

Metro Radio Limited

Report and Accounts

For the year ended 31 March 2007

Company Registration No. 2644277

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Metro Radio Limited
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For the year ended 31 March 2007

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Metro Radio Limited
Directors, officers and auditors

Directors	S Aitchison D A Ford K D Miljus G White	(appointed 3 April 2007)
Company secretary	M Hogg K Elsdon	(resigned 15 September 2006) (appointed 15 September 2006)
Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	
Registered office	40 Bernard Street London WC1N 1LW	
Company number	2644277	

Metro Radio Limited

Directors' Report

For the year ended 31 March 2007

The directors submit their report and accounts for the year ended 31 March 2007

Business review and principal activities

Metro Radio Limited ("the Company") is engaged in the operation of independent radio services in the "Tyne and Wear" area under licence from Ofcom

The results for the Company show a pre-tax profit of £2,434,000 (2006 £2,515,000) for the year and sales of £8,721,000 (2006 £9,514,000). An interim dividend of £nil (2006 £1,000,000) was paid in the period. The directors do not recommend the payment of a final dividend (2006 £nil).

The results of the Company are included in the Radio division of Emap plc, and are discussed on page 39 of the Emap plc annual report which does not form part of this report.

Future Outlook

The Radio market is competitive in this licence area. We believe we offer the best choice for our target audience of both listeners and advertisers and as such, are well placed to take advantage of commercial market upturns. Going forward the focus will continue to be on growing audiences and providing the best and most relevant media solution to clients.

Principal risks and uncertainties

The directors of the Company manage the Emap plc and its subsidiaries' ("the Group") risk at a Group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Emap Group which include those of the Company, are discussed on page 23 of the Emap plc annual report which does not form part of this report.

Key performance indicators ("KPIs")

The directors of Emap plc manage the Group's operations on a divisional basis. For this reason the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance and position of the business of Metro Radio Limited. The development, performance and position of the Radio division of Emap plc, which includes the Company, is discussed on page 39 of the Emap plc annual report, which does not form part of this report.

Directors

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

D A Ford

K D Miljus

R Elliot (resigned 8 March 2007)

S Aitchison

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 of the Company for that period. The directors are required to prepare the 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 consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2007 and that applicable accounting standards have been followed.

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.

Metro Radio Limited

Directors' Report

For the year ended 31 March 2007

Statement of directors' responsibilities (continued)

Each of the persons who is a director at the date of approval of this report confirms that (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware and, (2) the director has taken all the steps s/he ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985 (as amended)

Auditors

The auditors, PricewaterhouseCoopers 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, PricewaterhouseCoopers LLP, are deemed to be re-appointed for the next financial year.

Approved by the board of directors on 31 August 2007



K Elsdon
Secretary

Metro Radio Limited

Independent Auditors' Report

For the year ended 31 March 2007

Independent auditors' report to the members of Metro Radio Limited

We have audited the financial statements of Metro Radio Limited for the year ended 31 March 2007 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). 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 into 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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 March 2007 and of its profit for the year 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.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

31 August 2007.

Metro Radio Limited
Profit and Loss Account
For the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Turnover	2	8,721	9,514
Cost of sales		(1,404)	(1,750)
Gross profit		7,317	7,764
Administrative expenses		(5,103)	(5,387)
Operating profit	3	2,214	2,377
Interest receivable	5	220	138
Profit on ordinary activities before taxation		2,434	2,515
Tax on profit on ordinary activities	6	(696)	(791)
Profit after taxation		1,738	1,724
Dividends	7	-	(1,000)
Retained profit for the year	13	1,738	724

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

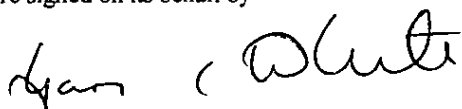
There is no difference between the reported profits and the historical cost profits on ordinary activities before taxation for both years being reported

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

Metro Radio Limited
Balance Sheet
At 31 March 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	8	1,058	1,855
Current assets			
Debtors	9	5,097	3,675
Cash at bank and in hand		2	5
		5,099	3,680
Creditors: amounts falling due within one year	10	(464)	(1,545)
Net current assets		4,635	2,135
Total assets less current liabilities		5,693	3,990
Provisions for liabilities and charges	11	(18)	(53)
Net assets		5,675	3,937
Capital and reserves			
Called up share capital	12	420	420
Profit and loss account	13	5,255	3,517
Total shareholders' funds	14	5,675	3,937

The financial statements on pages 5 to 13 were approved by the board of directors on 31 August 2007 and were signed on its behalf by



G White
Director

Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2007

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:

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

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 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 and therefore recognised 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.

Dividends

Dividend distributions to the Company's shareholders are recognised as a liability either in the period in which the dividends are approved by the Company's shareholders or, in the case of interim dividends, when the dividend is paid.

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

The ultimate parent company, Emap plc, operates a defined contribution pension plan, Flexiplan, for eligible staff across the Group. The cost of providing pensions under the defined contribution scheme is charged to the profit and loss account as it becomes payable.

Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2007

1 Accounting policies (continued)

Provisions for Liabilities and Charges

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and that an outflow of resources will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised only when it is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement

If the time value of money has a material effect on quantifying the provision, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance charge

Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Emap plc and is included in the consolidated financial statements of Emap plc, 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 Emap plc Group or investees of the Emap plc Group

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. Revenue is only recognised for barter transactions which are considered dissimilar to each other in nature, and a corresponding amount is included in operating costs

Radio advertising revenue is recognised on the date of broadcast. Sponsorship revenue is recognised evenly over the life of the contract. All turnover is derived from within the United Kingdom

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 year amounted to £115,896 (2006: £80,000)

3 Operating profit

(a) This is stated after charging

	2007 £'000	2006 £'000
Depreciation of owned tangible fixed assets	332	247
Operating lease rentals	100	84
- Plant and machinery		
- Other	152	189
Fees for the audit of the Company borne by other Group undertaking	5	5

Fees paid to the Company's auditor, PricewaterhouseCoopers LLP, for services other than the statutory audit of the Company are not disclosed in Metro Radio Ltd's accounts since the consolidated accounts of Metro Radio Ltd's parent, Emap plc, are required to disclose non-audit fees on a consolidated basis

Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2007

3 Operating profit (continued)

(b) Directors' emoluments	2007 £'000	2006 £'000
Aggregate emoluments	186	173
Pension contributions under the defined contribution scheme	14	14
	200	187

Retirement benefits are accruing to 1 (2006: 1) directors under the defined contribution scheme

4 Staff costs

(a) Costs (including directors' emoluments)	2007 £'000	2006 £'000
Wages and salaries	1,352	1,369
Social security costs	154	154
Other pension costs	54	57
	1,560	1,580

(b) Pension costs

Defined contribution plan (Flexiplan)

The pension charge for Flexiplan represents contributions due from the employer. During the year it amounted to £53,546 (2006: £56,583). The pension schemes are administered by Emap plc and as such all outstanding liabilities are held by Emap plc.

(c) Employees

The average monthly number of persons (including executive directors) employed by the Company in the UK during the year was 40 (2006: 41).

(d) Staff share bonus

Through the Emap Share Plan, Emap plc has this year offered free shares to the value of £840 (2006: £820) to qualifying staff. Sharemap is part of Lifemap, Emap's flexible benefits plan and allows staff to save up to £1,500 a year to buy Emap plc shares. Emap plc will then match the cumulative investment in shares on a one to one basis. The shares are held in trust for staff for three years, after which time they can be sold. After five years, the shares are free of income tax on release from the trust. The Emap SAYE scheme has now run in the UK for 22 consecutive years.

5 Interest receivable

	2007 £'000	2006 £'000
Interest receivable from Group undertakings	220	138
	220	138

Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2007

6 Tax on profit on ordinary activities

	2007 £'000	2006 £'000
Corporation tax at 30% (2006 30%)	748	742
Corporation tax prior year adjustment	(17)	(6)
Total current tax	731	736
Deferred tax - current year	(20)	56
Deferred tax - prior year	(15)	(1)
Tax charge on profit on ordinary activities	696	791

The tax assessed for the year is higher (2006 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

	2007 £'000	2006 £'000
Profit before tax	2,434	2,515
Tax charge at 30% (2006 30%)	730	755
Corporation tax prior year adjustments	(17)	(6)
Non-taxable income	(2)	-
Non-tax deductible expenses	-	43
Deferred tax - accelerated capital allowances	20	(46)
Deferred tax - short term timing differences	-	(10)
Tax charge for the current year	731	736

The anticipated future effective rate of tax for the Company will be around 28%-29% (year ended 31 March 2006 30-31%). This represents a current year tax charge plus ordinary permanently disallowed items of income and expense.

The UK budget announcement of 21 March 2007 included a number of changes to the UK tax rules to be phased in over the financial years 2008/09 - 2010/11 (inclusive). The announcements that will have the most immediate impact to UK companies are the reduction in the rate of UK corporation tax from 30% to 28% and the reduction in tax allowances on plant and machinery from 25% to 20% (plant) and 25% to 10% (building fixtures) for the 2008/09 financial year. As at the balance sheet date these changes have not been substantially enacted and hence the deferred tax has not been restated to reflect the reduced tax rates that have been proposed. If the deferred tax had been restated for the changes outlined above it would result in a reduction in the Company's balance sheet deferred tax liability from £18,000 to £17,000 with a corresponding decrease in the Company's tax charge from £696,000 to £695,000.

7 Dividend paid

	2007 £'000	2006 £'000
Interim dividend of £nil per share (2006 £2.38 per share)	-	1,000

Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2007

8 Tangible fixed assets

	Freehold property £'000	Office equipment and vehicles £'000	Total £'000
Cost			
At 1 April 2006	706	2,048	2,754
Additions	-	41	41
Disposals	(706)	-	(706)
At 31 March 2007	-	2,089	2,089
Depreciation			
At 1 April 2006	197	702	899
Provided during the year	3	329	332
Disposals	(200)	-	(200)
At 31 March 2007	-	1,031	1,031
Net book value			
At 31 March 2007	-	1,058	1,058
At 31 March 2006	509	1,346	1,855

9 Debtors

	2007 £'000	2006 £'000
Trade debtors	897	1,855
Amounts owed by Group undertakings	3,830	1,209
Other debtors	6	133
Prepayments and accrued income	319	478
Other taxation	45	-
	5,097	3,675

Amounts owed by Group undertakings are unsecured, bearing interest at the LIBOR rate (2006 LIBOR rate) and have no fixed date of repayment

Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2007

10 Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	-	94
Other taxation and social security	24	365
Accruals and deferred income	315	267
Other creditors	125	77
Corporation tax	-	742
	464	1,545

11 Provisions for liabilities and charges

The movement on deferred tax is

	Deferred tax £'000
At 1 April 2006	(53)
Transferred from profit and loss account	35
At 31 March 2007	(18)

The deferred taxation liability has been recognised in the accounts as follows

	2007 £'000	2006 £'000
Depreciation in advance of capital allowances	(18)	(53)

There is no unprovided deferred taxation (2006 £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

12 Called up share capital

	2007 £'000	2006 £'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

Notes to the accounts

For the year ended 31 March 2007

13 Profit and loss account

	Profit and loss account £'000
At 1 April 2006	3,517
Retained profit for the year	1,738
At 31 March 2007	5,255

14 Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
At 1 April 2006	3,937	3,213
Retained profit for the year	1,738	1,724
Interim dividend	-	(1,000)
At 31 March 2007	5,675	3,937

15 Lease commitments

At 31 March 2007 the Company had annual commitments under non cancellable operating leases expiring as follows

	2007 Land and buildings £'000	2007 Other £'000	2006 Land and buildings £'000	2006 Other £'000
Within one year	-	-	-	-
Within two to five years	-	7	-	7
After five years	136	-	135	-
	136	7	135	7

16 Ultimate parent Company

The immediate parent undertaking is Emap Radio Limited

The ultimate parent company and controlling party is Emap plc, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of Emap plc's consolidated financial statements can be obtained from the Registered Office at 40 Bernard Street, London WC1N 1LW