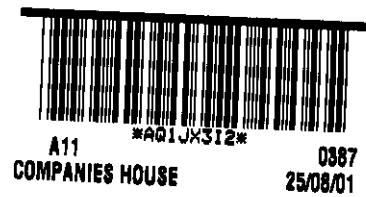


SAGA DIGITAL RADIO LIMITED

ABBREVIATED ACCOUNTS

31 JANUARY 2001

Company Registration Number: 972880



REPORT OF THE AUDITORS TO SAGA DIGITAL RADIO LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5, together with the financial statements of the company for the year ended 31 January 2001 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

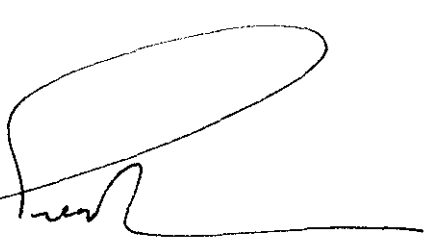
The directors are responsible for preparing the abbreviated accounts in accordance with sections 246(5) and (6) of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with those sections and whether abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and 246(6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



Ernst & Young
Registered Auditor
London

17 May 2001

SAGA DIGITAL RADIO LIMITED
Balance sheet as at 31 January 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	3	<u>139,977</u>	<u>-</u>
Current assets			
Debtors	4	37,449	100
Creditors			
- amounts falling due within one year	5	(837,596)	-
Net current (liabilities)/assets		<u>(800,147)</u>	<u>100</u>
Total assets less current liabilities		<u>(660,170)</u>	<u>100</u>
Capital and reserves			
Called-up share capital	6	100	100
Profit and loss account	7	(660,270)	-
Equity shareholders' funds		<u>(660,170)</u>	<u>100</u>

These accounts have been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985 with respect to the delivery of individual accounts.

S M Howard)

T B Bull)

Directors
17 May 2001

SAGA DIGITAL RADIO LIMITED

Notes to the accounts

1 Accounting policies

a) Accounting convention

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

b) Fixed assets

Fixed assets are stated at cost less depreciation. The cost of fixed assets is depreciated in equal instalments over the following periods.

Plant, machinery and equipment	various up to a maximum of 10 years
Fixtures and fittings	various up to a maximum of 5 years
Computers	various up to a maximum of 3 years

c) Deferred taxation

Provision is made for deferred taxation, using the liability method on all material timing differences which are not expected to continue in the foreseeable future.

d) Pension benefits

The company contributes to a funded scheme administered by the immediate parent undertaking. Pension benefits are funded over the employee's period of service. The company's contributions are based on the most recent actuarial valuation of the fund.

2 Turnover

Turnover, which all arises from continuing business, represents the invoiced amount of services supplied stated net of value added tax.

SAGA DIGITAL RADIO LIMITED
Notes to the accounts continued

3 Tangible fixed assets

	Fixtures Fittings & Equipment £	Total £
Cost		
At 31 January 2000	-	-
Additions	164,773	164,773
Disposals	-	-
At 31 January 2001	<u>164,773</u>	<u>164,773</u>
Depreciation		
At 31 January 2000	-	-
Charge for period	24,796	24,796
Disposals	-	-
At 31 January 2001	<u>24,796</u>	<u>24,796</u>
Net book amounts		
At 31 January 2001	<u>139,977</u>	<u>139,977</u>
At 31 January 2000	<u>-</u>	<u>-</u>

4 Debtors

	2001 £	2000 £
Other debtors	2,539	100
Prepayments	34,910	-
	<u>37,449</u>	<u>100</u>

5 Creditors

- amounts falling due within one year

	2001 £
Amount due to group undertakings	734,529
Accruals	<u>103,067</u>
	<u>837,596</u>

SAGA DIGITAL RADIO LIMITED**Notes to the accounts continued****6 Called up share capital**

	2001 £	2000 £
Authorised 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

7 Profit and loss account

	2001 £
Balance at the beginning of the year	-
Loss for year	<u>(660,270)</u>
Balance at the end of the year	<u>(660,270)</u>

There were no other movements in shareholders' funds other than those above.

8 Ultimate parent undertaking

The accounts of the company have been consolidated in the group accounts of Saga Leisure Limited (the ultimate parent undertaking) and Saga Group Limited, both of which are registered in England.