

# **Rugby Radio Station (General Partner) Limited**

Registered in England & Wales No 4944892

Registered Office St Helen's, 1 Undershaft, London EC3P 3DQ

## **General**

### **Directors and Officers**

A P Cooper  
J Gottlieb  
E R Hewitt (Appointed 30 November 2006)  
R P Jones  
N J McLeod (Appointed 13 July 2006)  
L M Shillaw (Resigned 7 June 2006)  
R C Sporle (Resigned 13 July 2006)  
I B Womack

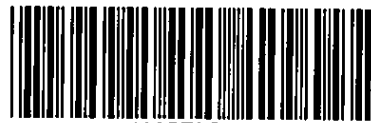
### **Secretary**

Aviva Company Secretarial Services Limited  
St Helen's  
1 Undershaft  
London EC3P 3DQ

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

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## **Directors' Report**

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The directors present their annual report and audited financial statements for Rugby Radio Station (General Partner) Limited ("the Company") for the year ended 31 December 2006

### **Principal activity**

The principal activity of the Company is property investment by way of a 0.1% (2005: 0.1%) interest in Rugby Radio Station Limited Partnership. The Rugby Radio Station Limited Partnership is a partnership within the meaning of the Limited Partnership Act 1907 and the Company is the General Partner in the Rugby Radio Station Limited Partnership. The directors consider that this will continue unchanged into the foreseeable future.

### **Operations and business review**

This business review is addressed to, and written for, the members of the Company with the aim of providing a fair review of the business development, performance and position at the current time, during the financial year and at the end of the financial year. In providing this review, the aim is to present a view that is both balanced and comprehensive and that it is consistent with the size and complexity of the business.

The position of the Company at the year end is shown in the Balance Sheet on page 9, with trading results shown in Profit and Loss on page 8.

### **Key performance indicators**

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

### **Results and dividends**

The loss after taxation for the year amounted to £4,500 (2005: £2,400). The directors do not propose the payment of a dividend (2005: £nil).

### **Risk management**

The directors do not believe that there are any material risks facing the Company.

## Directors' Report

### Directors and their interests

The names of the present directors of the Company appear on page 1

L M Shillaw was appointed as a director of the Company on 6 June 2005 and resigned as a director on 7 June 2006

N J McLeod was appointed as a director of the Company on 13 July 2006

R C Sporle resigned as a director of the Company on 13 July 2006

E R Hewitt was appointed as a director of the Company on 30 November 2006

A P Cooper, J Gottlieb, I B Womack and R P Jones served as directors of the Company throughout the year

None of the directors held any beneficial interests in shares in the Company at any time during the year

No directors held any shares in the company during the year

The table below shows the interests held by each person who was a director at the end of the financial year in the ordinary shares of 25 pence each in Aviva plc. Details of any options and awards held through Aviva plc's share schemes and incentive plans are shown on page 4. All the disclosed interests are beneficial.

	At 1 January 2006 Number	Shares Acquired Number	Shares Disposed Number	At 31 December 2006 Number
R P Jones	5,018	567	-	5,585
J Gottlieb	4,521	549	(2,356)	2,714
I B Womack	5,391	667	-	6,058
N J McLeod	729	283	-	1,012

### Incentive Plans

Details of the directors who held office at the end of the financial year, and hold options to subscribe for ordinary shares of Aviva plc or hold awards over shares in CGNU plc, pursuant to Aviva plc's share scheme based incentive plans, are set out below.

(a) Share options	At 1 January 2006 Number	Options granted during Year Number	Options exercised, lapsed or cancelled during year Number	At 31 December 2006 Number
<b>R P Jones</b>				
Savings related options	4,426	-	-	4,426
<b>J Gottlieb</b>				
Savings related options	-	1,593	-	1,593
<b>I B Womack</b>				
Savings related options	4,096	-	-	4,096
Executive options	1,762	-	-	1,762
<b>N J McLeod</b>				
Savings related options	1,181	-	-	1,181

"Savings related options" are options granted under the Inland Revenue-approved Aviva SAYE Share Option Scheme. Options granted from 1994 to 2002 are normally exercisable during the six month period following either the third, fifth or seventh anniversary of the relevant savings contract.

## Directors' Report

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"Executive options" are those granted under the Aviva plc Executive Share Option Schemes, or predecessor schemes. Options, which have been granted on various dates from 1993 to 2002, are normally exercisable between the third and tenth anniversaries of their date of grant. Options granted after 1997 are only exercisable if certain performance conditions are met.

During the year no directors exercised any share options and therefore no gains on such were made.

Other than as disclosed above, none of the directors who held office at 31 December 2006 had any beneficial interest in the Company's shares or the shares of any other company within the Aviva plc Group.

### Indemnity to Directors

Aviva plc, the Company's ultimate parent, has granted an indemnity to those Directors of the Company employed by the Morley or Aviva Group against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. This indemnity and the provisions in the Company's Articles of Association constitute "qualifying third party indemnities" for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' report.

### Creditor payment policy and practice

It is the Company's policy to pay creditors when they fall due for payment.

### Auditors

Ernst & Young LLP have expressed their willingness to continue in office and a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

### Directors' statement as to disclosure of information to auditors

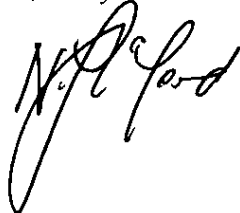
The Directors who were members of the Board at the time of approving the Directors' report are listed on page 1 of these financial statements. Each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no relevant audit information, being information needed by the auditor's in connection with preparing its report, which the Company's auditors are unaware, and
- having made enquiries of fellow Directors' and the Company's auditor, each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Director

24 May 2007



## **Statement of Directors' responsibilities in relation to the Company financial statements**

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The Directors are required to prepare accounts for each accounting period that comply with the relevant provisions of the Companies Act 1985 and of UK GAAP, and which present fairly the financial position, financial performance and cash flows of the Company at the end of the accounting period. A fair presentation of the accounts in accordance with UK GAAP requires the Directors to

- select suitable accounting policies and verify they are applied consistently in preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in UK GAAP is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance, and

The Directors are responsible for maintaining proper accounting records which can be disclosed with reasonable accuracy, at any time, the financial position of the Company. They are also ultimately responsible for the systems of internal control maintained for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities.

## Auditors' Report

### Independent auditors' report to the members of The Rugby Radio Station (General Partner) Limited

We have audited the Company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes 1 to 11. 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 auditors' 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 the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company 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 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent mistakes within it.

### Basis of audit opinion

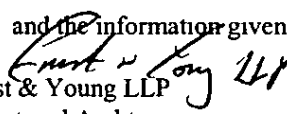
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985,
- and the information given in the directors' report is consistent with the financial statements.

  
Ernst & Young LLP  
Registered Auditor  
London

*24 May 2007*

**Profit and loss account**  
for the year ended 31 December 2006

	Note	2006 £	2005 £
Administrative expenses	2	(4,500)	(2,400)
<b>Loss on ordinary activities before taxation</b>		<b>(4,500)</b>	<b>(2,400)</b>
Tax on loss on ordinary activities	3	-	-
<b>Loss retained for the financial year</b>	8	<b>(4,500)</b>	<b>(2,400)</b>

All amounts reported in the profit and loss account relate to continuing operations

There is no difference between the results as described in the profit and loss account and the results on an unmodified historical cost basis. Accordingly a note of historical costs profit and loss for the year is not given

**Statement of total recognised gains and losses**  
for the year ended 31 December 2006

	2006 £	2005 £
Loss for the financial year	(4,500)	(2,400)
<b>Total recognised losses for the year</b>	<b>(4,500)</b>	<b>(2,400)</b>
Prior year adjustment	-	197
<b>Total losses</b>	<b>(4,500)</b>	<b>(2,203)</b>

The notes on pages 11 to 15 form an integral part of these financial statements

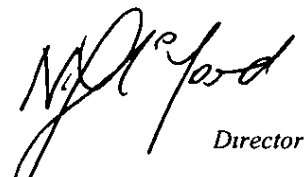


**Balance Sheet**

as at 31 December 2006

	Note	2006 £	2005 £
<b>Fixed assets</b>			
Investments	4	30,023	30,023
<b>Debtors due after more than one year</b>	5	1,000	1,000
<b>Current assets</b>		-	-
<b>Current liabilities</b>		-	-
<b>Net current assets</b>		-	-
<b>Creditors due after more than one year</b>	6	(38,423)	(33,923)
<b>Net liabilities</b>		(7,400)	(2,900)
<b>Capital and reserves</b>			
Share capital	7	1,000	1,000
Profit and loss account	8	(8,400)	(3,900)
<b>Equity shareholders' funds</b>		(7,400)	(2,900)

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by

  
 Director  
 Date 24/05/07

The notes on pages 11 to 15 form an integral part of these financial statements

**Cash flow statement**

for the year ended 31 December 2005

	<b>Note</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>			
Loss before tax		(4,500)	(2,400)
Changes in working capital			
Increase in payables		4,500	2,400
<i>Net cash from operating activities</i>		<u>-</u>	<u>-</u>
<b>Taxation</b>		-	-
<b>Net movement in cash</b>	<b>1(e)</b>	<u>-</u>	<u>-</u>

The notes on pages 11 to 15 form an integral part of these financial statements

**Notes to the financial statements (continued)**

for the year ended 31 December 2006

**1. Accounting policies****a) Basis of accounting**

The financial statements have been prepared under the historical cost convention modified to include the revaluation of investments and in accordance with United Kingdom accounting standards

The directors are of the opinion that severe long-term restrictions exist over the company's interest in Rugby Radio Station Limited Partnership that substantially hinder the exercise of the company's rights over the assets of the Limited Partnerships subsidiary. In accordance with FRS 2, the interest in Rugby Radio Station Limited Partnership is not consolidated and held as a fixed asset investment. The results and assets of the wholly owned subsidiary disclosed in note 4 have not been consolidated on the grounds of immateriality.

The financial statements have been prepared on the going concern basis despite the net current liabilities position of the Company. Rugby Radio Station Limited Partnership has committed to continue to fund the Company for the duration of the Partnership and the Directors therefore consider the going concern basis of preparation to be appropriate.

Effective 1 January 2005, the Company adopted FRS 21 'Events After the Balance Sheet Date' and FRS 28 'Corresponding Amounts on a Retrospective Basis'. The adoption of these new Financial Reporting standards had no impact on the financial statements of the Company.

Rugby Radio Nominee Limited, a wholly owned subsidiary of the Company, was dormant for the year ended 31 December 2006 (2005 dormant).

**b) Investment**

The investment is held at cost, subject to annual impairment review.

**c) Taxation**

The tax charge is based on taxable profits for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits on ordinary activities and amounts charged or credited to reserves as appropriate. Provision is made for deferred tax liabilities, using the liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the profit and loss account. Deferred taxation is calculated at the rates at which it is expected that the tax will arise and discounted to take into account the likely timing of payments and pattern of expected realisation of investments.

Rugby Radio Station (General Partner) Limited suffers taxation in relation to its percentage share of annual net income of Rugby Radio Station Limited Partnership. The Limited Partnership does not accrue for or pay any distributions to Rugby Radio Station (General Partner) Limited and accordingly no income is recognised in the financial statements of the Company.

**d) Prior Year Adjustment**

A prior year adjustment has been made to reflect the change in accounting policy which represents the recognition of the Company's interest in Rugby Radio Station Limited Partnership as a fixed asset investment at historic cost. The investment was previously accounted for on the basis of directors' valuations under alternative accounting rules and it is the opinion of the directors that the cost approach better reflects the substance of the General Partner's interest in the Limited Partnership.

**e) Cash**

The Company has no cash accounts, and expenses are recharged by Rugby Radio Station Limited Partnership.

**Notes to the financial statements (continued)**

for the year ended 31 December 2006

**2. Administrative expenses**

Audit and other expenses of £4,500 have been accrued for the year (2005 £2,400)

The directors received no emoluments for services to the Company for the financial year (2005 nil)

The Company had no employees during the financial year (2005 nil)

**3. Taxation****a) Profit and loss account**

Tax charged to the profit and loss account is as follows

	2006 £	2005 £
UK corporation tax	-	-
Prior year adjustment	-	-
	-	-

**b) Factors affecting current tax charge for the year**

The tax assessed in the profit and loss account is different than the standard UK small companies' tax rate because of the following factors

	2006 £	2005 £
Profit/(loss) on ordinary activities before tax	(4,500)	(2,400)
Current tax charge	(855)	(456)
Share of Limited Partners taxable loss	(15)	(28)
Deferred tax asset not recognised	870	484
Current tax charge on ordinary activities for the year	-	-

**c) Factors that may affect future tax charges**

The deferred tax assets, which have not been recognised due to the uncertainty of their recoverability in the foreseeable future, comprise

	2006 £	2005 £
Losses @ 19% (2005 19%)	1,651	792

**Notes to the financial statements (continued)**

for the year ended 31 December 2006

**4. Investments**

	2006 £	2005 £
Investment in subsidiary undertaking	1	1
Investment in partnership	30,022	30,022
	<u>30,023</u>	<u>30,023</u>

Investment in subsidiary undertaking are shown below

	Principal activity	Percentage or ordinary share capital held	Country of incorporation
Rugby Radio Nominee Limited	Property management services	100%	England

Rugby Radio Nominee Limited has been set up to manage the developed properties held in Rugby Radio Station Limited Partnership and was dormant for the year ended 31 December 2006 (2005 dormant)

The investment represents 0.1% (2005 0.1%) of the total Partners' equity of Radio Rugby Station Limited Partnership

The Radio Rugby Station Limited Partnership is a limited partnership established under the Limited Partnership Act 1907 for the purpose of developing acquired land into a high quality mixed-use site

In accordance with The Partnerships and Unlimited Companies (Accounts) Regulations 1993 a copy of the financial statements of Radio Rugby Station Limited Partnership is attached to these financial statements

**Notes to the financial statements (continued)**

for the year ended 31 December 2006

**5. Debtors due after more than one year**

	2006 £	2005 £
Due from parent company	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

**6. Creditors due after more than one year**

	2006 £	2005 £
Amounts owed to group undertakings	30,023	30,023
Accruals	8,400	3,900
	<u>38,423</u>	<u>33,923</u>

**7. Share capital**

	2006 £	2005 £
Authorised		
500 ordinary 'A' shares of £1 each	500	500
500 ordinary 'B' shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
500 ordinary 'A' shares of £1 each	500	500
500 ordinary 'B' shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

The 'A' and 'B' shares confer upon the holders the same rights and rank pari passu in all respects

**8. Reconciliation of movement in shareholders' funds**

	Share capital £	Profit and loss account £	Total £
At 1 January 2006	1,000	(3,900)	(2,900)
Retained loss for the financial year	-	(4,500)	(4,500)
At 31 December 2006	<u>1,000</u>	<u>(8,400)</u>	<u>(7,400)</u>

**Notes to the financial statements (continued)**

for the year ended 31 December 2006

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**9. Ultimate parent and controlling undertaking**

The Company is owned equally by Norwich Union (Shareholder GP) Limited and BT Holdings Limited. Neither party has overall control.

Norwich Union (Shareholder GP) Limited is a wholly owned subsidiary of the Aviva plc group of Companies.

BT Holdings Limited is a wholly owned subsidiary of the BT plc group of Companies.

Copies of the financial statements of Aviva plc and BT plc are publicly available from Companies House, Crown Way, Mandy, Cardiff CF14 3UZ.

**10. Related party transactions**

The Company is the General Partner of Radio Rugby Station Limited Partnership in which it also has a 0.1% equity interest at 31 December 2006 (2005: 0.1%).

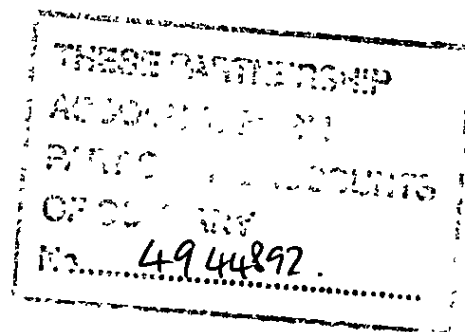
At 31 December 2006 the Company owed £38,422 (2005: £30,022) to Radio Rugby Station Limited Partnership and owed £1 (2005: £1) to Rugby Radio Nominee Limited as disclosed in note 6.

**11. Contingent liabilities and capital commitments**

There were no contingent liabilities or commitments at the balance sheet date (2005: nil).

Registered in England No: LP009085

**RUGBY RADIO STATION LIMITED PARTNERSHIP**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**





# **Rugby Radio Station Limited Partnership**

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# **Rugby Radio Station Limited Partnership Partners, Advisers and Other Information**

## **Partners:**

### **Limited Partners:**

BT (RRS LP) Limited  
Commercial Union Life Assurance Company Limited  
CGNU Life Assurance Limited

### **General Partner:**

Rugby Radio Station (General Partner) Limited

## **Auditors:**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **Banker:**

Barclays Bank plc  
Bank Plain  
Norwich NR2 4SP

## **Registered Place of Business:**

St Helens  
1 Undershaft  
London EC3P 3DQ

**Registered No. LP009085**

# Rugby Radio Station Limited Partnership

## General Partner's Report to the Partnership

The General Partner has pleasure in presenting its report on the operations of Rugby Radio Station Limited Partnership ("the Partnership", "Rugby") for the year ended 31 December 2006 together with the financial statements

### Principal Activity

The principal activity of the Partnership is to develop acquired land into a high quality mixed-use site

### Review

The Partnership was formed by a Limited Partnership deed dated 15 March 2004, and commenced trading on that date. Additions at Rugby during 2006 were at cost £39,000 (2005 £37,000) and the property portfolio yielded a rental income of £238,000 (2005 £244,000)

On the formation of the partnership, CGNU Life Assurance Limited and Commercial Union Life Assurance Company Limited made an initial equity contribution of £125 each and an initial capital advance of £7,499,875 each. The BT (RRS LP) Limited made an initial equity contribution of £250 and initial loan contribution of £14,999,750

### Results and Distributions

The retained loss for the period amounted to £80,000 (2005 £146,000). There were no distributions to the Partners during the year.

### Partners and Partners' Interests

The Limited Partners at 31 December 2006 and their interests in the equity and advance were as follows

	Equity Capital	Advance Capital	Total
	£	£	£
CGNU Life Assurance Limited	125	7,625,256	7,625,381
Commercial Union Life Assurance Company Limited	125	7,625,256	7,625,381
BT (RRS LP) Limited	250	15,250,513	15,250,763
General Partner Limited	3	30,018	30,021
Partners' Funds	503	30,531,043	30,531,546

# Rugby Radio Station Limited Partnership

## General Partner's Report (continued)

### Payment Policy

It is the Partnership's policy that payments to suppliers for goods and services to the Partnership are made in accordance with the policies of Aviva plc and British Telecommunications plc as appropriate and as reported in their respective financial statements

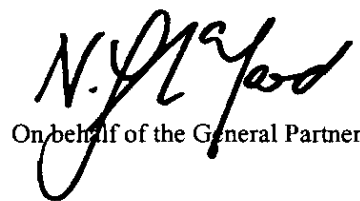
### Statement of General Partner's responsibilities as to disclosure of information to auditors

The partners who were members of the partnership at the time of approving the general partners' report Having made enquiries of fellow partners and of the Partnership's auditors, each of the partners confirms that

- to the best of each partner's knowledge and belief, there is no information relevant to the preparation of their report of which the Partnership's auditors are unaware, and
- each partner has taken all the steps a partner might reasonably be expected to have taken to be aware of relevant audit information and to establish that the partnership's auditors are aware of that information

### Auditors

Ernst & Young LLP have expressed their willingness to continue in office and a resolution will be submitted at the Partnership meeting to reappoint them as auditor and to authorise the General Partner to determine their remuneration



On behalf of the General Partner

3-14 (

2007

# **Rugby Radio Station Limited Partnership**

## **Statement of General Partner's Responsibilities in Respect of the Financial Statements**

The Partnership and Unlimited Companies (Accounts) Regulations 1993 require that a qualifying Partnership prepare financial statements in accordance with the applicable provisions of the Companies Act 1985

United Kingdom company law requires the General Partner to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Partnership and Group as at the end of the financial year and of the profit or loss for the Partnership and Group for that period. In preparing those financial statements, the General Partner is 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business

The General Partner is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Partnership and to ensure that the financial statements comply with the provisions of the Companies Act 1985 applicable to a qualifying Partnership. It is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Rugby Radio Station Limited Partnership**

## **Independent Auditors' Report to the Partners of The Rugby Radio Station Limited Partnership**

We have audited the Partnership's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Partners of the Partnership, as a body, in accordance with The Partnership and Unlimited Companies (Accounts) Regulations 1993. Our audit work has been undertaken so that we might state to the partners those matters we are required to state to them in an auditors' 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 Partnership and the partners as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the General Partner and Auditors**

As described in the Statement of General Partner's Responsibilities the General Partner is responsible for the preparation of the annual report and of the financial statements in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and are properly prepared in accordance with the Partnership Agreement and The Partnership and Unlimited Companies (Accounts) Regulations 1993. We also report to you if, in our opinion, the Partnership 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 members remuneration and other transactions is not disclosed.

We read the General Partners' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Partners in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Partnership'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 consolidated 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 consolidated financial statements.

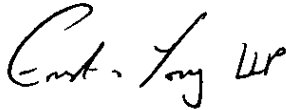
# Rugby Radio Station Limited Partnership

## Independent Auditor's Report to the Partners of The Rugby Radio Station Limited Partnership (continued)

### Opinion

#### In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Partnership's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Partnership Agreement and the Partnerships and Unlimited Companies (Accounts) Regulations 1993, and
- the information given in the General Partner's report is consistent with the financial statements



Ernst & Young LLP  
Registered Auditor  
London

3. April 2007

# Rugby Radio Station Limited Partnership

## Profit and Loss Account

For the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Turnover	2	238	244
Cost of sales		<u>(161)</u>	<u>(162)</u>
Gross profit		77	82
Administrative expenses		<u>(169)</u>	<u>(231)</u>
Operating loss	3	(92)	(149)
Interest receivable		<u>12</u>	<u>3</u>
Loss for the financial year		(80)	(146)
Limited Partners' distribution		<u>-</u>	<u>-</u>
Retained loss for the financial year	9	<u>(80)</u>	<u>(146)</u>

All amounts reported in the profit and loss account relate to continuing operations

The notes on pages 12 to 16 form an integral part of these financial statements



**Rugby Radio Station Limited Partnership**

**Statement of Total Recognised Gains and Losses**

**For the year ended 31 December 2006**

	Notes	2006 £'000	2005 £'000
Retained loss for the financial year	9	<u>(80)</u>	<u>(146)</u>
Total recognised gains and losses for the year		<u><u>(80)</u></u>	<u><u>(146)</u></u>

# Rugby Radio Station Limited Partnership

## Balance Sheet

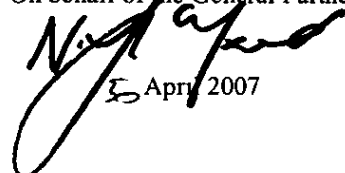
As at 31 December 2006

	Notes	2006 £'000	2005 £'000 (Restated)
<b>Fixed Assets</b>			
Tangible fixed assets	5	30,121	30,082
<b>Current Assets</b>			
Debtors	6	45	56
Cash at bank and in hand		82	193
		127	249
<b>Creditors: amounts falling due within one year</b>	7	(140)	(143)
<b>Net current assets</b>		(13)	106
<b>Total assets less current liabilities</b>		30,108	30,188
<b>Net assets</b>		30,108	30,188
<b>Capital and Reserves</b>			
Partners' capital	8	30,531	30,531
Profit and loss account	9	(423)	(343)
<b>Partners' funds</b>		30,108	30,188

The notes on pages 12 to 16 form an integral part of these financial statements

As required by The Partnerships and Unlimited Companies (Accounts) Regulations 1993 these financial statements have been prepared according to the accounting provisions of the Companies Act 1985, as applicable

On behalf of the General Partner



5 April 2007

# Rugby Radio Station Limited Partnership

## Cash Flow Statement

For the period ending 31 December 2006

	Notes	2006 £'000	2005 £'000
Net cash outflow from operating activities	10 (a)	(84)	(176)
Returns on investments and servicing of finance	10 (b)	12	3
Capital expenditure and financial investment	10 (c)	(39)	(37)
Net decrease in cash		<u>(111)</u>	<u>(210)</u>

## Reconciliation of Net Decrease in Cash to Movement in Net Funds

	Notes	2006 £'000	2005 £'000
Net decrease in cash		(111)	(210)
Net funds at 1 January		<u>193</u>	<u>403</u>
Net funds at 31 December	10 (d)	<u>82</u>	<u>193</u>

# Rugby Radio Station Limited Partnership

## Notes to the Financial Statements

### 1 Accounting policies

#### (a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of development properties. The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards in the United Kingdom and The Partnerships and Unlimited Companies (Accounts) Regulations 1993.

#### (b) Freehold Development properties

Development properties are initially recorded at cost. Revaluation surpluses or deficits are taken to a revaluation reserve. Property assets are included as development property on exchange of contracts. Any impairment in value of a development property from original cost is taken to the profit and loss account in the year in which it is incurred.

On realisation, any gain or loss is calculated by reference to the carrying value at the last balance sheet date and is included in the profit and loss account. Any balance in the capital appreciation account is transferred directly to the Partners' income account.

#### (c) Acquisitions and disposals

Acquisitions and disposals of properties are considered to have taken place when legal completion has occurred.

#### (d) Property income and operating income

Rental income is recognised in the income and expenditure account on an accrual basis. Provisions are made where in the opinion of the General Partner amounts are deemed likely to be irrecoverable. Property income and operating income for the year are attributable to the principal activity of the partnership. Property income derives from operations within the United Kingdom.

#### (e) Capitalised costs

Fees associated with the strategic planning of the site are recorded at cost and have been capitalised to the asset.

# Rugby Radio Station Limited Partnership

## Notes to the Financial Statements (continued)

### 2 Turnover

Turnover, which excludes value added tax, represents rental income and ancillary income earned from third parties. Turnover is attributable to one continuing activity in the UK, the letting and management of property.

	2006 £'000	2005 £'000
Gross rental income	238	244
	<u>238</u>	<u>244</u>

### 3 Operating loss

	2006 £'000	2005 £'000
Operating loss is stated after charging		
Auditors' fees - audit services	5	5
	<u>5</u>	<u>5</u>

### 4 Taxation

The provisions of Section 111 of the Income and Corporation Taxes Act 1988 require the taxable gains and losses of a limited partnership to be assessable directly upon the partners. Accordingly no provision has been made for taxation in these financial statements.

### 5 Tangible fixed assets

Tangible fixed assets represent freehold development properties.

	2006 £'000	2005 £'000
Net book value at 1 January	30,082	30,045
Additions at cost	39	37
Net book value at 31 December	<u>30,121</u>	<u>30,082</u>

# Rugby Radio Station Limited Partnership

## Notes to the Financial Statements (continued)

### 6 Debtors

	2006 £'000	2005 £'000
Amounts due from tenants	18	25
Prepayments and accrued income	27	31
	<u>45</u>	<u>56</u>

### 7 Creditors amounts falling due within one year

	2006 £'000	2005 £'000 (Restated)
Partners' advances	(1)	(1)
Sundry creditors	(46)	(49)
Accruals	(93)	(93)
	<u>(140)</u>	<u>(143)</u>

### 8 Partners' capital

	Capital Contributions £	Advance Capital £	Total £
<b>At 31 December 2006</b>			
CGNU Life Assurance Limited	125	7,625,256	7,625,381
Commercial Union Life Assurance Company Limited	125	7,625,256	7,625,381
BT (RRS LP) Limited	250	15,250,513	15,250,763
General Partner Limited	3	30,018	30,021
<b>Total equity</b>	<u>503</u>	<u>30,531,043</u>	<u>30,531,546</u>

	Capital Contributions £	Advance Capital £	Total £
<b>At 31 December 2005 (restated)</b>			
CGNU Life Assurance Limited	125	7,625,256	7,625,381
Commercial Union Life Assurance Company Limited	125	7,625,256	7,625,381
BT (RRS LP) Limited	250	15,250,513	15,250,763
General Partner Limited	3	30,018	30,021
<b>Total equity</b>	<u>503</u>	<u>30,531,043</u>	<u>30,531,546</u>

# Rugby Radio Station Limited Partnership

## Notes to the Financial Statements (continued)

### 9 Profit and loss account

	2006 £'000	2005 £'000
Profit and loss account at 1 January	(343)	(197)
Retained loss for the financial year	(80)	(146)
Profit and loss account at 31 December	<u>(423)</u>	<u>(343)</u>

### 10 Notes to the statement of cash flows

#### (a) Reconciliation of operating loss to net cash inflow from operating activities

	2006 £'000	2005 £'000
Operating loss	(92)	(149)
Decrease/(increase) in debtors	11	(3)
Decrease in creditors	(3)	(24)
	<u>(84)</u>	<u>(176)</u>

#### (b) Returns on investments and servicing of finance

	2006 £'000	2005 £'000
Interest received	<u>12</u>	<u>3</u>

#### (c) Capital expenditure and financial investments

	2006 £'000	2005 £'000
Payments to acquire tangible fixed assets	<u>(39)</u>	<u>(37)</u>

# Rugby Radio Station Limited Partnership

## Notes to the Financial Statements (continued)

### (d) Analysis of net funds

	At 31 December 2005 £'000	Cashflow £'000	At 31 December 2006 £'000
Cash at bank	193	(111)	82

### 11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the balance sheet date (2005 £nil)

### 12 Related party transactions

Morley Fund Management, as the operator, is entitled to an operator fee, from the Partnership. The fee payable for the period is £105,000 (2005 £99,000), of which £27,000 (2005 £35,000) was outstanding as at 31 December 2006.

BT (RRS LP) Limited manages the site on behalf of the partnership, undertaking tasks such as security, maintaining the boundary, etc. It is entitled to a management fee, from the Partnership. The fee payable for the period is £150,000 (2005 £150,000), £37,500 (2005 £37,500) of which is outstanding as at 31 December 2006.

All costs related to the Rugby Radio Station (General Partner) Limited have been paid by the Limited Partnership and included as a debtor in the balance sheet. As at 31 December 2006 £8,500 (2005 £1,500) was owing to the Partnership by the General Partner.

FPD Savills in its capacity as managing agent for Rugby Radio Station Limited Partnership collects rents from tenants and arranges payment on property repairs on behalf of Rugby Radio Station Limited Partnership. The fee payable for the period is £10,000 (2005 £10,000), of which £2,500 (2005 £2,500) was outstanding as at 31 December 2006.

### 13 Controlling party

The controlling party is Rugby Radio Station (General Partner) Limited which is jointly owned by NU (Shareholder GP) Limited, a subsidiary of Aviva plc, and BT (RRS LP) limited, a subsidiary of British Telecommunications plc.

### 14 Comparatives

Following a review by management amounts payable in the prior year Balance Sheet included advance capital of £502,000. Accordingly prior year numbers have been restated to reflect this reclassification.