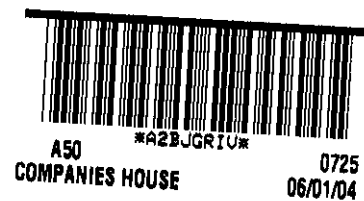


Kiss FM Radio Limited
Annual report
for the year ended 31 March 2003

Registered Number 2378790



Kiss FM Radio Limited
Annual report
for the year ended 31 March 2003

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Kiss FM Radio Limited

Directors and advisers for the year ended 31 March 2003

Managing Directors

M T Story

Other directors

M A Cox

T R Schoonmaker

A K Roberts

P Hargreaves

D J Embley

P R Gregg

S Long

Secretary

M R Henson

Auditors

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH

Bankers

Barclays Bank plc

1 Church Street

Peterborough

PE1 1XE

Registered Office

Wentworth House

Wentworth Street

Peterborough

PE1 1DS

Kiss FM Radio Limited

Directors' report for the year ended 31 March 2003

The directors present their report and the accounts of the company for the year ended 31 March 2003.

Principal activities

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

Review of business and future developments

The operating profit for the year was £5,403,000 (2002: £5,563,000). The directors are satisfied with the company's performance and no change in the company's operations is anticipated.

Results and dividends

In the year to 31 March 2003 the company made a profit after tax of £ 3,765,000 (2002:£3,881,000).

The directors propose the payment of a dividend of £3,600,000 (2002: £nil).

Directors and their interests

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

M T Story
M A Cox
T R Schoonmaker
A K Roberts
Baroness S B Flather (Resigned 13 January 2003)
P Hargreaves
T D Smith (Resigned 4 April 2002)
P A Waterman (Resigned 4 April 2002)
D J Embley
P Gregg (Appointed 4 April 2002)
S Long (Appointed 7 October 2002)

The directors had no interests in the share capital of the company. The interests of the directors in the share capital of the ultimate parent company, EMAP plc, at the beginning and end of the year, or date of appointment, were as follows:

	Ordinary shares in issue	
	At 1 April 2002	At 31 March 2003
M A Cox	14,893	15,733
T R Schoonmaker	29,338	29,339
M Story	2,758	3,705
A K Roberts	1,257	1,595
P Hargreaves	648	745
S Long	97	97

Kiss FM Radio Limited

Directors and their interests(continued)

Executive share plan under trust

	At 1 April 2002	Allotted	Released	At 31 March 2003
M A Cox	500	-	(500)	-
T R Schoonmaker	10,848	-	(5,265)	5,583
M Story	700	-	(700)	-
A K Roberts	400	-	(400)	-
P Hargreaves	1,687	50	-	1,737

Ordinary shares under option

	At 1 April 2002	Granted in year	Lapsed/ exercised in year	At 31 March 2003
M A Cox	2,775	-	-	2,775
T R Schoonmaker	1,954	1,055	-	3,009
M Story	2,409	527	(1,135)	1,801
D J Embley	-	1,518	-	1,518
P Hargreaves	-	303	-	303

Executive shares under option

	At 1 April 2002	Granted in year	Lapsed/ exercised in year	At 31 March 2003
M A Cox	11,242	14,328	-	25,570
T R Schoonmaker	219,079	-	-	219,079
M Story	17,110	52,637	-	69,747
A K Roberts	9,875	-	-	9,875
P Hargreaves	9,071	-	-	9,071
D J Embley	15,503	14,620	-	30,123

Kiss FM Radio Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

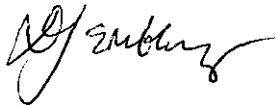
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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

Following the conversion of our auditors, PricewaterhouseCoopers, to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors to fill the casual vacancy. 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.

For and on behalf of the Board



D J Embley
19 December 2003

Kiss FM Radio Limited

Independent auditors' report to the members of Kiss FM Radio Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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 in to 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.

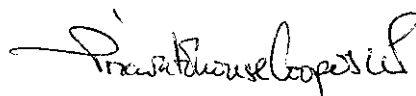
Basis of audit opinion

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 2003 and of its profit 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

19 December 2003

Kiss FM Radio Limited

Profit and loss account for the year ended 31 March 2003

	Notes	2003 £'000	2002 £'000
Turnover	1	12,729	13,191
Cost of sales		(2,687)	(2,528)
Gross profit		10,042	10,663
Administrative expenses		(4,639)	(5,100)
Profit on ordinary activities before taxation	2	5,403	5,563
Taxation	5	(1,638)	(1,682)
Profit after taxation		3,765	3,881
Dividends	6	(3,600)	-
Retained profit for the financial year	12	165	3,881

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.

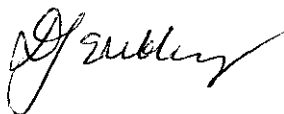
All of the above activities relate to continuing operations.

Kiss FM Radio Limited

Balance sheet as at 31 March 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	7	180	312
Current assets			
Debtors	8	5,413	2,894
Cash at bank and in hand		18,663	15,599
		24,076	18,493
Creditors: amounts falling due within one year	9	(14,638)	(9,352)
Net current assets		9,438	9,453
Net assets		9,618	9,453
Capital and reserves			
Called up share capital	11	740	740
Share premium account	12	1,133	1,133
Profit and loss account	12	7,745	7,580
Equity shareholders funds	12	9,618	9,453

The financial statements on pages 6 to 13 were approved by the board of directors on 19 December 2003 and signed on its behalf by:



D J Embley
Director

Kiss FM Radio Limited

Accounting policies

Accounting standards

These accounts are drawn up in accordance with the historical cost convention and applicable accounting standards.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. 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:

Office equipment and Motor vehicles	3 – 5 years
-------------------------------------	-------------

Leasing and hire purchase commitments

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

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.

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.

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.

Kiss FM Radio Limited

Notes to the financial statements for the year ended 31 March 2003

1 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.

2 Operating profit

This is stated after charging:

	2003 £'000	2002 £'000
Auditors' remuneration	5	5
Depreciation of owned fixed assets	225	84
Operating lease rentals:		
Plant and machinery	6	12
Other	173	173

3 Directors remuneration

	2003 £'000	2002 £'000
Fees	95	175
Pension contributions	2	4
	97	179

4 Staff costs (including directors)

	2003 £'000	2002 £'000
Wages and salaries	1,104	721
Social security costs	75	70
Other pension costs	15	13
	1,194	804

The average number of employees during the year was:

	Number	Number
Administration and production	24	26

Kiss FM Radio Limited

5 Taxation

	2003 £'000	2002 £'000
Based on the profit for the year:		
Corporation tax at 30% (2002: 30%)	1,674	1,671
Prior year adjustment	4	-
Deferred tax (Note 10)	(40)	11
	1,638	1,682

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

	2003 £'000	2002 £'000
Profit before tax	5,403	5,563
Tax charge at 30%	1,621	1,669
Non – tax deductible expenses	22	13
Corporation tax prior year adjustments	4	-
Deferred tax prior year adjustments	(9)	-
Tax charge for the current year	1,638	1,682

6 Dividend

	2003 £'000	2002 £'000
Proposed dividend £2.43 per share (2002: £nil)	3,600	-

Kiss FM Radio Limited

7 Tangible fixed assets

	Office equipment and motor vehicles £'000
Cost	
At 1 April 2002	530
Additions in the year	93
At 31 March 2003	623
Depreciation	
At 1 April 2002	218
Charge for the year	225
At 31 March 2003	443
Net book value	
At 31 March 2003	180
At 31 March 2002	312

8 Debtors

	2003 £'000	2002 £'000
Trade debtors	2,124	1,525
Amounts due from group undertakings	3,186	1,346
Deferred tax (see note 10)	63	23
Other debtors	33	-
Prepayments and accrued income	7	-
	5,413	2,894

9 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Trade creditors	201	49
Amounts owed to group undertakings	12,086	6,275
Corporation tax	1,674	1,671
Other taxes and social security costs	159	120
Other creditors	178	519
Accruals and deferred income	340	718
	14,638	9,352

Kiss FM Radio Limited

10 Provisions for liabilities and charges

	£'000
Deferred taxation	
At 1 April 2002	(23)
Credited to the profit and loss account	(40)
At 31 March 2003	(63)

Deferred taxation recognised in the financial statements is as follows:

	2003 £'000	2002 £'000
Tax effect of accelerated capital allowances	(63)	(23)

There is no unprovided deferred taxation.

11 Share Capital

	2003 £'000	2002 £'000
Authorised:		
1,600,000 Ordinary shares of 50p each	800	800
Allotted, called up and fully paid		
1,479,296 Ordinary shares of 50p each	740	740

12 Reconciliation of equity shareholders' funds and movements on reserves

	Share Capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Profit for the financial year			3,765	3,765
Dividends			(3,600)	(3,600)
Movement in equity shareholders' funds			165	165
Equity shareholders' funds 1 April 2002	740	1,133	7,580	9,453
Equity shareholders' funds 31 March 2003	740	1,133	7,745	9,618

Kiss FM Radio Limited

13 Other financial commitments

At 31 March 2003 the company had annual commitments under operating leases as set out below:

	Land and buildings		Other	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Operating leases which expire				
Within one year	-	-	-	4
Between one and five years inclusive	-	-	-	8
After five years	173	173	-	-
	173	173	-	12

14 Subsidiary undertakings

The company owns the entire issued share capital of KISS TV Limited, a company incorporated in England and Wales and is dormant for the purposes of preparing statutory financial statements. 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.

15 Ultimate parent undertaking

The immediate parent undertaking and controlling party, which does not prepare group accounts, is Emap Performance Limited, registered in England and Wales. The ultimate parent undertaking of the largest group accounts which are drawn up and of which the company is a member is EMAP plc, also registered in England and Wales. Copies of the latest published financial statements of EMAP plc may be obtained from the Registered Office at Wentworth House, Wentworth Street, Peterborough PE1 1DS.