

SCORE DIGITAL LIMITED  
REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2004



**SCORE DIGITAL LIMITED**

**Directors**

Richard Findlay (resigned 30 September 2004)  
Grae Allan (Managing Director)  
David Goode  
Alan Wilson

**Secretary**

Jane E A Tames

**Registered Office**

Clydebank Business Park  
Clydebank  
Glasgow G81 2RX

**Company Registered Number**

SC186240

## • 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 2004.

**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 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 digital radio services in accordance with licences granted by the Radio Authority. The company has been awarded six such licences.

**Financial**

The loss for the financial year amounted to £726,000 (2003 : £508,000). The directors do not recommend the payment of any dividend.

**Directors**

The directors of the company as at 30 September 2004 were as noted on Page 2.

None of these directors held any shares in the company during the year.

The interests of Mr Goode and Mr Wilson in the share capital of the ultimate parent company, Scottish Radio Holdings plc, are disclosed in the financial statements of that company. The other directors' interests in the share capital of Scottish Radio Holdings plc were as shown below:

<u>Number of Ordinary Shares of 10p each</u>									
<u>At 30 September 2004</u>							<u>At 30 September 2003</u>		
			Personal	Profit	Share		Personal	Profit	Share
			Holding	Sharing	Options		Holding	Sharing	Options
				Plans				Plans	
Grae Allan			17,067	150	8,000		17,563	334	8,000
Date	Type of	30/09/03	Granted	Exercised/	at	Exercise	Date from	Expiry Date	
Granted	scheme			Lapsed	30/09/04	Price	which		
							exercisable		
19/12/2000	ESOP	1,889	-	-	1,889	15875p	19/12/2003	19/12/2010	
19/12/2000	ESOS	6,111	-	-	6,111	15875p	19/12/2003	19/12/2010	

During the financial year, the price of an ordinary 10p share in Scottish Radio Holdings plc ranged between 778p and 985p. On 30 September 2004 the price was 945p and on 18 November 2004, prior to the announcement of the group's results, the price was 940p.

**Auditors**

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board  
Jane E A Tames  
Company Secretary



Clydebank Business Park  
Clydebank  
Glasgow G81 2RX

7 February 2005

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCORE DIGITAL LIMITED**

We have audited the financial statements on pages 5 to 10.

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 auditor's 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 preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance. 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 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 with the company is not disclosed.

**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 mis-statement, 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.

**Going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in the accounting policies on page 5 of the financial statements concerning the reliance on the company's ultimate parent, Scottish Radio Holdings plc for continued financial support. In view of the significance of the uncertainty inherent in this matter, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

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



**KPMG Audit Plc**

Chartered Accountants  
Registered Auditor  
191 West George Street  
Glasgow  
G2 2LJ



**ACCOUNTING POLICIES**

**Basis of Preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements have been prepared on a going concern basis notwithstanding the deficit in shareholders' funds as the parent undertaking has undertaken to provide such financial support as it may require to meet its financial obligations for the foreseeable future.

**Cash flow statement**

Under Financial Reporting Standard Number 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

**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:

Transmitters	10%
Furniture & Fittings	25%
Technical equipment	25%

**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. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit funding method (see Note 13).

**Deferred taxation**

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profit from which the future reversal of the underlying timing differences can be deducted.

**SCORE DIGITAL LIMITED****PROFIT & LOSS ACCOUNT****For the year ended 30 September 2004**

	Notes	YEAR TO 30.09.04 £000	YEAR TO 30.09.03 £000
Turnover		<u>1,991</u>	<u>1,786</u>
Staff costs	3	(171)	(168)
Depreciation	2	(219)	(150)
Other operating charges		<u>(2,447)</u>	<u>(2,202)</u>
Operating expenses		<u>(2,837)</u>	<u>(2,520)</u>
Operating loss		<u>(846)</u>	<u>(734)</u>
Interest payable on intercompany loans		<u>(186)</u>	<u>-</u>
Loss on ordinary activities before tax		(1,032)	(734)
Taxation	5	306	226
Loss for the financial year	12	<u>(726)</u>	<u>(508)</u>

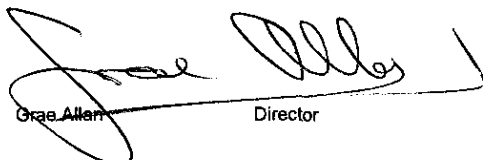
All operations are continuing.

Other than the loss for the financial year, there have been no recognised gains or losses.

**SCORE DIGITAL LIMITED****BALANCE SHEET as at 30 September 2004**

	Notes	£000	AS AT 30.09.04 £000	AS AT 30.09.03 £000
<b>Fixed Assets</b>				
Tangible assets	6		1,762	1,876
<b>Current Assets</b>				
Debtors	7	841		937
Cash at bank and in hand		<u>2,868</u>	<u>2,451</u>	<u>2,451</u>
		3,709	3,388	3,388
<b>Creditors</b>				
Amounts falling due within one year	8	<u>(4,728)</u>	<u>(3,838)</u>	<u>(3,838)</u>
<b>Net Current Liabilities</b>			(1,019)	(450)
Due outwith one year			239	239
Due within one year			<u>(1,258)</u>	<u>(689)</u>
<b>Total Assets less Current Liabilities</b>			<u>743</u>	<u>1,426</u>
<b>Creditors due greater than one year</b>	9		(2,009)	(2,009)
<b>Provisions for liabilities and charges</b>	10		(187)	(144)
<b>Net Liabilities</b>			<u>(1,453)</u>	<u>(727)</u>
<b>Capital and Reserves</b>				
Called up share capital	11		250	250
Profit and Loss Account	12		(1,703)	(977)
<b>Shareholders' deficit - equity</b>	12		<u>(1,453)</u>	<u>(727)</u>

These financial statements were approved by the board of directors on 7 February 2005 and were signed on its behalf by:

  
 Grae Allen Director

**NOTES (forming part of the financial statements)**

**1 Analysis of turnover and operating loss**

The operating loss relates entirely to digital radio activities in the United Kingdom.

**2 Operating profit**

	YEAR TO 30.09.04 £000	YEAR TO 30.09.03 £000
Operating profit is stated after deduction of:		
Depreciation of tangible fixed assets	219	150
Auditors' remuneration	<u>3</u>	<u>3</u>

**3 Staff**

Average number of employees by activity:

	Number	Number
Broadcasting (including executive directors)	<u>3</u>	<u>3</u>

Employee costs:

	£000	£000
Salaries (including executive directors)	140	137
Social security costs	15	15
Other pension costs (see Note 13)	<u>16</u>	<u>16</u>
	<u>171</u>	<u>168</u>

**4 Directors' remuneration**

	£000	£000
Basic salaries	73	70
Pension costs	<u>10</u>	<u>10</u>
	<u>83</u>	<u>80</u>

One (2003 : one) of the directors is a member of the Scottish Radio Holdings plc group pension plan.

**5 Corporation tax**

	2004 £000	2003 £000
Current tax credit on loss for the year (at 30%)	(349)	(315)
Deferred tax		
Origination of timing differences	43	89
Tax on loss on ordinary activities	<u>(306)</u>	<u>(226)</u>

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

The current tax credit for the year is higher (2003: higher) than the standard rate of corporation tax in the UK (30%, 2003:30%).

The differences are explained below.

	2004 £000	2003 £000
Current tax reconciliation		
Loss on ordinary activities before tax	<u>(1,032)</u>	<u>(734)</u>
Current tax at 30%	(310)	(220)
Effects of:		
Other timing differences	4	(6)
Deferred tax charge current year - mainly capital allowances	<u>(43)</u>	<u>(89)</u>
Total corporation tax credit	<u>(349)</u>	<u>(315)</u>



**SCORE DIGITAL LIMITED**
**6 Tangible fixed assets**

	Trans- mitters	Technical equipment	Fixtures & Fittings	Total
	£000	£000	£000	£000
<b>COST</b>				
At beginning of year	2,055	9	4	<b>2,068</b>
Additions	105	-	-	<b>105</b>
At end of year	<u>2,160</u>	<u>9</u>	<u>4</u>	<u><b>2,173</b></u>
<b>DEPRECIATION</b>				
At beginning of year	186	2	4	<b>192</b>
Charge for year	217	2	-	<b>219</b>
At end of year	<u>403</u>	<u>4</u>	<u>4</u>	<u><b>411</b></u>
<b>NET BOOK VALUE</b>				
At end of year	<u>1,757</u>	<u>5</u>	<u>-</u>	<u><b>1,762</b></u>
At beginning of year	<u>1,869</u>	<u>7</u>	<u>-</u>	<u><b>1,876</b></u>

**7 Debtors**

	AS AT 30.09.04 £000	AS AT 30.09.03 £000
Amounts falling due within one year		
Trade debtors	106	223
Prepayments	140	95
Other tax and social security	7	65
Corporation Tax	<u>349</u>	<u>315</u>
	<b>602</b>	<b>698</b>
Other Debtors		
Amounts falling due greater than one year	239	239
	<u><b>841</b></u>	<u><b>937</b></u>

**8 Creditors: Amounts falling due within one year**

	AS AT 30.09.04 £000	AS AT 30.09.03 £000
Trade Creditors	150	164
Amounts owed to parent company	4,108	3,187
Accruals	267	472
Amount owed to fellow subsidiary	203	0
Other creditors	<u>-</u>	<u>15</u>
	<u><b>4,728</b></u>	<u><b>3,838</b></u>

**9 Creditors: Amounts due greater than one year**

	AS AT 30.09.04 £000	AS AT 30.09.03 £000
Deposits held on behalf of service providers	<u>2,009</u>	<u>2,009</u>

**10 Provisions for liabilities and charges**

	AS AT 30.09.04 £000	AS AT 30.09.03 £000
Deferred Tax		
At beginning of year	144	55
Charge for year	<u>43</u>	<u>89</u>
At end of year	<u><b>187</b></u>	<u><b>144</b></u>
The elements of deferred tax are as follows:	£000	£000
Accelerated capital allowances	187	147
Other	<u>-</u>	<u>(3)</u>
	<u><b>187</b></u>	<u><b>144</b></u>

**11 Share capital**

	AS AT 30.09.04	AS AT 30.09.03
Authorised, allotted, called up and fully paid:	£	£
250,002 Ordinary shares of £1 each	<u>250,002</u>	<u>250,002</u>

**12 Reconciliation of movements in shareholders' deficit**

	Share capital	Profit & loss account	AS AT 30.09.04	AS AT 30.09.03
	£000	£000	£000	£000
At beginning of year	250	(977)	(727)	(219)
Loss for the financial year	-	(726)	(726)	(508)
At end of year	<u>250</u>	<u>(1,703)</u>	<u>(1,453)</u>	<u>(727)</u>

**13 Pension commitments**

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 group scheme by its independent actuary was 1 October 2001 and details of this valuation including the transitional disclosures required by FRS 17 : Retirement benefits are contained in the financial statements of Scottish Radio Holdings plc. The value of assets and liabilities applicable to each participating employer will not be separately identified and as such, the company intends to account for its pension costs on a defined contribution basis as permitted by FRS 17. The net pension charge for the year was £16,000 (2003 - £16,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

**14 Related party disclosures**

As the company is a wholly owned subsidiary of Scottish Radio Holdings plc, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group.

**15 Ultimate parent undertaking**

The company's immediate and 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, Clydebank, Glasgow G81 2RX.