

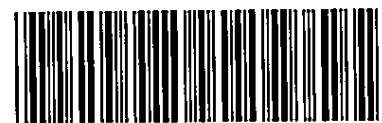
**Kiss FM Radio Limited**

**Report and Accounts**

**For the nine month period ended 31 December 2008**

**Company Registration No. 2378790**

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**Kiss FM Radio Limited**  
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**For the nine month period ended 31 December 2008**

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**Kiss FM Radio Limited**  
**Directors, officers and auditors**

<b>Directors</b>	D Ford T Smith G White
<b>Company secretary</b>	Sisec Limited
<b>Auditors</b>	BDO Stoy Hayward LLP 55 Baker Street London W1U 7EU
<b>Registered office</b>	21 Holborn Viaduct London EC1A 2DY
<b>Company number</b>	2378790

**Kiss FM Radio Limited**  
**Directors' Report**  
**For the nine month period ended 31 December 2008**

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The directors submit their report and the accounts for the nine month period ended 31 December 2008.

**Principal activities and future developments**

Kiss FM Radio Limited ("the Company") is engaged in the operation of independent radio stations in and around London under licence from Ofcom.

No change in the nature of the Company's activities is anticipated to occur in the future.

**Review of the business**

The Company made good progress in its goals to grow audience, revenue and profit in the period.

The results for the Company show a pre-tax profit for the nine month period of £2,448,000 (12 months ended 31 March 2008: £3,261,000) and turnover of £7,420,000 (12 months ended 31 March 2008: £9,537,000). The directors do not recommend the payment of a final dividend (12 months ended 31 March 2008: £nil).

**Principal risks and uncertainties.**

The Company, along with other businesses in the advertising sector, is exposed to the possibility of a downturn in advertising revenue as part of a wider economic downturn. Other key risks include a loss of key personnel and increased competition in the marketplace.

The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by obtaining prepayments from new customers, and running credit checks on existing customers. Liquidity and cashflow risks are managed through support from the Company's parent.

The Company is required to comply with the terms of its broadcast license. The Company mitigates the risk of non-compliance through work of a compliance officer and by regular training of on and off-air personnel.

**Key performance indicators ("KPIs")**

The Company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial. Key financial performance indicators are turnover (as shown above) and EBITDA on continuing operations. The key non-financial performance indicators include the number of staff employed by the Company (note 4) and measurements of audience, as published by RAJAR on a quarterly basis.

One of the key financial performance indicators for the nine month period ended 31 December 2008, with comparatives for the previous 12 month period ended 31 March 2008, is set out below:

	Nine months ended 31 December 2008 <u>£'000</u>	Twelve months ended 31 March 2008 <u>£'000</u>
EBITDA	2,251	3,090

**Directors**

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

D Ford  
T Smith  
G White  
P R Gregg (resigned 1 July 2008)

## **Kiss FM Radio Limited**

### **Directors' Report**

**For the nine month period ended 31 December 2008**

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#### **Insurance of directors**

Directors' and Officers' liability insurance has been maintained by Bauer Radio (Holdings) Limited for the nine month period.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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 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 financial statements;
- 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 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 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.

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit, and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

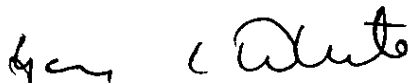
#### **Auditors**

The auditors, BDO Stoy Hayward LLP, have indicated their willingness to continue in office.

The Company has elected under section 386 of the Companies Act 1985 not to re-appoint auditors annually.

Therefore the auditors, BDO Stoy Hayward LLP, are deemed to be re-appointed for the next financial year.

Approved by the board of directors on 24th July, 2009.



**G White**  
**Director**

**Kiss FM Radio Limited**  
**Independent Auditor's Report**  
**For the nine month period ended 31 December 2008**

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**Independent auditor's report to the members of Kiss FM Radio Limited**

We have audited the financial statements of Kiss FM Radio Limited for the nine month period ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the nine month period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*BDO Stoy Hayward LLP*

**BDO Stoy Hayward LLP**  
Chartered Accountants and Registered Auditors  
London

124 JUL 2009.

**Kiss FM Radio Limited**  
**Profit and Loss Account**  
**For the nine month period ended 31 December 2008**

		<b>Nine months ended 31 December 2008 £'000</b>	<b>Twelve months ended 31 March 2008 £'000</b>
	<b>Notes</b>		
<b>Turnover</b>	<b>2</b>	<b>7,420</b>	<b>9,537</b>
<b>Cost of sales</b>		<b>(1,418)</b>	<b>(1,107)</b>
<b>Gross profit</b>		<b>6,002</b>	<b>8,430</b>
<b>Administrative expenses</b>		<b>(3,810)</b>	<b>(5,428)</b>
<b>Operating profit</b>	<b>3</b>	<b>2,192</b>	<b>3,002</b>
<b>Interest receivable</b>		<b>256</b>	<b>259</b>
<b>Profit on ordinary activities before taxation</b>		<b>2,448</b>	<b>3,261</b>
<b>Tax on profit on ordinary activities</b>	<b>5</b>	<b>(692)</b>	<b>(986)</b>
<b>Profit for the period</b>	<b>11, 12</b>	<b>1,756</b>	<b>2,275</b>

The above results relate to continuing operations.

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

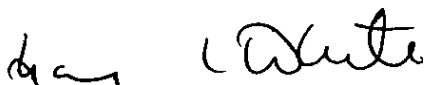
There is no difference between the reported losses and historical cost losses on ordinary activities before taxation for both periods being reported.

*The notes on pages 7 to 13 form part of these accounts.*

**Kiss FM Radio Limited****Balance Sheet****At 31 December 2008**

	Notes	At 31 December 2008 £'000	At 31 March 2008 £'000
<b>Fixed assets</b>			
Tangible assets	6	197	221
<b>Current assets</b>			
Debtors	7	11,335	9,165
Creditors: amounts falling due within one year	8	(726)	(336)
<b>Net current assets</b>		<b>10,609</b>	<b>8,829</b>
<b>Net assets</b>		<b>10,806</b>	<b>9,050</b>
<b>Capital and reserves</b>			
Called up share capital	10	740	740
Share premium account	11	1,133	1,133
Profit and loss account	11	8,933	7,177
<b>Total shareholders' funds</b>	12	<b>10,806</b>	<b>9,050</b>

The financial statements were approved by the Board of Directors and authorised for issue on 24th July, 2009.



**G White**  
**Director**

The notes on pages 7 to 13 form part of these accounts.

# Kiss FM Radio Limited

## Notes to the accounts

For the nine month period ended 31 December 2008

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### 1 Accounting policies

#### Basis of accounting

These accounts have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The directors, in accordance with the Financial Reporting Standard 18, "Accounting Policies" ("FRS 18"), confirm that the accounting policies used by the Company are the most appropriate, consistently applied and adequately disclosed.

A summary of the more important accounting policies is set out below.

#### Depreciation

The cost of tangible fixed assets less estimated residual value on disposal is written down evenly over their expected useful lives as follows:

Office equipment and vehicles	- 3 to 5 years
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#### Taxation

The charge for taxation is based on the profit for the period 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 in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

#### Leasing

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

#### Pensions

Bauer operates a defined contribution pension scheme provided by Scottish Widows known as Bauer Consumer Media Pension scheme for all eligible staff across the Group. The costs of this pension scheme are charged to the profit and loss account as they become payable. Prior to 31 January 2008, eligible staff were only able to join the Flexiplan a defined contribution pension plan operated by the Emap Group.

#### Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Heinrich Bauer Verlag Beteiligungs GmbH and is included in the consolidated financial statements of Heinrich Bauer Verlag Beteiligungs GmbH, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 "Cash Flow Statements" (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 "Related Party Transactions" from disclosing related party transactions with entities that are part of the Heinrich Bauer Verlag KG group as it is a wholly owned subsidiary and included within the consolidated accounts of Heinrich Bauer Verlag Beteiligungs GmbH, which are publicly available.

# Kiss FM Radio Limited

## Notes to the accounts

For the nine month period ended 31 December 2008

### 2 Turnover

Revenue is recognised when the significant risks and rewards of ownership have been transferred to a third party, or for services provided, at the point when it is probable that the economic benefits will flow to the Company and when the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration and represents amounts receivable for services and goods provided in the normal course of business, net of discounts, custom duties and sales taxes.

Radio advertising revenue is recognised on the date of broadcast.

The Company takes part in barter advertising deals the value of which are included in both turnover and cost of sales. The value of these transactions in the nine month period amounted to £nil (12 months ended 31 March 2008: £180,161).

All turnover is derived from within the United Kingdom.

### 3 Operating profit

#### (a) This is stated after charging

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Depreciation of owned tangible fixed assets	59	88
Operating lease rentals	9	15
- Plant and machinery		
- Other	189	-

Fees for the audit of the Company were borne by Bauer Radio Limited for both periods and have not been recharged.

There were no fees paid to the Company's auditor, BDO Stoy Hayward LLP, for any non audit services to the Company (12 months ended 31 March 2008: £nil).

#### (b) Directors' emoluments

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Aggregate emoluments	2	3

Retirement benefits are accruing to nil (12 months ended 31 March 2008: nil) directors under the defined benefit scheme.

## Kiss FM Radio Limited

### Notes to the accounts

For the nine month period ended 31 December 2008

#### 4 Staff costs

##### (a) Costs (including directors' emoluments)

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Wages and salaries	1,012	1,245
Social security costs	111	120
Other pension costs	24	25
	1,147	1,390

##### (b) Pension costs

###### Defined contribution plan

The Company has participated in a defined contribution pension scheme, the Bauer Consumer Media Pension Scheme operated by Scottish Widows from 1 March 2008. During the year ended 31 March 2008 the Company also participated in Flexiplan a defined contribution scheme provided by Emap up to 31 January 2008. The pension charge represents contributions due from the employer and during the nine month period it amounted to £23,727 (12 months ended 31 March 2008: £25,163).

##### (c) Employees

The average monthly number of persons (including executive directors) employed by the Company in the UK during the period was 31 (12 months ended 31 March 2008: 27).

# Kiss FM Radio Limited

## Notes to the accounts

For the nine month period ended 31 December 2008

### 5 Tax on profit on ordinary activities

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Corporation tax at 28% (12 month period ended 31 March 2008: 30%)	693	974
Corporation tax prior year adjustment	(1)	-
<b>Total current tax</b>	<b>692</b>	<b>974</b>
Deferred tax - current year	-	9
Deferred tax - prior year	-	3
	<b>692</b>	<b>986</b>

The tax assessed for the period is higher (12 months ended 31 March 2008: lower) than the standard rate of corporation tax in the UK. The difference between tax as per the financial statements and tax at the UK nominal rate is explained below:

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Profit before tax	2,448	3,261
Tax charge at 28% (12 months ended 31 March 2008: 30%)	685	978
Corporation tax prior year adjustments	(1)	-
Non-tax deductible expenses	8	6
Tax rate changes	-	(1)
Capital allowances in excess of depreciation	-	(9)
<b>Tax charge for the current period</b>	<b>692</b>	<b>974</b>

# Kiss FM Radio Limited

## Notes to the accounts

For the nine month period ended 31 December 2008

### 6 Tangible fixed assets

	Office equipment and vehicles £'000
<b>Cost</b>	
At 1 April 2008	795
Additions	46
Transfers to other Group undertakings	(10)
<b>At 31 December 2008</b>	<b>831</b>
<b>Depreciation</b>	
At 1 April 2008	574
Transfers to other Group undertakings	1
Charge for the period	59
<b>At 31 December 2008</b>	<b>634</b>
<b>Net book value</b>	
<b>At 31 December 2008</b>	<b>197</b>
<b>At 31 March 2008</b>	<b>221</b>

### 7 Debtors

	At 31 December 2008 £'000	At 31 March 2008 £'000
Trade debtors	511	942
Amounts owed by Group undertakings	10,543	7,942
Prepayments and accrued income	127	143
Other debtors	118	102
Deferred taxation (Note 9)	36	36
	<b>11,335</b>	<b>9,165</b>

Amounts owed by Group undertakings are unsecured and have no fixed date of repayment. Included in amounts owed by Group undertakings are loans bearing interest at 5.16% from 29 January 2008 onwards (Up to 30 September 2007 amounts owed by Group undertakings bore interest at the SONIA rate).

# Kiss FM Radio Limited

## Notes to the accounts

For the nine month period ended 31 December 2008

### 8 Creditors: amounts falling due within one year

	At 31 December 2008 £'000	At 31 March 2008 £'000
Trade creditors	23	17
Other taxation and social security	13	11
Other creditors	205	92
Accruals and deferred income	361	216
Corporation tax	124	-
	726	336

### 9 Deferred taxation

The movement on deferred tax asset is:

	Deferred tax £'000
At 1 April 2008	36
Transferred from profit and loss account	-
At 31 December 2008	36

The deferred taxation asset has been recognised in the accounts as follows:

	At 31 December 2008 £'000	At 31 March 2008 £'000
Depreciation in excess of capital allowances	36	36

There is no unprovided deferred taxation (12 months ended 31 March 2008: £nil).

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

# Kiss FM Radio Limited

## Notes to the accounts

For the nine month period ended 31 December 2008

### 10 Called up share capital

	At 31 December 2008 £'000	At 31 March 2008 £'000
<b>Authorised</b>		
1,600,000 ordinary shares of 50p each	800	800
<b>Allotted, called up and fully paid</b>		
1,479,296 ordinary shares of 50p each	740	740

### 11 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2008	1,133	7,177
Profit for the period	-	1,756
<b>At 31 December 2008</b>	<b>1,133</b>	<b>8,933</b>

### 12 Reconciliation of movements in shareholders' funds

	At 31 December 2008 £'000	At 31 March 2008 £'000
Opening shareholders' funds	9,050	6,775
Profit for the period	1,756	2,275
<b>Closing shareholders' funds</b>	<b>10,806</b>	<b>9,050</b>

### 13 Immediate and ultimate controlling parties

The immediate parent undertaking is Bauer Radio Limited.

The only parent undertaking for which Group accounts are drawn up is Heinrich Bauer Verlag Beteiligungs GmbH, registered in Germany. Copies of Heinrich Bauer Verlag Beteiligungs GmbH accounts are publicly available.

Heinrich Bauer Verlag KG, established in Germany, is regarded by the directors as the Company's ultimate controlling party.