

**Grand Central Broadcasting Limited**  
**Report and financial statements**  
**for the year ended 30 September 2002**

**Registered Number 3459102**



Grand Central Broadcasting Limited  
Report and financial statements  
for the year ended 30 September 2002  
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# **Grand Central Broadcasting Limited**

## **Directors and Advisers for the year ended 30 September 2002**

### **Directors**

W A Chadwick (resigned 31 October 2001)  
P Chadbourne (resigned 28 March 2002)  
J I Josephs  
E A Lawrence  
B Shaw (appointed 15 October 2001)  
S L Francis (appointed 25 September 2002)  
B Evans (appointed 15 December 2001)

### **Secretary**

E A Lawrence

### **Registered office**

7 Diamond Court  
Kingston Park  
Newcastle upon Tyne  
NE3 2EN

### **Auditors**

PricewaterhouseCoopers  
89 Sandyford Road  
Newcastle upon Tyne  
NE99 1PL

### **Bankers**

HSBC  
110 Grey Street  
Newcastle upon Tyne  
NE1 6JG

# Grand Central Broadcasting Limited

## Directors' report for the year ended 30 September 2002

The directors present their report and financial statements for the year ended 30 September 2002.

### Principal activities

The principal activity of the company continued to be that of a commercial radio broadcaster.

### Results and dividends

The profit and loss account is set out on page 5. The directors do not recommend payment of a dividend (2001: £Nil).

### Review of business and future developments

The company performed satisfactorily during the year and the directors are confident the company is well positioned to take advantage of future opportunities.

### Directors

The directors who held office during the year are shown on page 1.

J I Josephs and E A Lawrence are directors of the ultimate parent company, Forever Broadcasting plc, and their interests in that company are shown in that company's annual report.

At 30 September 2002, other directors held interests in the ordinary share capital of Forever Broadcasting plc as follows:

(ordinary shares of 50 pence each)	2002	At date of appointment
B Evans	74,250	74,250
S L Francis	6,450	6,450

At 30 September 2002, other directors held share options over ordinary shares in Forever Broadcasting plc as follows:

### Executive share options

	Exercise price	Exercise period		At 30 September 2002	At date of appointment
		From	To	Number	Number
B Shaw	190 pence	28/3/2004	28/3/2011	50,000	50,000
	75 pence	1/10/2004	1/10/2011	25,000	25,000
S L Francis	110 pence	25/7/2003	25/7/2010	50,000	50,000
	75 pence	1/10/2004	1/10/2011	50,000	50,000

# Grand Central Broadcasting Limited

## Savings related share options

	Exercise price	Exercise period		At 30 September 2002	At date of appointment
		From	To	Number	Number
B Shaw	81.5 pence	1/5/2005	1/11/2005	4,662	-
S L Francis	81.5 pence	1/5/2005	1/11/2005	11,656	-

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

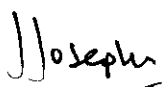
The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the change in accounting policy in respect of deferred taxation as explained on page 8, and reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2002. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are also 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. 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

PricewaterhouseCoopers have indicated their willingness to continue in office, and a resolution that they may be reappointed will be proposed at the annual general meeting.

## On behalf of the board



J I Josephs

Director

4 December 2002

# Grand Central Broadcasting Limited

## Independent auditors' report to the members of Grand Central Broadcasting Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 group'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 affairs of the company at 30 September 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

4 December 2002

# Grand Central Broadcasting Limited

## Profit and loss account for the year ended 30 September 2002

	Note	2002 £'000	2001 £'000
Turnover – continuing operations		906	712
Administrative and selling expenses		(1,112)	(898)
Operating loss – continuing operations	1	(206)	(186)
Interest payable and similar charges	3	(4)	(10)
Loss on ordinary activities before taxation		(210)	(196)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	11	(210)	(196)

The company has no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses has been prepared.

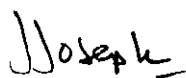
There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

# Grand Central Broadcasting Limited

## Balance sheet as at 30 September 2002

	Note	2002 £'000	2001 £'000
<b>Fixed assets</b>			
Tangible assets	5	87	127
<b>Current assets</b>			
Debtors	6	218	105
Cash at bank and in hand		331	-
		549	105
<b>Creditors: amounts falling due within one year</b>	7	(893)	(270)
<b>Net current liabilities</b>		(344)	(165)
<b>Total assets less current liabilities</b>		(257)	(38)
<b>Creditors: amounts falling due after more than one year</b>	8	-	(9)
<b>Net liabilities</b>		(257)	(47)
<b>Capital and reserves</b>			
Called up share capital	10	216	216
Profit and loss account	11	(473)	(263)
<b>Equity shareholders' deficit</b>	12	(257)	(47)

The financial statements on pages 5 to 14 were approved by the board of directors on 4 December 2002 and were signed on its behalf by:



J I Josephs  
Director



# Grand Central Broadcasting Limited

## Accounting policies

### Principal accounting policies

The financial information has been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently with the exception of the policy in respect of deferred taxation, is set out below.

### Accounting convention

The financial information has been prepared in accordance with the historical cost convention. The financial statements have been prepared on a going concern basis. The going concern assumption is based on confirmation that the company will be supported by its parent company to finance its activities for at least 12 months following the date of these financial statements.

### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned.

The principal annual rates used for this purpose are:

Office equipment	-	8 years
Studio equipment	-	5 years
Computers	-	3 years
Motor vehicles	-	25% reducing balance

Leasehold improvements are written off over the remaining period of the radio licence.

### Leasing

Where assets are acquired by finance leasing arrangements which give rights approximating to ownership the amount representing the purchase price of such assets is included in tangible assets and the related obligations are included in creditors. The interest element of the rental obligations are charged to the profit and loss account over the period of lease and represent a constant proportion of the balance of capital payments outstanding.

All other leases are classified as operating leases and the annual rentals are charged to the profit and loss account as they fall due.

# **Grand Central Broadcasting Limited**

## **Turnover**

Turnover represents sales, excluding intra-group transactions, net of value added tax in the United Kingdom.

Airtime revenue is recognised on the date of broadcast.

Sponsorship revenue is recognised evenly over the life of the contract or in accordance with specific contract terms, if applicable.

Commercial production revenue is recognised upon completion of each project.

Barter transaction revenue is recognised in accordance with Urgent Issues Task Force Abstract No 26 "Barter transactions for advertising". Turnover includes £64,000 (2001: £21,000) of revenues from barter transactions.

## **Pensions**

The company offers a money purchase pension scheme to all of its employees. Where membership is taken up, the contributions are charged to the profit and loss account as they fall due.

## **Deferred taxation**

With effect from 1 October 2001, the company changed its accounting policy on deferred taxation upon the implementation of Financial Reporting Standard No 19. Deferred taxation is now recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. This is with the exception of deferred taxation assets, which are only recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted. Previously, provision for deferred taxation was made under the liability method for those liabilities that were expected to arise in the foreseeable future. The impact on the profit and loss account and balance sheet is £Nil (2001: £Nil).

Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on taxation rates and laws enacted at the balance sheet date.

## **Cash flow statement and related party disclosures**

The company is a wholly-owned subsidiary of Forever Broadcasting plc and is included in the consolidated financial statements of Forever Broadcasting plc, which are publicly available. The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). Additionally, the company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Forever Broadcasting plc group or investees of the Forever Broadcasting plc group.

# Grand Central Broadcasting Limited

## Notes to the financial statements for the year ended 30 September 2002

### 1 Operating loss

	2002	2001
	£'000	£'000
Operating loss is stated after charging:		
Staff costs (note 2)	419	292
Depreciation of tangible assets:		
- owned assets	37	40
- leased assets	8	9
Operating lease charges - land	21	21
- other	7	1
Auditors' remuneration		
- Audit fee	3	4
- Other	1	2

### 2 Staff costs

Staff costs (including directors) consist of:	2002	2001
	£'000	£'000
Wages and salaries	375	259
Social security	33	27
Other pension costs	11	6
	419	292

Directors' emoluments comprise	2002	2001
	£'000	£'000
Total emoluments	125	109

There were 2 directors (2001: 2) with benefits accruing under group pension schemes.

Total emoluments above include £30,000 (2001: £Nil) in respect of compensation for loss of office.

# Grand Central Broadcasting Limited

The average number of employees (including directors) during the year was as follows:

	2002	2001
	Number	Number
Selling and administration	16	16

## 3 Interest payable

	2002	2001
	£'000	£'000
Interest payable on bank loans and overdrafts	1	8
Loan note interest	1	1
Finance lease interest	2	1
	4	10

## 4 Taxation

	2002	2001
	£'000	£'000
<b>Current tax</b>		
UK Corporation tax on the loss for the year	-	-
<b>Tax on loss on ordinary activities</b>	-	-

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are explained below:

	2002	2001
	£'000	£'000
Loss on ordinary activities before taxation	(210)	(196)
Loss on ordinary activities before taxation multiplied by standard rate in UK of 30% (2001: 30%)	(63)	(59)
Effects of:		
Expenses not deductible for tax purposes	6	1
Deferred tax movement not recognised	57	39
Other differences	-	19
<b>Current tax charge for the year</b>	-	-

### Factors affecting future tax charge

As described in note 9, the company has unprovided deferred tax assets relating primarily to the availability of tax losses. These may reduce the tax charge on operating profits in future years.

# Grand Central Broadcasting Limited

## 5 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 October 2001	5	177	67	249
Additions	-	5	-	5
Disposals	-	(1)	-	(1)
<b>At 30 September 2002</b>	<b>5</b>	<b>181</b>	<b>67</b>	<b>253</b>
<b>Depreciation</b>				
At 1 October 2001	2	90	30	122
Charge for year	1	35	9	45
On disposals	-	(1)	-	(1)
<b>At 30 September 2002</b>	<b>3</b>	<b>124</b>	<b>39</b>	<b>166</b>
<b>Net book amount</b>				
<b>At 30 September 2002</b>	<b>2</b>	<b>57</b>	<b>28</b>	<b>87</b>
At 30 September 2001	3	87	37	127

Included above are motor vehicle assets held under finance leases or hire purchase contracts as follows:

	£'000
<b>Net book amount</b>	
At 30 September 2002	22
At 30 September 2001	30
<b>Depreciation charge for the year</b>	
30 September 2002	8
30 September 2001	9

# Grand Central Broadcasting Limited

## 6 Debtors

	2002	2001
	£'000	£'000
Trade debtors	144	93
Amounts due from group undertakings	16	-
Prepayments and accrued income	58	12
	218	105

## 7 Creditors: amounts falling due within one year

	2002	2001
	£'000	£'000
Bank loans and overdrafts	3	6
Net obligations under hire purchase contracts (Note 14)	5	15
Trade creditors	24	23
Amounts owed to group undertakings	743	143
Other taxation and social security	44	19
Other creditors	19	17
Accruals and deferred income	43	35
Loan notes	12	12
	893	270

The bank overdraft is secured upon the assets of the group.

Amounts due to group undertakings are unsecured and interest free. As described on page 7, the parent company has agreed to support the company's activities for a period of at least one year following the date of these accounts.

## 8 Creditors: amounts falling after more than one year

	2002	2001
	£'000	£'000
Bank loans	-	3
Net obligations under hire purchase contracts (Note 14)	-	6
	-	9

# Grand Central Broadcasting Limited

## 9 Provisions for liabilities and charges

There were no unprovided deferred taxation liabilities at 30 September 2002 or 30 September 2001. As at the balance sheet date, there are unprovided deferred tax assets of £128,000 (2001: £49,000) as follows:

	2002 £'000	2001 £'000
Trading losses	109	53
Accelerated capital allowances	19	(4)
	128	49

These amounts have not been provided since, in the opinion of the Directors, it is more likely than not that they will not be recoverable in the short term.

## 10 Share capital

	2002 £'000	2001 £'000
<b>Authorised:</b>		
1,000,000 (2001: 1,000,000) ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid:</b>		
216,000 (2001: 216,000) ordinary shares of £1 each	216	216

## 11 Profit and loss account

	£'000
Balance at 1 October 2001	(263)
Loss for the year	(210)
<b>Balance at 30 September 2002</b>	<b>(473)</b>

## 12 Reconciliation of movements in equity shareholders' deficit

	2002 £'000	2001 £'000
Loss for the year	(210)	(196)
Shareholders' (deficit)/funds at 1 October	(47)	149
<b>Shareholders' (deficit) at 30 September</b>	<b>(257)</b>	<b>(47)</b>

# Grand Central Broadcasting Limited

## 13 Financial commitments

At 30 September 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002		2001	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Expiry date:				
Between two and five years	21	4	-	-
In over five years	-	-	21	-
	21	4	21	-

## 14 Finance lease obligations

	2002	2001
	£'000	£'000
Obligations due:		
Within one year	5	15
In one to two years	-	6
In two to five years	-	-
	5	21

## 15 Ultimate parent undertakings

The ultimate parent undertaking and controlling party is Forever Broadcasting plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Forever Broadcasting plc consolidated financial statements can be obtained from the Company Secretary at 7 Diamond Court, Kingston Park, Newcastle upon Tyne, NE3 2EN. The ultimate parent undertaking Forever Broadcasting plc, has confirmed that it will continue to provide financial support to enable the company to continue in its operations and to meet all of its financial obligations as they fall due.

## 16 Contingent liability

The company is party to group cross guarantee arrangements relating to fellow subsidiary undertakings of Forever Broadcasting plc. At 30 September 2002 the company's liability under the cross guarantees amounted to £3,001,000 (2001: £265,000).

## 17 Capital commitments

At 30 September 2002 the company had capital commitments of £29,000 (2001: £Nil).