

COMPANY REGISTRATION NUMBER 2967748

**REGISTRAR
OF COMPANIES**

SPECTRUM RADIO (HOLDINGS) LIMITED
FINANCIAL STATEMENTS
30 SEPTEMBER 2005



MacIntyre Hudson

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SPECTRUM RADIO (HOLDINGS) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Dr A H Masry
T R Aldrich
R J Bullock

Company secretary

Philip Austin

Registered office

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Auditors

MacIntyre Hudson LLP
Chartered Accountants
& Registered Auditors
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

SPECTRUM RADIO (HOLDINGS) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2005

The directors present their report and the financial statements of the company for the year ended 30 September 2005.

PRINCIPAL ACTIVITIES

The principal activity of the company is acting as an investment and holding company.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At	At
	30 September	1 October 2004
	2005	
Dr A H Masry	-	-
T R Aldrich	1,000,000	1,000,000
R J Bullock	-	-
	<u> </u>	<u> </u>

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 year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, 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 that 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.

DONATIONS

During the year the company made the following contributions:

	2005	2004
	£	£
Charitable	<u>400</u>	<u>-</u>

SPECTRUM RADIO (HOLDINGS) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2005

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:
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Signed on behalf of the directors



T Aldrich
Director

Approved by the directors on 3 October 2006

SPECTRUM RADIO (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SPECTRUM RADIO (HOLDINGS) LIMITED

YEAR ENDED 30 SEPTEMBER 2005

We have audited the financial statements of Spectrum Radio (Holdings) Limited for the year ended 30 September 2005 on pages 6 to 11 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 page 8.

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 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 members 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 United Kingdom Accounting Standards.

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.

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 (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SPECTRUM RADIO (HOLDINGS) LIMITED *(continued)*

YEAR ENDED 30 SEPTEMBER 2005

GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosures made in note 13 of the financial statements concerning the uncertainty as to the continuing support of a director.

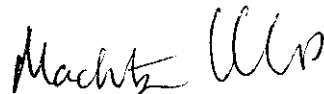
In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

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 2005 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

6 October 2006
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MACINTYRE HUDSON LLP
Chartered Accountants
& Registered Auditors

SPECTRUM RADIO (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2005

	Note	2005 £	2004 £
TURNOVER		—	—
Administrative expenses		<u>117,105</u>	<u>154,687</u>
OPERATING LOSS		(117,105)	(154,687)
Income from fixed asset investments	3	8,822	3,038
Interest receivable		—	2,000
Interest payable and similar charges		<u>(4,490)</u>	<u>(1,286)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(112,773)	(150,935)
LOSS FOR THE FINANCIAL YEAR		<u>(112,773)</u>	<u>(150,935)</u>

The notes on pages 8 to 11 form part of these financial statements.

SPECTRUM RADIO (HOLDINGS) LIMITED

BALANCE SHEET

30 SEPTEMBER 2005

	Note	2005 £	£	2004 £	£
FIXED ASSETS					
Investments	4		3,286,337		3,286,337
CURRENT ASSETS					
Debtors	5	4,301		3,038	
CREDITORS: Amounts falling due within one year	6	<u>222,466</u>		<u>81,008</u>	
NET CURRENT LIABILITIES			<u>(218,165)</u>		<u>(77,970)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,068,172		3,208,367
CREDITORS: Amounts falling due after more than one year	7		<u>2,553,202</u>		<u>2,580,624</u>
			<u>514,970</u>		<u>627,743</u>
CAPITAL AND RESERVES					
Called-up equity share capital	10		1,000,000		1,000,000
Profit and loss account	12		<u>(485,030)</u>		<u>(372,257)</u>
SHAREHOLDERS' FUNDS			<u>514,970</u>		<u>627,743</u>

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 3 October 2006 and are signed on their behalf by:


T Aldrich
Director

The notes on pages 8 to 11 form part of these financial statements.

SPECTRUM RADIO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2005

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).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Fixed assets

Investments held as fixed assets are stated at cost less any provision for a permanent diminution in value.

2. DIRECTORS' EMOLUMENTS

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

	2005	2004
	£	£
Aggregate emoluments	73,540	87,980
Value of company pension contributions to money purchase schemes	258	1,024
	<u>73,798</u>	<u>89,004</u>

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

	2005	2004
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

3. INCOME FROM FIXED ASSET INVESTMENTS

	2005	2004
	£	£
Income from other fixed asset investments	<u>8,822</u>	<u>3,038</u>

SPECTRUM RADIO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2005

4. INVESTMENTS

	Other Investments £	Shares in group undertakings £	Total £
COST			
At 1 October 2004 and 30 September 2005	<u>60,000</u>	<u>3,226,337</u>	<u>3,286,337</u>
NET BOOK VALUE			
At 30 September 2005	<u>60,000</u>	<u>3,226,337</u>	<u>3,286,337</u>
At 30 September 2004	<u>60,000</u>	<u>3,226,337</u>	<u>3,286,337</u>

The above investment of shares in group undertakings represents a holding of 98% of the issued share capital of Spectrum Radio Limited.

The principal activity of Spectrum Radio Limited is radio broadcasting.

The aggregate of the share capital and reserves of that company at 30 September 2005 was £1,129,748 (2004: £1,106,001)

The results of that company for the year ended 30 September 2005 was a profit after tax of £23,747 (2004: £61,718).

Other investments relates to a one third capital share in Diamond Advertising LLP.

5. DEBTORS

	2005 £	2004 £
Other debtors	<u>4,301</u>	<u>3,038</u>

6. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Amounts owed to group undertakings	222,466	79,245
Other creditors	<u>—</u>	<u>1,763</u>
	<u>222,466</u>	<u>81,008</u>

Amounts owed to group undertakings represents an amount due to the company's subsidiary, Spectrum Radio Limited.

SPECTRUM RADIO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2005

7. CREDITORS: Amounts falling due after more than one year

	2005 £	2004 £
Other creditors	<u>2,553,202</u>	<u>2,580,624</u>

Other creditors represents a loan from Dr Masry who is a director. Dr Masry has confirmed that the loan facility will be available to the company until such time as it is in a position to make repayments.

8. DEFERRED TAXATION

There is a deferred tax asset of £118,466 (2004: £84,765) in relation to losses carried forward.

9. RELATED PARTY TRANSACTIONS

The company met expenditure on behalf of Diamond Advertising LLP of £5,442 (2004: £8,549), an entity in which the company holds a one third capital share. Furthermore, Diamond Advertising LLP invoiced the company £nil (2004: £1,763) in respect of services provided. The amount outstanding at the year end was £nil (2004: £1,763) and was included within other creditors. All of the above transactions were carried out on an arms length basis.

10. SHARE CAPITAL

Authorised share capital:

	2005 £	2004 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

11. GROUP FINANCIAL STATEMENTS

The financial statements contain information about Spectrum Radio (Holdings) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by S248 of the Companies Act 1985 not to produce consolidated financial statements as the group it heads qualifies as a small group.

SPECTRUM RADIO (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2005

12. PROFIT AND LOSS ACCOUNT

	2005	2004
	£	£
Balance brought forward	(372,257)	(221,322)
Accumulated loss for the financial year	(112,773)	(150,935)
Balance carried forward	<u>(485,030)</u>	<u>(372,257)</u>

13. GOING CONCERN

The financial statements have been prepared on a going concern basis which may not be appropriate as the company has recorded a loss of £112,773 (2004: £150,935).

The continuation of the company's activities is dependent on the continuing support of its director Dr A .H Masry who has loaned the company £2,553,202 (2004: £2,580,624) and who has confirmed that this loan would not be repayable to the detriment of other creditors.

14. ULTIMATE CONTROLLING PARTY

During the years ended 30 September 2005 and 2004 the company was controlled by T Aldrich a director by virtue of being the majority shareholder.