



MID FM LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2005



Company Registration Number NI41877

SAINT & CO
Chartered Accountants & Registered Auditors
Sterling House
Wavell Drive, Rosehill
Carlisle, Cumbria
CA1 2SA

MID FM LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

CONTENTS	PAGE
Company information	1
The directors' report	2
Independent auditors' report to the shareholders	4
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8
The following pages do not form part of the financial statements	
Detailed profit and loss account	15
Notes to the detailed profit and loss account	16

MID FM LIMITED
COMPANY INFORMATION

The board of directors	Mr R J Huey Mr D R Sloan Mrs M J Baker Mrs D McDade Mrs E McKeague Mr J Hewson Mr R G Collett
Company secretary	Mr A J Swanston
Registered office	Lamont Buildings Stranmillis Embankment Belfast BT9 5FN
Auditors	Saint & Co Chartered Accountants & Registered Auditors Sterling House Wavell Drive, Rosehill Carlisle, Cumbria CA1 2SA
Bankers	HSBC Bank PLC PO Box 5 29 English Street Carlisle Cumbria CA3 8JT

MID FM LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2005

The directors present their report and the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of sound and broadcasting services in accordance with the licence granted by the radio authority.

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 31 December 2005	At 1 January 2005 or later date of appointment
Mr R J Huey	5,000	5,000
Mr D R Sloan	40,506	40,506
Mrs M J Baker	5,076	5,076
Mrs D McDade	-	-
Mrs E McKeague	12,000	12,000
Mr J Hewson	-	-
Mr R G Collett	(Appointed 24 January 2005)	-
	<u>-</u>	<u>-</u>

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 pages 8 to 9, 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 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 (Northern Ireland) Order 1986. 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.

MID FM LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2005

SMALL COMPANY EXEMPTIONS

This report has been prepared in accordance with the special provisions for small companies under Part VIII of the Companies (Northern Ireland) Order 1986.

Registered office:
Lamont Buildings
Stranmillis Embankment
Belfast
BT9 5FN

Signed by order of the directors

AD ✓

MR A J SWANSTON
Company Secretary

Approved by the directors on 3 March 2006

MID FM LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

SMALL COMPANY EXEMPTIONS

This report has been prepared in accordance with the special provisions for small companies under Part VIII of the Companies (Northern Ireland) Order 1986.

Registered office:
Lamont Buildings
Stranmillis Embankment
Belfast
BT9 5FN

Signed by order of the directors

MR A J SWANSTON
Company Secretary

Approved by the directors on

MID FM LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
MID FM LIMITED
YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of Mid FM Limited for the year ended 31 December 2005 on pages 6 to 13 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 shareholders 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 (Northern Ireland) Order 1986. 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom

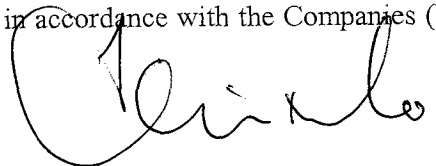
MID FM LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
MID FM LIMITED (continued)**

YEAR ENDED 31 DECEMBER 2005

Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and

the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.



SAINT & CO
Chartered Accountants
& Registered Auditors

Sterling House
Wavell Drive, Rosehill
Carlisle, Cumbria
CA1 2SA

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MID FM LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £
TURNOVER		443,639	373,885
OPERATING COSTS:			
Other external charges		(175,975)	(140,090)
Staff costs	2	(197,607)	(192,941)
Depreciation written off fixed assets	3	(21,890)	(19,883)
Other operating charges		(162,091)	(123,039)
OPERATING LOSS	3	(113,924)	(102,068)
Cost of restructuring the company		(9,136)	—
		(123,060)	(102,068)
Interest receivable		—	86
Interest payable and similar charges		(5,775)	(972)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(128,835)	(102,954)
Tax on loss on ordinary activities	4	—	(74,368)
LOSS FOR THE FINANCIAL YEAR		(128,835)	(177,322)
Balance brought forward		(367,429)	(190,107)
Balance carried forward		(496,264)	(367,429)

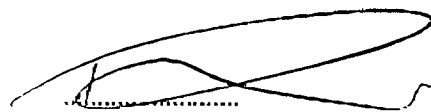
The notes on pages 8 to 13 form part of these financial statements.

MID FM LIMITED**BALANCE SHEET****31 DECEMBER 2005**

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	5	69,876	87,568
CURRENT ASSETS			
Debtors	6	120,398	125,420
Cash in hand		300	300
		<u>120,698</u>	<u>125,720</u>
CREDITORS: Amounts falling due within one year	7	<u>(286,838)</u>	<u>(180,717)</u>
NET CURRENT LIABILITIES		<u>(166,140)</u>	<u>(54,997)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(96,264)</u>	<u>32,571</u>
CAPITAL AND RESERVES			
Called-up equity share capital	10	400,000	400,000
Profit and loss account		<u>(496,264)</u>	<u>(367,429)</u>
(DEFICIT)/SHAREHOLDERS' FUNDS		<u>(96,264)</u>	<u>32,571</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VIII of the Companies (Northern Ireland) Order 1986 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the directors on the 3 MARCH 2006 and are signed on their behalf by:



MR R J HUEY

MID FM LIMITED

BALANCE SHEET

31 DECEMBER 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	5	69,876	87,568
CURRENT ASSETS			
Debtors	6	120,398	125,420
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These financial statements were approved by the directors on the and are signed on their behalf by:

.....
MR R J HUEY

The notes on pages 8 to 13 form part of these financial statements.

MID FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 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 January 2005).

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

Financial Reporting Standard for Smaller Entities (effective January 2005).

The accounts have been prepared in accordance with FRSSE 2005 which became effective for accounting periods commencing on or after 01 January 2005. There have been no material changes to accounting policy arising from its adoption.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	12.5% straight line
Equipment	-	12.5% - 33.3% straight line
Fixtures & Fittings	-	20% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

MID FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

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 exceptions:

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.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2005	2004
	No	No
Number of production staff	4	5
Number of administrative staff	4	4
	<u>8</u>	<u>9</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	178,709	174,521
Social security costs	18,435	18,420
Other pension costs	463	—
	<u>197,607</u>	<u>192,941</u>

3. OPERATING LOSS

Operating loss is stated after charging:

	2005	2004
	£	£
Directors' emoluments	—	—
Depreciation of owned fixed assets	21,890	19,883
Auditors' fees	3,000	3,000
	<u>24,890</u>	<u>22,883</u>

MID FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

4. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005		2004	
	£	£	£	£
Current tax:				
Group relief - prior year under/over provision		-		75,700
Total current tax		-		75,700
Deferred tax:				
Origination and reversal of timing differences				
Capital allowances	(1,442)		391	
Losses	1,442		(1,723)	
Total deferred tax (note 8)		-		(1,332)
Tax on loss on ordinary activities		-		74,368

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2004 - 19%).

	2005	2004
	£	£
Loss on ordinary activities before taxation	(128,835)	(102,954)
Profit/(loss) on ordinary activities by rate of tax	(24,479)	(19,561)
Expenses not deductible for tax purposes	210	173
Capital allowances for the period in excess of depreciation	810	(91)
Utilisation of tax losses	23,459	19,479
Adjustments to the tax charge in respect of prior periods	-	75,700
Total current tax (note 4(a))	-	75,700

MID FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

5. TANGIBLE FIXED ASSETS

	Leasehold Property £	Studio and Office Equipment £	Fixtures & Fittings £	Total £
COST				
At 1 January 2005	32,539	85,498	5,503	123,540
Additions	—	4,198	—	4,198
Disposals	(767)	—	—	(767)
At 31 December 2005	<u>31,772</u>	<u>89,696</u>	<u>5,503</u>	<u>126,971</u>
DEPRECIATION				
At 1 January 2005	8,153	25,710	2,109	35,972
Charge for the year	4,146	16,643	1,101	21,890
On disposals	(767)	—	—	(767)
At 31 December 2005	<u>11,532</u>	<u>42,353</u>	<u>3,210</u>	<u>57,095</u>
NET BOOK VALUE				
At 31 December 2005	<u>20,240</u>	<u>47,343</u>	<u>2,293</u>	<u>69,876</u>
At 31 December 2004	<u>24,386</u>	<u>59,788</u>	<u>3,394</u>	<u>87,568</u>

6. DEBTORS

	2005 £	2004 £
Trade debtors	84,558	73,448
Amounts owed by group undertakings	1,373	115
VAT recoverable	—	4,037
Other debtors	34,467	47,820
	<u>120,398</u>	<u>125,420</u>

7. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	31,168	20,106
Trade creditors	11,251	11,229
Amounts owed to group undertakings	193,639	116,815
Other taxation and social security	12,533	—
Other creditors	38,247	32,567
	<u>286,838</u>	<u>180,717</u>

MID FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

8. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2005 £	2004 £
Provision brought forward	-	1,332
Profit and loss account movement arising during the year	-	(1,332)
Provision carried forward	-	-

The elements of deferred taxation, which result in a nil balance at the end of the year are as follows:

	2005 £	2004 £
Excess of taxation allowances over depreciation on fixed assets	281	1,723
Tax losses available	(281)	(1,723)
	-	-

9. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2005 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2005 £	2004 £
Operating leases which expire:		
Within 1 year	6,111	-
Within 2 to 5 years	7,800	14,399
After more than 5 years	-	5,000
	<u>13,911</u>	<u>19,399</u>

10. SHARE CAPITAL

Authorised share capital:

	2005 £	2004 £
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

MID FM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

11. ULTIMATE PARENT COMPANY AND PARENT COMPANY

The Company is a subsidiary of Belfast City Beat Limited, Lamont Buildings, Stranmillis Embankment, Belfast, BT9 5FN, which is incorporated in Northern Ireland. Belfast City Beat Limited owns 65.99% of the shares in the Company.

The ultimate parent company is CN Group Limited, Newspaper House, Dalston Road, Carlisle, CA2 5UA, which is incorporated in England and Wales. As CN Group Limited owns 100% of the shares in Belfast City Beat Limited exemption has been taken from disclosing the related party transactions as the details of the Company are included in the consolidated accounts of the Parent.

12. GOING CONCERN AND POST BALANCE SHEET EVENTS

The ultimate parent company has continued to indicate support for the company and that this will continue into the foreseeable future. Since the Balance Sheet date however the directors have been in negotiations regarding a possible sale of the entire issued share capital and these negotiations had not been concluded at the time of approval of the financial statements. If a successful sale is agreed then the support of the ultimate parent company would obviously cease.

MID FM LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 31 DECEMBER 2005

The following pages do not form part of the statutory financial statements
which are the subject of the independent auditors' report on pages 4 to 5.

MID FM LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2005

	2005		2004
	£	£	£
TURNOVER	443,639		373,885
OPERATING COSTS			
Other external charges	(175,975)		(140,090)
Staff costs	(197,607)		(192,941)
Depreciation written off fixed assets	(21,890)		(19,883)
Other operating charges	<u>(162,091)</u>		<u>(123,039)</u>
	(557,563)		(475,953)
OPERATING LOSS	(113,924)		(102,068)
Operating loss percentage	<u>(25.7)%</u>		<u>(27.3)%</u>
Cost of restructuring the company	<u>(9,136)</u>		<u>—</u>
	(123,060)		(102,068)
Bank interest receivable	<u>—</u>		<u>86</u>
	(123,060)		(101,982)
Interest payable and similar charges	<u>(5,775)</u>		<u>(972)</u>
LOSS ON ORDINARY ACTIVITIES	<u>(128,835)</u>		<u>(102,954)</u>

MID FM LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	2005		2004	
	£	£	£	£
OTHER EXTERNAL CHARGES				
Transmitter costs		37,382		34,500
Engineering costs		3,057		4,381
PPL and PRS copyright royalties		17,785		15,405
IRN Newslink		23,180		5,733
Licence fees		8,566		4,606
Commercial Production costs		20,369		28,059
Agency commissions		4,936		4,496
Audience research		7,344		9,329
Radio authority fees		325		495
Roadshows and promotions		7,950		4,746
Image Plus costs		45,081		28,340
		<u>175,975</u>		<u>140,090</u>
STAFF COSTS				
Administration staff:				
Wages and salaries	158,350		164,112	
Bonuses and commissions	20,359		10,409	
Staff national insurance contributions	18,435		18,420	
Staff pension contributions	463		—	
		<u>197,607</u>		<u>192,941</u>
OTHER OPERATING CHARGES				
Establishment expenses:				
Rent	7,800		4,975	
Rent, rates and water	2,500		2,400	
Light and heat	4,852		5,103	
Insurance	1,259		1,337	
Repairs and maintenance	3,573		3,490	
		<u>19,984</u>		<u>17,305</u>
Carried forward		<u>19,984</u>		<u>17,305</u>

MID FM LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	2005		2004	
	£	£	£	£
OTHER OPERATING CHARGES <i>(continued)</i>				
Brought forward		19,984		17,305
General expenses:				
Motor expenses	8,390		9,356	
Travel and subsistence	3,808		1,540	
Vehicle leasing charges	14,399		14,399	
Telephone	10,552		11,968	
Hire of equipment	506		408	
Printing, stationery and postage	6,006		5,642	
Staff training	863		890	
Staff recruitment	8,376		1,156	
Freelancer costs	39,714		23,894	
Sundry expenses	1,672		920	
Laundry and cleaning	2,267		2,091	
Subscriptions	453		367	
Advertising	8,931		2,185	
Entertaining	965		361	
New Media Levy	3,789		—	
Management charges payable	13,355		—	
Legal and professional fees	5,040		1,763	
Accountancy recharges	6,756		6,564	
Group services contribution	2,107		—	
Accountancy fees	410		(456)	
Auditors remuneration	3,000		3,000	
		141,359		86,048
Financial costs:				
Provision for doubtful debts	(983)		17,891	
Bank charges	1,731		1,795	
		748		19,686
		162,091		123,039
INTEREST PAYABLE AND SIMILAR CHARGES				
Bank interest payable		1,296		972
Interest on other loans		4,479		—
		5,775		972