

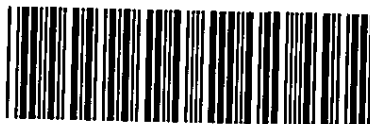
Registered Number: 1717321

Radio Mercury Limited

Directors' Report and Financial Statements

For the year ended 31 March 2010

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Radio Mercury Limited

Company information

Directors	M D Connole R F J Park D A Thomson (resigned 30/09/2009) S G Miron (appointed 30/09/2009)
Secretary	C R Potterell
Company number	1717321
Registered office	30 Leicester Square London WC2H 7LA
Auditors	KPMG LLP Chartered Accountants and Registered Auditor 15 Canada Square London E14 5GL

Radio Mercury Limited

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Radio Mercury Limited
Registered Number: 1717321

Directors' report for the year ended 31 March 2010

The directors present their report and the audited financial statements for the year ended 31 March 2010

Principal activities and review of business

The principal activity of the Company is unchanged from last year and is the operation in the Crawley and Reigate areas of the independent radio licence for Mercury FM

Turnover for the year ended 31 March 2010 amounted to £1,308,000 (2009 £1,359,000) and the Company made a profit for the year before tax of £321,000 (2009 £219,000)

Turnover has fallen year on year due to a weak advertising market

The business uses key performance indicators which are monitored on a regular basis which include audience trends such as listening hours, share of the market and demographic mix, as well as financial indicators such as revenue. Variance analysis is performed monthly and variances are monitored and discussed within a formal meeting structure

The key risk to the business is that continued advertising slowdown may put pressure on traditional revenues

The risks are monitored and managed through parent and local management

Results and dividends

The profit for the year, after taxation, amounted to £226,000 (2009 £156,000)

The directors do not recommend the payment of a dividend (2009 £nil)

Directors

The directors who held office during the year and to the date of this report were as follows

M D Connole
R F J Park
D A Thomson (resigned 30/09/2009)
S G Miron (appointed 30/09/2009)

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year

Radio Mercury Limited
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Directors' report for the year ended 31 March 2010

Policy and practice on payment of creditors

The Company does not follow a code but operates a payment policy to agreed terms in settling outstanding debts. For certain types of regular contracted services direct debit or standing order arrangements are encouraged. Most other supplies are on an ad hoc basis and the terms of payment are agreed when the order is placed. The majority of payments are made by electronic transfer direct to suppliers' bank accounts. All of the payments are undertaken on the Company's behalf by Global Radio Services Limited.

Provision of information to auditors

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Directors' and officers' insurance

The Company maintains cover for all directors and officers against liabilities which may be incurred by them whilst acting as directors or officers.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and therefore KPMG LLP will continue in office.

This report was approved by the board on 20 January 2011 and signed on its behalf



M Connole
Director

30 Leicester Square
London
WC2H 7LA

Radio Mercury Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

Independent Auditors' report to the members of Radio Mercury Limited

We have audited the financial statements of Radio Mercury Limited for the year ended 31 March 2010 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Mike Harper

20 January 2011

Mike Harper (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants and registered auditor

15 Canada Square, London, E14 5GL

Radio Mercury Limited

Profit and loss account for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Turnover	1	1,308	1,359
Operating charges	1-4	(1,075)	(1,211)
Operating profit		233	148
Interest receivable	7	88	71
Profit on ordinary activities before taxation		321	219
Tax charge on profit on ordinary activities	8	(95)	(63)
Profit on ordinary activities after taxation		226	156

All amounts relate to continuing operations

The Company has not recognised gains or losses other than the results for the year

There is no material difference between the result on a historical cost basis and that described in the profit and loss account

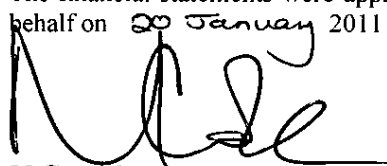
The notes on pages 7 to 12 form part of these financial statements

Radio Mercury Limited

Balance sheet for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible fixed assets	9	<u>16</u>	<u>17</u>
		16	17
Current assets			
Debtors	10	1,593	1,366
Net assets		<u>1,609</u>	<u>1,383</u>
Capital and reserves			
Called up share capital	12	630	630
Share premium account	13	57	57
Profit and loss account	13	922	696
Shareholders' funds		<u>1,609</u>	<u>1,383</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 20 January 2011



M Connole
Director

Radio Mercury Limited

Notes to the financial statements for the year ended 31 March 2010

1 Accounting policies

1.1 Basis of preparation of financial statements

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

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

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on page 1. The company participates in the group centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

The Global Radio group has prepared detailed forecasts of expected future cash flows for the three years ending 31 March 2013 ("the forecast"). The Board considers the forecast has been prepared on a prudent basis taking into account current consensus forecasts of the radio advertising market. However, the group has also prepared a worse than expected downside scenario. Even under this sensitised scenario, the forecasts indicate that the company can continue to trade for the foreseeable future and operate within its new facility and the associated financial covenants

1.3 Cash flow

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

1.4 Turnover

Turnover represents amounts invoiced in respect of all services and goods provided during the year, excluding value added tax. Radio airtime revenue is recognised on the date of broadcast and this is considered to be the only material class of business for the Company in the United Kingdom

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at their purchase price less accumulated depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold buildings	-	over 50 years or, if shorter, the period of the lease
Fixtures & technical equipment	-	10% - 33% straight line per annum

Land is not depreciated

Radio Mercury Limited

Notes to the financial statements for the year ended 31 March 2010

1. Accounting policies (continued)

1.6 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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

2. Agency Agreement

Global Radio Services Limited provided personnel and other services to the Company. The amounts included in 'operating charges' contain a charge for these services of £260,713 (2009 £287,000)

3. Staff costs

The Company does not directly employ any staff (2009 £nil)

4. Directors' emoluments

During the year ended 31 March 2010, M Connole, RFJ Park and SG Miron received remuneration from Global Radio Services Limited and the majority of their time was spent on services to Global Radio UK Limited, the ultimate parent company. Details of their remuneration as directors of Global Radio UK Limited are disclosed in that company's accounts.

DA Thomson received his remuneration from Global Radio Services Limited until his resignation. His remuneration has been disclosed in the accounts of Global Radio UK Limited and that is the company his time was largely spent on.

None of the directors received remuneration in respect of qualifying services to this Company (2009 £nil)

5. Operating profit

Profit on ordinary activities before taxation is stated after charging

	2010 £'000	2009 £'000
Depreciation of tangible fixed assets		
- Owned by the company	1	2
Operating lease rental		
- Other	25	25

6. Disclosure of auditors' remuneration

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed, as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Global Radio UK Limited.

The audit fee in respect of the Company was £1,000 (2009 £1,000)

Radio Mercury Limited

Notes to the financial statements for the year ended 31 March 2010

7. Interest receivable

	2010 £'000	2009 £'000
Intercompany loan interest receivable	<u>88</u>	<u>71</u>

8. Taxation

	2010 £'000	2009 £'000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profits for the year	92	59
Adjustments in respect of prior years	6	(1)
Total current tax	<u>98</u>	<u>58</u>
Deferred tax		
Origination and reversal of timing differences	1	4
Adjustment in respect of prior years	(4)	1
Total tax charge on ordinary activities	<u>95</u>	<u>63</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	<u>321</u>	<u>219</u>
Current tax at 28% (2009 28%)	90	61
Effects of:		
Expenses not deductible for tax purposes	2	1
Depreciation in excess of capital allowances	-	(3)
Adjustments to tax charge in respect of prior years	6	(1)
Current tax charge for the year (see note above)	<u>98</u>	<u>58</u>

Radio Mercury Limited

Notes to the financial statements for the year ended 31 March 2010

9. Tangible fixed assets

	Leasehold land and buildings £'000	Fixtures and technical equipment £'000	Total £'000
Cost			
At 1 April 2009 and 31 March 2010	<u>34</u>	<u>358</u>	<u>392</u>
Depreciation			
At 1 April 2009	17	358	375
Charge for the year	1	-	1
At 31 March 2010	<u>18</u>	<u>358</u>	<u>376</u>
Net book value			
As at 31 March 2010	<u>16</u>	<u>-</u>	<u>16</u>
As at 31 March 2009	<u>17</u>	<u>-</u>	<u>17</u>

10. Debtors

	2010 £'000	2009 £'000
Amounts owed by group undertakings	1,574	1,350
Deferred tax asset (see note 11)	<u>19</u>	<u>16</u>
	<u>1,593</u>	<u>1,366</u>

All debtors are due within one year

Radio Mercury Limited

Notes to the financial statements for the year ended 31 March 2010

11 Deferred taxation

	2010 £'000	2009 £'000
At 1 April 2009	16	21
Charge for the year	(1)	(4)
Adjustment relating to prior year	4	(1)
At 31 March 2010	<u>19</u>	<u>16</u>

The deferred tax asset is made up as follows

	2010 £'000	2009 £'000
Deferred capital allowances	<u>19</u>	<u>16</u>

The Company forecasts suitable profits against which the deferred tax asset can be recovered

12. Share capital

	2010 £'000	2009 £'000
Allotted, called up and fully paid 630,000 Ordinary shares of £1 each	<u>630</u>	<u>630</u>

13. Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2009	57	696
Profit for the year	-	226
At 31 March 2010	<u>57</u>	<u>922</u>

Radio Mercury Limited

Notes to the financial statements for the year ended 31 March 2010

14. Reconciliation of movement in shareholders' funds

	2010 £'000	2009 £'000
Opening shareholders' funds	1,383	1,227
Profit for the year	226	156
Closing shareholders' funds	<u>1,609</u>	<u>1,383</u>

15 Operating lease commitments

At 31 March 2010, the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2010 £'000	Land and buildings 2009 £'000
Expiry date		
Between 2 and 5 years	<u>25</u>	<u>25</u>

There are no contracted capital commitments at 31 March 2010

16. Contingent liabilities

As at the date of the financial statements, contingent liabilities were as follows

- Various inter-group cross guarantees held by Bank of Scotland, Bank of Ireland and Allied Irish bank
- The Company is a member of a group for VAT purposes, resulting in a joint and several liabilities for amounts owing by other group companies for unpaid VAT

17. Related party transactions

As the Company is a wholly owned subsidiary of Global Radio UK Limited (the ultimate parent company) the Company has taken advantage of the exemption contained within FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Global Radio UK Limited (the ultimate parent company), within which this Company is included, can be obtained from the address given in note 18. There were no other related party transactions during the year.

18. Ultimate parent undertaking and controlling party

The directors regard Global Radio UK Limited, a company incorporated in Great Britain and registered in England and Wales, as the Company's ultimate parent undertaking. The directors consider that Global Radio Group Limited, a company incorporated in Jersey, is the ultimate controlling party of the Company.

The largest and smallest group in which the results of the Company are consolidated is that headed by Global Radio UK Limited, the ultimate parent company which is incorporated in Great Britain. The consolidated financial statements of this company are available to the public and may be obtained from 30 Leicester Square, London WC2H 7LA.