

TWG-EMAP Digital (B&H) Limited

Annual report and accounts

For the period ended 31 December 2003

Registered number: 04404178



Directors' report

The directors present their report on the affairs of the company, together with accounts and auditors' report, for the period ending 31 December 2003.

Principal activity and business review

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

Results and dividends

The profit for the period, after taxation, amounted to £28,127 (2002: £834 loss).

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the period were as follows:

MG Franklin

S Gregory

KC MacKenzie

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 2003	Exercise Price (£)	Date from which exercisable	Expiry Date
		31 December 2002	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

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:

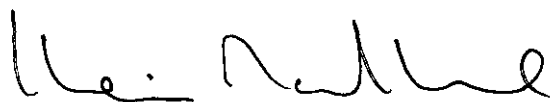
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts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

The directors will place a resolution before the annual general meeting to reappoint PricewaterhouseCoopers as auditors for the ensuing year.

By order of the Board,



KC MacKenzie
Director

27 October 2004

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.

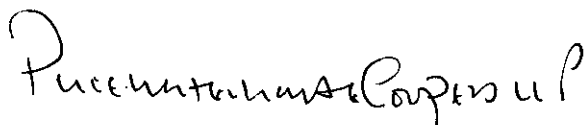
Basis of audit opinion

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 2003 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

27 October 2004

3 TWG-EMAP Digital (B&H) LIMITED

Profit and loss account

For the period ended 31 December 2003

	Notes	2003 £	2002 £
Turnover	2	304,439	19,999
Operating expenses	3	(263,903)	(20,833)
Operating profit /(loss)	4	40,536	(834)
Other interest receivable and similar income		145	-
Profit/(loss) on ordinary activities before taxation	4	40,681	(834)
Tax on profit/(loss) on ordinary activities	7	(12,554)	-
Retained profit/(loss) for the period	11	28,127	(834)

All of the company's activities are continuing.

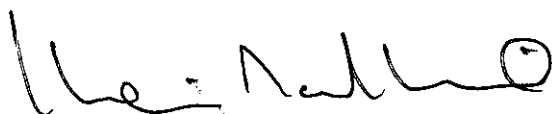
The company has no recognised gains and losses other than the profit stated above, and therefore no separate Statement of total recognised gains and losses has been presented.

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

Balance sheet
31 December 2003

	Notes	2003 £	2002 £
Current assets			
Debtors	8	282,045	22,062
Cash at bank and in hand		26,367	80
		<u>308,412</u>	<u>22,142</u>
Creditors: amounts falling due within one year	9	<u>(281,019)</u>	<u>(22,876)</u>
Net current assets/(liabilities)		<u>27,393</u>	<u>(734)</u>
Capital and reserves			
Called-up share capital	10	100	100
Profit and loss account	11	<u>27,293</u>	<u>(834)</u>
Total shareholders' funds/(deficit)	12	<u>27,393</u>	<u>(734)</u>

Signed on behalf of the Board:



KC MacKenzie

Director

27 October 2004

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.

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 as 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

2 Turnover

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

3 Operating expenses

	2003 £	2002 £
Administration expenses	<u>263,903</u>	<u>20,833</u>

4 Profit/(loss) on ordinary activities before taxation

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

	2003 £	2002 £
Auditors remuneration		
- audit fees	3,000	500
- non audit fees	<u>750</u>	<u>-</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.

During the year, no directors were members of a money purchase pension scheme.

Notes to the accounts

7 Tax on profit/(loss) on ordinary activities

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

Reconciliation of current tax charge:	2003 £	2002 £
Profit/(loss) on ordinary activities before tax	40,681	(834)
Tax on profit/(loss) on ordinary activities at standard rate of tax (30%)	12,204	(250)
Utilisation of losses brought forward	(250)	-
Disallowed expenditure	600	-
Group relief surrendered not paid	-	250
	<u>12,554</u>	<u>-</u>

8 Debtors

	2003 £	2002 £
Amounts falling due within one year:		
Trade debtors	20,853	12,042
Amounts owed by group undertakings	237,148	10,000
Other Debtors	24,044	20
	<u>282,045</u>	<u>22,062</u>

9 Creditors: amounts falling due within one year

	2003 £	2002 £
Amounts owed to group undertakings	242,030	2,083
Other taxation and social security	-	2,042
Accruals	38,989	18,751
	<u>281,019</u>	<u>22,876</u>

Notes to the accounts

10 Called-up share capital

	2003 £	2002 £
<i>Authorised</i>		
80 "A" ordinary shares of £1 each	80	80
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 "A" ordinary shares of £1 each	80	80
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 loss brought forward at 1 January 2003	(834)
Retained profit for the period	28,127
	<hr/>
At 31 December 2003	27,293
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12 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Opening shareholders' funds	(734)	-
Profit/(loss) for the period	28,127	(834)
Ordinary shares issued in the period	-	100
	<hr/>	<hr/>
Closing shareholders' funds	27,393	(734)
	<hr/>	<hr/>

13 Financial commitments

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

	2003 Other £	2002 Other £
Expiry date:		
- over five years	252,000	252,000
	<hr/>	<hr/>
	252,000	252,000
	<hr/>	<hr/>

Notes to the accounts

14 Capital commitments

The company had no capital commitments at 31 December 2003.

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:

	2003 £	2002 £
<i>Transmission charges:</i>		
Pulse FM Limited	120,899	10,000
EMAP Digital Radio Limited	<u>105,900</u>	<u>5,000</u>

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

	2003 £	2002 £
<i>Management charges:</i>		
The Wireless Group Holdings Limited	<u>25,000</u>	<u>2,083</u>

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

	2003 £	2002 £
<i>Trade Debtors:</i>		
Pulse FM Limited	-	10,000
EMAP Digital Radio Limited	<u>23,500</u>	<u>6,021</u>

	2003 £	2002 £
<i>Intercompany balances:</i>		
The Wireless Group Holdings Limited	(27,083)	(2,083)
Pulse FM Limited	<u>60,000</u>	<u>-</u>

16 Ultimate parent company

The immediate and ultimate parent company is The Wireless Group plc.

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 accounts of The Wireless Group plc are available from 18 Hatfields, London, SE1 8DJ.