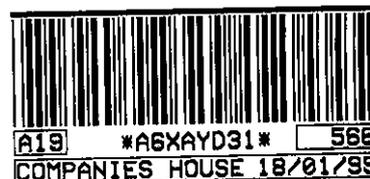


Rainbow Radio Holdings Limited

Directors' report and financial statements

31 March 1998

Registered number 3019440



Rainbow Radio Holdings Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1
Statement of directors' responsibilities	2
Report of the auditors	3
Profit and loss account	4
Statement of total recognised gains and losses	4
Balance sheet	5
Notes	6-7

Rainbow Radio Holdings Limited

Directors' report

The directors present their annual report and the financial statements for the year ended 31 March 1998.

Principal activities and business review

The company's principal activity is that of a holding company.

Directors and directors' interests

The directors who held office during the period were as follows:

JCH Anelay (Chairman)
ID Newton
B Openshaw

The directors who held office at the end of the financial period had the following interests in the ordinary shares of the company, as recorded in the register of directors' share and debenture interests:

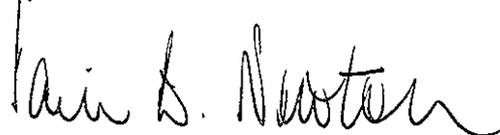
	Interest in £1 ordinary shares	
	at end of year	at beginning of year
JCH Anelay	201,947	190,310
JCH Anelay (family interest (non beneficial))	292,731	275,865
ID Newton	83,039	221,376
ID Newton (non-beneficial)	96,000	-
ID Newton (family interest)	75,470	24,000
B Openshaw	67,256	63,383

According to the register of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



ID Newton
Director

Sykes Farm
Higher Commons Lane
OSBALDESTON
Nr Blackburn
BB2 7LS

16 October 1998

Rainbow Radio Holdings Limited

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;
- 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 group and to prevent and detect fraud and other irregularities.



Edward VII Quay
Navigation Way
Ashton-on-Ribble
PRESTON
PR2 2YF

Report of the auditors to the members of Rainbow Radio Holdings Limited

We have audited the financial statements on pages 4 to 7.

Respective responsibilities of the directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

Basis of 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 group'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 affairs of the company as at 31 March 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

19 October

1998

Rainbow Radio Holdings Limited

Profit and loss account

for the year ended 31 March 1998

The company did not trade during the year and therefore made neither a profit or a loss. No profit and loss account is therefore presented.

Statement of total recognised gains and losses

for the year ended 31 March 1998

The company did not recognise any gains or losses during the year.

Rainbow Radio Holdings Limited

Balance sheet

at 31 March 1998

	<i>Note</i>	1998 £	1997 £
Fixed assets			
Investments	2	1,100,002	1,100,002
Current assets			
Debtors: amounts falling due within one year	3	16,000	-
Creditors: amounts falling due within one year	4	(16,000)	-
		<hr/>	<hr/>
Net assets		1,100,002	1,100,002
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	5	1,100,002	1,100,002
		<hr/>	<hr/>
Equity shareholders funds	6	1,100,002	1,100,002
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 16 October 1998 and were signed on its behalf by:


IB Newton
Director

Rainbow Radio Holdings Limited

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

The company is exempt by virtue of S248 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

2 Fixed asset investments

Shares in
group
undertakings
£

Cost and net book value

At beginning and end of year

1,100,002

Details of the company's subsidiary undertakings are as follows:

	Country of registration or incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Rainbow Radio (Blackburn) Limited	England	Leasing of property	Ordinary 100%

At 31 March 1998 the subsidiary undertaking had net assets of £1,185,820. The profit after taxation for the year ended 31 March 1998 retained by the subsidiary was £80,846.

In the opinion of the directors the investments in the company's subsidiary undertaking is worth at least the amount at which it is stated in the balance sheet.

Rainbow Radio Holdings Limited

Notes (continued)

3	Debtors	1998 £	1997 £
	Other debtors	16,000	-
4	Creditors: amounts falling due within one year	1998 £	1997 £
	Amounts due to subsidiary undertakings	16,000	-
5	Called up share capital	1998 £	1997 £
	<i>Authorised</i> 1,500,000 Ordinary shares of £1 each	1,500,000	1,500,000
	<i>Allotted, called up and fully paid</i> 1,100,002 Ordinary shares of £1 each	1,100,002	1,100,002
6	Reconciliation of movement in shareholders' funds	1998 £	1997 £
	At beginning and end of year	1,100,002	1,100,002
7	Related party transactions		
	The company advanced loans to the directors of the company on 27 March 1997 which were outstanding at 31 March 1998 as follows:		
			£
	JCH Anelay		2,937
	ID Newton		1,208
	B Openshaw		978
			5,123

In addition a loan of £1,098 was advanced to the spouse of ID Newton, loans totalling £1,396 were made to certain trusts in which ID Newton and his spouse were trustees and a loan of £4,258 was made to a trust in which JCH Anelay's spouse is a trustee. These loans were outstanding at 31 March 1998.

All the above loans were repaid in full on 16 October 1998.