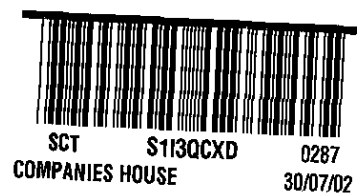


SC186240

SCORE DIGITAL LIMITED
REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2001



SCORE DIGITAL LIMITED

Directors

Richard Findlay (Chairman)
Grae Allan (Managing Director)
David Goode
Alexander Dickson OBE AE (Resigned 10/12/00)
John Bowman (Resigned 10/09/01)

Secretary

Jane E A Tames

Registered Office

Clydebank Business Park
Clydebank
Glasgow G81 2RX

Company Registered Number

186240

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and the company's financial statements for the year ended 30 September 2001.

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. 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.
- 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 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.

Activities

The principal activity of the company is the provision of digital radio services in accordance with licences granted by the Radio Authority. The company has been awarded 5 such licences.

Financial

The profit for the financial period amounted to £26,000. The directors do not recommend the payment of any dividend.

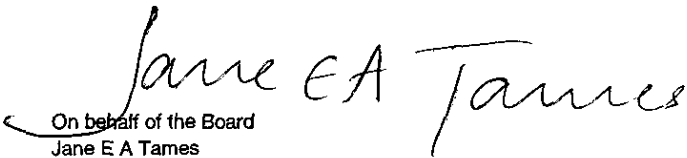
Directors

The directors of the company as at 30 September 2001 were as noted on Page 2.

None of these directors held any shares in the company during the year.

The interests of Mr Findlay and Mr Goode in the share capital of the ultimate parent company, Scottish Radio Holdings plc, are disclosed in the financial statements of that company. The other directors' interests in the share capital of Scottish Radio Holdings plc were as shown below:

	<u>Number of Ordinary Shares of 10p each</u> At 30 September 2001			At 30 September 2000		
	Personal Holding	Profit Sharing Plans	Share Options	Personal Holding	Profit Sharing Plans	Share Options
Grae Allan	21,445	1,277	8,000	21,445	1,127	-


On behalf of the Board
Jane E A James
Company Secretary

Clydebank Business Park
Clydebank
Glasgow G81 2RX

17 April 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCORE DIGITAL LIMITED

We have audited the financial statements on pages 5 to 9.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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 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 mis-statement, 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 2001 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
24 Blythswood Square
Glasgow
G2 4QS

18 July 2002

ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cash flow statement

Under Financial Reporting Standard Number 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Turnover

Turnover represents amounts invoiced in respect of all goods and services provided by the company (after deduction of agency commission) and excludes value added tax.

Depreciation

Tangible fixed assets are depreciated on a straight line basis over their estimated economic lives at the following annual rates:

Transmitters	10%
Furniture & Fittings	25%
Technical equipment	25%
Motor vehicles	25%

Pension costs

The company is a member of a pension scheme operated by Scottish Radio Holdings plc which provides benefits based on final pensionable pay. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions evenly over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit funding method (see Note 11).

Taxation

Provision is made for deferred taxation on all material timing differences unless the liability is unlikely to become payable in the foreseeable future.

SCORE DIGITAL LIMITED**PROFIT & LOSS ACCOUNT****For the year ended 30 September 2001**

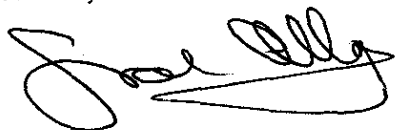
	Notes	YEAR TO 30.09.01 £000	YEAR TO 30.09.00 £000
Turnover		1,269	159
Staff costs	3	(153)	(106)
Depreciation	2	(1)	(1)
Other operating charges		(1,021)	(174)
Operating expenses		(1,175)	(281)
Operating profit/(loss)		94	(122)
Taxation	5	(68)	33
Profit/(loss) for the financial year		26	(89)
Dividends		-	-
Retained profit/(deficit) for the financial year	10	26	(89)

Other than the profit for the financial year, there have been no recognised gains or losses.

SCORE DIGITAL LIMITED**BALANCE SHEET as at 30 September 2001**

			AS AT 30.09.01 £000	AS AT 30.09.00 £000
	Notes	£000	£000	£000
Fixed Assets				
Tangible assets	6		4	4
Current Assets				
Debtors	7	748		179
Cash at bank and in hand		1,869		926
		<u>2,617</u>		<u>1,105</u>
Creditors				
Amounts falling due within one year	8	<u>(2,465)</u>		<u>(979)</u>
Net Current Assets			152	126
Net Assets			<u>156</u>	<u>130</u>
Capital and Reserves				
Called up share capital	9	250		250
Profit and Loss Account	10	(94)		(120)
Shareholders' funds - equity			<u>156</u>	<u>130</u>

These financial statements were approved by the board of directors on 17 April 2002 and were signed on its behalf by:



Grae Allan

Director

NOTES (forming part of the financial statements)**1 Analysis of turnover and operating loss**

The operating loss relates entirely to digital radio activities in the United Kingdom.

2 Operating profit

	YEAR TO 30.09.01 £000	YEAR TO 30.09.00 £000
Operating profit is stated after inclusion /(deduction) of:		
Depreciation of tangible fixed assets	(1)	(1)
Auditors' remuneration	(3)	(3)

3 Staff

Average number of employees by activity:	Number	Number
Broadcasting (including executive directors)	3	2
Employee costs:	£000	£000
Salaries (including executive directors)	125	86
Social security costs	13	9
Other pension costs (see Note 11)	15	11
	153	106

4 Directors' remuneration

	£000	£000
Basic salaries	68	66
Profit Related Pay scheme	0	1
Profit Sharing Plan	0	3
	68	70

5 Taxation

	£000	£000
Corporation Tax charges	68	(33)

6 Tangible fixed assets

	Technical equipment	Fixtures & Fittings	Total
	£000	£000	£000
COST			
At beginning of year	2	3	5
Additions	-	1	1
At end of year	2	4	6
DEPRECIATION			
At beginning of year	1	-	1
Charge for year	-	1	1
At end of year	1	1	2
NET BOOK VALUE			
At end of year	1	3	4
At beginning of year	1	3	4

7 Debtors: Amounts falling due within one year

	AS AT 30.09.01 £000	AS AT 30.09.00 £000
Trade debtors	244	96
Prepayments	304	-
Other debtors	200	46
Group relief receivable	-	37
	748	179

	AS AT 30.09.01 £000	AS AT 30.09.00 £000
8 Creditors: Amounts falling due within one year		
Trade Creditors	76	42
Deposits held on behalf of content providers	1,750	854
Other tax and social security	61	27
Amounts owed to fellow subsidiary undertaking	483	33
Accruals	48	21
Corporation Tax	34	-
Other creditors	13	2
	<u>2,465</u>	<u>979</u>

	AS AT 30.09.01 £	AS AT 30.09.00 £
9 Share capital		
Authorised, called up and fully paid:		
250,002 Ordinary shares of £1 each	<u>250,002</u>	<u>250,002</u>

10 Reconciliation of movements in shareholders' funds

	Share capital £000	Profit & loss account £000	AS AT 30.09.01 £000	AS AT 30.09.00 £000
At beginning of year	250	(120)	130	(31)
Shares issued during year	-	-	-	250
Retained profit for the financial year	-	26	26	(89)
At end of year	<u>250</u>	<u>(94)</u>	<u>156</u>	<u>130</u>

11 Pension commitments

The Company is a member of a pension scheme operated by Scottish Radio Holdings plc which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested through a managed fund.

The most recent valuation of the group scheme by its independent actuary was 1 October 1998 and details of this valuation including the transitional disclosures required by FRS 17 : Retirement benefits are contained in the financial statements of Scottish Radio Holdings plc. The value of assets and liabilities applicable to each participating employer will not be separately identified and as such, the company intends to account for its pension costs on a defined contribution basis as permitted by FRS 17. The net pension charge for the year was £15,000 (2000 - £11,000).

12 Related party disclosures

As the company is a wholly owned subsidiary of Scottish Radio Holdings plc, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group.

13 Ultimate parent undertaking

The company's ultimate parent undertaking is Scottish Radio Holdings plc, a company incorporated in the United Kingdom and registered in Scotland.

The financial statements of Scottish Radio Holdings plc are available to the public at that company's registered office at Clydebank Business Park, Clydebank, Glasgow G81 2RX.