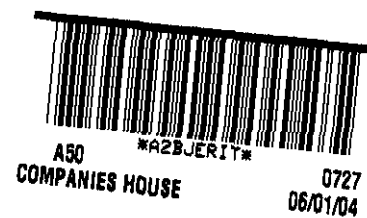


Metro Radio Limited
Annual Report
for the year ended 31 March 2003

Registered Number: 2644277



Metro Radio Limited

Directors' report and financial statements for the year ended 31 March 2003

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Metro Radio Limited

Directors and advisers for the year ended 31 March 2003

Managing director

S Aitchison

Other directors

T R Schoonmaker

A McKenzie

D J Embley

K Miljus

Secretary

MR Henson

Auditors

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH

Bankers

Barclays Bank Plc

Peterborough Business Centre

P O Box 294

1 Church Street

Peterborough

PE1 1EZ

Registered Office

Wentworth House

Wentworth Street

Peterborough

PE1 1DS

Metro Radio Limited

Directors' report for the year ended 31 March 2003

The directors present their report and the financial statements for the company for the year ended 31 March 2003.

Principal activity

The company is engaged in the operation of independent radio services in the "Tyne and Wear" area under licence from the Radio Authority. No change in the company's operations is envisaged in the immediate future.

Review of business and results

The profit on ordinary activities before taxation was £3,693,000 (2002: £3,226,000). The directors are satisfied with the company's performance.

Results and Dividends

In the year to 31 March 2003 the company made a profit after tax of £2,580,000 (2002: £2,255,000). The directors recommend the payment of a dividend of £2,500,000 (2002: £nil).

Directors and their interests

The current directors are shown on page 1. The directors who held office during the year are given below:

S Aitchison
T R Schoonmaker
A McKenzie
D J Embley
K Miljus (Appointed 1 April 2002)

The directors had no interests in the share capital of the company. The interests of the directors in the share capital of the ultimate parent company, EMAP plc, at the beginning and end of the year, or at date of appointment, were as follows:

Ordinary shares in issue				
	At 1 April 2002			At 31 March 2003
T R Schoonmaker	29,338			29,339
S Aitchison	10,294			10,391
A McKenzie	256			309
K Miljus	377			816

Executive share plan under trust				
	At 1 April 2002	Allotted	Released/ rescinded	At 31 March 2003
T R Schoonmaker	10,848	-	(5,265)	5,583
S Aitchison	700	-	(700)	-
A McKenzie	400	-	(400)	-

Metro Radio Limited

Directors and their interests (continued)

Ordinary shares under option				
	At 1 April 2002	Granted in year	Exercised/ lapsed	At 31 March 2003
A McKenzie	159	-	-	159
T R Schoonmaker	1,954	1,055	-	3,009
S Aitchison	1,319	-	(1,319)	-
D J Embley	-	1,518	-	1,518
K Miljus	1,593	-	-	1,593

Executive shares under option				
	At 1 April 2002	Granted in year	Exercised/ lapsed	At 31 March 2003
T R Schoonmaker	219,079	-	-	219,079
D J Embley	15,503	14,620	-	30,123
S Aitchison	-	11,427	-	11,427

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

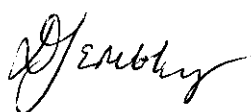
The directors confirm that suitable accounting policies have been used and applied. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2003 and that applicable accounting standards have been followed.

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

Auditors

Following the conversion of our auditors, PricewaterhouseCoopers, to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors to fill the casual vacancy. The company has elected under section 386 of the Companies Act 1985 not to re-appoint auditors annually. Therefore the auditors, PricewaterhouseCoopers LLP, are deemed to be re-appointed for the next financial year.

For and on behalf of the Board



D J Embley
Director
 19 December 2003

Metro Radio Limited

Independent auditors' report to the members of Metro Radio Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 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. The other information comprises only the directors' report.

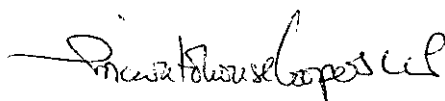
Basis of audit opinion

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 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
19 December 2003

Metro Radio Limited

Profit and loss account for the year ended 31 March 2003

	Note	2003 £'000	2002 £'000
Turnover	1	10,971	9,552
Cost of sales		(2,060)	(1,405)
Gross profit		8,911	8,147
Administration expenses		(5,218)	(4,881)
Profit on ordinary activities before taxation	2	3,693	3,266
Tax on profit on ordinary activities	5	(1,113)	(1,011)
Profit on ordinary activities after taxation		2,580	2,255
Dividends	6	(2,500)	-
Retained profit for the year	12	80	2,255

All of the company's activities are continuing.

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

Metro Radio Limited

Balance sheet as at 31 March 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	7	735	780
Current assets			
Debtors	8	4,426	2,516
Cash at bank and in hand		20,096	14,771
		24,522	17,287
Creditors: amounts falling due within one year	9	(18,962)	(11,852)
Net assets		6,295	6,215
Capital and reserves			
Called up share capital	11	420	420
Profit and loss account	12	5,875	5,795
Equity shareholders' funds	12	6,295	6,215

The financial statements on pages 5 to 12 were approved by the board of directors on 19 December 2003 and were signed on its behalf by:



D J Embley
Director

Metro Radio Limited

Accounting policies

Accounting standards

These financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow and related party transactions

The company is a wholly owned subsidiary of EMAP plc and the cash flows of the company are included in the consolidated cash flow statement of EMAP plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

The company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose related party transactions with undertakings controlled within the Group.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write down the cost of all tangible fixed assets less their estimated residual values by equal annual instalments over their expected useful economic lives which are.

Freehold property	40 years
Office equipment and vehicles	3 - 5 years

Operating leases

Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

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. Tax deferred or accelerated by the effect of timing differences is accounted for to the extent that a transaction or event that has occurred at the balance sheet date gives rise to an obligation to pay more tax or a right to pay less tax in the future. Deferred tax assets are only recognised to the extent that, based on available evidence, it is more likely than not suitable taxable profits will arise from which the reversal of the asset can be deducted.

Contributions to pension funds

The company participates in a defined contribution scheme operated by EMAP plc. The assets of the Scheme are held in separately administered funds. The total pension charge for the year is disclosed in note 4.

Metro Radio Limited

Notes to the financial statements for the year ended 31 March 2003

1 Turnover

Turnover represents income received from the sales of advertising time together with sponsorship and other associated services, and is net of value added tax.

2 Operating profit

Operating profit is stated after charging:

	2003 £'000	2002 £'000
Depreciation of owned tangible fixed assets	123	156
Auditors' remuneration for audit work	5	5
Operating lease rentals:		
Plant and machinery	96	78

3 Employee information

The average weekly number of persons (including executive directors) employed during the year was 63 (2002: 74).

	2003 £'000	2002 £'000
Staff costs for the above persons		
Wages and salaries	1,765	1,223
Social security costs	152	100
Other pension costs	58	33
	1,975	1,356

Metro Radio Limited

4 Directors' emoluments

The remuneration paid to the directors of Metro Radio Limited was:

	2003 £'000	2002 £'000
Emoluments	244	278
Pension contributions	11	11
	255	289

All directors participate in the defined contribution scheme.

The emoluments of the highest paid director are made up of:

	2003 £'000	2002 £'000
Salary and benefits	105	149
Pension contributions	6	7
	111	156

5 Taxation

	2003 £'000	2002 £'000
Based on profit for the year:		
Corporation tax at 30% (2002: 30%)	1,118	1,007
Prior year adjustment	(1)	4
Deferred taxation (see Note 10)	(4)	-
	1,113	1,011

The difference between tax as per the financial statements and tax at the UK nominal rate is explained below:

	2003 £'000	2002 £'000
Profit before tax	3,693	3,266
Tax charge at 30% (2002: 30%)	1,108	980
Non – tax deductible expenses	12	23
Corporation tax prior year adjustments	(1)	4
Deferred tax prior year adjustments	(6)	4
Tax charge for the current year	1,113	1,011

Metro Radio Limited

6 Dividend

	2003 £'000	2002 £'000
Proposed dividend £5.95 per share (2002: £nil)	2,500	-

7 Tangible fixed assets

	Freehold property £'000	Office equipment and vehicles £'000	Total £'000
Cost			
At 1 April 2002	784	2,898	3,682
Additions	-	78	78
At 31 March 2003	784	2,976	3,760
Depreciation			
At 1 April 2002	(198)	(2,704)	(2,902)
Charge for the year	(19)	(104)	(123)
At 31 March 2003	(217)	(2,808)	(3,025)
Net book value			
At 31 March 2003	567	168	735
At 31 March 2002	586	194	780

8 Debtors

	2003 £'000	2002 £'000
Trade debtors	1,875	1,508
Amounts owed by group undertakings	2,203	844
Deferred taxation (see Note 10)	54	50
Other debtors	53	-
Prepayments and accrued income	241	114
	4,426	2,516

Amounts owed by group undertakings are repayable on demand.

Metro Radio Limited

9 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Trade creditors	120	58
Amounts owed to group undertakings	16,845	10,943
Corporation tax	1,118	381
Other taxes and social security payable	396	164
Other creditors	190	85
Accruals and deferred income	293	221
	18,962	11,852

Amounts owed to group undertakings are repayable on demand.

10 Deferred taxation

Deferred taxation recognised in the financial statements is as follows:

	2003 £'000	2002 £'000
Accelerated capital allowances	(54)	(50)
Other timing differences	-	-
At 31 March 2003	(54)	(50)

There is no unprovided deferred tax. The movement on the deferred tax assets is as follows:

	£'000
At 1 April 2002	(50)
Credited to the profit and loss account	(4)
At 31 March 2003	(54)

11 Share capital

	2003 £'000	2002 £'000
Authorised		
3,000,000 ordinary shares of £1 each	3,000	3,000
Allotted, called up and fully paid		
420,234 ordinary shares of £1 each	420	420

Metro Radio Limited

12 Reconciliation of equity shareholders' funds and movements in reserves

	Share capital	Profit and loss account	Total
	£'000	£'000	£'000
Profit for the financial year		2,580	2,580
Dividends		(2,500)	(2,500)
Movement in equity shareholders' funds		80	80
Equity shareholders' funds at 1 April 2002	420	5,795	6,215
Equity shareholders' funds at 31 March 2003	420	5,875	6,295

13 Operating lease commitments

The company had annual commitments under non-cancellable operating leases as follows:

	2003		2002	
	Land and buildings £'000	Other assets £'000	Land and buildings £'000	Other assets £'000
Expiring within one year	-	75	-	43
Expiring between one and five years	-	70	-	35
Expiring after five years	-	-	-	-
	-	145	-	78

14 Ultimate parent undertaking

The immediate parent undertaking and controlling party, which does not prepare group accounts, is Emap Performance Limited, registered in England and Wales. The ultimate parent undertaking of the largest group accounts which are drawn up and of which the company is a member is EMAP plc, also registered in England and Wales. Copies of the latest published financial statements of EMAP plc may be obtained from the registered office at Wentworth House, Wentworth Street, Peterborough PE1 1DS.