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RADIO BORDERS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999

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RADIO BORDERS LIMITED

Directors

T Steele (Chairman)
D Gallagher (Managing Director)
A R Wilson

Secretary

A R Wilson

Registered Office

Tweedside Park
Galashiels
TD1 3TD

Company Registered Number

108165

RADIO BORDERS LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and the company's financial statements for the year ended 30 September 1999.

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 its profit or loss for that year. In preparing 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 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.

Activities

The principal activity of the company is the provision of a sound broadcasting service in the Borders area in accordance with a licence granted by the Radio Authority. The company traded satisfactorily during the year.

Financial

The profit for the financial year amounted to £38,325 (1998 - £57,165). The directors do not recommend the payment of a dividend.

Directors

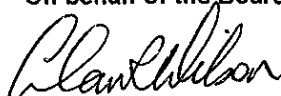
The directors of the company as at 30 September 1999 were as noted on Page 2. The interests of Mr Steele and Mr Gallagher in the share capital of the ultimate parent company, Scottish Radio Holdings Plc at 30th September 1999 were as shown below. The interests of Mr Wilson are detailed in the accounts of Radio Forth Limited.

	Number of Ordinary Shares of 10p each			
	At 30th September 1999		At 30th September 1998	
	Personal Holding	Profit sharing Plan	Personal Holding	Profit sharing Plan
T Steele	10,625	1,645	111,113	1,701
D Gallagher	-	-	-	-

Year 2000 Issue

As part of our plans for year 2000 compliance, the company carried out reviews of the major computer and other systems and made amendments designed to make these systems year 2000 compliant. In addition, a review was carried out of all systems which might contain embedded chips. In carrying out this work, the company took a prioritised approach, recognising the differing levels of business risk attaching to differing systems. The Board is pleased that, since 1 January 2000, no significant problems have arisen.

On behalf of the Board



A R WILSON

Secretary

Galashiels

28 January 2000

AUDITORS' REPORT TO THE SHAREHOLDERS OF RADIO BORDERS LIMITED

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

Respective Responsibilities of Directors and Auditor

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 judgements made by 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
Registered Auditor
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG.

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RADIO BORDERS LIMITED

ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules.

Under Financial Reporting Standard Number 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements.

Turnover

Turnover represents amounts invoiced in respect of all goods and services provided by the company (after deduction of agency commission) and excludes value added tax.

Depreciation

Tangible fixed assets are depreciated on a straight line basis over their estimated economic lives at the following annual rates:

Building	2.5%
Fixtures & fittings	10%
Transmitters	5%
Office equipment	25%
Technical equipment	25%
Outside broadcast vehicle	25%
Motor vehicles	25%

Provision for depreciation is based on cost less estimated residual value before deducting Government grants. An amount is transferred from Government grants to the profit and loss reducing the effective depreciation charge to an amount equivalent to the depreciation of the net cost of fixed assets after deducting Government grants.

Operating Leases

Operating lease rentals are charged to the profit and loss account as incurred.

Pension Costs

The company is a member of a pension scheme operated by Scottish Radio Holdings Plc, which provides benefits based on final pensionable pay. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions evenly over employees' working lives with the company.

Deferred Taxation

Provision is made for deferred taxation on all material timing differences unless the liability is unlikely to become payable in the foreseeable future.

RADIO BORDERS LIMITED

PROFIT & LOSS ACCOUNT **For the year ended 30 September 1998**

	Note	1999 £	1998 £
Turnover	1	<u>558,422</u>	<u>524,564</u>
Staff costs	4	117,664	117,335
Depreciation		15,724	11,576
Other operating charges		<u>366,117</u>	<u>336,394</u>
		<u>499,505</u>	<u>465,305</u>
Operating profit		58,917	59,259
Interest receivable	3	<u>2,196</u>	<u>183</u>
Profit on ordinary activities before taxation	2	61,113	59,442
Taxation	6	<u>22,788</u>	<u>2,277</u>
Profit for the financial year		38,325	57,165
Loss brought forward		<u>(63,051)</u>	<u>(120,216)</u>
Loss carried forward		<u><u>(24,726)</u></u>	<u><u>(63,051)</u></u>

Other than the profit for the financial year, there have been no other recognized gains or losses.

RADIO BORDERS LIMITED

BALANCE SHEET As at 30 September 1999

	<u>Note</u>	1999 £	1998 £
Fixed Assets			
Tangible assets	7	<u>179,009</u>	<u>65,083</u>
Current Assets			
Debtors	8	101,602	111,882
Cash at bank and in hand		<u>30,180</u>	<u>375</u>
		131,782	112,257
Creditors			
Amounts falling due within one year	9	<u>175,515</u>	<u>78,381</u>
Net Current Assets/(Liabilities)		<u>(43,733)</u>	<u>33,876</u>
Total Assets less Current Liabilities		135,276	98,959
Provisions for Liabilities and Charges	10	<u>(10,000)</u>	<u>(12,008)</u>
Net Assets		<u>125,276</u>	<u>86,951</u>
Capital and Reserves			
Called up share capital	11	150,002	150,002
Profit and Loss Account		<u>(24,726)</u>	<u>(63,051)</u>
Shareholders' Funds - equity	12	<u>125,276</u>	<u>86,951</u>

These financial statements were approved by the board of directors on 25th November 1999 and were signed on it's behalf by:



T. STEELE Director

RADIO BORDERS LIMITED

NOTES (forming part of the financial statements)

1. Analysis of Turnover and Profit before Taxation

Both turnover and the profit before taxation relate entirely to broadcasting and entertainment. All of the company's turnover was generated in the United Kingdom.

2. Profit on Ordinary Activities

1999	1998
£	£

Profit on ordinary activities is stated:

After charging -	Depreciation	17,732	13,584
	Operating lease rentals	16,737	17,490
	Auditors' remuneration	2,100	2,000
After crediting -	Government grant	2,008	2,008

3. Interest Receivable

1999	1998
£	£

Interest received on bank deposits	2,240	1,903
Less: bank overdraft interest payable	(44)	(9)
bank term loan interest payable	-	(1,711)
Net interest receivable	<u>2,196</u>	<u>183</u>

4. Staff

1999	1998
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Average number of employees by activity:

Broadcasting (including executive director)	7	8
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£	£
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Employee costs:

Salaries (including executive director)	101,726	102,169
Social security costs	13,097	12,863
Other pension costs (see Note 14)	2,841	2,303
	<u>117,664</u>	<u>117,335</u>

RADIO BORDERS LIMITED

NOTES (forming part of the financial statements)

5. Directors' Remuneration

	1999 £	1998 £
Basic salaries	35,577	28,017
Benefits in kind	3,932	3,932
Pension Contributions	2,841	2,303
	<u>42,350</u>	<u>34,252</u>

The emoluments, excluding pension contributions, of the chairman amounted to £Nil (1997 - £Nil).

6. Taxation

	1999 £	1998 £
Corporation tax payable at 20% (1998 - 21%)	<u>22,788</u>	<u>2,277</u>

7. Tangible Fixed Assets

	Building & Fixtures £	Trans- mitters £	Office Equipment £	Technical Equipment £	Outside Broadcast Unit £	Motor Vehicles £	Total £
COST							
At beginning of year	11,316	99,193	25,875	115,247	16,232	3,370	271,233
Disposals	-	-	-	-	-	-	-
Additions	115,473	-	3,585	7,934	4,666	-	131,658
At end of year	<u>126,789</u>	<u>99,193</u>	<u>29,460</u>	<u>123,181</u>	<u>20,898</u>	<u>3,370</u>	<u>402,891</u>
DEPRECIATION							
At beginning of year	10,086	46,061	22,570	107,988	16,075	3,370	206,150
Disposals	-	-	-	-	-	-	-
Charge for year	4,017	5,020	2,159	5,257	1,279	-	17,732
At end of year	<u>14,103</u>	<u>51,081</u>	<u>24,729</u>	<u>113,245</u>	<u>17,354</u>	<u>3,370</u>	<u>223,882</u>
NET BOOK VALUE							
At end of year	<u>112,686</u>	<u>48,112</u>	<u>4,731</u>	<u>9,936</u>	<u>3,544</u>	<u>-</u>	<u>179,009</u>
At beginning of year	<u>1,230</u>	<u>53,132</u>	<u>3,305</u>	<u>7,259</u>	<u>157</u>	<u>-</u>	<u>65,083</u>

RADIO BORDERS LIMITED

NOTES (forming part of the financial statements)

8. Debtors: Amounts falling due within one year

	1999	1998
	£	£
Trade debtors	90,344	96,320
Prepayments & accrued income	11,258	15,562
	<u>101,602</u>	<u>111,882</u>

9. Creditors: Amounts falling due within one year

	1999	1998
	£	£
Trade creditors	7,161	9,881
Other tax & social security	13,381	16,232
Other creditors & accruals	41,082	34,116
Amounts owed to ultimate parent undertaking	35,000	-
Amounts owed to fellow subsidiary undertakings	352	229
Bank overdraft	55,962	15,646
Corporation Tax	22,577	2,277
	<u>175,515</u>	<u>78,381</u>

10. Provisions for Liabilities & Charges

Deferred grant income

	1999	1998
	£	£
At beginning of year	12,008	14,016
Transfer to profit and loss account (see note 2)	(2,008)	(2,008)
At end of year	<u>10,000</u>	<u>12,008</u>

Deferred taxation

No provision for deferred taxation is considered necessary in view of accumulated tax losses.

11. Share Capital: Ordinary shares of £1 each

	1999	1998
	£	£
Authorized:		
300,000 ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
Allotted, called-up and fully paid:		
150,002 ordinary shares of £1 each	<u>150,002</u>	<u>150,002</u>

RADIO BORDERS LIMITED

NOTES (forming part of the financial statements)

12. Reconciliation of Movements in Shareholders' Funds

	1999 £	1998 £
At beginning of year	86,951	29,786
Profit for the financial year	<u>38,325</u>	<u>57,165</u>
At end of year	<u>125,276</u>	<u>86,951</u>

13. Financial Commitments

1999 £	1998 £
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Operating leases

At 30 September the company had the following annual operating lease commitments, analyzed by expiry date:

Within one year	12,509	3,845
Between two and five years	<u>-</u>	<u>12,509</u>
	<u>12,509</u>	<u>16,354</u>

14. Pension Costs

The company is a member of a pension scheme operated by Scottish Radio Holdings Plc, which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested through a managed fund.

The most recent valuation of the scheme by its independent actuary was at 1st July 1996 and details of this are contained in the financial statements of Scottish Radio Holdings Plc. The net pension charge for the year was £2,841 (1998 - £2,303).

15. Ultimate Parent Undertaking

The company's ultimate parent undertaking is Scottish Radio Holdings Plc, a company incorporated in the United Kingdom and registered in Scotland.

The financial statements of Scottish Radio Holdings Plc are available to the public at that company's registered office at Clydebank Business Park, Glasgow G81 2RX.