Company Registration Number 3739421

GMG RADIO HOLDINGS LIMITED

REPORT AND ACCOUNTS 2001

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LIST OF DIRECTORS AND ADVISERS

Directors
I.S. Ashcroft
P.E. Boardman
N. Castro
J. Myers
R.W. Phillis

Secretary
P.E. Boardman

Registered Auditors
PricewaterhouseCoopers
Chartered Accountants
101 Barbirolli Square
Lower Mosley Street
Manchester M2 3PW

Bankers
The Royal Bank of Scotland plc
City Office
55 King Street
Manchester M60 2DB

Registered Office
164 Deansgate
Manchester M3 3GG

REPORT OF THE DIRECTORS

for the period ended 1st April 2001

1. The Directors present their report and the audited financial statements of the company for the year ended 1st April 2001.

2. Business review
The results for the year is set out in the profit and loss account on page 6. The Board does not envisage any major changes in the company's activities in the foreseeable future. The Directors do not recommend payment of a dividend.

3. Activity
The company is an investment holding company.

4. Employee involvement
There is regular contact between management and employees' representatives so as to ensure that employees are provided with information on matters of concern to them as employees and are aware of the financial and economic factors affecting the performance of the company and so that their views can be taken into account in making decisions which are likely to affect their interests.

5. Employment of disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

6. Directors interests in shares of the company
According to the Register kept under Section 325 of the Companies Act 1985 no director had any interest in the shares of the company, the company's holding company or a subsidiary of the company's holding company either at the beginning or end of the period. As permitted by statutory instrument the Register does not include any shareholdings by directors who are also directors of the holding company.

7. Directors
The Directors of the company at 1st April 2001 are listed on page 2.

Mr P.E. Boardman was appointed as a director on 23rd March 2001. Mr A.V. Townsend, who was a director on 2nd April 2000, resigned as a director on 27th March 2001.

All other directors served throughout the year.

REPORT OF THE DIRECTORS (continued)

8. Directors' responsibilities

The Directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period.

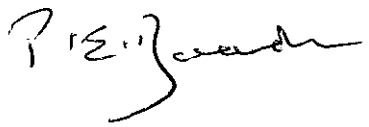
The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 1st April 2001. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

9. Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



P.E. Boardman
Secretary
164 Deansgate
Manchester
M60 2RR
22nd June 2001

REPORT OF THE AUDITORS

to the members of
GMG RADIO HOLDINGS LIMITED

We have audited the financial statements on pages 6 to 11.

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 the company's affairs at 1st April 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Manchester
22nd June 2001

GMG RADIO HOLDINGS LIMITED

PROFIT & LOSS ACCOUNT

for the period ended 1st April 2001

	Note	2001	2000
All Continuing Operations :-		£000	£000
Turnover	1	0	1
Operating costs:			
Staff costs	2	227	162
Depreciation on tangible fixed assets		2	1
Other operating charges		501	405
Operating loss	3	(730)	(567)
Interest payable to fellow subsidiary		(86)	0
Loss on ordinary activities before taxation		(816)	(567)
Tax on loss on ordinary activities	4	147	0
Loss for the financial year		(669)	(567)
Statement of retained losses			
Balance at 3rd April 2000		(567)	0
Loss for the period		(669)	(567)
Balance at 1st April 2001		(1,236)	(567)

The company has no recognised gains and losses other than those included in the losses above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

The notes on pages 8 to 11 form a part of these accounts.

GMG RADIO HOLDINGS LIMITED

BALANCE SHEET

as at 1st April 2001

	Note		2001		2000
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	5		19		5
Investments	6		3,265		0
			3,284		5
Current Assets					
Amount owed by parent company		462		0	
Amounts owed by subsidiary companies		137		0	
Tax recoverable		147		0	
		746		0	
Current Liabilities					
Amounts owed to subsidiary companies		(5,266)		0	
Amount owed to parent company		0		(572)	
		(5,266)		(572)	
Net current liabilities			(4,520)		(572)
Total assets less current liabilities			(1,236)		(567)
Net liabilities			(1,236)		(567)
Capital and reserves					
Called up share capital	7		0		0
Profit and loss account			(1,236)		(567)
Equity shareholders' deficit	8		(1,236)		(567)

Directors:

These accounts were approved by the Board of Directors on 22nd June 2001.

The notes on pages 8 to 11 form a part of these accounts.

ACCOUNTING POLICIES

Accounting basis
The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below. The accounts have been prepared on the historical cost basis. The company relies on support from its holding company.

The company has received confirmation from its fellow subsidiary that it will not seek repayment of the loans outstanding at the balance sheet date in the foreseeable future.

The company is exempt from the requirement to produce consolidated financial statements, on the basis that it is a wholly owned subsidiary of Guardian Media Group plc.

Cash flow statement
The company is a wholly owned subsidiary of Guardian Media Group plc and the cash flows of the company are included in the consolidated group cash flow statement of Guardian Media Group plc. Consequently the company is exempt from publishing a cash flow statement, under Financial Reporting Standard Number 1.

Depreciation
Depreciation of tangible fixed assets has been calculated to write off original cost by equal instalments over the expected useful life of the asset concerned. The principal annual rate used for depreciation is :

Furniture, fixtures and fittings	10%

In the year of acquisition, depreciation is charged only on those assets in use for more than six months.

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.

Turnover
This represents amounts invoiced to customers (net of VAT) less discounts.

Operating leases
Costs in respect of operating leases are charged in arriving at the operating results on a straight line basis over the period of the lease.

Investments
Shares in subsidiary and associates and in other investments are shown at cost less any amounts written off for impairment.

Pension costs
The company operates defined contribution pension schemes. Contributions are made in accordance with the scheme rules, and charged to operating profit as incurred.

GMG RADIO HOLDINGS LIMITED

NOTES
relating to the Accounts 2001

1. Turnover
Sales are made substantially in the U.K.

2. Staff costs	2001 £000	2000 £000
(a) Staff costs during the year including executive directors		
Wages and salaries	193	138
Employers social security costs	21	15
Employers pension costs	13	9
	227	162

(b) Average number of persons employed including executive directors

	No.	No.
Administration	6	3
	6	3

(c) Emoluments of directors	2001 £000	2000 £000
Aggregate emoluments	137	59
Company pension contributions to money purchase schemes	10	3

GMG RADIO HOLDINGS LIMITED
NOTES
relating to the Accounts 2001 - continued

3. Operating loss	2001 £000	2000 £000
The following amounts have been charged in arriving at loss on ordinary activities before taxation		
Depreciation charge for the period on tangible owned fixed assets	1	1

Auditors remuneration for audit and non audit services has been borne by the holding company.

4. Tax on loss on ordinary activities

United Kingdom corporation tax at 30% (2000 30%):		
Current	147	0
	147	0

5. Tangible fixed assets

	Fixtures and fittings
	£000
Cost	
At 3rd April 2000	6
Additions	15
At 1st April 2001	21
Depreciation	
At 3rd April 2000	1
Charge for year	1
At 1st April 2001	2
Net book value	
At 1st April 2001	**19**
Net book value	
At 2nd April 2000	5

GMG RADIO HOLDINGS LIMITED
NOTES
relating to the Accounts 2001 - continued

6. Investments	£000
Shares in subsidiary companies	
Cost and net book value	
At 3rd April 2000	0
Additions	3,265
At 1st April 2001	3,265

The additions in the year relate to an increase in the shareholding of Real Radio Limited.

Subsidiary Companies	**Description of shares held by the company**	**Equity Holding**
Real Radio Limited	£1 ordinary shares	100%
Morecambe Bay Broadcasting Company Limited*	£1 ordinary shares	100%
Radio Variety Limited*	£1 ordinary shares	100%
Variety FM Limited*	£1 ordinary shares	100%
Variety Radio Limited*	£1 ordinary shares	100%
MRH Radio Limited*	£1 ordinary shares	100%

Real Radio Limited holds the regional radio licence for South Wales.

* These companies were dormant during the year under review.

7. Called up share capital	2001 £	2000 £
Authorised,		
Ordinary shares of £1 each	1,000	1,000
Issued, called up and fully paid		
Ordinary shares of £1 each	1	1

8. Reconciliation of movements in equity shareholders' funds	2001 £000	2000 £000
Opening shareholders' deficit	(567)	0
Loss for the financial period	(669)	(567)
Closing shareholders' deficit	(1,236)	(567)

9. Capital commitments authorised
Contracts for capital expenditure amounted to approximately £NIL (£NIL 2000).

10. Related party transactions
The directors regard Guardian Media Group plc as the controlling party by virtue of its 100% interest in the equity share capital of the company. Transactions with fellow subsidiary members of the Guardian Media Group plc are not required to be disclosed under FRS 8 as these transactions are fully eliminated on consolidation.

11. Ultimate parent company
The company's immediate and ultimate holding company is Guardian Media Group plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the ultimate holding company's consolidated financial statements may be obtained from The Secretary, Guardian Media Group plc, 164 Deansgate, Manchester M3 3GG. All the ordinary shares of Guardian Media Group plc are owned by the Scott Trust.