



Virgin Radio Holdings Limited

Accounts for the sixteen month period ending
31 July 1998 together with directors' and auditors'
reports

Registered number: 3359692



Directors' report

For the 16 month period ending 31 July 1998

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the 16 month period ended 31 July 1998. The company was incorporated on 21 April 1997.

Principal activities and business review

The principal activity of the company is that of a holding company. The company does not actively trade.

Results and dividends

The audited accounts for the period ended 31 July 1998 are set out on pages 4 to 9. The company's loss for the period, after taxation, was £843,000.

The directors do not recommend the payment of a dividend on the ordinary share capital.

Directors' interests

The directors of the company who served during the period were as follows:

R. Branson	(appointed 21 April 1997; resigned 8 December 1997)
D. Campbell	(appointed 8 December 1997)
K. Ibbett*	(appointed 29 April 1997; resigned 8 December 1997)
A. Mollett	(appointed 8 December 1997)
S. Murphy	(appointed 21 April 1997; resigned 8 December 1997)
A. Pearson	(appointed 8 December 1997)
Hal Directors Ltd	(appointed 21 April 1997; resigned 21 April 1997)

* alternate director to Richard Branson

Year 2000

The year 2000 issue is a serious challenge facing all companies. Ginger Media Group Limited, the ultimate parent undertaking (note 13), recognises the risks associated with this and is in the process of assessing the potential impact. A critical path action plan has been drawn up to amend or replace systems before the millennium bug takes effect.

Directors' report (continued)

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those accounts, 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 accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

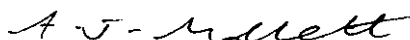
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint Arthur Andersen as auditors will be proposed to members at the Annual General Meeting.

120 Campden Hill Road
London
W8 7AR

By order of the Board,



A. Mollett
Financial Director

30 November 1998

Auditors' report

London

To the Shareholders of Virgin Radio Holdings Limited:

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

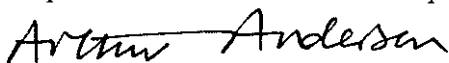
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company and of the group, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 July 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

30 November 1998

Profit and loss account

For the sixteen months ended 31 July 1998

	Notes	1998 £'000
Administration expenses		(63)
Operating loss	2	(63)
Interest receivable		155
Interest payable		(935)
Loss on ordinary activities before taxation		(843)
Tax on profit on ordinary activities	4	-
Loss on ordinary activities after taxation		(843)
Other finance costs of non-equity shares		(415)
Retained loss for the period	10	(1,258)

There were no recognised gains or losses in the period other than the loss for the above period.

The accompanying notes form an integral part of this profit and loss account.

Balance sheet

31 July 1998

	Notes	1998 £'000
Fixed assets		
Investments	5	30,369
Current assets		
Debtors	6	1,091
Cash at bank and in hand		34
		1,125
Creditors: Amounts falling due within one year	7	(20,541)
Net current liabilities		(19,416)
Total assets less current liabilities		10,953
Creditors: Amounts falling due after one year	8	(7,065)
Net assets		3,888
Capital and reserves		
Called-up share capital	9	3,954
Share premium	10	777
Profit and loss account	10	(843)
Shareholders' funds		3,888

Shareholders' funds include non-equity interests.

The accounts were approved by the Board and signed on its behalf by:

A. Mollett

Director

A. J. Mollett

30 November 1998

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

31 July 1998

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Group accounts

The company is exempt from producing consolidated financial statements as its results are consolidated within the financial statements of its parent undertaking. These financial statements present information only about the company and not of its subsidiary undertaking.

c) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

d) Investments

Fixed asset investments are shown at cost less provision for impairment.

e) Cash flow statement

The company has taken advantage of the exemption in FRS1 (Revised) from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary and its results are included within its parent company's consolidated financial statements.

2 Operating loss

The audit fee is borne by a fellow group company.

3 Staff costs and directors' remuneration

No-one was employed by the company (including executive directors) during the period nor received any remuneration.

4 Tax on profit on ordinary activities

Taxation charge on the result for the year:

1998
£'000

Corporation tax at 21%

-

Notes to accounts (continued)

5 Fixed asset investments

	1998 £'000
Subsidiary undertakings	30,369

The company's principal subsidiary undertaking is detailed below:

	Principal activity	Holding
Virgin Radio Ltd	Radio station	100% ordinary shares of £1 100% preference shares 91.1% ordinary shares of 1p

6 Debtors

	1998 £'000
Amounts due from group undertakings after one year	1,091

7 Creditors: Amounts falling due within one year

	1998 £'000
Other loans	864
Amounts owed to group undertakings	19,549
Accruals and deferred income	128
	20,541

8 Creditors: Amounts falling due after more than one year

	1998 £'000
Other loans	6,045
Amounts owed to group undertakings	1,020
	7,065

Notes to accounts (continued)

8 Creditors: Amounts falling due after more than one year (continued)

Other loans

	1998
	£'000
Between one and two years	864
Between two and five years	5,181
After five years	-
	<hr/> 6,045
On demand or within one year	864
	<hr/> 6,909

9 Called-up share capital

	1998
	£'000
<i>Authorised</i>	
6,039,295 ordinary shares of 1p each	60
3,893,522 8% preference shares of £1 each	3,894
	<hr/> 3,954
<i>Allotted, called-up and fully-paid</i>	£'000
6,039,295 ordinary shares of 1p each	60
3,893,522 8% preference shares of £1 each	3,894
	<hr/> 3,954

During the period the company issued 5,979,500 ordinary shares of 1p each to the initial shareholders at a consideration of 14p per share. It issued a further 59,795 ordinary share of 1p each and 3,893,522 8% preference shares of £1 each as part of a share for share exchange to acquire Virgin Radio Limited.

Holders of the 8% preference shares are entitled to receive notice of general meetings but not to attend or vote.

In the event of a winding up of the company, preference shareholders shall rank in priority to ordinary shareholders.

Notes to accounts (continued)

10 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
Share issues	777	-	777
Other finance costs of non-equity shares		415	415
Retained loss for the period	-	(1,258)	(1,258)
At 31 July 1998	<u>777</u>	<u>(843)</u>	<u>(66)</u>

11 Reconciliation of movements in shareholders' funds

	1998 £'000
Loss for the period	(1,258)
Other finance costs of non-equity shares	<u>415</u>
	(843)
New shares issued	<u>4,731</u>
Net addition to shareholders' funds	<u>3,888</u>
Closing shareholders' funds	<u>3,888</u>

Shareholders funds are split between:

	1998 £'000
Equity interests	(421)
Non-equity interests	<u>4,309</u>
	<u>3,888</u>

12 Related party transactions

In preparing the accounts, the company has taken advantage of the provisions within FRS8 and has not disclosed transactions with the ultimate parent company, Ginger Media Group Limited, or any other group undertakings.

13 Ultimate parent company

Virgin Radio Holdings Limited is a subsidiary undertaking of Ginger Media Group Limited, a company registered in the UK, whose financial statements are publicly available.

Both the smallest and largest group of which Virgin Radio Holdings Limited is a member, and for which consolidated financial statements are prepared, is that headed by Ginger Media Group Limited.