

EMAP RADIO LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1997
(Registered in England and Wales, No 1394141)



EMAP Radio Limited

DIRECTORS AND ADVISORS

CHAIRMAN

T D Smith

MANAGING DIRECTOR

T R Schoonmaker

OTHER DIRECTORS

R W Miller

D Grigson

P J Seddon

D A Ford

D W Latty

G A McNamee

R M Walker

B Gardner

G H Dunne (Appointed 19th June 1996)

P Kavanagh

SECRETARY

D K Walmsley

REGISTERED OFFICE

1 Lincoln Court

Lincoln Road

Peterborough

PE1 2RF

AUDITORS

Price Waterhouse

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

BANKERS

Barclays Bank PLC

Peterborough Business Centre

PO Box 294

1 Church Street

Peterborough

PE1 1EZ

EMAP Radio Limited

DIRECTORS REPORT

The directors submit their report and financial statements for the year ended 31st March 1997.

RESULTS AND DIVIDENDS

The profit on ordinary activities after tax amounted to £1,038,000 (1996: £28,000). The directors do not recommend the payment of a dividend (1996 : nil).

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activity is that of an investment company, holding shares. No change in the company's operations is envisaged in the immediate future.

EMPLOYEE INVOLVEMENT

The ultimate parent company, EMAP plc, operates for its eligible staff an Approved Profit-Sharing Scheme, an Approved Savings Related Share Option Scheme and, by invitation only, an Approved Executive Share Plan that replaces the Executive Share Option Scheme.

Since 1985, options have been granted annually in the Savings Related Schemes at prices between 81.5p and 603.7p. The normal exercise dates for these options extends to 2003.

Since 1986, options have been granted annually, with the exception of 1990, in the Executive Option Scheme at prices between 109.8p and 394.8p. The normal exercise dates for these options extends to 2005.

Under the Executive Share Plan, staff who are chosen to participate are provisionally allocated a number of shares. These shares are then held in the EMAP Share Trust for three years at the end of which time they can be distributed to staff to whom they were provisionally allocated provided they continued to be employed by a group company.

EMAP Radio Limited

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors of the company at the date of this report are shown on page 1. All of these served throughout the period except where indicated.

Other directors who served during the period are set out below :

P Milburn (Resigned on 31st May 1996)
T D Arculus (Resigned on 3rd March 1997)

No director has any interest in the share capital of the company. The directors interests in the Ordinary Shares of Emap plc at 31st March 1997 and 31st March 1996 were as follows :

	As at 31 March 1997	As at 31 March 1996 or subsequent date of appointment*
<u>Issued</u>		
T R Schoonmaker	23,194	22,337
T D Smith	80,820	81,820
B Gardner	3,739	350
D A Ford	64	-
D W Latty	593	382
G McNamee	22,125	27,363
P J Seddon	146	82
R M Walker	-	2,000
G H Dunne *	6,655	6,591

	Executive share plan 1997	Executive share plan 1996	As at 31 March 1997 No.	Granted during the year No.	Exercised during the year No.	As at 31 March 1996 or subsequent date of appointment*
<u>Options</u>						
T R Schoonmaker	-	-	49,320	-	-	49,320
B Gardner	3,000	1,500	13,190	571	(2,931)	15,550
D W Latty	4,000	2,000	18,650	571	(10,147)	28,226
G McNamee	2,000	1,000	18,553	323	-	18,230
P J Seddon	3,000	1,500	5,453	-	-	5,453
G H Dunne *	2,000	-	10,798	-	-	10,798
P Kavanagh	4,000	-	646	646	-	-
D A Ford	5,000	2,000	2,510	969	-	1,541

EMAP Radio Limited

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

R W Miller and D J Grigson are directors of the parent company EMAP plc and their interests in the share capital of the parent company are shown in that company's financial statements.

CLOSE COMPANY

The company is not a close company within the provisions of the Income Tax and Corporation Taxes Act 1988.

AUDITORS

An elective resolution pursuant to S386 of the Companies Act 1985 has been passed whereby the company is not obliged to re-appoint auditors annually. Price Waterhouse therefore continue as auditors.

By order of the Board

A handwritten signature in black ink, appearing to be 'F J Seddon', written over a circular stamp or seal.

F J Seddon
Director

23rd January 1998

EMAP Radio Limited

DIRECTORS' RESPONSIBILITIES

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 accounts, 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 ;
- 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.



REPORT OF THE AUDITORS TO THE MEMBERS OF EMAP RADIO LIMITED

We have audited the financial statements on pages 7 to 18 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 to 10.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants and
Registered Auditors

23 January 1998

EMAP Radio Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1997

	<i>Notes</i>	Year ended 31/3/97 £000	Year ended 31/3/96 £000
TURNOVER	2	3,336	1,650
Staff costs	3	(1,398)	(783)
Depreciation		(53)	(35)
Other operating charges		(1,194)	(978)
		(2,645)	(1,796)
OPERATING PROFIT/ (LOSS)	4	691	(146)
Dividend income received from investments		950	40
Loss on disposal of fixed asset investments		-	(8)
Interest receivable	5	-	163
Interest payable and similar charges	6	(345)	(22)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,296	27
Taxation (charge)/credit on profit on ordinary activities	7	(258)	1
RETAINED PROFIT FOR THE YEAR		1,038	28
Retained profit brought forward		2,226	2,198
RETAINED PROFIT CARRIED FORWARD		3,264	2,226

There were no recognised gains or losses in the current or preceding period other than dealt with above.

The notes on pages 9 to 18 form part of these financial statements.

EMAP Radio Limited

BALANCE SHEET
at 31 March 1997

	<i>Notes</i>	1997 £000	1996 £000
FIXED ASSETS			
Tangible assets	8	146	74
Investments	9	19,034	19,034
		<hr/>	<hr/>
		19,180	19,108
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	10	12,275	3,790
Cash at bank and in hand		(9,733)	569
		<hr/>	<hr/>
		2,542	4,359
		<hr/>	<hr/>
CREDITORS : amounts falling due within one year	11	(3,752)	(6,535)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(1,210)	(2,176)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		17,970	16,932
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	13	3,926	3,926
Share premium account	14	10,780	10,780
Profit and loss account	14	3,264	2,226
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		17,970	16,932
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 23rd January 1998 and were signed on their behalf by : -

 P J Seddon - Director

The notes on pages 9 to 18 form part of these financial statements.

EMAP Radio Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

1. ACCOUNTING POLICIES

a. ACCOUNTING STANDARDS

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

b. CONSOLIDATION

The company has not prepared consolidated accounts under the exemptions conferred by Section 228 (1) of the Companies Act 1985. EMAP plc a company registered in England and Wales, is the only member of the group which prepares group accounts which include the results of EMAP Radio Limited.

c. DEFERRED TAXATION

Provision is made using the liability method in respect of the taxation effect of all material timing differences to the extent that it is probable that the liability will crystallise in the foreseeable future. The provision is made at the rate at which it is estimated the tax will be paid.

d. DEPRECIATION

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The estimated useful lives are as follows :

Equipment and motor vehicles	25% straight line
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e. OPERATING LEASES

Rentals payable under operating lease agreements are charged to the profit and loss account as incurred.

f. FINANCE LEASE AND HIRE PURCHASE

Assets acquired under finance lease or hire purchase contracts are capitalised at the equivalent cash value. Where not invoiced separately, interest is charged to the profit and loss account on a straight line basis over the life of the contract.

EMAP Radio Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

1. ACCOUNTING POLICIES (CONTINUED)

g. PENSIONS

Pensions are funded by way of annual contributions to defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charged represents contributions payable by the company to the fund and is disclosed in note 3.

h. CASH FLOW STATEMENT AND RELATED PARTY TRANSACTIONS

No cash flow statement has been presented as the Company is a wholly-owned subsidiary of EMAP plc whose consolidated financial statements include a consolidated cash flow statement dealing with the cash flows of the group. The company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose related party transactions with undertakings controlled within the group.

2. TURNOVER (FROM CONTINUING OPERATIONS)

Turnover represents the invoiced value of management charges and other income from related services, all stated net of value added tax. All turnover is within the United Kingdom.

3. EMPLOYEES AND DIRECTORS

The average number of employees, including non-executive directors, during the period was as follows :

	Year ended 31 March 1997 Number	Year ended 31 March 1996 Number
Administration	<u>44</u>	<u>23</u>

The aggregate payroll costs of these persons were as follows :

	£000	£000
Wages and salaries	1,245	694
Social security costs	104	62
Pension costs	49	27
	<u>1,398</u>	<u>783</u>

EMAP Radio Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

3. EMPLOYEES AND DIRECTORS (CONTINUED)

	Year ended 31 March 1997 £000	Year ended 31 March 1996 £000
Directors' fees	35	35
Directors' emoluments excluding pension contributions	373	216
	408	251

Total pension contributions for directors were £17,000 (1996 : £15,000). All directors participate in the defined contribution scheme. Two directors exercised share options in the period.

The highest paid director's emoluments is made up of :

	Year ended 31 March 1997 £000	Year ended 31 March 1996 £000
Salary and benefits	175	129
Pensionable contributions	12	9
	187	138

The highest paid director exercised 2,931 share options in the period.

4. OPERATING PROFIT

Operating profit is stated after charging the following :

	Year ended 31 March 1997 £000	Year ended 31 March 1996 £000
Loss on disposal of current asset investment	-	8
Operating lease rentals - plant and machinery	33	10
Auditors' remuneration - , audit	2	1
- non-audit	-	-

EMAP Radio Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

5. INTEREST RECEIVABLE

	Year ended 31 March 1997 £000	Year ended 31 March 1996 £000
On group treasury accounts	-	163
	<hr/>	<hr/>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 March 1997 £000	Year ended 31 March 1996 £000
On group treasury accounts	345	22
	<hr/>	<hr/>

7. CORPORATION TAX

The corporation tax credit comprises :

	Year ended 31 March 1997 £000	Year ended 31 March 1996 £000
Corporation tax on the taxable profit for the period at the rate of 33% (1995 : 33%)	185	79
Deferred tax	73	(80)
	<hr/>	<hr/>
	258	(1)
	<hr/>	<hr/>

EMAP Radio Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

8. TANGIBLE ASSETS

	Equipment & Motor Vehicles £000
Cost :	
At 1 April 1996	172
Additions	128
Disposals	<u>(13)</u>
At 31 March 1997	<u>287</u>
Depreciation :	
At 1 April 1996	98
Charge for the year	53
Disposals	<u>(10)</u>
At 31 March 1997	<u>141</u>
Net book value :	
At 31 March 1997	<u>146</u>
At 31 March 1996	<u>74</u>

9. INVESTMENTS

a) Fixed asset investments

The company holds investments in the ordinary share capital of wholly owned subsidiary companies registered in England and Wales. All of the subsidiary companies listed are involved in Radio Broadcasting, except for Radio Radio Limited and Rusmund Limited which are dormant companies.

EMAP Radio Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

9. INVESTMENTS (CONTINUED)

	31 March 1997 £000	31 March 1996 £000
Red Rose Radio PLC	559	559
Piccadilly Radio Limited	15,150	15,150
West Yorkshire Broadcasting PLC	1,015	1,015
Cardiff Broadcasting Company Limited	1,088	1,088
Radio Radio Limited	8	8
Rusmund Limited	212	212
Kiss FM Radio Limited	3	3
	<hr/>	<hr/>
	18,035	18,035
Investment in shares in unlisted companies	999	999
	<hr/>	<hr/>
	19,034	19,034
	<hr/>	<hr/>

The investment in unlisted shares relates to an investment of £500,000 in Radiopapers Limited, a company registered in England and Wales and an investment of £499,000 in Radio Partnerships Limited, a company registered in England and Wales.

The investment in Radiopapers Limited comprises 5,000,000 5% redeemable cumulative preference shares of 10 pence each, representing the whole of that class of share in issue. The company had the benefit of a put option granted by Mr O J Oyston exercisable no later than 30th June 1996 at par plus any unpaid dividends. The company has exercised its option to redeem the shares.

EMAP Radio Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

10. DEBTORS

	31 March 1997 £000	31 March 1996 £000
Trade debtors	750	972
Amounts owed by group undertakings	10,940	2,303
Deferred tax (note 12)	-	73
Other debtors	507	382
Prepayments	78	60
	<hr/>	<hr/>
	12,275	3,790
	<hr/>	<hr/>

Amounts owed by parent and subsidiary undertakings are receivable on demand. There is no interest chargeable and there are no repayment terms therefore the amounts have been included within current assets

11. CREDITORS (Amounts falling due within one year)

	31 March 1997 £000	31 March 1996 £000
Trade creditors	158	283
Amounts owed to group undertakings	1,864	3,826
Accruals and deferred income	623	1,646
Corporation tax	192	160
Other taxes and social security	36	21
Other creditors	879	599
	<hr/>	<hr/>
	3,752	6,535
	<hr/>	<hr/>

Amounts owed to group undertakings are repayable on demand. There is no interest chargeable and there are no repayment terms therefore these amounts have been classified as current liabilities.

EMAP Radio Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

12 DEFERRED TAX

Deferred tax recognised/(provided) in the financial statements is as follows : -

	31 March 1997 £000	31 March 1996 £000
Differences in recognising revenue and expense items in other periods for taxation purposes	-	73

The balance at 31 March 1996 is included as a current asset.

13. SHARE CAPITAL

	31 March 1997		31 March 1996	
	No.	£000	No.	£000
<u>EQUITY</u>				
Authorised :				
Ordinary shares of 10p each	52,500,000	5,250	52,500,000	5,250
Allotted called up and fully paid :				
Ordinary shares of 10p each	39,259,597	3,926	39,259,597	3,926

EMAP Radio Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND
MOVEMENTS ON RESERVES**

	Share Capital £000	Share Premium Account £000	Profit & Loss Account £000	Total £000
At 31 March 1996	3,926	10,780	2,226	16,932
Profit for the year	-	-	1,038	1,038
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1997	3,926	10,780	3,264	17,970
	<hr/>	<hr/>	<hr/>	<hr/>

Shareholders' funds are attributable to equity share interests.

15. FINANCIAL COMMITMENTS

Annual commitments in respect of non-cancellable operating lease payments are as follows :

	31 March 1997 £000	31 March 1996 £000
Property leases which expire : after five years	-	52
	<hr/>	<hr/>
Other operating leases expiring :		
within one year	11	4
between two and five years	23	13
	<hr/>	<hr/>

EMAP Radio Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1997

16. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of the Group of undertakings for which the Group accounts are drawn up and of which the company is a member is EMAP plc. Copies of EMAP plc's financial statements can be obtained from 1 Lincoln Court, Lincoln Road, Peterborough, PE1 2RF.