

VIKING RADIO LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999**

Registered Number: 2065517



VIKING RADIO LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

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VIKING RADIO LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

DIRECTORS AND ADVISERS

Directors

T R Schoonmaker

S Timson

L Larder

B McCluskey (Appointed 4 January 2000)

Bankers

Barclays Bank Plc

Peterborough Business Centre

PO Box 294

1 Church Street

Peterborough

PE1 1EZ

Secretary

D K Walmsley

Auditors

PricewaterhouseCoopers

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

Registered Office

1 Lincoln Court

Lincoln Road

Peterborough

PE1 2RF

VIKING RADIO LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 March 1999.

PRINCIPAL ACTIVITY

The Company is engaged in the operation of independent radio stations in the Humberside area under licence from the Radio Authority. No change in the Company's operations is envisaged in the immediate future.

REVIEW OF BUSINESS & RESULTS

The operating profit for the year was £1,296,000 (1998: £859,000). The profit on ordinary activities after taxation for the year was £902,000 (1998: £589,000). The directors are satisfied with the Company's performance.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (1998: £nil). The retained profit for the year of £902,000 (1998: £589,000) will be transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The current directors are shown on page 1. The directors who served during the year were:

T R Schoonmaker	
P J Seddon	(resigned 30 November 1999)
M Booth	(resigned 3 September 1999)
J Keary	(resigned 31 December 1999)
L Larder	
S Timson	(appointed 6 September 1999)
P R Saunders	(appointed 26 June 1998, resigned 8 January 1999)
B McCluskey	(Appointed 4 January 2000)

The directors have no interests in the share capital of the Company.

VIKING RADIO LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND THEIR INTERESTS (CONTINUED)

The interests of the directors in the share capital of the ultimate parent company, EMAP plc, at the beginning of the year and at the end of the year were as follows:

	Ordinary shares in issue		Executive share plan under trust	
	At 1.4.98	At 31.3.99	At 1.4.98	At 31.3.99
M Booth	214	308	1,500	2,496
T R Schoonmaker	24,981	37,605	-	-
P J Seddon	214	1,214	3,000	1,560
J Keary	68	133	-	-
L Larder	136	308	-	-

	Ordinary shares under option					
	At 1.4.98	Rights adjustment	Granted in year	Lapsed in year	Exercised in year	At 31.3.99
M Booth	817	31	228	-	-	1,076
T R Schoonmaker	46,372	86	799	(45,459)	-	1,798
P J Seddon	5,453	218	-	-	-	5,671
J Keary	54	2	-	-	-	56
L Larder	-	-	-	-	-	-

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 replaced the Executive Share Option Scheme.

Since 1985, options have been granted annually in the Savings Related Share Option Scheme. Outstanding options are at prices between 219.1p and 892.0p. The normal exercise dates for these options extends to 2005.

Between 1986 and 1999, options were granted annually, with the exception of 1990, in the Executive Share Option Scheme with options outstanding at prices between 211.0p and 363.6p. The normal exercise dates for these options extends to 2004.

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 the staff to whom they were provisionally allocated provided they continued to be employed by a group company.

VIKING RADIO LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

DIRECTORS' REPORT (CONTINUED)

YEAR 2000 AND EMU

The Company has installed a new computer system which is fully Year 2000 compliant and capable of dealing with the single currency requirements of the European Monetary Union. The board recognises that there are other areas of potential risk arising as a result of the Year 2000 problem and has set up a working party to monitor and eliminate these. The related costs, as with the computer system, will be covered a part of normal replacement and upgrading.

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 year. 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 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

PricewaterhouseCoopers have expressed their willingness to continue to act as auditors. An election is in force under section 386 of the Companies Act 1985 dispensing with the obligation to re-appoint auditors annually.

Approved by the Board of Directors on 28 January 2000 and signed on its behalf by:


Director

REPORT OF THE AUDITORS TO THE MEMBERS OF VIKING RADIO LIMITED

We have audited the financial statements on pages 6 to 15 which have been prepared in accordance with the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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.

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 affairs of the Company at 31 March 1999 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Manchester

28 January 2000

VIKING RADIO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u> £'000	<u>1998</u> £'000
TURNOVER (Note 1)	5,001	3,893
Cost of sales	<u>(1,507)</u>	<u>(712)</u>
GROSS PROFIT	3,494	3,181
Administrative expenses	(2,265)	(2,371)
Other operating income (Note 2)	<u>67</u>	<u>49</u>
OPERATING PROFIT (Note 3)	<u>1,296</u>	<u>859</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,296	859
Tax on profit on ordinary activities (Note 6)	<u>(394)</u>	<u>(270)</u>
PROFIT FOR THE FINANCIAL YEAR (Note 12)	902	589
	<u><u> </u></u>	<u><u> </u></u>

All of the Company's activities are continuing.

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

The notes on pages 8 to 15 form part of these financial statements.

VIKING RADIO LIMITED

BALANCE SHEET AT 31 MARCH 1999

	<u>1999</u> £'000	<u>1998</u> £'000
FIXED ASSETS		
Tangible assets (Note 7)	<u>252</u>	<u>191</u>
CURRENT ASSETS		
Stocks – consumables	5	8
Debtors (Note 8)	3,436	3,921
Cash at bank and in hand	<u>1,890</u>	<u>1,627</u>
	5,331	5,556
CREDITORS: Amounts falling due within one year (Note 9)	<u>(1,490)</u>	<u>(2,556)</u>
NET CURRENT ASSETS	<u>3,841</u>	<u>3,000</u>
NET ASSETS	<u>4,093</u>	<u>3,191</u>
CAPITAL AND RESERVES		
Called up share capital (Note 11)	668	668
Profit and loss account (Note 12)	<u>3,425</u>	<u>2,523</u>
EQUITY SHAREHOLDERS' FUNDS (Note 12)	<u>4,093</u>	<u>3,191</u>

The notes on pages 8 to 15 form part of these financial statements.

The financial statements on pages 6 to 15 were approved by the Board of Directors on 28 January 2000 and were signed on its behalf by:

Director

VIKING RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

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 accounting

The financial statements have been prepared under the historical cost convention.

Cash flow and related party transactions

The Company is a wholly owned subsidiary of EMAP plc and the cash flows of the Company are included in the consolidated cash flow statement of EMAP plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement.

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.

Turnover

Turnover is the total amount invoiced by the Company in the ordinary course of business for all services provided to UK customers after deducting commissions payable to advertising agencies and excluding VAT.

Tangible fixed assets

Depreciation is calculated so as to write down the cost or valuation of all tangible fixed assets less their estimated residual values by equal annual instalments over their expected useful economic lives.

The useful economic lives generally applicable are:

Structural alterations of short leasehold buildings	over the term of the lease
Transmitter sites and equipment	5 years
Studio and technical equipment; fixtures and fittings	3-5 years
Computer equipment	3 years
Vehicles	4 years

VIKING RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Operating leases

Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Contributions to pension funds

The Company participates in a defined contribution scheme operated by EMAP plc. The assets of the scheme are held in separately administered funds. The total pension charge for the year is disclosed in note 4.

2 OTHER OPERATING INCOME

	<u>1999</u> £'000	<u>1998</u> £'000
Rent receivable	11	11
IRN rebate	<u>56</u>	<u>38</u>
	67	49
	<u> </u>	<u> </u>

3 OPERATING PROFIT

	<u>1999</u> £'000	<u>1998</u> £'000
Operating profit is stated after charging:		
Depreciation of owned tangible fixed assets	75	74
Auditors remuneration for audit work	5	4
Operating leases: hire of plant and machinery	78	59
hire of other assets	31	31
	<u> </u>	<u> </u>

VIKING RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

4 EMPLOYEE INFORMATION

The average weekly number of persons (including executive directors) employed during the year was 50 (1998: 37).

	<u>1999</u> £'000	<u>1998</u> £'000
Staff costs for the above persons:		
Wages and salaries	834	652
Social security costs	98	80
Other pension costs	<u>16</u>	<u>13</u>
	948	745
	<u><u> </u></u>	<u><u> </u></u>

5 DIRECTORS EMOLUMENTS

The remuneration paid to the directors of Viking Radio Limited was:

	<u>1999</u> £'000	<u>1998</u> £'000
Emoluments	208	99
Contributions to pension scheme	<u>7</u>	<u>4</u>
	215	103
	<u><u> </u></u>	<u><u> </u></u>

Total pension contributions for directors were £7,000 (1998: £4,000). All directors participate in the defined contribution scheme.

The highest paid director received emoluments, excluding pension contributions, of £83,302 with pension contributions of £3,000.

VIKING RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

6 TAXATION

	<u>1999</u> £'000	<u>1998</u> £'000
United Kingdom corporation tax at 31% (1998: 31%):		
Current year	415	275
Prior year adjustment	-	(5)
Deferred taxation (Note 10)	<u>(21)</u>	<u>-</u>
	<u>394</u>	<u>270</u>

7 TANGIBLE FIXED ASSETS

	Structural alterations of short leasehold <u>buildings</u> £'000	Studio and technical <u>equipment</u> £'000	Transmitter sites and <u>equipment</u> £'000	Computer <u>equipment</u> £'000	Fixtures and <u>fittings</u> £'000	<u>Vehicles</u> £'000	<u>Total</u> £'000
Cost or valuation							
At 1 April 1998	308	508	119	85	108	26	1,154
Additions	<u>-</u>	<u>61</u>	<u>-</u>	<u>48</u>	<u>27</u>	<u>-</u>	<u>136</u>
At 31 March 1999	<u>308</u>	<u>569</u>	<u>119</u>	<u>133</u>	<u>135</u>	<u>26</u>	<u>1,290</u>
Depreciation							
At 1 April 1998	255	402	119	58	103	26	963
Charge for the year	<u>4</u>	<u>45</u>	<u>-</u>	<u>19</u>	<u>7</u>	<u>-</u>	<u>75</u>
At 31 March 1999	<u>259</u>	<u>447</u>	<u>119</u>	<u>77</u>	<u>110</u>	<u>26</u>	<u>1,038</u>
Net book value							
At 31 March 1999	<u>49</u>	<u>122</u>	<u>-</u>	<u>56</u>	<u>25</u>	<u>-</u>	<u>252</u>
At 31 March 1998	<u>53</u>	<u>106</u>	<u>-</u>	<u>27</u>	<u>5</u>	<u>-</u>	<u>191</u>

VIKING RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

8 DEBTORS

	<u>1999</u>	<u>1998</u>
	£'000	£'000
Trade debtors	900	377
Amounts owed by group undertakings	2,476	3,475
Deferred tax (Note 10)	21	-
Other debtors	4	41
Prepayments and accrued income	<u>35</u>	<u>28</u>
	3,436	3,921
	<u><u> </u></u>	<u><u> </u></u>

Amounts owed by group undertakings are repayable on demand.

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1999</u>	<u>1998</u>
	£'000	£'000
Trade creditors	106	15
Amounts owed to group undertakings	538	1,770
Corporation tax	415	270
Other taxation and social security payable	169	93
Other creditors	-	174
Accruals and deferred income	<u>262</u>	<u>234</u>
	1,490	2,556
	<u><u> </u></u>	<u><u> </u></u>

Amounts owed to group undertakings are repayable on demand.

VIKING RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

10 PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
Deferred taxation	
At 1 April 1998	-
Credited to profit and loss account (Note 6)	<u>(21)</u>
At 31 March 1999 (Note 8)	<u>(21)</u>

Deferred taxation provided in the financial statements is as follows:

	<u>1999</u>		<u>1998</u>	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Tax effect of accelerated capital allowances	(15)	-	-	(15)
Other timing differences	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>(7)</u>
	<u>(21)</u>	<u>-</u>	<u>-</u>	<u>(22)</u>

11 CALLED UP SHARE CAPITAL

	<u>1999</u> £'000	<u>1998</u> £'000
Authorised		
2,000,000 Ordinary shares of £1 each	2,000	2,000
	<u> </u>	<u> </u>
Allotted, called-up and fully paid		
668,042 Ordinary shares of £1 each	668	668
	<u> </u>	<u> </u>

VIKING RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

12 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>Share capital</u>	<u>Profit and loss account</u>	<u>Total</u>
	£'000	£'000	£'000
Profit for the year after taxation	-	902	902
Net addition to shareholders' funds	-	902	902
Shareholders' funds at 1 April 1998	668	2,523	3,191
Shareholders' funds at 31 March 1999	668	3,425	4,093
	==	==	==

13 FINANCIAL COMMITMENTS

The Company had annual commitments under non cancellable operating leases as follows:

	<u>1999</u>		<u>1998</u>	
	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	£'000	£'000	£'000	£'000
Expiring within one year	-	16	-	2
Expiring between one and five years inclusive	-	52	-	55
Expiring after five years	37	-	31	-
	37	68	31	57
	==	==	==	==

VIKING RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

14 ULTIMATE HOLDING COMPANY

The ultimate holding company is EMAP plc, a company registered in England and Wales. This company is also the only company preparing group financial statements which include the results and assets of Viking Radio Limited. Copies of the latest published financial statements of EMAP plc may be obtained from the registered office, 1 Lincoln Court, Lincoln Road, Peterborough PE1 2RF.