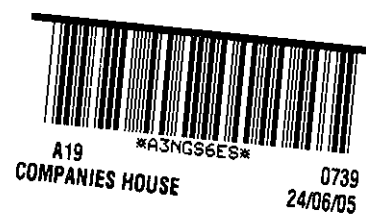


First Oxfordshire Radio Company Limited

Directors' Report and Financial Statements

Year ended 30 September 2004

Registered Number: 2247588



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Company Information

Directors

HE Aubrey-Fletcher
PR Davies
L Long (resigned 5 May 2005)
P J Harris (resigned 9 May 2005)
H Murray
J O'Hara (resigned 22 April 2005)
W Pallot (appointed 9 May 2005)

Company Secretary

N Schwarz (resigned 10 August 2004)
C Fluet (served between 10 August 2004 and 9 May 2005)
R Manning (appointed 9 May 2005)

Registered Office

30 Leicester Square
LONDON
WC2H 7LA

Bankers

Bank of Scotland
38 Threadneedle Street
LONDON
EC2P 2EH

Auditors

KPMG Audit Plc
8 Salisbury Square
LONDON
EC4Y 8BB

Directors' Report

The directors present their report, together with the audited financial statements of the company for the year ended 30 September 2004.

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 £1,169,000 (2003: £693,000). 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 (2003: £nil).

Events since the balance sheet date

On 9 May 2005 the company's ultimate parent company, Capital Radio plc, changed its name to GCap Media plc.

Directors

The directors in office at the end of the year are listed on page 1. Details of directors' interests in shares and share options in the ultimate parent company, Capital Radio Plc are shown below. None of the directors had any interest in shares of the company. The interests of P J Harris, and P Davies in shares of the ultimate parent company, Capital Radio Plc, are disclosed in that company's financial statements.

	Class of share	Ordinary Shares of 2.5p each 30 September 2004	Ordinary Shares of 2.5p each 30 September 2003
HE Aubrey-Fletcher	Ordinary	50,000	50,000
L Long	Ordinary	267	-

The directors have the following interests in share options in the ultimate holding company, Capital Radio plc:

	Number of shares At 30 September 2004	Number of shares At 1 October 2003	Exercise price	Date exercisable	Expiry date
L Long	4,427	3,837	£4.28	February 2008	July 2008
	5,395	5,395	£6.33	March 2001	March 2008
	2,107	2,107	£5.41	November 2001	November 2008
	4,651	4,651	£12.245	November 2002	November 2009
	14,115	14,115	£11.725	November 2003	November 2010
	13,135	13,135	£5.025	November 2005	November 2012
	14,395	-	£4.585	November 2006	November 2013
H Murray	2,302	2,302	£4.28	February 2008	July 2008
	1,770	-	£3.58	February 2009	July 2009
	10,509	10,509	£7.65	May 2004	May 2011
	17,265	17,265	£8.15	November 2004	November 2011
	3,470	3,470	£7.725	May 2005	May 2012
	6,269	6,269	£4.275	May 2006	May 2013
J O'Hara	31,970	31,970	£5.025	November 2005	November 2012
	23,359	-	£4.585	November 2006	November 2013

L Long held 3,837 options under the SAYE Scheme at an option price of £4.28 which lapsed during the year.

No options were exercised during the year.

None of the Directors are required to retire by rotation.

Directors' Report continued

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'R Manning', followed by a long horizontal line extending to the right.

R Manning
Company Secretary

Date 7/6/05

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.

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Report of the independent auditors' to the members of First Oxfordshire Radio Company Limited

We have audited the financial statements on pages 6 to 15.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the company is not disclosed.

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 as at 30 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Date 14 June 2005

Profit and Loss Account
Year ended 30 September 2004

	Notes	2004 £000	2003 £000
Turnover	2	4,010	3,306
Staff costs	3	(223)	(239)
Depreciation	5	(64)	(63)
Other operating costs		(2,447)	(2,014)
Profit on ordinary activities before interest and taxation	3-5	1,276	990
Interest receivable	6	393	-
Profit on ordinary activities before taxation		1,669	990
Taxation on profit on ordinary activities	7	(500)	(297)
Retained profit for the year	12	1,169	693

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 12.

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

The notes on pages 8 to 15 form part of the accounts.

Balance Sheet

As at 30 September 2004

	Notes	2004 £000	2004 £000	2003 £000	2003 £000
Fixed assets					
Tangible assets	8		166		148
			<u>166</u>		<u>148</u>
Current assets					
Debtors	9	7,997		6,641	
Cash at bank		1		1	
		<u>7,998</u>		<u>6,642</u>	
Creditors : amounts falling due within one year	10	(1,326)		(1,121)	
		<u></u>		<u></u>	
Net current assets			6,672		5,521
Net assets			<u>6,838</u>		<u>5,669</u>
Capital and reserves					
Called up share capital	11		375		375
Profit and loss account	12		6,463		5,294
Equity shareholders' funds	13		<u>6,838</u>		<u>5,669</u>

These financial statements were approved by the Board of Directors on 7/6/05 and were signed on its behalf by:



W Pallot
Director

Notes to the Financial Statements

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.

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% per annum
Transmitters	20% per annum
Office & Studio Equipment	10% - 20% per annum
Computer Equipment	33% per annum
Motor vehicles	25% per annum

1.3 Cash Flow Statement

In accordance with Financial Reporting Standard 1 (revised 1996), the company does not prepare a cash flow statement as it is a wholly owned subsidiary undertaking of a UK parent company. Cash flows of the company are shown in the published consolidated financial statements of the ultimate parent company, Capital Radio plc.

1.4 Turnover

Turnover comprises income from the sale of advertising airtime, sponsorship and promotions (net of agency commissions) and income from advertising on the internet. Turnover is stated excluding VAT, trade discounts, and intra group transactions and derives from goods and services provided in the normal course of business.

Airtime revenue is recognised on the date of broadcast. Sponsorship revenue and internet advertising revenue are recognised over the life of the contract.

1.5 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. Except where otherwise required by FRS 19, deferred tax is recognised without discounting, in respect of all timing differences which have arisen but not reversed by the balance sheet date.

1.6 Leased Assets

Operating lease rentals are charged to the profit and loss account on a straight line basis.

1.7 Financial Reporting Standards 8 (FRS 8)

As the company is a wholly owned subsidiary of Capital Radio Plc, the company has taken advantage of the exemption contained in FRS 8 and has, therefore, not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Capital Radio Plc, within which this company is included, are available to the public and may be obtained from 30 Leicester Square, London, WC2H 7LA.

Notes (Continued)

2. Turnover

The whole of the company's turnover arises from its principal business activities within the United Kingdom.

3. Staff Costs

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

	2004	2003
	No.	No.
Production and sales	7	7
Administration	3	3
Total employees	<u>10</u>	<u>10</u>

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	196	208
Social security costs	22	27
Company contributions to money purchase pension scheme (note 17)	5	4
	<u>223</u>	<u>239</u>

4. Remuneration of Directors

	2004	2003
	£000	£000
Fees	14	13
	<u>14</u>	<u>13</u>

PR Davies, PJ Harris, L Long, H Murray and J O'Hara, were employed and paid by Capital Radio plc and received no remuneration for their services in respect of the company.

Notes (Continued)

5. Profit on Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging:

	2004 £000	2003 £000
Depreciation	64	63
Payments under operating leases:		
- Hire of plant and machinery	9	10
- Other operating lease charges	80	70
	<hr/>	<hr/>

The cost of auditors' remuneration in 2004 and 2003 has been borne by the ultimate parent company, Capital Radio plc.

6. Interest

	2004 £000	2003 £000
Interest receivable on intercompany balances	393	-
	<hr/>	<hr/>

Notes (Continued)

7. Taxation

Analysis of charge in the year:	2004 £000	2004 £000	2003 £000	2003 £000
Corporation tax at 30%	503		298	
Adjustment relating to prior years	<u>(3)</u>		<u>(1)</u>	
Total current tax		500		297

Tax on profit on ordinary activities	<u>500</u>	<u>297</u>
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There was no movement on deferred tax in the year (see note 9)

Factors affecting the tax charge for the year

The current tax charge for the year is lower (2003: neither higher nor lower) than the standard rate of corporation tax in the UK of 30%. The differences are explained below.

	2004 £000	2003 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	<u>1,669</u>	<u>990</u>
Current tax at 30% (2003: 30%)	501	297
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(1)	(2)
Depreciation for period in excess of capital allowances	3	3
Adjustments to tax charge in respect of prior periods	<u>(3)</u>	<u>(1)</u>
Total current tax charge (see above)	<u>500</u>	<u>297</u>

Notes (Continued)

8. Tangible Fixed Assets

	Leasehold improvements £000	Office & Studio Equipment £000	Transmitters £000	Motor vehicles £000	Total £000
Cost:					
At 1 October 2003	175	872	136	7	1,190
Additions	-	82	-	-	82
At 30 September 2004	175	954	136	7	1,272
Depreciation:					
At 1 October 2003	173	728	136	5	1,042
Charged in the year	1	61	-	2	64
At 30 September 2004	174	789	136	7	1,106
Net book value:					
At 30 September 2004	1	165	-	-	166
At 30 September 2003	2	144	-	2	148

9. Debtors

	2004 £000	2003 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	7,931	6,552
Other debtors	-	24
Deferred tax (see below)	10	10
Prepayments and accrued income	56	55
	7,997	6,641

Intercompany balances are repayable on demand with interest charged at base rate plus one percent.

	£000	£000
<i>Deferred tax in the year</i>		
At 1 October 2003 and 30 September 2004	10	10
Deferred tax asset	10	10

Notes (Continued)

9 Debtors (Continued)

The elements of deferred taxation are as follows:

	2004 £000	2003 £000
Deferred capital allowances	9	8
Other timing differences	1	2
Deferred tax asset	<u>10</u>	<u>10</u>

10 Creditors: Amounts falling due within one year

	2004 £000	2003 £000
Amounts owed to group undertakings	716	699
Corporation tax	503	298
Other creditors	49	42
Accruals and deferred income	58	82
	<u>1,326</u>	<u>1,121</u>

11 Called Up Share Capital

	2004 £000	2003 £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:	£000	£000
93,375 A Ordinary shares of £1 each	93	93
93,375 B Ordinary shares of £1 each	93	93
62,500 C Ordinary shares of £1 each	63	63
62,500 D Ordinary shares of £1 each	63	63
63,250 E Ordinary shares of £1 each	63	63
	<u>375</u>	<u>375</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 (Continued)

12 Reserves

	Profit and loss account £000
At 1 October 2003	5,294
Retained profit for the year	1,169
At 30 September 2004	<u>6,463</u>

13 Reconciliation in the Movement of Shareholders' Funds

	2004 £000	2003 £000
Shareholders' funds at 1 October 2003	5,669	4,976
Profit for the year	1,169	693
Shareholders' funds at 30 September 2004	<u>6,838</u>	<u>5,669</u>

14 Commitments

The company has £nil contractual capital commitments for which no provision has been made (2003: £nil).

The annual commitments under non-cancellable operating leases are as follows:

	2004 Property £000	2004 Other £000	2003 Property £000	2003 Other £000
On leases expiring:				
Within one year	-	-	-	2
One to two years	-	5	-	-
Two to five years	-	3	-	2
After five years	92	-	70	-
	<u>92</u>	<u>8</u>	<u>70</u>	<u>4</u>

Notes (Continued)

15 Contingent Liabilities

The company has given its bankers a cross guarantee to secure the bank borrowings of the other group undertakings. This guarantee is unsecured.

The directors do not anticipate that any liability will fall on the company in respect of this guarantee.

16 Ultimate Parent Company

The company's ultimate parent company during the year was Capital Radio plc, which was incorporated in Great Britain and registered in England and Wales. The largest group in which the results of the company are consolidated is that headed by Capital Radio plc. The results for the year ended 30 September 2004 are consolidated in the financial statements of Capital Radio plc, are available to the public and may be obtained from 30 Leicester Square, London, WC2H 7LA.

On 9 May 2005 Capital Radio plc changed its name to GCap Media plc.

17 Pension Funds

The company participates in the Capital Radio Group Personal Pension Plan. The scheme is a contributory defined contribution arrangement and the company makes age-related contributions to the scheme for participating staff. The pension cost charge to the company for the year was £5,000 (2003: £4,000). There are nil contributions outstanding at 30 September 2004 (2003: £nil).

18 Related Parties

The company has trading relationships with Independent Radio News Limited ("IRN") and the Radio Advertising Bureau Limited ("RAB").

IRN supplies the UK radio industry with a news service in return for airtime adjacent to news bulletins. This airtime is sold as the "Newslink" national advertising product by Capital Advertising, as agent for IRN. An element of the profits of IRN are repaid to participating stations as a payment for airtime given. During the year the company received £11,000 (2003: £19,000) of income from IRN, representing airtime rebate. At 30 September 2004 there was an outstanding debtor from IRN of £5,000 (2003: £8,000).

The RAB is a trade body promoting commercial radio with advertisers. The RAB is funded by levies paid by the commercial radio industry in the UK based on volumes of advertising. During the year the company paid £19,000 (2003: £15,000) in levies to the RAB and at 30 September 2004 had no outstanding debtor or creditor (2003: £nil).

Hit 40 UK operates a chart show which is broadcast over various radio networks. During the year the company received £26,000 (2003: £15,000) of income from Hit 40 UK representing its share of revenue. There are nil contributions outstanding at 30 September 2004 (2003: £nil).