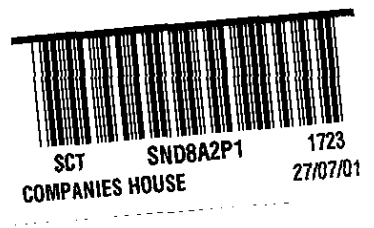


BEAT 106 LIMITED

REGISTERED NUMBER: SC168821

FINANCIAL STATEMENTS

13 MONTHS ENDED 30TH SEPTEMBER 2000



BEAT 106 LIMITED

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30TH SEPTEMBER 2000

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COMPANY INFORMATION

30TH SEPTEMBER 2000

DIRECTORS

PJ Harris - appointed 7/7/00
PR Davis – appointed 7/7/00
N Schwarz – appointed 7/7/00
J Graham – appointed 1/4/01
H Murray – appointed 21/2/01
R Arnott – resigned 7/7/00
S Clumpas – resigned 7/7/00
S Gregory – resigned 7/7/00
R Hain – resigned 7/7/00
R Hodge – resigned 7/7/00
G Mackintosh – resigned 22/10/99
N McCulloch – resigned 7/7/00
R McLeod – resigned 7/7/00
A Montgomery – resigned 22/10/99
C Smillie – resigned 7/7/00

SECRETARY

N Schwarz – appointed 7/7/00

REGISTERED OFFICE

The Four Winds Pavilion
Pacific Quay
Glasgow
G51 1EB
SCOTLAND

BANKERS

Bank of Scotland
144 High Street
Southampton
Hampshire
S09 3LX

AUDITORS

KPMG Audit Plc
8 Salisbury Square
LONDON
EC4Y 8BB

DIRECTORS' REPORT

30TH SEPTEMBER 2000

The Directors present their report, together with the audited financial statements of the company for the 13 month period ended 30th September 2000. On 12th July 2000 the company was acquired by Capital Radio plc.

Business Review

The principal activity of the company is that of an independent local radio contractor broadcasting in accordance with a licence granted by the Radio Authority.

Results

The company's loss for the period after taxation was £1,744,000 (Year ended 31st August 1999: loss £295,000). Details are set out in the Profit and Loss Account on page 5.

Dividends

The Directors do not recommend payment of a dividend.

Directors

The directors who held office during the period are listed on page 1.

The share interests of the directors who are also directors of the ultimate parent company, Capital Radio plc are disclosed in that company's financial statements.

The interests of the directors, who are not also directors of the ultimate holding company, in Capital Radio plc, are shown below:

	At 30 September 2000	At 30 September 1999
	Share Options	Share Options
N Schwarz	14,948	-
H Murray	10,509	-

The option prices for N Schwarz lie in the range between £8.97 and £12.245 and options are exercisable between November 2002 and November 2009. The option price for H Murray is £7.65 and options are exercisable between May 2004 and May 2011 .

Directors' interests in material contracts

No director had, during or at the end of the year, any material interest in a contract which was significant in relation to the company's business.

DIRECTORS' REPORT

30TH SEPTEMBER 2000

Statement of Directors' responsibilities

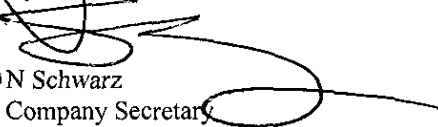
Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. The directors are required to:

- 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 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 maintaining 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.

Auditors

During the period KPMG Audit Plc were appointed as auditors and in accordance with Section 384 of the Companies Act 1985, a resolution for their re-appointment as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

N Schwarz
Company Secretary

23/7/01

AUDITORS' REPORT TO THE MEMBERS OF BEAT 106 LIMITED

30TH SEPTEMBER 2000

We have audited the financial statements on pages 5 to 11.

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. 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 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 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 as at 30 September 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditors

26 July 2001

PROFIT & LOSS ACCOUNT

30TH SEPTEMBER 2000

	Notes	13 months ended 30 September 2000 £'000	Year ended 31 August 1999 £'000
Turnover	2	625	-
Staff Costs	3	(653)	(23)
Depreciation		(101)	-
Other operating charges		(1,597)	(191)
Operating loss	5	<u>(1,726)</u>	<u>(214)</u>
Interest receivable	6	6	-
Interest payable and similar charges	7	(24)	-
		<u> </u>	<u> </u>
Loss on ordinary activities before and after taxation and retained for the year		<u>(1,744)</u>	<u>(214)</u>
Reconciliation of movement in shareholders' funds			
Opening deficit on Shareholders' funds		(295)	(81)
Loss for the period		(1,744)	(214)
		<u> </u>	<u> </u>
Closing deficit on Shareholders' funds		<u>(2,039)</u>	<u>(295)</u>

The company has no recognised gains or losses other than those disclosed above.

All disclosures relate only to continuing operations.

Movements in reserves are set out in note 14.

There is no difference in the profit on the historical cost basis and that disclosed in the profit and loss account.

BALANCE SHEET

30TH SEPTEMBER 2000

	Notes	30 September 2000		31 August 1999	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible	9		926		226
Current assets					
Debtors	10	42		55	
Cash at bank and in hand		-		48	
		<u>42</u>		<u>103</u>	
Creditors :					
amounts falling due within one year	11	(904)		(624)	
		<u></u>		<u></u>	
Net current liabilities			(862)		(521)
Total assets less current liabilities			<u>64</u>		<u>(295)</u>
Creditors :					
amounts falling due after one year	12		(93)		-
Net liabilities			<u>(29)</u>		<u>(295)</u>
Capital and reserves					
Called up share capital	13		200		-
Share premium account	14		1,810		-
Profit and loss account	14		(2,039)		(295)
Deficit on Equity Shareholders' funds			<u>(29)</u>		<u>(295)</u>

The financial statements were approved by the Board of Directors on its behalf by:



P J Harris
Director

23/7/01

and were signed on

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2000

1. ACCOUNTING POLICIES

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the company's financial statements:

1.1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards. The financial statements have been prepared on a going concern basis on the grounds that the ultimate parent company has undertaken to continue its financial support for the foreseeable future, being not less than 12 months.

1.2 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Leasehold premises	over the lease period
Office and studio equipment	20% - 33.33%

1.3 DEFERRED 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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

1.4 FINANCE LEASES

Assets held under finance lease agreements are included in tangible fixed assets and are amortised in accordance with the depreciation policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. Finance charges are charged to the profit and loss account over the period of the agreement.

1.5 OPERATING LEASES

Rentals payable under operating lease agreements are charged to the profit and loss account in the period to which they relate.

1.6 CASH FLOW

In accordance with Financial Reporting Standard 1 (revised), the company does not prepare a cash flow statement as it is a wholly owned subsidiary undertaking of a UK parent company. Cash flows of the company are shown in the financial statements of the ultimate parent company, Capital Radio plc.

1.7 FINANCIAL REPORTING STANDARD 8 (FRS 8)

As the company is a wholly owned subsidiary of Capital Radio plc, the company has taken advantage of the exemption contained in FRS 8 and has, therefore, not disclosed transactions or balances with entities which form part of the group.

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2000

2. TURNOVER

Turnover comprises the invoice value of services supplied exclusive of VAT.

3. STAFF COSTS

The average number of persons employed by the company (including executive directors) during the period was as follows:

	13 months to 30 September 2000	Year to 31 August 1999
	No.	No.
Programming and news	6	-
Sales & Marketing	11	-
Administration	3	2
Total employees	<u>20</u>	<u>2</u>

The aggregate payroll costs of these persons were as follows

	£'000	£'000
Wages and salaries	591	21
Social security costs	61	2
Pension costs (see note 20)	1	-
	<u>653</u>	<u>23</u>

4. DIRECTORS' EMOLUMENTS

PJ Harris is employed and paid by Capital Radio plc.

5. LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION

Loss on ordinary activities before taxation all relates to the company's principal activity and is stated after charging the following:

	13 months to 30 September 2000	Year to 31 August 1999
	£'000	£'000
Depreciation – owned assets	57	-
Depreciation – leased assets	44	-
Payments under operating leases	17	-
	<u>118</u>	<u>-</u>

In the period to 30 September 2000 the auditors' remuneration was paid by the ultimate parent company.

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2000

6. INTEREST RECEIVABLE

	13 months to 30 September 2000 £'000	Year to 31 August 1999 £'000
Bank Interest	6	-
	<u>6</u>	<u>-</u>
	=====	=====

7. INTEREST PAYABLE AND SIMILAR CHARGES

	13 months to 30 September 2000 £'000	Year to 31 August 1999 £'000
Bank Interest	16	1
Hire purchase interest	8	2
	<u>24</u>	<u>3</u>
	=====	=====

8. TAXATION

There is no tax due. (1999 : £nil).

9. TANGIBLE FIXED ASSETS

	Long Leasehold Premises £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost:			
At 1st September 1999	142	85	227
Additions	554	247	801
At 30th September 2000	<u>696</u>	<u>332</u>	<u>1,028</u>
	=====	=====	=====
Depreciation:			
At 1st September 1999	-	-	-
Charged in the period	31	71	102
At 30th September 2000	<u>31</u>	<u>71</u>	<u>102</u>
	=====	=====	=====
Net book value:			
At 30th September 2000	<u>665</u>	<u>261</u>	<u>926</u>
	=====	=====	=====
At 31st August 1999	<u>142</u>	<u>84</u>	<u>226</u>
	=====	=====	=====

Within fixtures, fittings and equipment there is studio equipment under a finance lease agreement with a cost of £217,613 (1999 £Nil). The depreciation charge on these assets was £ 43,523 (1999 £Nil).

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2000

10. DEBTORS

	30 September 2000 £'000	31 August 1999 £'000
Other Debtors	-	55
Prepayments	42	-
	<u>42</u>	<u>55</u>
	=====	=====

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:

	30 September 2000 £'000	31 August 1999 £'000
Bank overdraft	298	-
Obligations under Finance Leases	50	-
Trade creditors	-	229
Amounts owed to ultimate parent company	416	-
Other creditors	11	-
Accruals	97	388
Other taxation and social security	32	7
	<u>904</u>	<u>624</u>
	=====	=====

12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR:

	30 September 2000 £'000	31 August 1999 £'000
Obligations under Finance Leases		
Repayable in 1-2 years	57	-
Repayable in 2-5 years	36	-
	<u>93</u>	<u>-</u>
	=====	=====

13. CALLED UP SHARE CAPITAL

	30 September 2000	31 August 1999
EQUITY SHARE CAPITAL		
Authorised: 200,000 ordinary shares of £1 each	200,000	200,000
	<u>=====</u>	<u>=====</u>
Allotted, called up and fully paid : 200,000 ordinary shares of £1 each	200,000	-
	<u>=====</u>	<u>=====</u>

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2000

14. STATEMENT OF MOVEMENT IN RESERVES

	Profit and Loss Account £'000	Share Premium Account £'000
At 31st August 1999	(295)	-
Retained loss for the period	(1,744)	-
Premium arising on the issue of Share Capital	-	1,810
At 30th September 2000	<u>(2,039)</u>	<u>1,810</u>

15. FINANCIAL COMMITMENTS

There was no contracted capital expenditure authorised by the Directors at 30th September 2000.

The annual commitments under operating leases are as follows:

	30 September 2000 £'000	31 August 1999 £'000
On leases expiring:		
Within one year	-	-
Between one and two years	2	-
Between two and five years	19	-
Over 5 years	28	-
	<u>49</u>	<u>-</u>

16. TRANSACTIONS WITH DIRECTORS

There were no transactions with Directors in the year.

17. CONTINGENT LIABILITIES

The company has given its bankers a cross guarantee to secure the bank borrowings of the other group undertakings. This guarantee is secured by a fixed and floating charge over all the assets of the company.

18. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Capital Radio plc which is incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of Capital Radio plc are available to the public and may be obtained from 30 Leicester Square, London, WC2H 7LA.

19. RELATED PARTIES

Details of related party transactions between the Capital Radio Group and related parties are set out in the accounts of Capital Radio plc.

20. PENSION FUNDS

The company participates in the Capital Radio Group Personal Pension Plan. The scheme is a contributory defined contribution arrangement and the company makes age-related contributions to the scheme for participating staff. The total pension cost to the company for the year was £1,000 (1999: £nil).