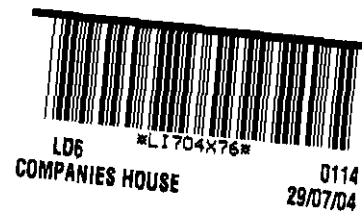


**SPECTRUM RADIO LIMITED**  
**FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2003**



**MacIntyre Hudson**

THE FUTURE IS WHAT YOU MAKE IT

# **SPECTRUM RADIO LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 2002**

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# **SPECTRUM RADIO LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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**The board of directors**

T R Aldrich  
R J Bullock

**Company secretary**

Philip Austin

**Registered office**

7-10 Chandos Street  
Cavendish Square  
London  
W1G 9DQ

**Auditors**

MacIntyre Hudson  
Chartered Accountants  
& Registered Auditors  
Greenwood House  
4/7 Salisbury Court  
London  
EC4Y 8BT

# **SPECTRUM RADIO LIMITED**

## **THE DIRECTORS' REPORT**

**YEAR ENDED 30 SEPTEMBER 2003**

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The directors present their report and the financial statements of the company for the year ended 30 September 2003.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was radio broadcasting.

### **DIRECTORS**

The directors who served the company during the year were as follows:

T R Aldrich

R J Bullock

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

Messrs T R Aldrich and R J Bullock are also directors of the ultimate parent company, Spectrum Radio (Holdings) Limited, and their interests in the share capital of that company are shown in its financial statements.

### **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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

# **SPECTRUM RADIO LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 30 SEPTEMBER 2003**

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### **SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:  
7-10 Chandos Street  
Cavendish Square  
London  
W1G 9DQ

Signed on behalf of the directors



T R Aldrich

Director

Approved by the directors on ...14/7/04.....

# **SPECTRUM RADIO LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**

**YEAR ENDED 30 SEPTEMBER 2002**

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We have audited the financial statements of Spectrum Radio Limited on pages 6 to 13 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and Financial Reporting Standard for Smaller Entities (effective June 2002).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom 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.

# SPECTRUM RADIO LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 30 SEPTEMBER 2003

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### GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosures made in note 15 of the financial statements concerning the uncertainty as to the continuing support of the company's parent company and the company's future profitability. In view of the significance of this uncertainty 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 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*MacIntyre Hudson*

MACINTYRE HUDSON  
Chartered Accountants  
& Registered Auditors

Greenwood House  
4/7 Salisbury Court  
London  
EC4Y 8BT

*19th July 2004*

**SPECTRUM RADIO LIMITED****PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 SEPTEMBER 2003**

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	Note	2003 £	2002 £
<b>TURNOVER</b>		<b>913,351</b>	<b>890,339</b>
Cost of sales		<u>(157,147)</u>	<u>(141,882)</u>
<b>GROSS PROFIT</b>		<b>756,204</b>	<b>748,457</b>
Administrative expenses		<u>(787,323)</u>	<u>(825,953)</u>
Other operating income	2	<u>182,416</u>	<u>171,791</u>
<b>OPERATING PROFIT</b>	3	<b>151,297</b>	<b>94,295</b>
Interest receivable		1,977	5,696
Interest payable		<u>(27,704)</u>	<u>(30,290)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>125,570</b>	<b>69,701</b>
Tax on profit on ordinary activities	5	—	—
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>125,570</b>	<b>69,701</b>
Balance brought forward		<u>(2,126,446)</u>	<u>(2,196,147)</u>
Balance carried forward		<u><b>(2,000,876)</b></u>	<u><b>(2,126,446)</b></u>

The notes on pages 8 to 13 form part of these financial statements.



# SPECTRUM RADIO LIMITED

## BALANCE SHEET

30 SEPTEMBER 2003

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Intangible assets	6	30,712	56,892
Tangible assets	7	<u>1,464,170</u>	<u>1,460,864</u>
		<b>1,494,882</b>	<b>1,517,756</b>
<b>CURRENT ASSETS</b>			
Debtors	8	254,059	267,684
Cash at bank and in hand		<u>3,685</u>	<u>3,398</u>
		<b>257,744</b>	<b>271,082</b>
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>570,843</u>	<u>611,279</u>
<b>NET CURRENT LIABILITIES</b>		<b>(313,099)</b>	<b>(340,197)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,181,783</b>	<b>1,177,559</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	10	<u>137,500</u>	<u>258,846</u>
		<b>1,044,283</b>	<b>918,713</b>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	13	3,000,000	3,000,000
Share premium account		45,159	45,159
Profit and loss account		<u>(2,000,876)</u>	<u>(2,126,446)</u>
<b>SHAREHOLDERS' FUNDS</b>		<b>1,044,283</b>	<b>918,713</b>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 14/7/04 and are signed on their behalf by:

T R Aldrich  
Director



The notes on pages 8 to 13 form part of these financial statements.

# **SPECTRUM RADIO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 2003**

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### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Radio Licence - write off over period of licence

#### **Fixed assets**

These are stated at cost less depreciation other than the leasehold investment property which is stated at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	over 50 years
Fixtures & Fittings	-	20% per annum

#### **Investment properties**

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with the FRSSE which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

# SPECTRUM RADIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2003

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### 1. ACCOUNTING POLICIES *(continued)*

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### 2. OTHER OPERATING INCOME

	2003	2002
	£	£
Rent receivable	92,791	71,791
Commission receivable	89,625	100,000
	<u>182,416</u>	<u>171,791</u>

### 3. OPERATING PROFIT

Operating profit is stated after charging:

	2003	2002
	£	£
Directors' emoluments	19,675	23,200
Staff pension contributions	6,059	11,744
Amortisation	5,173	5,892
Depreciation of owned fixed assets	28,796	47,882
Loss on disposal of fixed assets	233	—
Auditors' fees	9,440	11,230
Net loss on foreign currency translation	<u>46</u>	<u>—</u>

# SPECTRUM RADIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2003

### 4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003 £	2002 £
Aggregate emoluments	19,675	23,200
Value of company pension contributions to money purchase schemes	981	925
	<u>20,656</u>	<u>24,125</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003 No	2002 No
Money purchase schemes	<u>1</u>	<u>1</u>

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no corporation tax charge for the year due to the availability of group relief and tax losses brought forward.

At 30 September 2003 the company had tax losses for relief against future trading profits.

### 6. INTANGIBLE FIXED ASSETS

	Licence application costs £
<b>COST</b>	
At 1 October 2002	109,151
Disposals	(22,917)
<b>At 30 September 2003</b>	<u>86,234</u>
<b>AMORTISATION</b>	
At 1 October 2002	52,259
Charge for the year	5,173
On disposals	(1,910)
<b>At 30 September 2003</b>	<u>55,522</u>
<b>NET BOOK VALUE</b>	
<b>At 30 September 2003</b>	<u>30,712</u>
At 30 September 2002	<u>56,892</u>

# SPECTRUM RADIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2003

### 7. TANGIBLE FIXED ASSETS

	Brought forward 1 Oct 02 £	Additions £	Carried forward 30 Sep 03 £
<b>COST</b>			
Leasehold investment property	1,003,416	—	1,003,416
Fixtures & Fittings	432,623	28,239	460,862
Leasehold Property	517,087	—	517,087
Assets under construction	23,144	3,863	27,007
	<u>1,976,270</u>	<u>32,102</u>	<u>2,008,372</u>
	Brought forward 1 Oct 02 £	Charges £	Carried forward 30 Sep 03 £
<b>DEPRECIATION</b>			
Leasehold investment property	—	—	—
Fixtures & Fittings	(403,600)	(20,522)	(424,122)
Leasehold Property	(111,806)	(8,274)	(120,080)
Assets under construction	—	—	—
	<u>(515,406)</u>	<u>(28,796)</u>	<u>(544,202)</u>
		Brought forward 1 Oct 02 £	Carried forward 30 Sep 03 £
<b>NET BOOK VALUE</b>			
Leasehold investment property		1,003,416	1,003,416
Fixtures & Fittings		29,023	36,740
Leasehold Property		405,281	397,007
Assets under construction		23,144	27,007
		<u>1,460,864</u>	<u>1,464,170</u>

In the opinion of the directors the market value of the leasehold investment property at 30 September 2003 is not significantly different from its net book value at that date

### 8. DEBTORS

	2003 £	2002 £
Trade debtors	172,977	155,573
Other debtors	81,082	112,111
	<u>254,059</u>	<u>267,684</u>

# SPECTRUM RADIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2003

### 9. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	224,251	286,539
Trade creditors	111,044	122,200
Other taxation and social security	28,594	15,052
Other creditors	206,954	187,488
	<u>570,843</u>	<u>611,279</u>

The overdraft facility is secured on the company's leasehold investment and leasehold property.

### 10. CREDITORS: Amounts falling due after more than one year

	2003 £	2002 £
Amounts owed to group undertakings	<u>137,500</u>	<u>258,846</u>

### 11. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2003 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2003 £	2002 £
Operating leases which expire:		
Within 1 year	—	4,953
Within 2 to 5 years	10,784	8,499
	<u>10,784</u>	<u>13,452</u>

### 12. RELATED PARTY TRANSACTIONS

Spectrum Radio Limited and MBC FM Limited share a common director and a key member of management Mr T R Aldrich. During the year MBC FM Limited paid £89,000 to Spectrum Radio Limited in respect of rent for part of 204/206 Queenstown Road. At 30 September 2003 there was no amount (2002: £31,114) due from MBC FM Limited to Spectrum Radio Limited.

At 30 September 2003 there was an amount of £138,481 (2002: £258,846) due to Spectrum Radio (Holdings) Limited.

Mr T R Aldrich is a director of both Spectrum Radio Limited and Gulf Polo Cup Limited. In the year ended 30 September 2002 Gulf Polo Cup ceased to trade. At 30 September 2003 Spectrum Radio held £2,972 (2002: £2,972) on behalf of Gulf Polo Cup.

# SPECTRUM RADIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2003

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### 13. SHARE CAPITAL

#### Authorised share capital:

	2003	2002
	£	£
3,000,000 Ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>

#### Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>

### 14. ULTIMATE PARENT COMPANY

The ultimate parent company is Spectrum Radio (Holdings) Limited, a company registered in England.

Spectrum Radio (Holdings) Limited is wholly owned by Mr T R Aldrich, a director of the company, who is the ultimate controlling party.

### 15. GOING CONCERN

The financial statements have been prepared on a going concern basis which may not be appropriate because the company has net current liabilities of £318,311 at 30 September 2003.

The continuation of the company's activities is dependent upon continuing support of its parent company and the success of management in further identifying profitable new business opportunities. The directors consider that the continuing support of the parent company will be available for the foreseeable future and that this, together with continuing improvements in trading, will be sufficient to meet the company's working capital requirements.

The directors are therefore of the opinion that the financial statements should be prepared on a going concern basis.

Should the company be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amount, to provide for any further liabilities which might arise, and reclassify fixed assets as current assets.