

Metro Radio Limited

Report and Accounts

For the year ended 31 March 2004

Company Registration No. 2644277



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Metro Radio Limited
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For the year ended 31 March 2004

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Metro Radio Limited
Directors and Officials

Directors	S Aitchison A McKenzie D J Embley K D Miljus
Company secretary	M Hogg
Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registered office	Wentworth House Wentworth Street Peterborough PE1 1DS
Company number	2644277

Metro Radio Limited

Directors' Report

For the year ended 31 March 2004

The directors submit their report and accounts for the year ended 31 March 2004.

Results and dividends

The profit for the year after taxation amounted to £1,969,000 (2003 - £2,580,000). The directors do not recommend the payment of a dividend (2003 - £2,500,000).

Review of business and future developments

The company is engaged in the operation of independent radio services in the "Tyne and Wear" area under licence from Ofcom. No change in the company's operations is envisaged in the immediate future.

Directors and their interests

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

S Aitchison
T R Schoonmaker (Resigned 31 January 2004)
A McKenzie
D J Embley
K D Miljus

The directors have no interest in the share capital of the company.

The interest of the directors in the share capital and share options 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:

	Ordinary shares in issue	
	At 31 March 2004	At 31 March 2003
S Aitchison	10,490	10,391
A McKenzie	311	309
D J Embley	459	-
K Miljus	915	816

	At 1 April 2003	Ordinary shares under option		At 31 March 2004
		Granted in year	Exercised/lapsed in year	
S Aitchison	-	548	-	548
A McKenzie	159	-	-	159
D J Embley	1,518	-	-	1,518
K Miljus	1,593	-	-	1,593

	At 1 April 2003	Executive Share Plan under option		At 31 March 2004
		Granted in year	Exercised/lapsed in year	
S Aitchison	11,427	-	-	11,427
D J Embley	30,123	-	-	30,123

Metro Radio Limited

Directors' Report

For the year ended 31 March 2004

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 of the company for that period. The directors are required to prepare the 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 2004 and that applicable accounting standards have been followed.

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

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office. 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.

Approved by the board of directors on 4 January 2005



D J Embley
Director

Metro Radio Limited
Independent Auditors' Report
For the year ended 31 March 2004

Independent auditors' report to the members of Metro Radio Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

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 into 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.

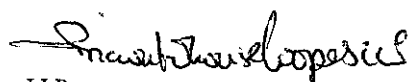
Basis of audit opinion

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 2004 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

4 January 2005

Metro Radio Limited
Profit and Loss Account
For the year ended 31 March 2004

	Notes	2004 £'000	2003 £'000
Turnover	2	10,281	10,971
Cost of sales		(2,093)	(2,060)
Gross profit		8,188	8,911
Administrative expenses		(5,269)	(5,218)
Operating profit	3	2,919	3,693
Tax on profit on ordinary activities	5	(950)	(1,113)
Profit after taxation		1,969	2,580
Dividends	6	-	(2,500)
Retained profit for the year	12	1,969	80

The above results relate to continuing operations.

There are no recognised gains and losses other than those stated above.

There is no difference between the reported profits and the historical cost profits on ordinary activities before taxation for both years being reported.

The notes on pages 7 to 10 form part of these accounts.

Metro Radio Limited
Balance Sheet
At 31 March 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	7	647	735
Current assets			
Debtors	8	22,995	24,520
Cash at bank and in hand		5	2
		23,000	24,522
Creditors: amounts falling due within one year	9	(15,383)	(18,962)
Net current assets		7,617	5,560
Net assets		8,264	6,295
Capital and reserves			
Called up share capital	11	420	420
Profit and loss account	13	7,844	5,875
Total equity shareholders' funds	13	8,264	6,295

The financial statements on pages 5 to 10 were approved by the board of directors on 4 January 2005 and were signed on its behalf by:

D J Embley
Director



Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2004

1 Accounting policies

Basis of accounting

These financial statements are prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

Depreciation

The cost of tangible fixed assets less estimated residual value on disposal is written down evenly over their expected useful lives as follows:

Freehold property	- 40 years
Office equipment and motor vehicles	- 3 to 5 years

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.

Leasing

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

Pensions

The ultimate parent company, Emap plc, operates a defined contribution pension plan, Flexiplan, for eligible staff across the group. The group also operates a number of other schemes which are closed to new members. The principal scheme is the Emap Earnings Related Pension Plan, a defined benefit scheme which is funded by payments to trustee administered funds.

The cost of providing pensions under the defined contribution scheme is charged to the profit and loss account as it becomes payable. The cost of providing pensions under the group's defined benefit scheme is charged against profits on a systematic basis with pension surpluses and deficits arising allocated over the expected remaining service lives of current members. Differences between the amounts charged in the profit and loss account and payments made to the pension funds are treated as assets or liabilities.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Emap plc and is included in the consolidated financial statements of Emap plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Emap plc group or investees of the Emap plc group.

2 Turnover

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

3 Operating profit

(a) This is stated after charging

	2004 £'000	2003 £'000
Auditors' remuneration - audit	7	5
Depreciation of owned tangible fixed assets	103	123
Operating lease rentals - Plant and machinery	100	96

(b) Directors' emoluments

	2004 £'000	2003 £'000
Aggregate emoluments	308	244
Pension contributions under the defined contribution scheme	15	11
	323	255

Retirement benefits are accruing to nil (2003 - nil) directors under the defined benefit scheme.

(c) Highest paid director

	2004 £'000	2003 £'000
Aggregate emoluments	127	105
Pension contributions under the defined contribution scheme	8	6
	135	111

Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2004

4 Staff costs

(a) Costs (including directors' emoluments)	2004 £'000	2003 £'000
Wages and salaries	1,528	1,765
Social security costs	161	152
Other pension costs	74	58
	1,763	1,975

(b) Pension costs

The company participates in pension schemes operated by the group. The two largest, one defined contribution, the other defined benefit, cover between them over 90% of total membership. In all cases the assets of the schemes are held in separate trustee administered funds.

The latest actuarial assessment of the main defined benefit scheme was at 5 April 2003, further details of which can be found in the annual report and accounts of Emap plc.

(c) Employees

The average weekly number of persons (including executive directors) employed by the company during the year was 47 (2003 - 47). Staff numbers disclosed in the prior year included freelancers whose costs are not taken through the payroll, comparatives have therefore been restated.

(d) Staff share bonus

Through the Emap Share Plan, Emap Plc has this year offered free shares to the value of £820 (2003 - £800) to qualifying staff. Sharemap is part of Lifemap, Emap's flexible benefits plan and allows staff to save up to £1,500 a year to buy Emap Plc shares. Emap Plc will then match the cumulative investment in shares on a one to one basis. The shares are held in trust for staff for three years, after which time they can be sold. After five years, the shares are free of income tax on release from the trust. The Emap SAYE scheme has now run in the UK for 20 consecutive years.

5 Tax on profit on ordinary activities

	2004 £'000	2003 £'000
Corporation tax at 30%	916	1,118
Corporation tax prior year adjustment	18	(1)
Total current tax	934	1,117
Deferred tax - current year	4	2
Deferred tax - prior year	12	(6)
Tax on profit on ordinary activities	950	1,113

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

	2004 £'000	2003 £'000
Profit before tax	2,919	3,693
Tax charge at 30% (2003 - 30%)	876	1,108
Corporation tax prior year adjustments	18	(1)
Non-tax deductible expenses	44	12
Deferred tax accelerated capital allowances	(4)	(2)
Tax charge for the current year	934	1,117

6 Dividend paid

	2004 £'000	2003 £'000
Dividend of £nil per share (2003 - £5.95 per share)	-	2,500

Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2004

7 Tangible fixed assets

	Freehold property £'000	Office equipment and vehicles £'000	Total £'000
Cost			
At 1 April 2003	784	2,976	3,760
Additions	-	15	15
At 31 March 2004	784	2,991	3,775
Depreciation			
At 1 April 2003	217	2,808	3,025
Provided during the year	19	84	103
At 31 March 2004	236	2,892	3,128
Net book value			
At 31 March 2004	548	99	647
At 31 March 2003	567	168	735

8 Debtors

	2004 £'000	2003 £'000
Trade debtors	2,254	1,875
Amounts owed by group undertakings	20,145	22,297
Other debtors	30	53
Prepayments and accrued income	528	241
Deferred tax (Note 10)	38	54
	22,995	24,520

Cash balances have been reclassified as amounts owed by group undertakings, where they are part of a group treasury arrangement within the Emap plc group. Comparatives have been adjusted for consistency.

9 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Trade creditors	-	120
Amounts owed to group undertakings	13,782	16,845
Other taxation and social security	366	396
Accruals and deferred income	296	190
Other creditors	23	293
Corporation tax	916	1,118
	15,383	18,962

Metro Radio Limited
Notes to the accounts
For the year ended 31 March 2004

10 Deferred taxation

The movement on deferred tax is:

	Deferred tax £'000
At 1 April 2003	(54)
Transferred from profit and loss account	16
At 31 March 2004	(38)

The deferred taxation asset has been recognised in the accounts as follows:

	2004 £'000	2003 £'000
Depreciation in advance of capital allowances	(38)	(54)

There is no unprovided deferred taxation.

11 Called up share capital

	2004 £'000	2003 £'000
Authorised 3,000,000 ordinary shares of £1 each	3,000	3,000
Allotted, called up and fully paid 420,234 ordinary shares of £1 each	420	420

12 Profit and loss account

	Profit and loss account £'000
At 1 April 2003	5,875
Retained profit for the year	1,969
At 31 March 2004	7,844

13 Reconciliation of movements in shareholders' funds

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2003	420	5,875	6,295
Retained profit for the year	-	1,969	1,969
At 31 March 2004	420	7,844	8,264

14 Lease commitments

Company cars are no longer disclosed as they are not considered to be long-term commitments, since the leases are cancellable at one month's notice. Prior year disclosures have been restated as nil accordingly.

15 Ultimate parent company

The ultimate parent company and controlling party is Emap plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Emap plc's consolidated financial statements can be obtained from the Registered Office at Wentworth House, Wentworth Street, Peterborough, PE1 1DS.