4658773.

Radioflight Limited

Report and
Financial Statements

30 November 2003

Registered No: 4658773

Director
P Marechal

Secretary
J C Carter

Auditors
Ernst & Young LLP
Compass House
80 Newmarket Road
Cambridge
CB5 8DZ

Bankers
Lloyds TSB plc
Black Horse House
Castle Park
Cambridge
CB3 0AR

Solicitors
Greenwoods Solicitors LLP
Monkstone House
City Road
Peterborough
PE1 1JE

Registered office
8-12 Priestgate
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Cambridgeshire
PE1 1JA

Directors' report

The directors present their first report and accounts for the period from incorporation on 6 February 2003 to 30 November 2003.

Results and dividends

The loss for the period amounted to £188,152. The directors do not recommend the payment of any dividends.

Principal activity and review of the business

The company was incorporated on 6 February 2003. On 28 March 2003, it acquired the trade and assets of WY (The Haycock) Limited.

The principal activity of the company is hospitality services.

Future developments

The director's aim is to continue the successful growth of the business since its acquisition in 2003.

Directors and their interests

The director at 30 November 2003 and his interest in the share capital of the company was as follows:

		At 30 November 2003 £1 ordinary shares	*At incorporation or date of appointment if later £1 ordinary shares*
P Marechal	(appointed 24 March 2003)	40	40

Swift Incorporation Limited and Instant Companies Limited were directors from incorporation until 24 February 2003.

M J Evans and A Brown were directors from their appointment on 24 February 2003 until their resignation on 24 March 2003.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

J. C. Carter

J C Carter
Secretary

18th February 2005

Statement of directors' responsibilities in respect of the financial statements

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.

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.

Independent auditors' report
to the members of Radioflight Limited

We have audited the company's financial statements for the period ended 30 November 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 23. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 United Kingdom law and 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.

Independent auditors' report
to the members of Radioflight Limited (continued)

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 November 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Cambridge

18th February 2005

Profit and loss account
from 6 February 2003 to 30 November 2003

	Notes	*10 months ended 30 November 2003* £
Turnover	2	1,851,746
Cost of sales		(1,028,772)
Gross profit		822,974
Administrative expenses		(842,687)
Operating loss	3	(19,713)
Interest receivable		1,431
Interest payable and similar charges	6	(169,870)
		(168,439)
Loss on ordinary activities before taxation		(188,152)
Tax on loss on ordinary activities	7	–
Loss for the financial period		(188,152)

Statement of total recognised gains and losses
There are no recognised gains or losses other than the loss of £188,152 attributable to the shareholders for the period ended 30 November 2003.

Balance sheet
at 30 November 2003

	Notes	2003 £
Fixed assets		
Intangible assets	8	1,386,016
Tangible assets	9	2,552,008
Investments	10	1,150,001
		5,088,025
Current assets		
Stocks	11	44,674
Debtors	12	188,942
Cash at bank and in hand		2,925
		236,541
Creditors: amounts falling due within one year	13	(2,345,051)
Net current liabilities		(2,108,510)
Total assets less current liabilities		2,979,515
Creditors: amounts falling due after more than one year	14	(3,166,667)
		(187,152)
Capital and reserves		
Called up share capital	21	1,000
Profit and loss account	22	(188,152)
Equity shareholder's deficit	22	(187,152)

P Marechal
Director

18th February 2005

Statement of cash flows
at 30 November 2003

	Notes	*Period from 6 February 2003 to 30 November 2003* £
Net cash inflow from operating activities	19(a)	369,501
Returns on investments and servicing of finance		
Interest received		1,431
Interest paid		(169,870)
Net cash outflow from returns on investments and servicing of finance		(168,439)
Taxation		–
Capital expenditure and financial investment	19(b)	(427,344)
Acquisitions and disposals	19(c)	(4,777,134)
Equity dividends paid		-
Financing	19(d)	4,896,735
Decrease in cash		(106,681)

Reconciliation of net cash outflow to movement in net debt

		Period from 6 February 2003 to 30 November 2003 £
Decrease in cash		(106,681)
Cash inflow from increase in loans		(4,971,568)
Repayment of loans		75,833
Movement in net debt		(5,002,416)
Net debt at 6 February 2003		–
Net debt at 30 November 2003	19(e)	(5,002,416)

Notes to the financial statements
at 30 November 2003

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

At the balance sheet date the company's liabilities exceeded its assets by £187,152. The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption is based upon the continued financial support from the immediate parent company Statusinput Limited.

Consolidated accounts

The company is exempt from the requirement to prepare group accounts by virtue of Section 248 of the Companies Act 1985. The accounts therefore present information about the company as an individual entity.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings core	-	50 years
Freehold buildings surfaces and finishes	-	20 years
Leasehold land and buildings	-	over the life of the lease
Fixtures and fittings	-	10 years
Office and computer equipment	-	4 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments are stated at cost less any provisions for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Provisions are made for obsolete or slow moving items.

Notes to the financial statements
at 30 November 2003

1. Accounting policies (continued)
Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. Turnover
All turnover is derived from the one class of business, hospitality services, and its destination is wholly within the United Kingdom.

Notes to the financial statements
at 30 November 2003

3. Operating loss

This is stated after charging:

		2003
		£
Auditors' remuneration	- audit services	12,000
	- non-audit services	3,000
Depreciation of owned fixed assets		42,335
Amortisation of intangible assets		99,001
Operating lease rentals	- land and buildings	3,780
	- plant and machinery	22,721

4. Staff costs

	2003
	£
Wages and salaries	882,708
Social security costs	67,077
Other pension costs	8,952
	958,737

The monthly average number of employees during the period was as follows:

	2003
	No.
Management staff	10
Administrative staff	8
Operational staff	66
	84

5. Directors' emoluments

	2003
	£
Emoluments	35,000
Value of company pension contributions to money purchase schemes	–

	2003
	No.
Members of money purchase pension schemes	–

The amounts in respect of the highest paid director are as follows:

	2003
	£
Emoluments	35,000

Notes to the financial statements
at 30 November 2003

6. Interest payable and similar charges

	2003
	£
Bank loan and overdraft	108,262
Interest payable to parent undertaking - Statusinput Limited	61,608
	169,870

7. Taxation on loss on ordinary activities

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is different than the standard rate of corporation tax in the UK of 30%. The differences are reconciled below:

	2003
	£
Loss on ordinary activities before taxation	(188,152)
Loss on ordinary activities multiplied by rate of tax	(56,446)
Disallowed expenses and non-taxable income	19,124
Capital allowances in excess of depreciation	(16,114)
Unrelieved tax losses	53,436
Total current tax	–

Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

	2003
	£
Accelerated capital allowances	16,114
Tax losses available	(53,436)
Other timing differences	–
	(37,322)

Notes to the financial statements
at 30 November 2003

8. Intangible assets

	Total
	£
Cost:	
At 6 February 2003	–
Additions	1,485,017
Disposals	–
At 30 November 2003	1,485,017
Amortisation:	
At 6 February 2003	–
Provided during the period	(99,001)
Disposals	–
At 30 November 2003	(99,001)
Net book value:	
At 30 November 2003	1,386,016

Intangible fixed assets represent goodwill arising on the acquisition of the trade and certain assets of WY (The Haycock) Limited on 28 March 2003.

Amortisation is charged evenly over the directors' estimate of its useful economic life of 10 years.

Details of the acquisition are as follows:

	Book values 2003	Adjustments	Fair values 2003
	£	£	£
Freehold premises	105,000	–	105,000
Leasehold premises	3,206,995	–	3,206,995
Working capital and other assets	38,005	37,992	75,997
Total assets acquired	3,350,000	37,992	3,387,992
Goodwill arising on acquisition			1,485,017
			4,873,009
Discharged by:			
Cash consideration			4,850,000
Costs associated with the acquisition			23,009
Total consideration			4,873,009

Adjustments:
(i) increase in value of working capital and other assets post acquisition.

Notes to the financial statements
at 30 November 2003

9. Tangible fixed assets

	Freehold buildings	*Leasehold buildings*	*Fixtures and fittings*	*Office and computer equipment*	*Total*
	£	£	£	£	£
Cost:					
At 6 February 2003	–	–	–		–
Additions	295,306	3,206,995	71,331	170,7	3,744,343
Disposals	–	(1,150,000)	–		(1,150,000)
At 30 November 2003	295,306	2,056,995	71,331	170,7	2,594,343
Depreciation:					
At 6 February 2003	–	–	–		–
Provided during the period	(7,744)	(1,384)	(4,755)	(28,45	(42,335)
Disposals	–	–	–		–
At 30 November 2003	(7,744)	(1,384)	(4,	(28,452)	(42,335)
Net book value:					
At 30 November 2003	287,562	2,055,611	66,576	142,259	2,552,008

10. Investments

	£
Cost:	
At 6 February 2003	–
Additions	1,150,001
Disposals	–
At 30 November 2003	1,150,001
Amounts written off:	
At 6 February 2003	–
Provided during the period	–
Disposals	–
At 30 November 2003	–
Net book value:	
At 30 November 2003	1,150,001

During the year the company acquired the entire share capital of Inputramp Limited. Inputramp Limited was incorporated on 24 February 2003 and one £1 Ordinary Share was acquired on incorporation.

The remaining 1,150,000 £1 Ordinary Shares were issued to Radioflight Limited following the transfer of a leasehold property to Inputramp Limited.

The financial information at 30 November 2003 for Inputramp Limited was as follows:

	Loss	*Capital and reserves*
	£	£
Inputramp Limited	(8,919)	1,141,082

Notes to the financial statements
at 30 November 2003

11. Stocks

	2003
	£
Goods for resale	44,674

12. Debtors

	2003
	£
Trade debtors	163,296
Prepayments	25,646
	188,942

13. Creditors: amounts falling due within one year

	2003
	£
Bank overdraft	109,606
Bank Loan (note 14)	33,333
Other Loan (note 15)	54,127
Payments received in advance	149,809
Trade creditors	166,801
Loan due to parent undertaking – Statusinput Limited	1,641,608
Amount due to subsidiary undertaking – Inputramp Limited	2,751
Other taxation and Social Security	40,699
Other creditors	1,573
Accruals	144,744
	2,345,051

Bank loan
The bank loan is repayable over 14 years in varying instalments, with the first instalment commencing in April 2004. Interest in charged at 1% above base rate.

The bank loan and overdraft are secured by the following:

- An unlimited debenture dated 28 March 2003 over the company's property and assets present and future.
- First legal charge dated 28 March 2003 over the commercial leasehold premises known as The Haycock Hotel, London Road, Wansford, Peterborough.
- Unlimited guarantee dated 28 March 2003 from Inputramp Limited.
- An inter-creditor agreement between the bank, Radioflight Limited, Inputramp Limited and certain subordinated creditors
- An assignment of the proceeds of Loss of Licence insurance policy taken out by Radioflight Limited in an amount of not less than £1,450,000.

Notes to the financial statements
at 30 November 2003

13. Creditors: amounts falling due within one year (continued)
Loan due to parent undertaking – Statusinput Limited

The loan due to the parent undertaking is being repaid in monthly instalments of £10,000. Interest is charged at 2% above base and is accrued on a monthly basis.

The loan is secured by a fixed and floating charge over the undertaking and all property and assets present and future.

14. Creditors: amounts falling due after more than one year

	2003
Bank Loan	*£*
Amounts falling due:	
Within one year	33,333
One to two years	66,667
In more than two years but not more than five	465,000
In more than five years	2,635,000
	3,200,000
Less: included in creditors: amounts falling due within one year	(33,333)
Creditors: Amounts falling due after more than one year	3,166,667

15. Other loan
During the period a loan of £59,960 was made by P Marechal, a director of the company. Repayments of £833.33 are made each month.

16. Pensions
The company operates a defined contribution schemes for some of its employees. The assets of the scheme are held separately from those of the company in independently administered funds. There was no unpaid contribution outstanding at the year-end.

17. Commitments under operating leases
At 30 November 2003 the company had annual commitments under non-cancellable operating leases as set out below:

		2003
	Land and buildings	*Other*
	£	*£*
Operating leases which expire:		
Within one year	–	–
In two to five years	–	20,933
In over five years	–	1,788
	–	22,721

18. Related party transactions
During the year, the company sold services amounting to £25,966 in the period ended 30 November 2003 to Carter & Carter Limited. Mr P J Carter, a director of the parent company Statusinput Limited, is also a director and shareholder of Carter & Carter Limited. At 30 November 2003 there were amounts owing to Radioflight Limited of £2,286.

During the year, the company purchased services from Complete IT Limited amounting to £184,144. Mr P J Carter is a 28.8% shareholder in Complete IT Limited. At the year end, the amount due to Complete IT Limited was £14,218.

Notes to the financial statements
at 30 November 2003

19. Notes to the statement of cash flows

(a) Reconciliation of operating loss to net cash inflow from operating activities:

	Period from 6 Feb 03 to 30 Nov 03
	£
Operating loss	(19,713)
Depreciation	42,335
Amortisation of intangible assets	99,001
Fair value revaluation	37,992
Increase in stocks	(24,674)
Increase in debtors	(75,942)
Increase in creditors	310,502
Net cash inflow from operating activities	369,501

(b) Capital expenditure

	Period from 6 Feb 03 to 30 Nov 03
	£
Payments to acquire tangible fixed assets	(427,344)

(c) Acquisitions and disposals

	Period from 6 Feb 03 to 30 Nov 03
	£
Purchase of trade and assets of WY (The Haycock) Limited	(4,873,009)
Net cash acquired with purchase of trade and assets of WY (The Haycock) Limited	95,875
	(4,777,134)

(d) Financing

	Period from 6 Feb 03 to 30 Nov 03
	£
New issue of share capital	1,000
Net movement in short term borrowing	1,729,068
Net movement in long term borrowing	3,166,667
	4,896,735

Notes to the financial statements
at 30 November 2003

19. Notes to the statement of cash flows (continued)

(e) Analysis of changes in net funds

	At 6 February 2003	*Cash flow*	*At 30 November 2003*
	£	*£*	*£*
Cash at bank and in hand	–	2,925	2,925
Bank overdraft	–	(109,606)	(109,606)
	–	(106,681)	(106,681)
Debt due within one year	–	(1,729,068)	(1,729,068)
Debt due after one year	–	(3,166,667)	(3,166,667)
	–	(5,002,416)	(5,002,416)

20. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £319,039.

21. Share capital

	2003
	£
Ordinary shares of £1 each	1,000

	Allotted, called up and fully paid	
		2003
	No.	*£*
Ordinary shares of £1 each	1,000	1,000

On incorporation 1 share was issued at par. On 24 March 2003 the remaining 999 £1 Ordinary Shares were issued at par.

22. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	*£*	*£*
At 6 February 2003	–	–	–
Issue of shares	1,000	–	1,000
Loss for the year		(188,152)	(188,152)
At 30 November 2003	1,000	(188,152)	(187,152)

23. Ultimate parent company

The company's ultimate parent undertaking and controlling party is Statusinput Limited, a company registered in The United Kingdom.