

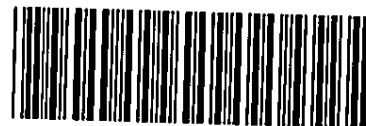
Metro Radio Limited

Report and Accounts

For the year ended 31 March 2008

Company Registration No. 2644277

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Metro Radio Limited
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For the year ended 31 March 2008

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Metro Radio Limited
Directors, officers and auditors

Directors	D A Ford G White
Company secretary	Sisec Limited
Auditors	BDO Stoy Hayward LLP 55 Baker Street London W1U 7EU
Registered office	21 Holborn Viaduct London EC1A 2DY
Company number	2644277

Metro Radio Limited
Directors' Report
For the year ended 31 March 2008

The directors submit their report and the accounts for the year ended 31 March 2008.

Principal activities and future developments

Metro Radio Limited ("the Company") is engaged in the operation of independent radio services in the "Tyne and Wear" area 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 revenue and profit in the year.

The results for the Company show a pre-tax profit of £2,614,000 (2007: £2,434,000) for the year and turnover of £8,790,000 (2007: £8,721,000). The directors do not recommend the payment of a final dividend (2007: £nil).

On 7 December 2007, Emap plc (now known as Emap International Limited, "Emap") announced the sale of its Radio division, which includes the Company, to Heinrich Bauer Verlag KG ("Bauer Group"). The disposal was completed on 29 January 2008.

On 20 February 2008, the Company's registered office was changed to 21 Holborn Viaduct, London EC1A 2DY.

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 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 year ended 31 March 2008, with comparatives for the previous year, are set out below:

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
EBITDA	2,725	2,546

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	(resigned 29 January 2008)
S Aitchison	(resigned 29 January 2008)
G White	(appointed 3 April 2007)

Metro Radio Limited
Directors' Report
For the year ended 31 March 2008

Insurance of directors

Directors' and Officers' liability insurance has been maintained by Emap until 29 January 2008 and then maintained by Bauer Radio (Holdings) Limited for the remaining part of the year.

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

PricewaterhouseCoopers LLP resigned as auditors of the Company during the year and BDO Stoy Hayward LLP were appointed as auditors of the Company by the directors.

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 8 MAY 2009.



G White
Director

Metro Radio Limited
Independent Auditor's Report
For the year ended 31 March 2008

Independent auditor's report to the members of Metro Radio Limited

We have audited the financial statements of Metro Radio Limited for the year ended 31 March 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 March 2008 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.

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London

5 8 MAY 2009.

Metro Radio Limited
Profit and Loss Account
For the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Turnover	2	8,790	8,721
Cost of sales		(1,225)	(1,404)
Gross profit		7,565	7,317
Administrative expenses		(5,161)	(5,103)
Operating profit	3	2,404	2,214
Interest receivable		210	220
Profit on ordinary activities before taxation		2,614	2,434
Tax on profit on ordinary activities	5	(843)	(696)
Profit for the year	11, 12	1,771	1,738

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.

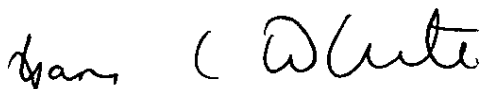
There is no difference between the reported profits and the historical cost profits on ordinary activities before taxation for both years being reported.

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

Metro Radio Limited
Balance Sheet
At 31 March 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	6	738	1,058
Current assets			
Debtors	7	7,261	5,097
Cash at bank and in hand		-	2
		7,261	5,099
Creditors: amounts falling due within one year	8	(528)	(464)
Net current assets		6,733	4,635
Total assets less current liabilities		7,471	5,693
Provisions for liabilities and charges	9	(25)	(18)
Net assets		7,446	5,675
Capital and reserves			
Called up share capital	10	420	420
Profit and loss account	11	7,026	5,255
Total shareholders' funds	12	7,446	5,675

The financial statements were approved by the Board of Directors and authorised for issue on 8 May, 2009.



G White
Director

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

Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2008

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 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 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

Emap operates a defined contribution pension plan, Flexiplan, for eligible staff across the Group. The cost of providing pensions under this scheme was charged to the profit and loss account as it became payable. Following the sale of the Company on 29 January 2008, its employees were no longer eligible to participate in this scheme. From 1 March 2008, staff were able to contribute to the defined contribution scheme provided by Scottish Widows known as Bauer Consumer Media Pension scheme. The costs of this pension scheme are charged to the profit and loss account as they become payable.

Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2008

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 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 released, the release 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 Bauer UK Radio GmbH and is included in the consolidated financial statements of Bauer UK Radio 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 Bauer UK Radio GmbH, which are publicly available.

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 year amounted to £35,000 (2007: £115,896).

All turnover is derived from within the United Kingdom.

3 Operating profit

(a) This is stated after charging

	2008 £'000	2007 £'000
Depreciation of owned tangible fixed assets	321	332
Operating lease rentals - Plant and machinery	91	100
- Other	128	152

Fees for the audit of the Company were borne by Bauer Radio Limited (2007: Emap).

There were no fees paid to the Company's auditor, BDO Stoy Hayward LLP, for any non audit services to the Company (2007: non audit fees paid to PricewaterhouseCoopers LLP, the Company's previous auditors, were borne by Emap).

Some operating leases refer to car leases and there are no commitments at the year end for future rentals.

Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2008

3 Operating profit (continued)

(b) Directors' emoluments	2008 £'000	2007 £'000
Aggregate emoluments	179	186
Pension contributions under the defined contribution scheme	14	14
	193	200

Retirement benefits are accruing to 1 (2007: 1) directors under the defined contribution scheme.

4 Staff costs

(a) Costs (including directors' emoluments)	2008 £'000	2007 £'000
Wages and salaries	1,345	1,352
Social security costs	151	154
Other pension costs	40	54
	1,536	1,560

(b) Pension costs

Defined contribution plan

Up to 29 January 2008, the Company contributed to the Flexiplan scheme which was operated by Emap and as such all outstanding liabilities were held by Emap. Following the sale of the Company on 29 January 2008 the employees were no longer eligible to participate in this scheme. From 1 March 2008, staff are able to join the Bauer Consumer Media Pension Scheme provided by Scottish Widows. The pension charge represents contributions due from the employer and during the year it amounted to £40,366 (2007: £53,546).

(c) Employees

The average monthly number of persons (including executive directors) employed by the Company in the UK during the year was 37 (2007: 40).

(d) Staff share bonus

Through the Emap All Employee Share Ownership Plan, Emap offered free shares to the value of £840 (2007: £840) to qualifying staff. Sharemap was part of Lifemap, Emap's flexible benefits plan and allowed staff to save up to £1,500 a year to buy Emap shares. Emap would then match the cumulative investment in shares on a one to one basis. The shares were held in trust for staff for three years, after which time they could be sold. After five years, the shares were free of income tax on release from the trust.

Following the completion of the sale of the Company on 29 January 2008, the Company's employees were no longer eligible to participate in these schemes.

Metro Radio Limited
Notes to the accounts
For the year ended 31 March 2008

5 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
Corporation tax at 30% (2007: 30%)	836	748
Corporation tax prior year adjustment	-	(17)
Total current tax	836	731
Deferred tax - current year	(12)	(20)
Deferred tax - prior year	19	(15)
Tax charge on profit on ordinary activities	843	696

The tax assessed for the year is higher (2007: 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:

	2008 £'000	2007 £'000
Profit before tax	2,614	2,434
Tax charge at 30% (2007: 30%)	784	730
Corporation tax prior year adjustments	-	(17)
Non-taxable income	-	(2)
Non-tax deductible expenses	39	-
Depreciation in excess of capital allowances	12	20
Tax rate changes	1	-
Tax charge for the current year	836	731

The UK nominal rate of tax reduced to 28%, effective from 1 April 2008.

Metro Radio Limited
Notes to the accounts
For the year ended 31 March 2008

6 Tangible fixed assets

	Office equipment and vehicles £'000
Cost	
At 1 April 2007	2,089
Additions	1
At 31 March 2008	2,090
Depreciation	
At 1 April 2007	1,031
Charge for the year	321
At 31 March 2008	1,352
Net book value	
At 31 March 2008	738
At 31 March 2007	1,058

7 Debtors

	2008 £'000	2007 £'000
Trade debtors	664	897
Amounts owed by Group undertakings	6,236	3,830
Other debtors	83	51
Prepayments and accrued income	278	319
	7,261	5,097

Amounts owed by Group undertakings are unsecured, bearing interest at the SONIA rate up to 30 September 2007 (2007: SONIA rate) 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.

8 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	8	-
Bank Overdraft	3	-
Other taxation and social security	18	24
Accruals and deferred income	331	315
Other creditors	168	125
	528	464

Metro Radio Limited

Notes to the accounts

For the year ended 31 March 2008

9 Provisions for liabilities and charges

The movement on deferred tax is:

	Deferred tax £'000
At 1 April 2007	(18)
Transferred from profit and loss account	(7)
At 31 March 2008	(25)

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

	2008 £'000	2007 £'000
Depreciation in advance of capital allowances	(25)	(18)

There is no unprovided deferred taxation (2007: £nil).

During the year, as a result of the change in the UK Corporation Tax rate from 30% to 28% effective from 1 April 2008, deferred tax balances have been re-measured.

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.

10 Called up share capital

	2008 £'000	2007 £'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 2008

11 Profit and loss account

	Profit and loss account £'000
At 1 April 2007	5,255
Profit for the year	1,771
At 31 March 2008	7,026

12 Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
At 1 April 2007	5,675	3,937
Profit for the year	1,771	1,738
At 31 March 2008	7,446	5,675

13 Lease commitments

At 31 March 2008 the Company had annual commitments under non cancellable operating leases expiring as follows:

	Land and buildings 2008 £'000	Other 2008 £'000	Land and buildings 2007 £'000	Other 2007 £'000
Within one year	-	2	-	-
Within two to five years	-	-	-	7
After five years	135	-	136	-
	135	2	136	7

14 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 Bauer UK Radio GmbH, registered in Germany. Copies of Bauer UK Radio GmbH accounts are publicly available.

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