

**Galaxy Radio Manchester Limited**

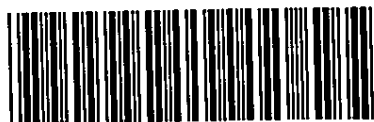
**Directors' report and financial  
statements**

**Registered number 2848034**

**For the year ended**

**31 March 2010**

TUESDAY



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## Directors' report

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

### 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 year ended 31 March 2010 amounted to £3,874,000 (*18 months ended 31 March 2009 £5,282,000*)

Turnover is higher on a like for like basis against prior period by 10% 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.

Since the company has been in the Global Radio Group agency agreement for the whole year, its balance sheet has changed in that all current assets and liabilities are now going through the agency company, and have been replaced with an intercompany balance with that company.

### Results

The profit after taxation for the year ended 31 March 2010 amounted to £1,245,000 (*18 months ended 31 March 2009 £388,000*)

### Proposed dividend

The directors do not recommend the payment of a dividend (*18 months ended 31 March 2009 £Nil*)

### Directors

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

MD Connole

RFJ Park

DA Thomson (resigned 30 September 2009)

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. All payments are undertaken on the Company's behalf by Global Radio Services Limited under an agency agreement.

### **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**

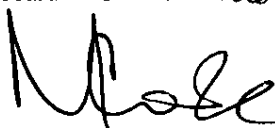
The Company maintains cover for all directors and officers against liabilities which may be incurred by them whilst acting as directors or officers.

### **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 20 January 2011

**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)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

We have audited the financial statements of Galaxy Radio Manchester Limited for the year ended 31 March 2010 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

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

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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

*Mike Harper*

**Mike Harper (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants and registered auditor*

15 Canada Square, London, E14 5GL

*20 January 2011*

**Profit and loss account**  
*for the year ended 31 March 2010*

	Note	Year ended 31-Mar 2010 £000	18 months ended 31-Mar 2009 £000
<b>Turnover</b>	<i>1</i>	<b>3,874</b>	5,282
Operating charges		<b>(2,284)</b>	(5,049)
<b>Operating profit</b>		<b>1,590</b>	233
Loss on disposal of fixed assets	<i>9</i>	-	(82)
<b>Profit on ordinary activities before finance charges</b>		<b>1,590</b>	151
Interest receivable and similar income	<i>6</i>	<b>139</b>	76
<b>Profit on ordinary activities before taxation</b>		<b>1,729</b>	227
Taxation (charge)/credit on profit on ordinary activities	<i>7</i>	<b>(484)</b>	161
<b>Profit on ordinary activities after taxation</b>	<i>15</i>	<b>1,245</b>	388

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 2010*

	<i>Note</i>	<b>31-Mar-10</b> <b>£000</b>	<b>31-Mar-09</b> <b>£000</b>
<b>Fixed assets</b>			
Tangible fixed assets	<i>9</i>	<b>26</b>	<b>37</b>
Investments	<i>10</i>	<b>-</b>	<b>-</b>
		<hr/> <b>26</b>	<hr/> <b>37</b>
<b>Current assets</b>			
Debtors	<i>11</i>	<b>2,904</b>	<b>1893</b>
Cash at bank and in hand		<b>27</b>	<b>21</b>
		<hr/> <b>2,931</b>	<hr/> <b>1,914</b>
<b>Creditors: amounts falling due within one year</b>	<i>12</i>	<b>-</b>	<b>(206)</b>
<b>Net current assets</b>		<hr/> <b>2,931</b>	<hr/> <b>1708</b>
<b>Provision for liabilities</b>	<i>14</i>	<b>(497)</b>	<b>(530)</b>
		<hr/> <b>2,460</b>	<hr/> <b>1,215</b>
<b>Net assets</b>		<hr/> <b>2,460</b>	<hr/> <b>1,215</b>
<b>Capital and reserves</b>			
Called up share capital	<i>13</i>	<b>834</b>	<b>834</b>
Share premium	<i>15</i>	<b>1,287</b>	<b>1,287</b>
Profit and loss account	<i>15</i>	<b>339</b>	<b>(906)</b>
<b>Shareholders' funds</b>		<hr/> <b>2,460</b>	<hr/> <b>1,215</b>

These financial statements were approved by the board of directors on *20 January* 2011 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 amounts invoiced in respect of all services and goods provided during the year, excluding value-added tax. Radio airtime revenue is recognised on the date of broadcast and this is considered to be the only material class of business for the Company in the United Kingdom

#### 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

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

#### 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.

#### Going concern

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

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

## 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 £984,204 (18 months ended 31 March 2009 £317,031).

## 3 Profit on ordinary activities before and after taxation

	Year ended	18 months ended
	31-Mar	31-Mar
	2010	2009
	£000	£000

*Profit on ordinary activities before taxation is stated after charging*

Depreciation and other amounts written off tangible fixed assets		
Owned	11	107
Auditors' remuneration		
Audit	1	5
Property rentals payable under operating lease	139	179
Plant and machinery rentals payable under operating lease	2	78
	<hr/>	<hr/>

## 4 Directors' remuneration

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

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

None of the directors received remuneration in respect of qualifying services to this Company (18 months ended 31 March 2009 £nil).

**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

	<b>Number of employees</b>	
	<b>Year ended</b>	<b>18 months ended</b>
	<b>31-Mar 2010</b>	<b>31-Mar 2009</b>
Administration	-	5
Sales and distribution	-	22
	<hr/>	<hr/>
	-	27
	<hr/>	<hr/>

	<b>Year ended</b>	<b>18 months ended</b>
	<b>31-Mar 2010</b>	<b>31-Mar 2009</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	-	1,229
Social security costs	-	135
Pension costs	-	20
Redundancy	-	13
	<hr/>	<hr/>
	-	1,397
	<hr/>	<hr/>

**6 Interest receivable and similar income**

	<b>Year ended</b>	<b>18 months ended</b>
	<b>31-Mar 2010</b>	<b>31-Mar 2009</b>
	<b>£000</b>	<b>£000</b>
Bank interest receivable	-	13
Other interest receivable	-	4
Intercompany interest receivable	139	59
	<hr/>	<hr/>
	139	76
	<hr/>	<hr/>

## Notes (continued)

### 7 Taxation

#### Analysis of charge/ (credit) in the period

	Year ended 31-Mar 2010 £	18 months ended 31-Mar 2009 £
<i>UK corporation tax</i>		
Current tax on income for the period	406	22
	<hr/>	<hr/>
Deferred tax (see note 8)	78	(183)
	<hr/>	<hr/>
Total current tax charge/(credit) for the period	<b>484</b>	<b>(161)</b>
	<hr/>	<hr/>

#### Factors affecting the tax charge for the current period

The current tax charge for the period is lower (*period ended 31 March 2009 lower*) than the standard rate of corporation tax in the UK of 28% (*18 months ended 31 March 2009 30% then 28%*). The differences are explained below

	Year ended 31-Mar 2010 £000	18 months ended 31-Mar 2009 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,729	227
	<hr/>	<hr/>
Current tax at 28% ( <i>18 months ended 31 March 2009 30% then 28%</i> )	<b>484</b>	65
	<hr/>	<hr/>
<i>Effects of</i>		
Expenses not deductible for tax purposes	1	47
Capital allowances in excess of depreciation	3	(4)
Tax losses utilised	-	(86)
Group relief	(82)	-
	<hr/>	<hr/>
Total current tax charge (see above)	<b>406</b>	22
	<hr/>	<hr/>

**Notes** *(continued)*

**8 Deferred tax**

	<b>31-Mar 2010 £000</b>	31-Mar 2009 £000
At beginning of year	<b>183</b>	-
(Charge)/credit to profit and loss account	<b>(78)</b>	183
At end of year	<b>105</b>	183
	<b>31-Mar 2010 £000</b>	31-Mar 2009 £000
Deferred capital allowances	<b>105</b>	70
Trade losses	-	113
	<b>105</b>	183

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## Notes (continued)

### 9 Tangible fixed assets

	Office furniture, plant and equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>			
At beginning of year	81	18	99
At end of year	<u>81</u>	<u>18</u>	<u>99</u>
<b>Depreciation</b>			
At beginning of year	44	18	62
Charge for period	11	-	11
At end of year	<u>55</u>	<u>18</u>	<u>73</u>
<b>Net book value</b>			
At 31 March 2010	<u>26</u>	<u>-</u>	<u>26</u>
At 31 March 2009	<u>37</u>	<u>-</u>	<u>37</u>

### 10 Investments

Investments at cost total £12 at the beginning and end of the year

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 2010 £000	31-Mar 2009 £000
Amounts owed by parent undertaking	-	458
Amounts owed by subsidiary undertakings	2,799	1002
Other debtors	-	109
Prepayments and accrued income	-	141
Deferred tax (see note 8)	105	183
	<u>2,904</u>	<u>1893</u>

**12 Creditors: amounts falling due within one year**

	31-Mar 2010 £000	31-Mar 2009 £000
Accruals and deferred income	-	206
	<u>-</u>	<u>206</u>

**13 Called up share capital**

	31-Mar 2010 £000	31-Mar 2009 £000
<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>

The 'A' ordinary and ordinary shares rank pari passu as regards all rights to dividend income and return of capital, and in terms of voting rights

## Notes (continued)

### 14 Provision for liabilities

	Property provision £'000
At 31 March 2009	663
Charged to profit and loss account	<u>(166)</u>
At 31 March 2010	<u><u>497</u></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.

### 15 Reconciliation of movement in shareholders' funds

	Profit and loss account £000	Share premium £000	Total £000
At beginning of year	(906)	1,287	381
Profit for the year	1,245	-	1,245
At end of year	<u><u>339</u></u>	<u><u>1,287</u></u>	<u><u>1,626</u></u>

### 16 Contingent liabilities

Contingent liabilities as at the balance sheet date were as follows

- a) Various inter-group cross guarantees held by Bank of Scotland, Bank of Ireland and Allied Irish bank
- b) 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)**

**17 Operating lease commitments**

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

	31-Mar-10		31-Mar-09	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Expiring within one year	-	2	-	2
Expiring between two and five years	117	-	117	29
Expiring after five years	22	-	22	-
	<u>139</u>	<u>2</u>	<u>139</u>	<u>31</u>

**18 Pension scheme**

The pension charge for the year represents contributions payable by the company to the scheme and amounted to £Nil (2009 £20,000)

As at 31 March 2010, contributions amounting to £Nil (2009 £Nil) were payable to the scheme and were included within creditors

**19 Ultimate parent company and controlling party**

The ultimate 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