

Emap Digital Radio Limited

Report and Accounts

For the year ended 31 March 2004

Company Registration No. 1875591



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Emap Digital Radio Limited
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For the year ended 31 March 2004

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Emap Digital Radio Limited
Directors and Officials

| | |
|--------------------------|--|
| Directors | S Gregory T J Cockram M T Story D J Embley |
| Company secretary | M Hogg |
| Auditors | PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH |
| Registered office | Wentworth House Wentworth Street Peterborough PE1 1DS |
| Company number | 1875591 |

Emap Digital Radio Limited
Directors' Report
For the year ended 31 March 2004

The directors submit their report and accounts for the year ended 31 March 2004.

Results and dividends

The loss for the year after taxation amounted to £1,459,000 (2003 - £259,000). The directors do not recommend the payment of a dividend (2003 - £nil).

Review of business and future developments

The company is engaged in the operation of local digital radio multiplexes under licence from Ofcom in Humberside, South Yorkshire, Tyne and Wear, Liverpool, Leeds, Teeside and Central Lancashire.

Directors and their interests

The current directors are shown on page 1. The directors who held office during the year are given below:

T R Schoonmaker (Resigned 31 January 2004)
S Gregory
T J Cockram
M T Story
M A Cox (Resigned 12 March 2004)
D J Embley

The directors have no interest in the share capital of the company.

The interest of the directors in the share capital and share options of the ultimate parent company, Emap plc, at the beginning of the year, or subsequent date of appointment, and at the end of the year were as follows:

| | Ordinary shares in issue | |
|-------------|--------------------------|------------------|
| | At 31 March 2004 | At 31 March 2003 |
| S Gregory | 1,137 | 678 |
| T J Cockram | 1,003 | 760 |
| M T Story | 4,164 | 3,705 |
| D J Embley | 459 | - |

| | At 1 April 2003 | Ordinary shares under option | | At 31 March 2004 |
|-------------|-----------------|------------------------------|--------------------------|------------------|
| | | Granted in year | Exercised/lapsed in year | |
| S Gregory | 1,518 | - | - | 1,518 |
| T J Cockram | 2,040 | - | - | 2,040 |
| M T Story | 1,801 | - | - | 1,801 |
| D J Embley | 1,518 | - | - | 1,518 |

| | At 1 April 2003 | Executive Share Plan under option | | At 31 March 2004 |
|-----------|-----------------|-----------------------------------|--------------------------|------------------|
| | | Granted in year | Exercised/lapsed in year | |
| S Gregory | 52,085 | - | - | 52,085 |
| M T Story | 69,747 | - | - | 69,747 |
| D Embley | 30,123 | - | - | 30,123 |

Emap Digital Radio Limited

Directors' Report

For the year ended 31 March 2004

Statement of 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2004 and that applicable accounting standards have been followed.

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.

Auditors

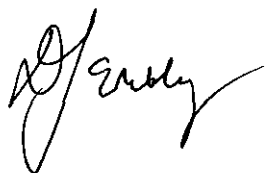
The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

The company has elected under section 386 of the Companies Act 1985 not to re-appoint auditors annually.

Therefore the auditors, PricewaterhouseCoopers LLP, are deemed to be re-appointed for the next financial year.

Approved by the board of directors on 4 January 2005

D J Embley
Director



Emap Digital Radio Limited
Independent Auditors' Report
For the year ended 31 March 2004

Independent auditors' report to the members of Emap Digital Radio Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

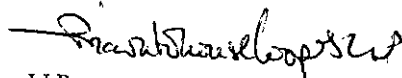
Basis of audit opinion

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 at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

4 January 2005

Emap Digital Radio Limited
Profit and Loss Account
For the year ended 31 March 2004

| | Notes | 2004 £'000 | 2003 £'000 |
|--|-------|----------------|---------------|
| Turnover | 2 | 7,468 | 3,901 |
| Cost of sales | | (113) | (51) |
| Gross profit | | 7,355 | 3,850 |
| Distribution costs | | (3,024) | (1,370) |
| Administrative expenses | | (6,276) | (2,843) |
| Loss on ordinary activities before taxation | 3 | (1,945) | (363) |
| Tax on loss on ordinary activities | 5 | 486 | 104 |
| Retained loss for the year | 12 | (1,459) | (259) |

The above results relate to continuing operations.

There are no recognised gains and losses other than those stated above.

There is no difference between the reported profits and the historical cost profits on ordinary activities before taxation for both years being reported.

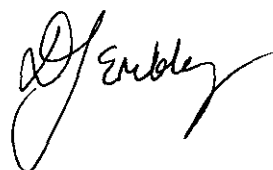
The notes on pages 7 to 12 form part of these accounts.

Emap Digital Radio Limited
Balance Sheet
At 31 March 2004

| | Notes | 2004 £'000 | 2003 £'000 |
|---|-------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 6 | 197 | 42 |
| | | 197 | 42 |
| Current assets | | | |
| Debtors | 7 | 5,547 | 3,420 |
| Creditors: amounts falling due within one year | 8 | (7,327) | (3,585) |
| Net current liabilities | | (1,780) | (165) |
| Total assets less current liabilities | | (1,583) | (123) |
| Creditors: amounts falling due after one year | 9 | (626) | (626) |
| Provisions for liabilities and charges | 10 | - | (1) |
| Net liabilities | | (2,209) | (750) |
| Capital and reserves | | | |
| Called up share capital | 11 | 200 | 200 |
| Profit and loss account | 13 | (2,409) | (950) |
| Total equity shareholders' deficit | 13 | (2,209) | (750) |

The financial statements on pages 5 to 12 were approved by the board of directors on 4 January 2005 and were signed on its behalf by:

D J Embley
Director



Emap Digital Radio Limited
Notes to the accounts
For the year ended 31 March 2004

1 Accounting policies

Basis of accounting

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

Going concern

The Company is dependent on continuing financial support made available by Emap plc. Continuing financial support is required both to enable the company to meet its liabilities as they fall due and to continue operating without immediate realisation of all its assets. The ultimate parent company, Emap plc, has confirmed its intention to maintain its financial support for the foreseeable future.

Depreciation

The cost of tangible fixed assets less estimated residual value on disposal is written down evenly over their expected useful lives as follows:

Office equipment and motor vehicles - 3 to 5 years

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Tax deferred or accelerated by the effect of timing differences is accounted for to the extent that a transaction or event that has occurred at the balance sheet date gives rise to an obligation to pay more tax or a right to pay less tax in the future. Deferred tax assets are only recognised to the extent that, based on available evidence, it is more likely than not suitable taxable profits will arise from which the reversal of the asset can be deducted.

Leasing

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

Pensions

The ultimate parent company, Emap plc, operates a defined contribution pension plan, Flexiplan, for eligible staff across the group. The group also operates a number of other schemes which are closed to new members. The principal scheme is the Emap Earnings Related Pension Plan, a defined benefit scheme which is funded by payments to trustee administered funds.

The cost of providing pensions under the defined contribution scheme is charged to the profit and loss account as it becomes payable. The cost of providing pensions under the group's defined benefit scheme is charged against profits on a systematic basis with pension surpluses and deficits arising allocated over the expected remaining service lives of current members. Differences between the amounts charged in the profit and loss account and payments made to the pension funds are treated as assets or liabilities.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Emap plc and is included in the consolidated financial statements of Emap plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Emap plc group or investees of the Emap plc group.

2 Turnover

Turnover represents the transmission fees payable by service providers, net of value added tax and is attributable solely to the provision of services within the United Kingdom.

3 Operating profit

(a) This is stated after charging

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Auditors' remuneration - audit | 6 | 4 |
| Depreciation of owned tangible fixed assets | 28 | 9 |

During the year, a common chart of accounts was introduced across all Emap group companies in the UK, and this has led to all costs and expenses in the current year being treated on a consistent basis. Prior year costs and expenses have been restated, with certain salary costs being reclassified from cost of sales to administrative expenses.

Emap Digital Radio Limited
Notes to the accounts
For the year ended 31 March 2004

3 Operating profit (continued)

| (b) Directors' emoluments | 2004 £'000 | 2003 £'000 |
|---|-----------------------|-----------------------|
| Aggregate emoluments | 463 | - |
| Compensation for loss of office | 97 | - |
| Pension contributions under the defined contribution scheme | 49 | - |
| | 609 | - |

Retirement benefits are accruing to nil (2003 - nil) directors under the defined benefit scheme.

| (c) Highest paid director | 2004 £'000 | 2003 £'000 |
|---|-----------------------|-----------------------|
| Aggregate emoluments | 168 | - |
| Compensation for loss of office | 97 | - |
| Pension contributions under the defined contribution scheme | 28 | - |
| | 293 | - |

4 Staff costs

| (a) Costs | 2004 £'000 | 2003 £'000 |
|-----------------------|-----------------------|-----------------------|
| Wages and salaries | 158 | 197 |
| Social security costs | 13 | 16 |
| Other pension costs | 3 | 6 |
| | 174 | 219 |

(b) Pension costs

The company participates in pension schemes operated by the group. The two largest, one defined contribution, the other defined benefit, cover between them over 90% of total membership. In all cases the assets of the schemes are held in separate trustee administered funds.

The latest actuarial assessment of the main defined benefit scheme was at 5 April 2003, further details of which can be found in the annual report and accounts of Emap plc.

(c) Employees

The average weekly number of persons (including executive directors) employed by the company during the year was 4 (2003 - 4).

(d) Staff share bonus

Through the Emap Share Plan, Emap Plc has this year offered free shares to the value of £820 (2003 - £800) to qualifying staff. Sharemap is part of Lifemap, Emap's flexible benefits plan and allows staff to save up to £1,500 a year to buy Emap Plc shares. Emap Plc will then match the cumulative investment in shares on a one to one basis. The shares are held in trust for staff for three years, after which time they can be sold. After five years, the shares are free of income tax on release from the trust. The Emap SAYE scheme has now run in the UK for 20 consecutive years.

Emap Digital Radio Limited
Notes to the accounts
For the year ended 31 March 2004

5 Tax on loss on ordinary activities

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Amount receivable from fellow subsidiaries in respect of group relief | (535) | (105) |
| Corporation tax prior year adjustment | 80 | - |
| Total current tax | (455) | (105) |
| Deferred tax - current year | 53 | 1 |
| Deferred tax - prior year | (84) | - |
| Tax on loss on ordinary activities | (486) | (104) |

The difference between tax as per the financial statements and tax at the UK nominal rate is explained below:

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Loss before tax | (1,945) | (363) |
| Tax credit at 30% (2003 - 30%) | (584) | (109) |
| Non-tax deductible expenses | 102 | 5 |
| Corporation tax prior year adjustments | 80 | (1) |
| Deferred tax accelerated capital allowances | (8) | - |
| Deferred tax short term timing differences | (45) | - |
| Current tax credit for the year | (455) | (105) |

Emap Digital Radio Limited
Notes to the accounts
For the year ended 31 March 2004

6 Tangible fixed assets

| | Office equipment and vehicles £'000 |
|--------------------------|--|
| Cost | |
| At 1 April 2003 | 62 |
| Additions | 182 |
| Transfers | 1 |
| At 31 March 2004 | 245 |
| Depreciation | |
| At 1 April 2003 | 20 |
| Provided during the year | 28 |
| At 31 March 2004 | 48 |
| Net book value | |
| At 31 March 2004 | 197 |
| At 31 March 2003 | 42 |

7 Debtors

| | 2004 £'000 | 2003 £'000 |
|------------------------------------|---------------|---------------|
| Trade debtors | 3,578 | 519 |
| Amounts owed by group undertakings | 767 | 2,315 |
| Prepayments and accrued income | 1,172 | 586 |
| Deferred tax (Note 10) | 30 | - |
| | 5,547 | 3,420 |

8 Creditors: amounts falling due within one year

| | 2004 £'000 | 2003 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 5,397 | 1,836 |
| Accruals and deferred income | 1,490 | 971 |
| Other creditors | 440 | 773 |
| Corporation tax | - | 5 |
| | 7,327 | 3,585 |

Emap Digital Radio Limited
Notes to the accounts
For the year ended 31 March 2004

9 Creditors: amounts falling due after one year

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Deposits received from multiplex users | 626 | 626 |

10 Deferred taxation

The movement on deferred tax is:

| | Deferred tax £'000 |
|--|-----------------------|
| At 1 April 2003 | 1 |
| Transferred from profit and loss account | (31) |
| At 31 March 2004 | (30) |

The future profits required to utilise the deferred tax asset release are arising in other group companies.

The deferred taxation asset has been recognised in the accounts as follows:

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Accelerated capital allowances | - | 1 |
| Depreciation in advance of capital allowances | 8 | - |
| Other timing differences | (38) | - |
| | (30) | - |

11 Called up share capital

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Authorised | | |
| 200,100 ordinary shares of £1 each | 200 | 200 |
| Allotted, called up and fully paid | | |
| 200,100 ordinary shares of £1 each | 200 | 200 |

12 Profit and loss account

| | Profit and loss account £'000 |
|----------------------------|-------------------------------------|
| At 1 April 2003 | (950) |
| Retained loss for the year | (1,459) |
| At 31 March 2004 | (2,409) |

Emap Digital Radio Limited

Notes to the accounts

For the year ended 31 March 2004

13 Reconciliation of movements in shareholders' funds

| | Share capital £'000 | Profit and loss account £'000 | Total £'000 |
|------------------|---------------------------|--|----------------|
| At 1 April 2003 | 200 | (950) | (750) |
| Retained loss | - | (1,459) | (1,459) |
| At 31 March 2004 | 200 | (2,409) | (2,209) |

14 Ultimate parent company

The ultimate parent company and controlling party is Emap plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Emap plc's consolidated financial statements can be obtained from the Registered Office at Wentworth House, Wentworth Street, Peterborough, PE1 1DS.

15 Subsidiary Undertakings

The Company owns 51% of the share capital of EG Digital Limited, a joint venture company registered in England and Wales. The company also owns 30% of TWG-Emap Digital Limited and 20% of TWG Emap-Digital (B&H) Limited, both companies registered in England and Wales. These investments are valued at £nil in the accounts (2003: £nil).