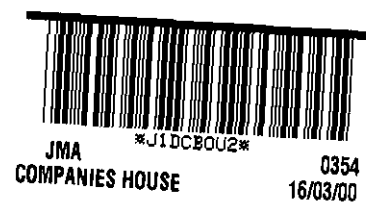


KISS FM RADIO LIMITED

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

REGISTERED NUMBER: 2378790



KISS FM RADIO LIMITED

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KISS FM RADIO LIMITED

DIRECTORS AND ADVISERS

Directors

M Boase*	(Chairman)
M A Cox	
T R Schoonmaker	
M T Story	(Managing Director)
A K Roberts	
B McCluskey	

Secretary

D K Walmsley

Auditors

PricewaterhouseCoopers
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Bankers

Barclays Bank Plc
1 Church Street
Peterborough
PE1 1XE

Registered office

1 Lincoln Court
Lincoln Road
Peterborough
PE1 2RF

*Non-Executive

KISS FM RADIO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999

The directors present their report and the financial statements of the Company for the year ended 31 March 1999.

RESULTS AND DIVIDENDS

In the year to 31 March 1999, the Company made a profit after tax of £1,077,000 (1998 - £864,000) which has been transferred to reserves.

The directors do not recommend the payment of a dividend (1998 - £Nil).

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company is engaged in the operation of independent radio stations in and around London under licence from the Radio Authority.

The operating profit for the year was £1,274,000 (1998: £1,235,000). The directors are satisfied with the Company's performance and no change in the Company's operations is anticipated.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are:

M Boase (Non-executive)

M A Cox

T R Schoonmaker

M T Story (Appointed 4 January 1999)

A K Roberts (Appointed 4 January 1999)

C Sedgwick (Resigned 9 April 1998)

J Fashanu (Non-executive) (Resigned 22 April 1998)

M Soutar (Resigned 2 December 1998)

M Matthews (Resigned 4 January 1999)

F Driver (Resigned 15 January 1999)

A Turner (Resigned 13 April 1999)

P J Seddon (Resigned 30 November 1999)

B McCluskey (Appointed 4 January 2000)

No directors during the financial year held an interest in the share capital of the Company.

M Boase is also a director of EMAP plc, the ultimate parent Company, and his interests are disclosed in that company's financial statements. The interests of the other directors, inclusive of their spouses and infant children, in the share capital 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:

KISS FM RADIO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

DIRECTORS AND THEIR INTERESTS (CONTINUED)

	Ordinary shares in issue		Executive share plan under trust	
	At 1 April 1998*	At 31 March 1999	At 1 April 1998*	At 31 March 1999
M A Cox	4,377	8,633	5,000	4,576
T R Schoonmaker	24,981	37,605	-	-
P J Seddon	214	1,214	3,000	1,560

	Ordinary shares under option				
	At 1 April 1998*	Rights Adjustment	Granted in year	Lapsed/ exercised in year	At 31 March 1999
M A Cox	4,623	184	1,200	(3,808)	2,199
T R Schoonmaker	46,372	86	799	(45,459)	1,798
P J Seddon	5,453	218	-	-	5,671
M Story*	-	-	918	-	918

*Or at date of appointment

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 which 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 1994, options have been granted annually, with the exception of 1990, in the Executive Share Option Scheme. Outstanding options are 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 that they continue to be employed by a group company.

KISS FM RADIO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

YEAR 2000

The Company has recognised the need to review its business systems to establish the potential exposure to Year 2000 non-compliance. The Company has completed a review of its business critical operations and has a programme in place to rectify the areas of identified non-compliance. The costs of rectification have not been separately identified and will be covered as part of normal replacement and upgrading of systems.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each 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

From 1 July 1998, the Company's auditors, Price Waterhouse merged with Coopers & Lybrand. Price Waterhouse resigned as auditors on 3 August 1998, and the directors have appointed the new firm created as a result of the merger, PricewaterhouseCoopers, to fill the casual vacancy thus arising.

The Company has elected under Section 386 of the Companies Act 1985 not to re-appoint auditors annually. Therefore, the auditors, PricewaterhouseCoopers, are deemed to be reappointed for the next financial year.

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 KISS FM 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

KISS FM RADIO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1999

	<u>1999</u> £'000	<u>1998</u> £'000
TURNOVER (Note 2)	7,178	6,788
Cost of sales	<u>(2,169)</u>	<u>(2,133)</u>
GROSS PROFIT	5,009	4,655
Administration expenses	<u>(3,735)</u>	<u>(3,420)</u>
OPERATING PROFIT (Note 3)	<u>1,274</u>	<u>1,235</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,274	1,235
Taxation (Note 6)	<u>(197)</u>	<u>(371)</u>
PROFIT FOR THE FINANCIAL YEAR (Note 13)	1,077	864
	<u><u> </u></u>	<u><u> </u></u>

A statement of total recognised gains and losses has not been presented as the Company has no recognised gains or losses in either the current or preceding year other than the profit for the year.

All turnover relates to continuing operations.

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

KISS FM RADIO LIMITED

BALANCE SHEET AT 31 MARCH 1999

	<u>1999</u> £'000	<u>1998</u> £'000
FIXED ASSETS		
Tangible assets (Note 7)	<u>248</u>	<u>301</u>
CURRENT ASSETS		
Stocks (Note 8)	-	4
Debtors (Note 9)	1,764	1,735
Cash at bank and in hand	<u>4,801</u>	<u>4,377</u>
	6,565	6,116
CREDITORS: amounts falling		
Due within one year (Note 10)	<u>(2,003)</u>	<u>(2,684)</u>
NET CURRENT ASSETS	<u>4,562</u>	<u>3,432</u>
TOTAL ASSETS LESS		
CURRENT LIABILITIES	4,810	3,733
PROVISIONS FOR LIABILITIES		
AND CHARGES (Note 11)	-	-
NET ASSETS	<u>4,810</u>	<u>3,733</u>
CAPITAL AND RESERVES		
Called up share capital (Note 12)	740	740
Share premium account (Note 13)	1,133	1,133
Profit and loss account (Note 13)	<u>2,937</u>	<u>1,860</u>
EQUITY SHAREHOLDERS' FUNDS (Note 13)	<u>4,810</u>	<u>3,733</u>

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

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



DIRECTOR

KISS FM RADIO LIMITED

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

1 ACCOUNTING POLICIES

Accounting convention

The financial statements are drawn up in accordance with the historical cost convention and applicable accounting standards in the United Kingdom.

Turnover

Turnover represents income received from the sale of advertising time together with sponsorship, club activities and other associated services, and is net of value added tax.

Tangible fixed assets

Depreciation is provided on the following fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Improvements to short

leasehold premises - 10% per annum on cost, or over the period of the lease if shorter than 10 years.

Plant and machinery - 10% - 33% per annum on cost.

Stocks

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

Leasing and hire purchase commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

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.

Pensions

The Company operates a defined contribution pension scheme. EMAP plc operates a group defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

KISS FM RADIO LIMITED

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

1 ACCOUNTING POLICIES (CONTINUED)

Cash flow statements 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 No1 (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.

2 TURNOVER

Turnover all relates to the principal activity of the Company. All turnover is derived within the United Kingdom.

3 OPERATING PROFIT

This is stated after charging:	<u>1999</u>	<u>1998</u>
	£'000	£'000
Auditors' remuneration	12	12
Depreciation of owned fixed assets	132	105
Operating lease rentals - land and buildings	90	90
- other	63	70
	<u> </u>	<u> </u>

4 DIRECTORS' REMUNERATION

	<u>1999</u>	<u>1998</u>
	£'000	£'000
Fees	10	14
Other emoluments	294	597
Pension contributions	<u>10</u>	<u>16</u>
	314	627
	<u> </u>	<u> </u>

The emoluments of the highest paid director, excluding pension contributions, were £79,846 (1998 - £235,197). One director participated in the Company defined contribution pension scheme. Five other directors participate in the Group defined contribution pension scheme.

KISS FM RADIO LIMITED

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

5 STAFF COSTS (INCLUDING DIRECTORS)

	<u>1999</u> £'000	<u>1998</u> £'000
Wages and salaries	1,431	1,728
Social security costs	141	163
Other pension costs	<u>29</u>	<u>43</u>
	1,601	1,934
	<u><u> </u></u>	<u><u> </u></u>

The average number of employees during the year was:

	<u>1999</u> Number	<u>1998</u> Number
Administration and production	38	57
	<u><u> </u></u>	<u><u> </u></u>

6 TAXATION

	<u>1999</u> £'000	<u>1998</u> £'000
Based on the profit for the year:		
Corporation tax at 31% (1998 – 31%)		
- current year	225	396
- prior year	22	-
Adjustment in respect of prior years	-	(25)
Deferred tax (Note 11)	<u>(50)</u>	<u> </u>
	197	371
	<u><u> </u></u>	<u><u> </u></u>

KISS FM RADIO LIMITED

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

7 TANGIBLE FIXED ASSETS

	Short leasehold land and <u>buildings</u> £'000	Plant and <u>machinery</u> £'000	<u>Total</u> £'000
Cost			
At 1 April 1998	169	958	1,127
Additions in the year	-	79	79
Disposals in the year	<u>-</u>	<u>(192)</u>	<u>(192)</u>
At 31 March 1999	<u>169</u>	<u>845</u>	<u>1,014</u>
Depreciation			
At 1 April 1998	98	728	826
Provided during the year	16	116	132
Charged on disposals	<u>-</u>	<u>(192)</u>	<u>(192)</u>
At 31 March 1999	<u>114</u>	<u>652</u>	<u>766</u>
Net book value			
At 31 March 1999	<u>55</u>	<u>193</u>	<u>248</u>
At 31 March 1998	<u>71</u>	<u>230</u>	<u>301</u>

8 STOCKS

	<u>1999</u> £'000	<u>1998</u> £'000
Goods for resale	-	4
	<u> </u>	<u> </u>

KISS FM RADIO LIMITED

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

9 DEBTORS

	<u>1999</u> £'000	<u>1998</u> £'000
Trade debtors	859	1,224
Amounts due from group undertakings	678	247
Deferred tax (Note 11)	50	-
Prepayments and accrued income	<u>177</u>	<u>264</u>
	1,764	1,735
	=====	=====

10 CREDITORS: amounts falling due within one year

	<u>1999</u> £'000	<u>1998</u> £'000
Trade creditors	134	317
Amounts owed to group undertakings	978	998
Other taxes and social security costs	202	200
Accruals and deferred income	667	798
Corporation tax	<u>22</u>	<u>371</u>
	2,003	2,684
	=====	=====

11 PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
Deferred taxation	
At 1 April 1998	-
Credited to the profit and loss account (Note 6)	<u>(50)</u>
At 31 March 1999 (Note 9)	(50)
	=====

KISS FM RADIO LIMITED

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

11 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Deferred taxation (continued)

Deferred taxation provided in the financial statements is as follows:

	<u>31 March 1999</u>		<u>31 March 1998</u>	
	Provided	Unprovided	Provided	Unprovided
	£'000	£'000	£'000	£'000
Tax effect of accelerated capital allowances	(30)	-	-	(22)
Other timing differences	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>(18)</u>
	(50)	-	-	(40)
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>

12 SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
	£'000	£'000
Authorised:		
1,600,000 Ordinary shares of 50p each	800	800
	<u>==</u>	<u>==</u>
Allotted, called up and fully paid		
1,479,296 Ordinary shares of 50p each	740	740
	<u>==</u>	<u>==</u>

KISS FM RADIO LIMITED

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

13 RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity shareholders' funds £'000
Retained profit for the year	—	—	1,077	1,077
Net addition to shareholders' funds	-	-	1,077	1,077
Shareholder' funds at 1 April 1998	740	1,133	1,860	3,733
Shareholders' funds at 31 March 1999	740	1,133	2,937	4,810
	=====	=====	=====	=====

14 PENSION COMMITMENTS

The Company operates a defined contribution pension scheme for one of its directors. The assets of the scheme are held separately from those of the Company in an independently administered fund. In addition, all other employees are entitled to join the defined contribution pension scheme operated by the ultimate parent undertaking. Details of this scheme are contained in EMAP plc financial statements.

The total pension charge for the year amounted to £29,000 (1998 - £43,000).

15 OTHER FINANCIAL COMMITMENTS

At 31 March 1999 the Company had annual commitments under operating leases as set out below:

	Land and buildings		Other	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Operating leases which expire:				
Within one year	-	-	17	10
Between one and five years inclusive	-	-	36	54
After five years	90	90	-	-
	90	90	53	64
	=====	=====	=====	=====

KISS FM RADIO LIMITED

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

16 SUBSIDIARY UNDERTAKINGS

The Company owns the entire issued share capital of KISS TV Limited, a company incorporated in England which no longer trades. The investment is valued at cost (£2). The Company has not prepared consolidated financial statements under the exemptions conferred by Section 228 (1) of the Companies Act 1985.

17 ULTIMATE PARENT UNDERTAKING

The parent undertaking of the largest group for which group financial statements are drawn up and of which the Company is a member is EMAP plc, registered in England and Wales. Copies of EMAP plc's financial statements can be obtained from 1 Lincoln Court, Lincoln Road, Peterborough, PE1 2RF.