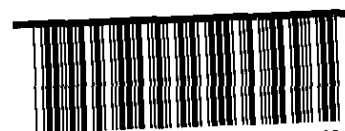


BEAT 106 LIMITED

REGISTERED NUMBER: SC168821

FINANCIAL STATEMENTS

30TH SEPTEMBER 2001



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BEAT 106 LIMITED

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30TH SEPTEMBER 2001

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COMPANY INFORMATION

30TH SEPTEMBER 2001

DIRECTORS

PJ Harris
PR Davies
N Schwarz
J Graham
MA Jones (appointed 3 September 2001)
H Murray

SECRETARY

N Schwarz

REGISTERED OFFICE

The Four Winds Pavilion
Pacific Quay
GLASGOW
G51 1EB
SCOTLAND

BANKERS

Bank of Scotland
144 High Street
SOUTHAMPTON
Hampshire
SO9 3LX

AUDITORS

KPMG Audit Plc
8 Salisbury Square
LONDON
EC4Y 8BB

DIRECTORS' REPORT

30TH SEPTEMBER 2001

The directors present their report, together with the audited financial statements of the company for the year ended 30th September 2001.

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 £714,000 (13-month period to 30th September 2000: loss £1,744,000). Details are set out in the Profit and Loss Account on page 5. A letter of support has been gained from the parent company.

Dividends

The Directors are unable to recommend payment of a dividend (2000: £Nil).

Directors

The directors who held office during the year are listed on page 1. Details of any interests in shares and share options of the ultimate parent company are shown below. None of the directors had any interest in shares of the company. The interests of PR Davies and PJ Harris in shares of the ultimate parent company, Capital Radio plc, are shown in that company's financial statements.

	Number of shares At 1 October 2000	Number of shares At 30 September 2001	Option price	Date exercisable
N Schwarz	13,475	13,475	£12.245	November 2002
	-	11,300	£11.725	November 2003
	1,881	1,881	£8.97	February 2005
H Murray	-	10,509	£7.65	May 2004
M A Jones	13,475	13,475	£12.245	November 2002
	-	11,300	£11.725	November 2003
	1,881	1,881	£8.97	February 2005

The options expire seven years after the first available date of exercise, and were granted for a total consideration of £1.

None of the directors are required to retire by rotation.

DIRECTORS' REPORT

30TH SEPTEMBER 2001

Directors' interests in material contracts

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

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:

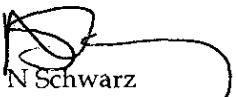
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial 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

A resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the company.

By order of the Board


N Schwarz
Company Secretary

Date: 22/7/02

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BEAT 106 LIMITED

30TH SEPTEMBER 2001

We have audited the financial statements on pages 5 to 12.

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 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 2001 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 2002

PROFIT & LOSS ACCOUNT

30TH SEPTEMBER 2001

	Notes	Year ended 30 September 2001 £'000	13 months ended 30 September 2000 £'000
Turnover	2	2,081	625
Staff Costs	3	(644)	(653)
Depreciation	5	(127)	(101)
Other operating charges		(2,147)	(1,597)
Operating loss		<u>(837)</u>	<u>(1,726)</u>
Interest receivable	6	-	6
Interest payable and similar charges	7	-	(24)
Loss on ordinary activities before taxation	3-5	<u>(837)</u>	<u>(1,744)</u>
Taxation	8	123	-
Loss for the financial period	14	<u>(714)</u> =====	<u>(1,744)</u> =====
Reconciliation of movement in shareholders' deficit			
Opening deficit on Shareholders' funds		(29)	1,715
Loss for the period		(714)	(1,744)
Closing deficit on Shareholders' funds		<u>(743)</u> =====	<u>(29)</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 2001

	Note s		30 September 2001	30 September 2000
		£'000	£'000	£'000
Fixed assets				
Tangible	9		916	926
Current assets				
Debtors	10	170		42
		<u>170</u>		<u>42</u>
Creditors :				
amounts falling due within one year	11	(1,793)		(904)
Net current liabilities			<u>(1,623)</u>	<u>(862)</u>
Total assets less current liabilities			<u>(707)</u>	<u>64</u>
Creditors :				
amounts falling due after one year	12		(36)	(93)
Net liabilities			<u>(743)</u>	<u>(29)</u>
Capital and reserves				
Called up share capital	13		200	200
Share premium account	14		1,810	1,810
Profit and loss account	14		(2,753)	(2,039)
Deficit on Equity Shareholders' funds			<u>(743)</u>	<u>(29)</u>

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

22/7/02

and were



P J Harris
Director

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2001

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. In the general interests of the company, it was unanimously agreed that Capital Radio plc should continue to provide financial and other support to Beat 106 Limited at least for the next twelve months and thereafter for the foreseeable future to enable it to meet its liabilities as they fall due.

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 2001

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:

	Year to 30 September 2001	13 months to 30 September 2000
	No.	No.
Programming and news	4	6
Engineering	1	-
Sales & Marketing	11	11
Administration	3	3
Total employees	19	20
	=====	=====

The aggregate payroll costs of these persons were as follows

	£'000	£'000
Wages and salaries	578	591
Social security costs	62	61
Pension costs (see note 20)	4	1
	644	653
	=====	=====

4. DIRECTORS' EMOLUMENTS (INCLUDING PENSION CONTRIBUTIONS)

	2001 £'000	2000 £'000
Fees	6	-
Remuneration	74	-
Defined contribution pension scheme	2	-
	82	-
	=====	=====

No directors are members of the defined contribution pension scheme. PR Davies, PJ Harris, N Schwarz and MA Jones are employed and paid by Capital Radio plc and received no remuneration for services in respect of the company.

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2001

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:

	Year to 30 September 2001 £'000	13 months to 30 September 2000 £'000
Depreciation – owned assets	83	57
Depreciation – leased assets	44	44
Payments under operating leases	57	17
	=====	=====

In the period to 30 September 2001 and 2000 the auditors' remuneration was paid by the ultimate parent company.

6. INTEREST RECEIVABLE

	Year to 30 September 2001 £'000	13 months to 30 September 2000 £'000
Bank Interest	-	6
	-	6
	=====	=====

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 30 September 2001 £'000	13 months to 30 September 2000 £'000
Bank Interest	-	16
Hire purchase interest	-	8
	-	24
	=====	=====

8. TAXATION

	Year to 30 September 2001 £'000	13 months to 30 September 2000 £'000
Corporation tax at 30% (2000: 30%) - credit	-	-
Losses surrendered to other group companies	123	-
	123	-
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2001

9. TANGIBLE FIXED ASSETS

	Long Leasehold Premises £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost:			
At 1st October 2000	696	332	1,028
Additions	-	117	117
At 30th September 2001	696	449	1,145
Depreciation:			
At 1st October 2000	31	71	102
Charged in the year	28	99	127
At 30th September 2001	59	170	229
Net book value:			
At 30th September 2001	637	279	916
At 30th September 2000	665	261	926

Within fixtures, fittings and equipment there is studio equipment under a finance lease agreement with a cost of £217,613 (2000: £217,613). The depreciation charge on these assets was £43,523 (2000: £21,761).

10. DEBTORS

	30 September 2001 £'000	30 September 2000 £'000
Other Debtors	21	-
Corporation tax recoverable	123	-
Prepayments	26	42
	170	42

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:

	30 September 2001 £'000	30 September 2000 £'000
Bank overdraft	-	298
Obligations under finance leases	53	50
Amounts owed to ultimate parent company	1,428	416
Other creditors	37	11
Accruals	275	97
Other taxation and social security	-	32
	1,793	904

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2001

12. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR:

	30 September 2001 £'000	30 September 2000 £'000
Obligations under finance leases		
Repayable in 1-2 years	36	57
Repayable in 2-5 years	-	36
	<u>36</u>	<u>93</u>
	=====	=====

13. CALLED UP SHARE CAPITAL

	30 September 2001 £'000	30 September 2000 £'000
EQUITY SHARE CAPITAL		
Authorised: 200,000 ordinary shares of £1 each	200	200
	=====	=====
Allotted, called up and fully paid : 200,000 ordinary shares of £1 each	200	200
	=====	=====

14. STATEMENT OF MOVEMENT IN RESERVES

	Profit and Loss Account £'000	Share Premium Account £'000
At 30th September 2000	(2,039)	1,810
Retained loss for the year	(714)	-
At 30th September 2001	<u>(2,753)</u>	<u>1,810</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2001

15. FINANCIAL COMMITMENTS

There was no contracted capital expenditure authorised by the Directors at 30th September 2001 (2000: £ Nil)

The annual commitments under operating leases are as follows:

	30 September 2001	30 September 2000
	£'000	£'000
On leases expiring:		
Within one year	1	-
Between one and two years	3	2
Between two and five years	33	19
Over 5 years	31	28
	68	49
	=====	=====

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 unsecured. The directors do not anticipate that any liability will fall on the company in respect of this guarantee.

18. ULTIMATE PARENT COMPANY

The company's immediate and 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 £4,000 (2000: £1,000).