

FIRST OXFORDSHIRE RADIO COMPANY LIMITED

REGISTERED NUMBER: 2247588

FINANCIAL STATEMENTS

30TH SEPTEMBER 1999



FIRST OXFORDSHIRE RADIO COMPANY LIMITED

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COMPANY INFORMATION

30TH SEPTEMBER 1999

DIRECTORS

J Blackwell	Chairman
HE Aubrey-Fletcher	
SA Oldham	
MA Jones (appointed 17th September 1999)	
JCH Loyd	

SECRETARY

Nathalie Schwarz

REGISTERED OFFICE

Brush House
Pony Road
Horspath
Oxford

BANKERS

Bank of Scotland
3 Mid New Cutlins
Edinburgh
EH11 4DH

AUDITORS

KPMG Audit Plc
8 Salisbury Square
LONDON
EC4Y 8BB

DIRECTORS' REPORT

30TH SEPTEMBER 1999

The Directors present their report, together with the audited financial statements of the company for the year ended 30th September 1999.

Business Review

The principal activity of the company is that of an independent local radio contractor broadcasting under the name of Fox FM to the city of Oxford in accordance with a licence granted by the Radio Authority.

Results

The company's profit for the year after taxation was £1,084,000 (1998: £994,000). Details are set out in the Profit and Loss Account on page 6.

Dividends

The directors do not recommend the payment of a final dividend for the year (1998:100p per share). No interim dividend was paid for the year (1998: 50p per share). The total dividends for the year amount to £Nil (1998: 150p per share).

Directors

The directors who held office during the year are listed below along with details of any interests in shares in the company.

	Ordinary Shares of £1 each 30th Sept 1999	Ordinary Shares of £1 each 30th Sept 1998
J Blackwell	-	-
HE Aubrey-Fletcher	19,689	19,689
SA Oldham	-	-
JCH Loyd	-	-
MA Jones (appointed 17 th September 1999)	-	-

HE Aubrey-Fletcher holds 37,800 shares in Bucks Broadcasting Limited, a subsidiary undertaking of the company.

DIRECTORS' REPORT

30TH SEPTEMBER 1999

In addition the directors have the following share options in the ultimate holding company, Capital Radio plc at 30th September 1999:

	Number of shares	Option price	Date exercisable
S A Oldham	44,100	£5.40	December 1999
	20,744	£4.70	November 2000
	20,790	£5.41	November 2001
	3,938	£4.38	February 2002

The options expire seven years after the first available date of exercise, and were granted for a total consideration of £1. No options were exercised during the year.

None of the Directors are required to retire by rotation.

Transactions with related parties

The company has traded during the year with companies that are related to it through common directors and shareholders, as shown below. All transactions have been at arms length and principally relate to support given to the continuation of the company as an independent radio station:

Director	Related company
J Blackwell	Blackwell Retail Limited
J Blackwell, HE Aubrey-Fletcher	Bucks Broadcasting Limited
SA Oldham	Capital Radio plc
	Capital Radio Investments Limited
HE Aubrey-Fletcher	Aubrey-Fletcher Farms Limited
	Aubrey-Fletcher Estates Limited
HE Aubrey-Fletcher	The New 102 Limited

See note 17 for further details.

Principal shareholders

The principal shareholders of the company, together with their respective interests at 30 September 1999 are set out below.

	Number of shares	Type of share
Capital Radio Investments Limited	93,375	B
Capital Radio plc	61,750	A
Capital Radio plc	38,898	D
Capital Radio plc	20,966	E
HE Aubrey-Fletcher	19,689	E
Thamesquote Limited	31,625	A
Thamesquote Limited	62,500	C
Thamesquote Limited	23,602	D
Thamesquote Limited	13,039	E

DIRECTORS' REPORT

30TH SEPTEMBER 1999

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 for that period. 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 accounts; 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 maintaining 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 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.

Charitable donations and political contributions

Charitable donations of £66 were made during the year (1998: £273). No political contributions were made during either the current or previous year.

Year 2000

A Year 2000 programme has been established to identify the effect that the Year 2000 will have on the Company's business. The Company has completed a review of its internal systems and has sought assurances from major suppliers regarding their compliance. The majority of recommendations arising from the review have been implemented and procedures are in place to address the remaining recommendations in advance of critical dates. Whilst the Company cannot provide absolute assurance that there will be no Year 2000 problems, the Directors believe that the plans and resources allocated are appropriate to address the issue.

Auditors

A resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the Company.

By order of the Board

MA Jones
Director
Oxford

Date: 11/11/1999

AUDITORS' REPORT TO THE MEMBERS OF FIRST OXFORDSHIRE RADIO COMPANY LIMITED

30TH SEPTEMBER 1999

We have audited the financial statements on pages 6 to 18.

Respective responsibilities of directors and auditors

As described on page 4 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.

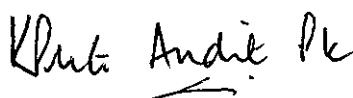
Basis of opinion

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 as at 30th September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
LONDON

30 May 2000

PROFIT & LOSS ACCOUNT

30TH SEPTEMBER 1999

	Notes	1999 £'000	1998 £'000
Turnover	2	3,715	3,574
Other operating income		114	102
Staff Costs	3	(675)	(760)
Depreciation		(59)	(64)
Other operating charges		(1,572)	(1,414)
Operating profit		<u>1,523</u>	<u>1,438</u>
Interest receivable and similar income	6	71	29
Profit on ordinary activities before taxation	5	<u>1,594</u>	<u>1,467</u>
Taxation	7	(510)	(473)
Profit on ordinary activities after taxation		<u>1,084</u>	<u>994</u>
Dividends	8	-	(562)
Retained profit for the year		<u>1,084</u>	<u>432</u>
		=====	=====

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 30TH SEPTEMBER 1999

Opening Shareholders' funds		1,459	1,099
Less: Prior year adjustment		-	(72)
Opening Shareholders' funds (as restated)		<u>1,459</u>	<u>1,027</u>
Profit for the year		1,084	994
Dividends	8	-	(562)
Closing Shareholders' funds		<u>2,543</u>	<u>1,459</u>
		=====	=====

The company has no recognised gains or losses other than those disclosed above.
All disclosures relate only to continuing operations.
Movements in reserves are set out in note 14.

There is no difference in the profit on the historical cost basis and that disclosed in the profit and loss account.

BALANCE SHEET

30TH SEPTEMBER 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Tangible	9	113	111
Investments	10	760	797
		<u>873</u>	<u>908</u>
Current assets			
Debtors	11	1,142	961
Cash at bank and in hand		1,437	833
		<u>2,579</u>	<u>1,794</u>
Creditors :			
amounts falling due within one year	12	(909)	(1,243)
		<u></u>	<u></u>
Net current assets		1,670	551
Net assets		<u>2,543</u> =====	<u>1,459</u> =====
Capital and reserves			
Called up share capital	13	375	375
Profit and loss account	14	2,168	1,084
Equity Shareholders' funds		<u>2,543</u> =====	<u>1,459</u> =====

The financial statements were approved by the Board of Directors on 11/11/1999 and were signed on its behalf by:

MA Jones
Director



STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

30TH SEPTEMBER 1999

	1999 £'000	1998 £'000
Profit for the financial year	1,084	994
Total recognised gains and losses relating to the year	<u>1,084</u>	<u>994</u>
Prior year adjustment	-	(72)
Total gains and losses recognised since last annual report	<u>1,084</u> =====	<u>922</u> =====

CASH FLOW STATEMENT

30TH SEPTEMBER 1999

	Notes	1999 £'000	1999 £'000	1998 £'000	1998 £'000
Net cash inflow from operating activities	18		1,413		1,516
Returns on investments and servicing of finance					
Interest received		71		29	
		<u>71</u>		<u>29</u>	
Taxation paid			71		29
Capital expenditure			(481)		(411)
Payments to acquire tangible fixed assets		(61)		(32)	
		<u>(61)</u>		<u>(32)</u>	
Equity dividends paid			(61)		(32)
			(375)		(487)
Cash inflow before use of liquid resources and financing			<u>567</u>		<u>615</u>
Financing activities			37		-
Increase in cash	19		<u>604</u>		<u>615</u>
			=====		=====
Reconciliation of net cash flow to movement in net funds (note 19)					
Increase in cash in the period			604		615
Net funds at 1 October			833		218
Net funds at 30 September			<u>1,437</u>		<u>833</u>
			=====		=====

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1999

1. ACCOUNTING POLICIES

The following accounting policies, except as noted below, have been consistently applied in dealing with items which are considered material in relation to the company's financial statements:

1.1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards, and includes for the first time Financial Reporting Standard 15.

1.2 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Leasehold improvements	10%
Technical and office equipment	20% - 25%
Transmitters	20%

1.3 INVESTMENTS

Investments held as fixed assets are stated at cost less provision where there has been impairment of the value of the investment.

The company is exempt from the obligation to prepare and deliver group financial statements under S228 Companies Act 1989. Accordingly, the financial statements present information about the company as an individual undertaking and not about its group.

1.4 DEFERRED 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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

1.5 FINANCE LEASES

Assets held under finance lease agreements are included in tangible fixed assets and are amortised in accordance with the depreciation policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. Finance charges are charged to the profit and loss account over the period of the agreement.

1.6 OPERATING LEASES

Rentals payable under operating lease agreements are charged to the profit and loss account in the period to which they relate.

1.7 STOCK

Stock is stated at the lower of cost and net realisable value, after providing for obsolete and slow moving stock.

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1999

2. TURNOVER

Turnover comprises the invoice value of services supplied exclusive of VAT.

3. STAFF COSTS

The average number of persons employed by the company (including executive directors) during the year was as follows:

	1999	1998
	No.	No.
Production and sales	17	16
Directors	6	6
Administration	5	5
Total employees	<u>28</u>	<u>27</u>
	=====	=====

The aggregate payroll costs of these persons were as follows

	£'000	£'000
Wages and salaries	602	694
Social security costs	67	56
Pension costs	6	10
	<u>675</u>	<u>760</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1999

4. DIRECTORS' EMOLUMENTS (INCLUDING PENSION CONTRIBUTIONS)

	1999 £'000	1998 £'000
Fees	26	69
Performance related bonus	-	15
Defined contribution pension scheme (No directors (1998:2))	-	2
	<u>26</u>	<u>86</u>
	=====	=====

Sally Oldham and Adrian Jones are employed and paid by Capital Radio plc and received no remuneration for their services in respect of the company.

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1999

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation all relates to the company's principal activity and is stated after charging the following:

	1999 £'000	1998 £'000
Depreciation	59	64
Auditors remuneration	6	5
Payments under operating leases	120	118
	=====	=====

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1999 £'000	1998 £'000
Income from fixed asset investments	71	29
	=====	=====

7. TAXATION

	1999 £'000	1998 £'000
Corporation tax at 30.5% (1998:31%)	510	469
Underprovision in previous years	-	4
	<u>510</u>	<u>473</u>
	=====	=====

8. DIVIDENDS

	1999 £'000	1998 £'000
Interim dividend paid at Nil per share (1998:50p)	-	187
Proposed final dividend at Nil per share (1998:100p)	-	375
	<u>-</u>	<u>562</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1999

9. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Technical & Office Equipment £'000	Transmitters £'000	Total £'000
Cost:				
At 30th September 1998	175	564	136	875
Additions	-	61	-	61
At 30th September 1999	<u>175</u>	<u>625</u>	<u>136</u>	<u>936</u>
	=====	=====	=====	=====
Depreciation:				
At 30th September 1998	169	459	136	764
Charged in the year	3	56	-	59
At 30th September 1999	<u>172</u>	<u>515</u>	<u>136</u>	<u>823</u>
	=====	=====	=====	=====
Net book value:				
At 30th September 1999	<u>3</u>	<u>110</u>	<u>-</u>	<u>113</u>
	=====	=====	=====	=====
At 30th September 1998	<u>6</u>	<u>105</u>	<u>-</u>	<u>111</u>
	=====	=====	=====	=====

10. FIXED ASSET INVESTMENTS

	Subsidiary company £'000	Associate Undertakings £'000	Total £'000
At 30th September 1998	722	75	797
Repayment of loan stock	-	(37)	(37)
At 30th September 1999	<u>722</u>	<u>38</u>	<u>760</u>
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1999

11. FIXED ASSET INVESTMENTS (continued)

Subsidiary company	Shares £'000	Loans £'000	Total £'000
At 30th September 1998 and 1999	646	76	722
	=====	=====	=====

Associated undertaking	Shares £'000	Loans £'000	Total £'000
At 30th September 1998 and 1999	38	-	38
	=====	=====	=====

Investments held by the company are as set out below:

Company	Class of Share	Shares held %
Bucks Broadcasting Limited	Ordinary shares of £1 each	66
The New 102 Limited	Ordinary shares of £1 each	30
Both of these companies operate an independent local radio station and are registered in England and Wales.		

11. DEBTORS

	1999 £'000	1998 £'000
Amounts falling due within one year:		
Trade debtors	393	479
Amounts owed by Parent Company	707	217
Amounts owed by Group undertakings	-	6
Amounts owed by companies in which the company has a participating interest	4	102
Other debtors	-	4
Prepayments and accrued income	38	31
	<hr/> 1,142	<hr/> 839
Amounts falling due after one year:		
Advance Corporation Tax recoverable	-	122
	<hr/> 1,142	<hr/> 961
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1999

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:

	1999 £'000	1998 £'000
Trade creditors	-	49
Amounts owed to Group undertakings	245	-
Corporation tax	377	469
Other taxation and social security	112	208
Proposed dividend	-	375
Other creditors	57	54
Accruals and deferred income	118	88
	<u>909</u>	<u>1,243</u>
	=====	=====

13. CALLED UP SHARE CAPITAL

	1999 £'000	1998 £'000
EQUITY SHARE CAPITAL		
Authorised:		
200,000 A Ordinary shares of £1 each	200	200
200,000 B Ordinary shares of £1 each	200	200
200,000 C Ordinary shares of £1 each	200	200
200,000 D Ordinary shares of £1 each	200	200
200,000 E Ordinary shares of £1 each	200	200
	<u>1,000</u>	<u>1,000</u>
	=====	=====
Allotted, called up and fully paid :	1999	1998
	£	£
93,375 A Ordinary shares of £1 each	93,375	93,375
93,375 B Ordinary shares of £1 each	93,375	93,375
62,500 C Ordinary shares of £1 each	62,500	62,500
62,500 D Ordinary shares of £1 each	62,500	62,500
63,250 E Ordinary shares of £1 each	63,250	63,250
	<u>375,000</u>	<u>375,000</u>
	=====	=====

All share types 'A' to 'E' have equal rights on winding up and voting rights of one vote per share. The only exception is that the holders of 'E' ordinary shares are not able to:

- 1) appoint one director to the Board in respect of each class of ordinary shares and to remove such director and appoint another in his place
- 2) block any shareholders resolution which would have the effect of altering this right and
- 3) participate in any pre-emption rights to the exclusion of any other class of ordinary shareholder.

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1999

14. STATEMENT OF MOVEMENT IN RESERVES

	Profit and Loss Account £'000
At 30th September 1998	1,084
Retained profit for the year	1,084
At 30th September 1999	<u>2,168</u>
	=====

15. FINANCIAL COMMITMENTS

Contracted capital expenditure authorised by the Directors but not provided in the accounts at 30th September 1999 was £Nil (1998:£28,500).

The annual commitments under operating leases are as follows:

	1999 Property £'000	1999 Other £'000	1998 Property £'000	1998 Other £'000
On leases expiring:				
Within one year	-	28	4	-
One to two years	-	9	-	-
After five years	58	-	58	-
	<u>58</u>	<u>37</u>	<u>62</u>	<u>-</u>
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 1999

16. ULTIMATE PARENT COMPANY

The company's ultimate parent company, who is also the ultimate controlling party, is Capital Radio plc which is incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of Capital Radio plc are available to the public and may be obtained from 30 Leicester Square, London, WC2H 7LA.

17. RELATED PARTIES

Details of related party transactions between the Capital Radio Group and related parties are set out in the accounts of Capital Radio plc.

During the year there were the following transactions and at the year end the following balances were outstanding with the following related parties:

Related party	Type of transaction	Amount £'000	Balance due from/(to) related party £'000
Capital Radio Management	VAT payments and recharges	(242)	(242)
Capital Radio Plc	Sales and sales related	757	757
Bucks Broadcasting Limited	Accounting Recharge	4	-
The New 102 Limited	Accounting Recharge	4	-
Wolverhampton Area Radio Limited	Accounting Recharge	5	3

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999 £'000	1998 £'000
Operating profit	1,523	1,438
Depreciation	59	64
Decrease in stock	-	7
(Increase)decrease in debtors	(303)	2
Increase in creditors	134	5
	<u>1,413</u>	<u>1,516</u>
	=====	=====

19. ANALYSIS OF CHANGE IN NET FUNDS

	At 1 October 1998 £'000	Cash flow £'000	At 30 September 1999 £'000
Cash at bank and in hand	833	604	1,437
	=====	=====	=====