Television plc is:

Ormeau Road  
Belfast BT7 1EB