

Radio Mercury Limited

**Annual Report
for the year ended 31 March 2002**

Registered no: 1717321



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COMPANIES HOUSE 15/01/03

Radio Mercury Limited**Annual report
for the year ended 31 March 2002**

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Radio Mercury Limited**Directors and advisers****Directors**

RM Bernard CBE
JPE Taylor
W Pallot

Registered Auditor

KPMG Audit Plc
100 Temple Street
Bristol
BS1 6AG

Secretary and registered office

Ms JL Bellew
1 Passage Street
Bristol
BS2 0JF

Radio Mercury Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2002.

Principal activities

The principal activity of the company continues to be that of an independent local radio station.

Review of business

Both the level of business and the year end financial position remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2002 (2001: interim dividend of £39,611).

Directors and directors' interests

The directors of the company for the year ended 31 March 2002 are shown on page 3.

No directors were interested at any time during the year in the share capital of the company or any of its fellow subsidiaries.

The interests of the directors in the share capital of GWR Group plc, the Company's ultimate parent company, are disclosed in the accounts of that company.

By order of the board



Ms JL Bellew

Company Secretary

19th December 2002

Radio Mercury Limited

Statement of directors' responsibilities

Company law requires directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Radio Mercury Limited

Report of the independent auditors to the members of Radio Mercury Limited

We have audited the financial statements on pages 7 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

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 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 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Bristol

8 January 2003

Radio Mercury Limited

Profit and loss account for the year ended 31 March 2002

	Notes	Year ended 31 March 2002 £	18 month period ended 31 March 2001 £
Turnover from continuing operations		1,324,385	1,887,409
Operating expenses	2	(1,316,158)	(2,046,249)
Profit/(loss) on ordinary activities before taxation	4	8,227	(158,840)
Taxation	5	(26,721)	60,164
Loss on ordinary activities after taxation		(18,494)	(98,676)
Dividend	6	-	(39,611)
Retained loss for the year	11	(18,494)	(138,287)

The company had no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

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.

Radio Mercury Limited

Balance sheet at 31 March 2002

	Notes	31 March 2002 £	31 March 2001 £
Fixed assets			
Tangible assets	7	222,372	258,072
Current assets			
Debtors	8	33,443	60,164
Creditors: amounts falling due within one year	9	(422,988)	(466,915)
Net current liabilities		(389,545)	(406,751)
Net liabilities		(167,173)	(148,679)
Capital and reserves			
Called up share capital	10	630,000	630,000
Share premium account	11	56,850	56,850
Profit and loss account	11	(854,023)	(835,529)
Equity shareholder's deficit	12	(167,173)	(148,679)

The financial statements on pages 7 to 15 were approved by the board of directors on 19th December 2002 and were signed on its behalf by:



W Pallot
Director

Radio Mercury Limited

Notes to the financial statements for the year ended 31 March 2002

1 Principal accounting policies

The financial statements have 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, is set out below.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules and on the going concern basis. The directors consider the company to be a going concern on the grounds that the parent company has agreed to provide the necessary financial support to enable the company to continue trading.

Cashflow statement

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised 1996) to prepare a cashflow statement on the grounds that its parent undertaking GWR Group plc includes the company in its own published consolidated financial statements.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price less accumulated depreciation.

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 lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures and technical equipment	5% - 33%
Motor vehicles	25%

Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease.

Turnover

Represents amounts invoiced in respect of all services and goods provided during the period, excluding value added tax and net of agency commission. The company has only one material class of business.

Taxation

The charge for taxation is based on the profit for the year and takes into account any movements on deferred taxation. Under Financial Reporting Standard No 19, Deferred Tax, full provision without discounting is made for all timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

Radio Mercury Limited

2 Operating expenses

	Year ended 31 March 2002 £	18 month period ended 31 March 2001 £
Continuing Selling and administration expenses	1,316,158	2,046,249

3 Directors' remuneration

The directors did not receive any remuneration from the company during the year (2001: £nil). Remuneration received from the ultimate holding company is disclosed in the accounts of that company.

4 Loss on ordinary activities before taxation

	Year ended 31 March 2002 £'000	18 month period ended 31 March 2001 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation charge for the period:		
Tangible owned fixed assets	35,700	57,489
Auditors' remuneration	-	2,151

Radio Mercury Limited

5 Taxation

	Year ended 31 March 2002 £	18 month period ended 31 March 2001 £
a) Analysis of the tax charge for the year:		
Current tax:		
United Kingdom corporation tax at 30% (2001: 30%)		
Current	-	-
Total current tax	-	-
Deferred tax:		
Original and reversal of timing differences	10,317	49,869
Adjustment in respect of prior years	16,404	(110,033)
Total deferred tax	26,721	(60,164)
Total	26,721	(60,164)

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30%. The reasons for this are outlined in the table below:

	Year ended 31 March 2002 £	18 month period ended 31 March 2001 £
Profit/(loss) on ordinary activities before tax	8,227	(158,840)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	2,468	(47,652)
Expenses not deductible for tax purposes	1,795	3,676
Non qualifying depreciation	660	-
Unpaid group relief	5,394	93,845
Difference between capital allowances and depreciation	(10,317)	(49,869)
Current tax charge for the year (see Note 5a))	-	-

Radio Mercury Limited

6 Dividends

	Year ended 31 March 2002 £	18 month period ended 31 March 2001 £
Final proposed of £nil pence per share (interim 2001:6.3p)	-	39,611

7 Tangible fixed assets

	Leasehold land and buildings £	Fixtures and technical equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2001 & 31 March 2002	31,453	636,791	12,117	680,361
Depreciation				
At 1 April 2001	5,793	406,535	9,961	422,289
Charge for the year	1,246	33,630	824	35,700
At 31 March 2002	7,039	440,165	10,785	457,989
Net book value				
At 31 March 2002	24,414	196,626	1,332	222,372
Net book value				
At 31 March 2001	25,660	230,256	2,156	258,072

Radio Mercury Limited

8 Debtors

	31 March 2002 £	31 March 2001 £
Amounts falling due within one year		
Deferred taxation	33,443	60,164

Deferred taxation provided in the accounts, which represents the total potential asset for deferred taxation, is as follows:

	31 March 2002 £'000	31 March 2001 £'000
Deferred taxation:		
Net provision at 1 April 2001	60,164	-
Profit & loss account (see Note 5)	(26,721)	60,164
Net provision at 31 March 2002	33,443	60,164
Deferred tax provided consists of:		
Accelerated capital allowances	33,443	60,164

9 Creditors: amounts falling due within one year

	31 March 2002 £	31 March 2001 £
Amounts due to parent company and fellow subsidiaries	422,988	466,915

10 Called up share capital

	31 March 2002 £	31 March 2001 £
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
630,000 ordinary shares of £1 each	630,000	630,000

Radio Mercury Limited

11 Reserves

	Year ended 31 March 2002 £	18 month period ended 31 March 2001 £
Share premium account	56,850	56,850
Profit & loss account		
At 1 April 2001	(835,529)	(697,242)
Retained loss for the year	(18,494)	(138,287)
At 31 March 2002	(854,023)	(835,529)

12 Reconciliation of movements in shareholder's deficit

	Year ended 31 March 2002 £	18 month period ended 31 March 2001 £
Loss after tax for the financial year	(18,494)	(98,676)
Dividend	-	(39,611)
Retained loss for the financial year	(18,494)	(138,287)
Opening shareholder's deficit	(148,679)	(10,392)
Closing shareholder's deficit	(167,173)	(148,679)

13 Related party disclosures

The company is controlled by its parent undertaking, GWR Group plc. The company has taken advantage of the exemptions available under Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions with companies that are subsidiaries of GWR Group plc.

There were no other related party transactions during the year.

Radio Mercury Limited

14 Contingent liabilities

Various inter-group cross guarantees are held by Barclays Bank, Fortis Bank and Bank of Scotland.

15 Ultimate parent company

The directors regard GWR Group plc, a company registered in England and Wales, as the ultimate parent company.

Copies of the parent's consolidated financial statements may be obtained from The Secretary, GWR Group plc, 1 Passage Street, Bristol, BS2 0JF.