

Galaxy Radio Manchester Limited

**Directors' report and financial
statements**

Registered number 2848034

For the 18 months ended

31 March 2009

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Directors' report

The directors present their report and the audited financial statements for the 18 months ended 31 March 2009.

Principal activities

The principal activity of the company is unchanged and is the operation in the Greater Manchester area of the independent radio licence for Galaxy 102.

Turnover for the 18 months ended 31 March 2009 amounted to £5,282,000 (*13 months ended 30 September 2007: £3,332,000*).

Turnover is higher on a like for like basis against prior period by 15% despite a weak advertising market. This is due to improved performance of Galaxy brand as a whole, which has managed to outperform the 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 risk is monitored and managed through parent and local management.

From 1 November 2008 the company became a part of the Global Radio Services Limited agency agreement whereby a central purchase ledger and sales ledger is maintained.

During the period, the company incurred a recharge of redundancy costs from Global Radio Services Limited which amounted to £101,000.

Change of accounting reference date

On 15 August 2008, the company's accounting reference date was changed to 31 March 2009.

Results

The profit after taxation for the period ended 31 March 2009 amounted to £388,000 (*13 months ended 30 September 2007: £261,000*).

Proposed dividend

The directors do not recommend the payment of a dividend (*13 months ended 30 September 2007: £Nil*).

Directors

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

MD Connole	(appointed 20 November 2008)
RFJ Park	
DA Thomson	(resigned 30 September 2009)
MR Evans	(resigned 20 November 2008)
OR McGartoll	(resigned 3 November 2008)
AD Tabor	(resigned 5 June 2008)
SG Miron	(appointed 30 September 2009)

Directors' report (continued)

Supplier payment policy

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. From 1 November 2008 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.

Political and charitable contributions

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

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.

By order of the board 28 JAN 2010.

M. Connole
Director



30 Leicester Square
London
WC2H 7LA

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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).

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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 company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Galaxy Radio Manchester Limited

We have audited the financial statements of Galaxy Radio Manchester Limited for the 18 months ended 31 March 2009 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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor's 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 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. 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.

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 judgments 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.

Independent auditors' report to the members of Galaxy Radio Manchester Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the 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.

KPMG LLP

KPMG LLP
Chartered Accountants and Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

Date: *29 Jan 2010*

Profit and loss account
for the 18 months ended 31 March 2009

	Note	18 months ended 31-Mar 2009 £000	13 months ended 30-Sep 2007 £000
Turnover	<i>1</i>	5,282	3,332
Operating charges		(5,049)	(3,090)
Operating profit		233	242
Loss on disposal of fixed assets	<i>9</i>	(82)	-
Profit on ordinary activities before finance charges		151	242
Interest receivable and similar income	<i>6</i>	76	20
Profit on ordinary activities before taxation		227	262
Taxation credit/(charge) on profit on ordinary activities	<i>7</i>	161	(1)
Profit on ordinary activities after taxation	<i>17</i>	388	261

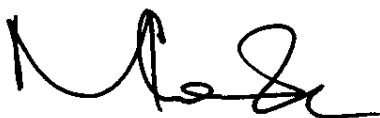
The above results derive entirely from the company's continuing activities.

The company has no recognised gains or losses other than the results as stated above for the current period and previous period and hence no statement of total recognised gains or losses has been presented.

Balance sheet
at 31 March 2009

	<i>Note</i>	31-Mar-09 £000	30-Sep-07 £000
Fixed assets			
Tangible fixed assets	9	37	195
Investments	10	-	-
		<hr/> 37	<hr/> 195
Current assets			
Debtors	11	1,893	980
Cash at bank and in hand		21	198
		<hr/> 1,914	<hr/> 1,178
Creditors: amounts falling due within one year	12	(206)	(546)
Net current assets		<hr/> 1,708	<hr/> 632
Provision for liabilities	16	(530)	-
		<hr/>	<hr/>
Net assets		<hr/> 1,215	<hr/> 827
Capital and reserves			
Called up share capital	15	834	834
Share premium	17	1,287	1,287
Profit and loss account	17	(906)	(1,294)
		<hr/>	<hr/>
Shareholders' funds		<hr/> 1,215	<hr/> 827

These financial statements were approved by the board of directors on **28 JAN** 2010 and were signed on its behalf by:



M. Connoles
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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 company's financial statements.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the sale of advertising airtime and sponsorship to customers, net of agency commissions, during the year and is derived wholly from the UK. The directors consider that there is only one class of business, all originating in the United Kingdom.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost, less the estimated residual value of tangible fixed assets, by equal instalments over their estimated useful economic lives as follows:

Office furniture, plant and equipment	over 2-10 years
Motor vehicles	over 3-5 years

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element, which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of Global Radio (UK) Limited and its cash flows are included within the consolidated cash flow statement of that company.

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, 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.

Notes (continued)

Pension scheme

The employees of the company are eligible to participate in the Global Radio Group personal pension plan. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Related party disclosures

Under Financial Reporting Standard 8, the company is exempt from the disclosure of transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of Global Radio (UK) Limited and its results are included in the consolidated financial statements of that company.

Exemption from preparing group accounts

The company is exempt from the requirement to prepare consolidated accounts as it is a wholly owned subsidiary of Global Radio (UK) Limited, a company incorporated in Great Britain whose financial statements include the results of the company. The consolidated financial statements of this group are available to the public and may be obtained from 30 Leicester Square, London WC2H 7LA.

Investments

Investments are stated at cost less amounts written off.

2 Agency agreement

Global Radio Services Limited provided personnel and other services to the Company from 1 November 2008 when it became part of the agency agreement. The amounts included in 'operating charges' contain a charge for these services of £317,031.

3 Profit on ordinary activities before and after taxation

	18 months ended 31-Mar 2009 £000	13 months ended 30-Sep 2007 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	107	86
Auditors' remuneration:		
Audit	5	5
Property rentals payable under operating lease	179	190
Plant and machinery rentals payable under operating lease	78	58

Notes (continued)

4 Directors' remuneration

The remuneration of the directors during the period (including pension contributions) was as follows:

	18 months ended 31-Mar 2009 £000	13 months ended 30-Sep 2007 £000
<i>Emoluments as directors</i>		
Non-executive directors' fees	-	9

With the exception of the directors mentioned below, all directors received their remuneration initially from Global Radio (UK) Limited and then from Global Radio Services Limited, and the majority of their time is spent on services to Global Radio (UK) Limited. Where the directors are also directors of Global Radio UK Limited, details of the remuneration they receive are disclosed in that company's accounts.

The remuneration of MR Evans and O McGartoll was received from Global Radio (UK) Limited up until their resignation and details of their remuneration are disclosed in that company's accounts.

M Connoles received his remuneration from Global Radio Services Limited and the majority of his time was spent on services to Global Radio (UK) Limited. Details of his remuneration as director of Global Radio UK Limited are disclosed in that company's accounts.

D A Thomson received his remuneration initially from Global Radio London Limited and then from Global Radio Services Limited. His remuneration for the period to 1 November 2008 has been disclosed in Global Radio London Limited accounts. His remuneration post 1 November 2008 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.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors remunerated by the company during the period), analysed by category, was as follows:

	Number of employees	
	18 months ended 31-Mar 2009	13 months ended 30-Sep 2007
Administration	5	6
Sales and distribution	22	24
	27	30
	18 months ended 31-Mar 2009	13 months ended 30-Sep 2007
	£000	£000
Wages and salaries	1,229	1,150
Social security costs	135	116
Pension costs	20	28
Redundancy	13	-
	1,397	1,294

6 Interest receivable and similar income

	18 months ended 31-Mar 2009	13 months ended 30-Sep 2007
	£000	£000
Bank interest receivable	13	5
Other interest receivable	4	15
Intercompany interest receivable	59	-
	76	20

Notes (continued)

7 Taxation

Analysis of (credit)/ charge in the period

	18 months ended 31-Mar 2009 £	13 months ended 30-Sep 2007 £
<i>UK corporation tax</i>		
Current tax on income for the period	22	1
	<hr/>	<hr/>
Deferred tax (see note 8)	(183)	-
	<hr/>	<hr/>
Total current tax (credit)/charge for the period	(161)	1
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (*period ended 30 September 2007: lower*) than the standard rate of corporation tax in the UK of 30% then 28% (*13 months ended 30 September 2007: 30%*). The differences are explained below:

	18 months ended 31-Mar 2009 £000	13 months ended 30-Sep 2007 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	227	262
	<hr/>	<hr/>
Current tax at 30% then 28% (<i>13 months ended 30 Sept 07: 30%</i>)	65	79
	<hr/>	<hr/>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	47	17
Capital allowances in excess of depreciation	(4)	(15)
Tax losses utilised	(86)	(75)
Group relief	-	(5)
	<hr/>	<hr/>
Total current tax charge (see above)	22	1
	<hr/>	<hr/>

Notes (continued)

8 Deferred tax

	31-Mar 2009 £000	30-Sep 2007 £000
At beginning of period	-	-
Credit to profit and loss account	183	-
At end of period	183	-
	<hr/>	<hr/>
	31-Mar 2009 £000	30-Sep 2007 £000
Deferred capital allowances	70	-
Trade losses	113	-
	<hr/>	<hr/>
	183	-
	<hr/>	<hr/>

The unprovided deferred tax asset at 30 September 2007 was £234,285 made up as follows: trading losses carried forward of £200,406 and the difference between accumulated depreciation and capital allowances of £33,879. the deferred tax asset has been recognised because the directors foresee profits in the near future against which the deferred tax assets can be utilised.

Notes (continued)

9 Tangible fixed assets

	Office furniture, plant and equipment £000	Motor vehicles £000	Total £000
Cost			
At beginning of period	945	18	963
Additions	31	-	31
Transfers to group companies	(108)	-	(108)
Disposals	(787)	-	(787)
At end of period	81	18	99
Depreciation			
At beginning of period	750	18	768
Charge for period	107	-	107
Transfers to group companies	(103)	-	(103)
Disposals	(710)	-	(710)
At end of period	44	18	62
Net book value			
At 31 March 2009	37	-	37
At 30 September 2007	195	-	195

10 Investments

Investments at cost total £12 at the start and end of the period.

Details of subsidiary undertakings at the balance sheet date are as follows:

Name of company	Main trading activity	% of ordinary shares held
Galaxy Radio Yorkshire Limited	Operation of a radio station	100
Faze Three (East Midlands) Limited	Dormant	100

The above companies are registered in England and Wales.

Notes (continued)

11 Debtors

	31-Mar 2009 £000	30-Sep 2007 £000
Trade debtors	-	437
Amounts owed by parent undertaking	458	296
Amounts owed by subsidiary undertakings	1,002	58
Other debtors	109	105
Prepayments and accrued income	141	84
Deferred tax (see note 8)	183	-
	<u>1,893</u>	<u>980</u>

12 Creditors: amounts falling due within one year

	31-Mar 2009 £000	30-Sep 2007 £000
Trade creditors	-	71
Amounts owed to parent undertaking	-	231
Taxation and social security	-	92
Accruals and deferred income	206	152
	<u>206</u>	<u>546</u>

15 Called up share capital

	31-Mar 2009 £000	30-Sep 2007 £000
<i>Authorised:</i>		
681,034 ordinary shares of £1 each	681	681
190,245 'A' ordinary shares of £1 each	190	190
	<u>871</u>	<u>871</u>
<i>Allotted, called up and fully paid:</i>		
643,470 ordinary shares of £1 each	644	644
190,245 'A' ordinary shares of £1 each	190	190
	<u>834</u>	<u>834</u>

Notes (continued)

16 Provision for liabilities

	Property provision £'000
At 30 September 2007	-
Charged to profit and loss account	663
At 31 March 2009	<u>663</u>

Property provisions are in place in respect of vacant property commitments. Utilisation will be over the life of these leases. These are based on the potential liabilities for rent, service charge, rates and insurance for the remaining term of the lease.

17 Reconciliation of movement in shareholders' funds

	Share capital £000	Profit and loss account £000	Share premium £000	Total £000
At beginning of period	834	(1,294)	1,287	827
Profit for the period	-	388	-	388
At end of period	<u>834</u>	<u>(906)</u>	<u>1,287</u>	<u>1,215</u>

18 Contingent liabilities

Contingent liabilities as at the balance sheet date 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.

Notes (continued)

19 Operating lease commitments

The company had the following annual commitments under non cancellable operating leases:

	31-Mar-09		30-Sep-07	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Expiring within one year	-	2	-	6
Expiring between two and five years	117	29	-	35
Expiring after five years	22	-	175	-
	<u>139</u>	<u>31</u>	<u>175</u>	<u>41</u>

20 Pension scheme

The pension charge for the year represents contributions payable by the company to the scheme and amounted to £20,000 (2007: £27,525).

As at 31 March 2009, contributions amounting to £Nil (2007: £Nil) were payable to the scheme and were included within creditors.

21 Ultimate holding company

The immediate parent company is Global Radio Holdings Limited, a company incorporated in Great Britain and registered in England and Wales.

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 intermediate parent company which is incorporated in Great Britain. The consolidated financial statements of this group are available to the public and may be obtained from 30 Leicester Square, London WC2H 7LA.

21 Subsequent events

Details of post balance sheet events have been discussed under note 1 Going Concern.