

DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)

REGISTERED NUMBER : 2642617

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1999

Pages	Contents
2	Directors and Advisors
3 - 5	Report of the Directors
6	Report of the Auditors
7	Profit and Loss Account
8	Balance Sheet
9 - 14	Notes to the Financial Statements



DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)

DIRECTORS AND ADVISORS

DIRECTORS

M Powell
D Way
J Rushton
M Harris
T Mann
V J Handley
C Stevens

COMPANY SECRETARY

S J Kitney

REGISTERED OFFICE

Dolphin House
North Street
Guildford
Surrey
GU1 4AA

AUDITORS

Menzies
Sandringham
Guildford Road
Woking
Surrey
GU22 7QL

PRINCIPAL BANKER

The Royal Bank of Scotland
10 North Street
Guildford
Surrey
GU1 4AF

DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)

REPORT OF THE DIRECTORS

FINANCIAL STATEMENTS

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

DIVIDENDS

The directors are unable to recommend the payment of a dividend.

PRINCIPAL ACTIVITY

The company holds and operates the Alton area local commercial radio licence and broadcasts to Alton and surrounding areas.

On 4 October 1999 the company changed its name from Wey Valley Radio Limited to Delta Radio Limited.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company has had a successful year, with revenue increasing by 16% to £93,267, from £80,390 for the previous year. Operating costs have increased, albeit at a lower level, resulting in the company reporting an operating loss of £58,488 as compared to £50,084 for the previous year.

During the year, the Radio Authority advertised a new licence encompassing the areas of Alton and Haslemere, together with surrounding areas. This area had previously been served by two Stations, Delta Radio, Wey Valley, operated by this company and Delta Radio, Haslemere, operated by County Sound Radio Network Limited. It was agreed that this company should apply for the new licence and the application was submitted accordingly. In January 2000, the Radio Authority announced that our application had been successful.

This decision means that the company will have a larger area to serve and market itself to. The Board believe that the benefits that this opportunity permits, will enable the company to achieve a stable financial footing. The new licence commences in November 2000. As part of that process the company had a successful Rights Issue in September 1999, raising a total of £562,500 of fresh capital in support of its licence application and trading.

YEAR 2000 AND MONETARY UNION

The company carried out an internal review of equipment and systems to ensure that they were year 2000 compliant and it is considered that there should be minimal exceptional cost associated with achieving full year 2000 compliance. The board continues to monitor developments. To date no significant operational difficulties have been encountered.

The single european currency came into existence on 1 January 1999. The board considers that the impact of the euro will not be significant on the business, however they will continue to monitor the situation.

DIRECTORS

The directors in office at 30 September 1999 are listed on page 2. S J Kitney was appointed on 12 March 1999 and resigned on 1 August 1999. V J Handley and C Stevens were appointed on 24 June 1999 and 20 August 1999 respectively.

DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS

The directors' interests in the share capital of the company at 1 October 1998 and at 30 September 1999 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985, were as follows:

	30 September 1999	1 October 1998
Ordinary shares of £1 each		
M Powell	-	-
D Way	300	300
J Rushton	200	200
M Harris	-	-
T Mann	100	100
V J Handley	-	-
C Stevens	-	-
	<hr/>	<hr/>

The company is a subsidiary of UKRD Group Limited, and the interests of the directors who are the directors of the parent undertaking are disclosed in the financial statements of that company.

SHARE CAPITAL ISSUE

On 17 September 1999 375,000 ordinary shares of £1 each were issued at £1.50 each for working capital purposes and in satisfaction of the consideration payable under the option agreement with County Sound Radio Network Limited in connection with Delta Radio, Haslemere.

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 the affairs of the company and of the loss of the company for that year. 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.
- Follow applicable Accounting Standards, 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 also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)

REPORT OF THE DIRECTORS

AUDITORS

Messrs BDO Stoy Hayward resigned from office and Menzies were appointed in their place. Accordingly, Menzies having expressed their willingness to continue in office as auditors, a resolution proposing their formal appointment will be submitted to the forthcoming Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'S J Kitney', written in a cursive style.

S J Kitney
Secretary

29 February 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF

DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)

We have audited the financial statements on pages 7 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on pages 3 to 5 the company's directors are responsible for the preparation of the company's financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Sandringham
Guildford Road
Woking
Surrey
GU22 7QL

29 February 2000


Menzies
Chartered Accountants
and Registered Auditors

DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 SEPTEMBER 1999**

		1999	1998
	Note	£	£
TURNOVER	2	93,267	80,390
Administrative and other operating costs		122,639	108,512
Selling and advertising costs		29,116	21,962
OPERATING (LOSS)		<u>(58,488)</u>	<u>(50,084)</u>
Interest payable	3	17,868	59
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>(76,356)</u>	<u>(50,143)</u>
Tax on (loss) on ordinary activities	4	-	-
(LOSS) FOR THE FINANCIAL YEAR	13	<u><u>(76,356)</u></u>	<u><u>(50,143)</u></u>

All amounts above are derived from continuing operations and the company has no recognised gains or losses other than the (loss) for the financial periods detailed above.

The notes on pages 9 to 14 form part of these financial statements.

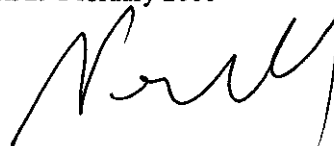
DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)**BALANCE SHEET****30 SEPTEMBER 1999**

		1999		1998	
	Note	£	£	£	£
FIXED ASSETS					
Tangible fixed assets	6		19,735		24,980
Investments	7		225,000		-
			<u>244,735</u>		<u>24,980</u>
CURRENT ASSETS					
Debtors	8	74,115		15,002	
Cash at bank and in hand		50		50	
		<u>74,165</u>		<u>15,052</u>	
CREDITORS: amounts falling due within one year	9	23,019		12,344	
NET CURRENT ASSETS			<u>51,146</u>		<u>2,708</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>295,881</u>		<u>27,688</u>
CREDITORS: amounts falling due after more than one year	10		-		217,951
			<u>295,881</u>		<u>(190,263)</u>
CAPITAL AND RESERVES					
Called up share capital	11		450,000		75,000
Share premium account	12		187,500		-
Profit and loss account	13		(341,619)		(265,263)
EQUITY SHAREHOLDERS' FUNDS			<u>295,881</u>		<u>(190,263)</u>

The financial statements were approved by the Board of Directors on 29 February 2000

DIRECTORS

M Powell



V J Handley

*The notes on pages 9 to 14 form part of these financial statements.*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1999

1 ACCOUNTING POLICIES

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Accounting convention

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

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is charged on the following bases to reduce the cost of the company's tangible fixed assets to their net realisable values over their estimated useful lives at the following rates:

Improvements to leasehold property	over the period of the lease
Motor vehicles	25% straight line
Office equipment and furniture	20% straight line
Transmitter and technical equipment	20% and 50% straight line

Fixed asset investments

Fixed asset investments are included in the balance sheet at cost after provision for any permanent diminution in value.

Deferred taxation

Provision is made for deferred taxation on the liability method for all short-term timing differences. Provision is also made for long-term timing differences, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a contingent liability.

Lease commitments

Payments under operating leases are charged to the profit and loss account as incurred.

DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 1999****2 TURNOVER AND (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

The turnover and (loss) on ordinary activities before taxation is attributable to the principal activity of the company, carried out wholly within the United Kingdom.

The (loss) is stated after charging:

	1999	1998
	£	£
Operating lease rentals - land and buildings	9,764	4,946
Depreciation	6,992	7,749
Operating lease rentals - other	11,043	10,495
Loss on disposal of tangible fixed assets	-	3,645
Auditors' remuneration	2,888	2,489
Aggregate directors' emoluments	20,000	20,000

The company's turnover and (loss) has not been analysed by class of business.

3 INTEREST PAYABLE

	1999	1998
	£	£
Other	112	59
Interest payable to group companies	17,756	-
	17,868	59

4 TAX ON (LOSS) ON ORDINARY ACTIVITIES

No corporation tax charge arises on the results for the year (1998: £nil) due to the level of trading losses available for carry forward.

5 STAFF COSTS

	1999	1998
	£	£
Wages and salaries	51,915	48,152
Social security costs	4,828	4,678
	56,743	52,830

The average monthly number of employees during the year was 2 (1998 - 3).

DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1999

6 TANGIBLE FIXED ASSETS

	Improvements to leasehold property	Office equipment and furniture	Transmitter and technical equipment	Total
	£	£	£	£
COST				
At 1 October 1998	7,006	3,892	36,541	47,439
Additions	-	-	1,747	1,747
At 30 September 1999	7,006	3,892	38,288	49,186
DEPRECIATION				
At 1 October 1998	3,471	1,248	17,740	22,459
Charge for the year	1,178	793	5,021	6,992
At 30 September 1999	4,649	2,041	22,761	29,451
NET BOOK VALUE				
At 30 September 1998	3,535	2,644	18,801	24,980
At 30 September 1999	2,357	1,851	15,527	19,735

7 INVESTMENTS

	Option £
COST	
At 1 October 1998	-
Additions	225,000
At 30 September 1999	225,000
NET BOOK VALUE	
At 30 September 1998	-
At 30 September 1999	225,000

In September 1999 the company purchased an option from its fellow subsidiary, County Sound Radio Network Limited, for the goodwill and fixed assets of the 'Haslemere' radio station. The option can be exercised for £1 if the company was successful in its application for the Alton and Haslemere local radio licence. In January 2000 the Radio Authority announced that the company had indeed been successful and the option can be exercised within one year of the award of the licence.

DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 1999****8 DEBTORS**

	1999	1998
	£	£
Amounts due from group undertakings	60,286	-
Other debtors	6,960	7,705
Prepayments and accrued income	6,869	7,297
	<u>74,115</u>	<u>15,002</u>

All amounts included above are considered receivable within one year of the balance sheet date.

9 CREDITORS: amounts falling due within one year

	1999	1998
	£	£
Bank overdraft	945	97
Trade creditors	9,582	5,194
Amounts owed to group undertakings	1,983	-
Social security and other taxes	845	1,107
Accruals and deferred income	9,664	5,946
	<u>23,019</u>	<u>12,344</u>

10 CREDITORS: amounts falling due after more than one year

	1999	1998
	£	£
Amounts owed to group undertakings	-	217,951

11 CALLED UP SHARE CAPITAL

	1999	1998
	£	£
Authorised		
Ordinary shares of £1 each	500,000	200,000
Allotted, called up and fully paid		
Ordinary shares of £1 each		
At 1 October 1998	75,000	75,000
Shares issued during the year	375,000	-
At 30 September 1999	<u>450,000</u>	<u>75,000</u>

On 17 September 1999 375,000 ordinary shares of £1 each were issued at £1.50 each for working capital purposes and in satisfaction of the consideration payable under the option agreement with County Sound Radio Network Limited in connection with Delta Radio, Haslemere.

DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1999

12 SHARE PREMIUM ACCOUNT

	1999	1998
	£	£
At 1 October 1998	-	-
Issued	187,500	-
At 30 September 1999	187,500	-

13 PROFIT AND LOSS ACCOUNT

	1999	1998
	£	£
At 1 October 1998	(265,263)	(215,120)
(Loss) for the financial year	(76,356)	(50,143)
At 30 September 1999	(341,619)	(265,263)

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
(Loss) for the financial year	(76,356)	(50,143)
Share issues	562,500	-
Opening shareholders' funds	486,144	(50,143)
	(190,263)	(140,120)
Closing shareholders' funds	295,881	(190,263)

15 COMMITMENTS UNDER OPERATING LEASES

The company is committed to making the following payments under operating leases over the next twelve months:

	Land and buildings	Other assets
	£	£
Contracts to expire:		
- between two and five years	9,600	10,872

DELTA RADIO LIMITED (FORMERLY WEY VALLEY RADIO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 1999

16 RELATED PARTY TRANSACTIONS

The accounts do not include details in respect of transactions with the ultimate parent undertaking and those subsidiary undertakings, where the group controls 90% or more of those companies' voting rights as permitted under Financial Reporting Standard 8 "Related Party Disclosures".

During the year, RCS (UK) Limited a company in which UKRD Group Limited holds a 25% shareholding, provided software fees amounting to £1,669.

17 ULTIMATE HOLDING COMPANY

The directors consider the ultimate parent undertaking to be UKRD Group Limited, a company which is registered in England and Wales. There is no one controlling party of UKRD Group Limited.