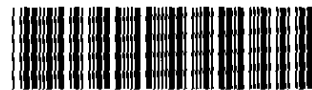


**SRH Radio Sales Limited**

**Directors' report and financial  
statements**

**71102**

**Year ended 30 September 1999**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 1999.

### Principal activities

The company sells advertising airtime for independent radio stations in the United Kingdom and Southern Ireland.

### Business review

In the year to September 1999, the performance of the SRH Radio sales team as a whole delivered to the level of our expectations. Within this over-all performance the national market was extremely strong, as it has been for the past few years, producing double digit growth.

### Year 2000

The year 2000 issue is a serious challenge currently facing every company. As part of the group's plans, the company has carried out reviews of the major computer and other systems and we are progressing with such amendments as required to make these systems year 2000 compliant. In addition, we are carrying out a review of all systems which might contain embedded chips. The process is reasonably well advanced and remedial action will be taken as problems are identified.

### Proposed dividend

The directors do not recommend the payment of a dividend.

### Directors and directors' interests

The directors who held office at the end of the year and their interests in the shares of the company were as follows:

	Ordinary shares of £1 each	
	30 September 1999	30 September 1998
R Findlay	-	-
DG Goode	-	-
JR Bowman	-	-

The interests of Mr Goode, Mr Findlay and Mr Bowman in the share capital of the ultimate parent company, Scottish Radio Holdings plc, are disclosed in the financial statements of that company.

## **Directors' report** *(continued)*

### **Auditors**

A resolution will be proposed at the forthcoming Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the company.

By order of the board



**SM Dale**  
*Secretary*

Clydebank Business Park  
Clydebank  
G81 2RX

## 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 judgments 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**

Plym House  
3 Longbridge Road  
Marsh Mills  
Plymouth  
PL6 8LT  
United Kingdom

**Report of the auditors to the members of SRH Radio Sales Limited**

We have audited the financial statements on pages 5 to 11.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of 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 judgments 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 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

14 December 1999

**Profit and loss account**  
*for the year ended 30 September 1999*

	<i>Note</i>	1999 £000	1998 £000
<b>Turnover</b>	2	1,788	1,603
Other operating income		3	5
		<hr/> 1,791	<hr/> 1,608
<b>Staff costs</b>			
Wages and salaries	3	(939)	(873)
Social security costs		(94)	(82)
Other pension costs		(89)	(82)
		<hr/> (1,122)	<hr/> (1,037)
Depreciation		(39)	(36)
Other operating charges	5	(600)	(532)
		<hr/> (639)	<hr/> (568)
<b>Operating profit</b>		30	3
Interest receivable and similar income	6	13	21
		<hr/> 43	<hr/> 24
<b>Profit on ordinary activities before taxation</b>			
Tax on profit on ordinary activities	7	3	(34)
		<hr/> 46	<hr/> (10)
<b>Profit on ordinary activities after taxation</b>			
Dividends proposed		-	-
		<hr/> 46	<hr/> (10)
<b>Retained profit for the financial year</b>		<hr/> <hr/> 46	<hr/> <hr/> (10)

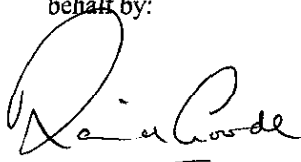
A statement of movements on reserves is given in note 13.

In accordance with Financial Reporting Standard No 3 there were no recognised gains or losses other than those detailed in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

**Balance sheet**  
*at 30 September 1999*

	<i>Note</i>	<b>1999</b>	<b>1998</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Tangible fixed assets	8	72	68
Investments	9	-	-
		<u>72</u>	<u>68</u>
<b>Current assets</b>			
Debtors	10	605	301
Cash at bank and in hand		287	467
		<u>824</u>	<u>768</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(530)</u>	<u>(448)</u>
<b>Net current assets</b>		<u>362</u>	<u>320</u>
<b>Total assets less current liabilities</b>		<u><u>434</u></u>	<u><u>388</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	50	50
Share premium account		4	4
Profit and loss account	13	380	334
		<u>434</u>	<u>388</u>
<b>Shareholders' funds</b>	14	<u><u>434</u></u>	<u><u>388</u></u>

These financial statements were approved by the board of directors on 14 December 1999 and were signed on its behalf by:



**DG Goode**  
*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 in accordance with applicable accounting standards and under the historical cost accounting rules. The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

#### *Investments*

Investments in subsidiaries are stated at cost.

#### *Depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	-	25%
Office furniture and fittings	-	25%
Leasehold improvements	-	20%

#### *Pension costs*

The company operates a defined contribution pension scheme to which the majority of the employees belong. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

#### *Taxation*

The charge for taxation is based on the profit for the year 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 which excludes value added tax, represents commission due on radio advertisements broadcast during the year and the invoice value of other services performed.

### 2 Analysis of turnover and profit on ordinary activities before taxation

All turnover and profit arise from the company's principal activity, in the United Kingdom and Southern Ireland, as disclosed in the directors' report.

**Notes (continued)**

**3 Remuneration of directors**

Wages and salaries for the year include directors' emoluments as shown below:

	1999 £000	1998 £000
Directors' emoluments for management	-	17
Company contributions to money purchase pension schemes	-	2
	<u>-</u>	<u>19</u>

Retirement benefits are accruing to nil (1998: 1) director under a money purchase scheme.

**4 Employee information**

The average number of employees during the year was 28 (1998: 27).

**5 Other operating charges**

Other operating charges for the year include:

	1999 £000	1998 £000
Remuneration of the auditor and its associates		
Audit	7	6
Other - taxation and advice	2	2
	<u>7</u>	<u>8</u>

**6 Interest receivable and similar income**

	1999 £000	1998 £000
On bank accounts	12	21
Other	1	-
	<u>13</u>	<u>21</u>

## Notes (continued)

### 7 Taxation

The charge for taxation is made up as follows:

	1999 £000	1998 £000
UK corporation tax	37	34
Over provided in earlier years	(40)	-
	<u>(3)</u>	<u>34</u>

### 8 Tangible fixed assets

	Office furniture and fittings £000	Leasehold improvements £000	Motor vehicles £000	Total £000
<i>Cost</i>				
At 1 October 1998	151	-	36	187
Additions	29	19	-	48
Disposals	(64)	-	(21)	(85)
	<u>116</u>	<u>19</u>	<u>15</u>	<u>150</u>
At 30 September 1999				
<i>Depreciation</i>				
At 1 October 1998	89	-	30	119
Charge for year	33	2	4	39
Eliminated on disposals	(59)	-	(21)	(80)
	<u>63</u>	<u>2</u>	<u>13</u>	<u>78</u>
At 30 September 1999				
<i>Net book value</i>				
At 30 September 1999	<u>53</u>	<u>17</u>	<u>2</u>	<u>72</u>
At 30 September 1998	<u>62</u>	<u>-</u>	<u>6</u>	<u>68</u>

### 9 Fixed asset investment

	1999 £	1998 £
Shares in subsidiary companies	<u>300</u>	<u>300</u>

The subsidiary companies are Airtime Sales and Promotions Limited, FM Radio Sales Limited and The Radio Initiative Limited, all of which are wholly-owned companies incorporated in Great Britain. All of these companies have remained dormant during the year.

**Notes (continued)**

**10 Debtors: falling due within one year**

	1999 £000	1998 £000
Trade debtors	89	154
Amounts owed by group undertakings	446	103
Other debtors	6	2
Prepayments and accrued income	64	42
	<u>605</u>	<u>301</u>

**11 Creditors: amounts falling due within one year**

	1999 £000	1998 £000
Trade creditors	72	50
Amounts owing to other group companies	15	14
Corporation tax	37	53
Other taxation & social security	69	44
Other creditors	203	184
Accruals & deferred income	134	103
	<u>530</u>	<u>448</u>

**12 Called up share capital**

	1999 £000	1998 £000
<i>Authorised</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>50</u>	<u>50</u>

**13 Profit and loss account**

	1999 £000	1998 £000
At 1 October 1998	334	344
Transferred from profit and loss account	46	(10)
At 30 September 1999	<u>380</u>	<u>334</u>

## Notes (continued)

### 14 Reconciliation of movements in shareholders' funds

	1999 £000	1998 £000
Profit/(loss) for the financial year	46	(10)
Dividends	-	-
	<hr/>	<hr/>
Net change in shareholders' funds	46	(10)
Opening shareholders' funds	388	398
	<hr/>	<hr/>
Closing shareholders' funds	434	388
	<hr/>	<hr/>

### 15 Capital commitments

There were no capital commitments that were contracted for but not provided outstanding at the year end (1998: *£nil*).

### 16 Pension scheme

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in independently administered funds. The pension charge for the year amounted to £52,323 (1998: £50,930).

### 17 Related party disclosures

The company is controlled by Scottish Radio Holdings plc, which is also the ultimate holding company. The company has taken advantage of the exemption in FRS8 not to disclose transactions with other group undertakings.

Copies of the accounts of Scottish Radio Holdings plc may be obtained on application to the Secretary, Scottish Radio Holdings plc, Clydebank Business Park, Clydebank, G81 2RX.