

2388187

**Spectrum Radio Limited**

Report and Financial Statements

Year Ended

30 September 1995

**REGISTRAR OF  
COMPANIES**



**BDO**

BDO Stoy Hayward  
Chartered Accountants

12

# **SPECTRUM RADIO LIMITED**

## **Report and financial statements for the year ended 30 September 1995**

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Directors

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### **Directors**

B S Abu-Ghosh  
W Bucci  
M Nagy-Rashed (Egyptian)  
I H Sweiger  
T R Aldrich

### **Secretary and registered office**

B S Abu-Ghosh, 33 Sekforde Street, London, EC1R 0HH.

### **Company number**

2388187

### **Auditors**

BDO Stoy Hayward, 8 Baker Street, London, W1M 1DA.

## **SPECTRUM RADIO LIMITED**

### **Report of the directors for the year ended 30 September 1995**

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The directors present their annual report together with the audited financial statements for the year ended 30 September 1995.

#### **Principal activities**

The principal activity of the company is radio broadcasting.

#### **Results and dividends**

The profit and loss account is set out on page 3 and shows the loss for the year. The directors consider the result for the year to be disappointing.

No dividend is recommended by the directors.

There have been no events since the balance sheet which materially affect the position of the company.

#### **Fixed assets**

Movements in fixed assets are set out in notes 9 and 10 to the financial statements.

#### **Directors**

The directors of the company during the year were:

B S Abu Ghosh	
F M Bucci	(resigned 9 June 1995)
W Bucci	
M Nagy-Rashed	
I H Sweiger	
T R Aldrich	(appointed 1 August 1995)

None of the directors has any interest in the share capital of the company.

The interests of Messrs B S Abu Ghosh and M Nagy-Rashed in the share capital of the company's parent 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 and of the profit or loss of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## SPECTRUM RADIO LIMITED

### Report of the directors for the year ended 30 September 1995 *(Continued)*

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#### Directors' responsibilities *(Continued)*

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 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.

#### Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

#### By order of the Board

B S Abu-Ghosh

Secretary

A handwritten signature in dark ink, appearing to read 'B S Abu-Ghosh', is written over a horizontal line. To the right of the signature, the date '15/5/96' is handwritten.

Date

# SPECTRUM RADIO LIMITED

## Profit and loss account for the year ended 30 September 1995

	Note	1995 £	1994 £
Turnover	2	777,910	1,231,352
Cost of sales		421,528	536,739
<b>Gross profit</b>		<u>356,382</u>	<u>694,613</u>
Administrative expenses		914,722	785,039
<b>Operating loss</b>		<u>(558,340)</u>	<u>(90,426)</u>
Other income	3	81,303	20,445
Interest payable	4	(681)	(15,970)
<b>Loss on ordinary activities before taxation</b>	5	<u>(477,718)</u>	<u>(85,951)</u>
Taxation	8	-	-
<b>Loss on ordinary activities after taxation</b>		<u>(477,718)</u>	<u>(85,951)</u>
Accumulated loss brought forward		(1,135,058)	(1,049,107)
<b>Accumulated loss carried forward</b>		<u><u>(1,612,776)</u></u>	<u><u>(1,135,058)</u></u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 5 to 12 form part of these financial statements

# SPECTRUM RADIO LIMITED

## Balance sheet at 30 September 1995

	Note	1995	1994
		£	£
<b>Fixed assets</b>			
Intangible assets	9	12,761	17,585
Tangible assets	10	19,135	74,851
		<u>31,896</u>	<u>92,436</u>
<b>Current assets</b>			
Debtors	11	109,016	115,063
Cash at bank and in hand		<u>9,185</u>	<u>1,568</u>
		118,201	116,631
<b>Creditors: amounts falling due within one year</b>	12	<u>412,141</u>	<u>601,459</u>
<b>Net current liabilities</b>		<u>(293,940)</u>	<u>(484,828)</u>
<b>Total assets less current liabilities</b>		<u>(262,044)</u>	<u>(392,392)</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(608,840)</u>	<u>(774)</u>
		<u>(870,884)</u>	<u>(393,166)</u>
<b>Capital and reserves</b>			
Share capital	14	696,733	696,733
Share premium account		45,159	45,159
Profit and loss account		<u>(1,612,776)</u>	<u>(1,135,058)</u>
		<u>(870,884)</u>	<u>(393,166)</u>

The financial statements were approved by the Board on

W Bucci  
Director

*W. Bucci*  
*15/May/1996*

The notes on pages 5 to 12 form part of these financial statements

# SPECTRUM RADIO LIMITED

Notes forming part of the financial statements for the year ended 30 September 1995

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## 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting policies. There have been no changes in accounting policies during the year. The following accounting policies have been applied:

### *Turnover*

Turnover represents sales to outside customers at invoiced amount, excluding value added tax.

### *Depreciation*

Depreciation of tangible fixed assets is provided in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short leasehold improvements	- 20% per annum
Fixtures, fittings and studio equipment	- 20% per annum
Tapes, cartridges, compact discs and records	- 20% per annum
Motor vehicles	- 25% per annum

### *Foreign currency*

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate ruling at the balance sheet date. Any differences are taken to the profit and loss account.

### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest on a straight-line basis over the term of the lease. The interest is charged to the profit and loss account. The capital part reduces the amounts payable to the lessor.

All other leases are treated as 'operating leases'. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

### *Intangible assets*

The costs incurred in obtaining a licence or applying for its renewal from The Independent Broadcasting Authority are capitalised. These amounts are amortised over the period of the licence.

## SPECTRUM RADIO LIMITED

Notes forming part of the financial statements for the year ended 30 September 1995 (Continued)

### 2 Turnover

The turnover and profit before taxation are wholly attributable to the company's principal activity and arose solely from sales within the United Kingdom.

### 3 Other income

	1995 £	1994 £
Programme Appeal Fund and donations	14,160	3,150
Profit on disposal of fixed assets	-	3,400
Profit on repayment of bank loan	65,274	-
Other	1,869	13,895
	<u>81,303</u>	<u>20,445</u>

### 4 Interest payable

Bank loans and overdrafts wholly repayable within five years	<u>681</u>	<u>15,970</u>
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### 5 Loss on ordinary activities before taxation

This is arrived at after charging:

Depreciation of tangible assets	75,040	116,056
Amortisation of intangible assets	4,824	8,217
Auditors' remuneration	7,800	7,000
Charges on finance leases and hire purchase contracts	3,458	6,915
Hire of plant and machinery - operating leases	4,762	3,109
Hire of other assets - operating leases	3,095	1,078
Rent payable on land and buildings	-	25,000
	<u></u>	<u></u>

Depreciation includes £33,569 (1994 - £63,824) charged on assets held under finance leases and hire purchase contracts.



# SPECTRUM RADIO LIMITED

Notes forming part of the financial statements for the year ended 30 September 1995 (Continued)

## 6 Employees

	1995 £	1994 £
Staff costs consist of:		
Wages and salaries	391,619	331,918
Social security costs	45,669	31,759
	<u>437,288</u>	<u>363,677</u>

The average number of employees during the year, excluding directors, was 28 (1994 - 24).

## 7 Directors' emoluments

	1995 £	1994 £
Remuneration for services, including programme presenting	64,051	63,200
Amounts waived in respect of prior year	-	(15,000)
	<u>64,051</u>	<u>48,200</u>

Emoluments (excluding pension contributions) of:

Chairman	-	5,000
Highest paid director	30,000	30,000

Other directors' emoluments fell within the following ranges:

	Number	Number
£ Nil - £ 5,000	1	-
£ 10,001 - £ 15,000	1	1
£ 15,001 - £ 20,000	-	1
£ 20,001 - £ 25,000	1	-

## SPECTRUM RADIO LIMITED

Notes forming part of the financial statements for the year ended 30 September 1995 (*Continued*)

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### 8 Taxation

There is no charge to corporation tax for the year due to the loss incurred.

At 30 September 1995 the company had tax losses of approximately £1,450,000 available for relief against future trading profits.

### 9 Intangible fixed assets

	Licence application costs £
<i>Cost</i>	
At beginning and end of year	48,568
	<hr/>
<i>Amortisation</i>	
At beginning of year	30,983
Provided for the year	4,824
	<hr/>
At end of year	35,807
	<hr/>
<i>Net book value</i>	
At 30 September 1995	12,761
	<hr/>
At 30 September 1994	17,585
	<hr/>

# SPECTRUM RADIO LIMITED

Notes forming part of the financial statements for the year ended 30 September 1995 (Continued)

## 10 Tangible fixed assets

	Short leasehold improvements £	Fixtures, fittings and studio equipment £	Tapes, cartridges, CD's, records £	Motor vehicles £	Total £
<i>Cost</i>					
At beginning of year	173,226	348,734	17,206	6,966	546,132
Additions	-	18,049	1,275	-	19,324
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	173,226	366,783	18,481	6,966	565,456
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At beginning of year	152,962	301,655	14,255	2,409	471,281
Provided for the year	20,264	49,600	3,441	1,735	75,040
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	173,226	351,255	17,696	4,144	546,321
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 September 1995	-	15,528	785	2,822	19,135
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 1994	20,264	47,079	2,951	4,557	74,851
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of assets held under hire purchase contracts and finance leases is £2,822 (1994 - £36,391).

## 11 Debtors

	1995 £	1994 £
Trade debtors	78,345	87,838
Prepayments	24,160	26,075
Other debtors	6,511	1,150
	<hr/>	<hr/>
	109,016	115,063
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

# SPECTRUM RADIO LIMITED

Notes forming part of the financial statements for the year ended 30 September 1995 (*Continued*)

## 12 Creditors: amounts falling due within one year

	1995 £	1994 £
Bank loan and overdraft	73,647	195,618
Trade creditors	124,899	198,852
Taxation and social security	90,548	51,294
Other creditors	27,390	12,601
Accruals and deferred income	94,883	116,431
Obligations under finance leases and hire purchase contracts	774	26,663
	<u>412,141</u>	<u>601,459</u>

## 13 Creditors: amounts falling due after more than one year

Obligations under finance leases and hire purchase contracts	-	774
Amount due to parent company	608,840	-
	<u>608,840</u>	<u>774</u>

Obligations under finance leases are due as follows:

Within 1-2 years	-	774
	<u>-</u>	<u>774</u>

## 14 Share capital

	Ordinary shares of £1 each	
	1995 £	1994 £
<i>Authorised</i>	1,000,000	1,000,000
<i>Allotted, called up and fully paid</i>	<u>696,733</u>	<u>696,733</u>

## SPECTRUM RADIO LIMITED

Notes forming part of the financial statements for the year ended 30 September 1995 (Continued)

### 15 Commitments under operating leases

As at 30 September 1995 the company had annual commitments under non-cancellable operating leases as set out below:

	1995		1994	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	708
In two to five years	-	-	25,000	-
	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>708</u>
	-	-	25,000	708
	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>708</u>

### 16 Cash flow statement

No cash flow statement has been prepared in accordance with Financial Reporting Standard 1 'Cash Flow Statements', since the directors are of the opinion that the company qualifies as a 'small' company.

### 17 Parent company

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

### 18 Going concern

The financial statements have been prepared on the going concern basis which may not be appropriate because the company incurred a loss of £477,718 during the year ended 30 September 1995, and at that date its current liabilities exceeded its current assets by £293,940.

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

The continuation of the company's activities is dependent upon the continuing support of its parent company and the success of management in identifying new business opportunities which return the company to profitability. The directors consider that the continuing support of the parent company will be available for the foreseeable future and that this, together with expected 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.

## **SPECTRUM RADIO LIMITED**

### **Report of the auditors**

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#### **To the shareholders of Spectrum Radio Limited**

We have audited the financial statements on pages 3 to 11 which have been prepared under the accounting policies set out on page 5.

#### *Respective responsibilities of directors and auditors*

As described on pages 1 and 2 the company's directors are responsible for the preparation of the 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 an 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.

#### *Going concern*

In forming our opinion, we have considered the adequacy of the disclosures made in note 18 of the financial statements concerning the uncertainty as to the continuing support of the company's parent company and its 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 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BDO STOY HAYWARD**

*Chartered Accountants  
and Registered Auditors  
London*

*BDO Stoy Hayward*

15 May 1996