
REAL AND SMOOTH LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014



REAL AND SMOOTH LIMITED

COMPANY INFORMATION

DIRECTORS

MD Connole (appointed 31 March 2014)
SG Miron (appointed 31 March 2014)
CD Everitt (resigned 31 March 2014)
MA Lee (resigned 31 March 2014)

COMPANY SECRETARY

CR Potterell

REGISTERED NUMBER

03739421

REGISTERED OFFICE

30 Leicester Square
London
WC2H 7LA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

REAL AND SMOOTH LIMITED

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REAL AND SMOOTH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The Directors present their report and the financial statements for the year ended 31 March 2014.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £9,610,000 (2013: profit £24,833,000).

The directors do not recommend payment of a dividend (2013: nil).

DIRECTORS

The Directors who served during the year and to the date of signing the financial statements were:

MD Connoles (appointed 31 March 2014)
SG Miron (appointed 31 March 2014)
CD Everitt (resigned 31 March 2014)
MA Lee (resigned 31 March 2014)

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of approval of the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 16 September 2014 and signed on its behalf.



MD Connoles
Director

REAL AND SMOOTH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

The Directors present their Strategic Report for the Company.

BUSINESS REVIEW

The principal activity of the Company is that of a holding company. The Directors do not envisage any major changes in the Company's activity in the foreseeable future.

The Company became a 100% subsidiary of This is Global Limited, both in terms of control and ownership, on 31 March 2014 as a result of the resolution of the Competition Commission's undertakings following its review of the acquisition of GMG Radio Holdings Limited by This is Global Limited on 24 June 2012.

On 31 March 2014, the Company sold its holdings in Real Radio (Yorkshire) Limited, Real XS Limited, Smooth Radio North East Limited and Smooth Radio Midlands Limited to Communicorp UK Limited for £2,475,000, of which £1,125,000 was deferred consideration. This sale took place as a result of the actions required for the Competition Commission to approve the acquisition of the Real and Smooth Limited group by This is Global Limited. The loss on disposal was £11,443,000.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is a subsidiary of This is Global Limited Group. From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The principal risks in the view of the Directors are outlined below.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses intercompany borrowings from other Group companies.

Market Risk

The key risk to the business is that an advertising slowdown may put pressure on traditional revenues, and reduce the value of the investments held. The risk is monitored and managed through Group management.

Interest rate risk

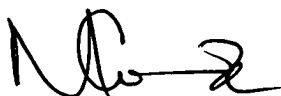
Interest rate risk arises from intercompany balances that bear interest at a fixed rate. The directors have reviewed the Company's exposure to interest rates and have concluded that the risk is appropriate in relation to the financial results of the Company.

FINANCIAL KEY PERFORMANCE INDICATORS

The business uses key performance indicators which are monitored on a regular basis and include audience trends such as weekly reach, listening hours, share of the market and demographic mix, as well as financial indicators such as turnover, Adjusted EBITDA and operating margins. Variance analysis is performed monthly and variances are monitored and discussed within a formal meeting structure.

This report was approved by the board on 16 September 2014 and signed on its behalf.

MD Connoles
Director



REAL AND SMOOTH LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014**

The Directors are responsible for preparing the Strategic report, 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 the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 accounting estimates that are reasonable and prudent;
- 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 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.

REAL AND SMOOTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REAL AND SMOOTH LIMITED

Report on the financial statements

OUR OPINION

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Real And Smooth Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

REAL AND SMOOTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REAL AND SMOOTH LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

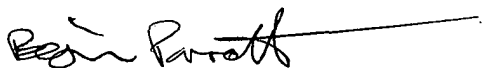
RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

Our responsibilities and those of the Directors

As explained more fully in the Directors' responsibilities statement, 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 and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.



Benjamin Parrott (Senior Statutory Auditor)

for and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and
Statutory Auditors

Manchester

16 September 2014

REAL AND SMOOTH LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £000	2013 £000
TURNOVER	1,2	4,332	4,530
Administrative expenses		<u>(8,512)</u>	<u>(9,867)</u>
OPERATING LOSS	3	(4,180)	(5,337)
Income from other fixed asset investments		5,808	29,068
Loss on disposal of investments	6	(11,443)	-
Other interest receivable and similar income	7	61	-
Interest payable and similar charges	8	<u>(147)</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(9,901)	23,731
Tax on (loss)/profit on ordinary activities	9	<u>291</u>	<u>1,102</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	<u>(9,610)</u>	<u>24,833</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

There are no material differences between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalents.

The notes on pages 8 to 18 form part of these financial statements.

REAL AND SMOOTH LIMITED
REGISTERED NUMBER: 03739421

BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Tangible assets	10		306		431
Investments	11		49,097		63,015
			<u>49,403</u>		<u>63,446</u>
CURRENT ASSETS					
Debtors	12	24,437		29,409	
Cash at bank and in hand		7,299		6,005	
		<u>31,736</u>		<u>35,414</u>	
CREDITORS: amounts falling due within one year	13	(11,751)		(19,862)	
NET CURRENT ASSETS			<u>19,985</u>		<u>15,552</u>
NET ASSETS			<u>69,388</u>		<u>78,998</u>
CAPITAL AND RESERVES					
Called up share capital	15		214,033		214,033
Share premium account	16		53,411		53,411
Profit and loss account	16		(198,056)		(188,446)
TOTAL SHAREHOLDERS' FUNDS	17		<u>69,388</u>		<u>78,998</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 September 2014.



MD Connoles
Director

The notes on pages 8 to 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The accounting policies as listed below have been applied consistently.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Going concern

After making enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly we continue to adopt the going concern basis for the financial statements.

1.3 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the Group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of business (net of VAT, trade discounts and anticipated returns). Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

The Company's turnover is substantially related to the recharges of head office expenses to other companies owned by the Company and is recognised when incurred.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	12.5% - 33%
Motor vehicles	-	25%
Fixtures & fittings	-	5% - 33%

The carrying value of fixed assets is reviewed for impairment if events or changes in circumstances suggest that their carrying amount may not be recoverable. When an impairment review is undertaken, the recoverable amount is calculated as the net present value of expected future cash flows of the relevant income generating unit. Any impairment is recognised in the profit and loss account in the period it occurs.

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

REAL AND SMOOTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES (continued)

1.7 Current tax

The Company provides for corporate taxation on the results for the year at the normal rate applicable to that year and recognises group relief when made available.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

1.11 Related party transactions

The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties).

2. TURNOVER

The Company's turnover is substantially related to the recharges of head office expenses to other companies owned by the Company.

All turnover arose within the United Kingdom.

REAL AND SMOOTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

3. OPERATING LOSS

The operating loss is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	185	214
Impairment of tangible fixed assets	38	-
Auditors' remuneration	12	3
Operating lease rentals:		
- plant and machinery	69	15
- property	91	92
Loss on disposal of tangible owned fixed assets	4	-
Impairment of fixed asset investments	2,400	-
	<u>2,400</u>	<u>-</u>

Administrative expenses include £2,400,000 (2013: £nil) relating to the impairment of the carrying value of the investment in Real Radio XS Limited.

4. STAFF COSTS

Staff costs, including Directors' remuneration, were as follows:

	2014 £000	2013 £000
Wages and salaries	3,388	1,198
Social security costs	451	-
Other pension costs	196	72
	<u>4,035</u>	<u>1,270</u>

The average monthly number of employees during the year was as follows:

	2014 No.	2013 No.
Sales	33	-
Administration	14	67
	<u>47</u>	<u>67</u>

There were no outstanding or prepaid pension contributions at 31 March 2014 (2013: £nil).

REAL AND SMOOTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

5. DIRECTORS' REMUNERATION

	2014 £000	2013 £000
Aggregate emoluments	671	1,198
Company pension contributions to defined contribution pension schemes	32	72

During the year retirement benefits were accruing to 2 Directors (2013: 2) in respect of defined contribution pension schemes.

The highest paid Director received aggregate emoluments of £461,000 (2013: £576,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £25,000 (2013: £23,000).

In 2013, the remuneration of three directors was paid by the previous parent company, Guardian Media Group PLC, and was not recharged to the Company. The total remuneration includes compensation for loss of office of £Nil (2013: £223,000).

During the year ended 31 March 2014, MD Connole and SG Miron received remuneration from Global Radio Services Limited and the majority of their time was spent on services to This is Global Limited, the ultimate parent company. Details of their remuneration as directors of This is Global Limited are disclosed in that company's financial statements. No recharge has been made of their remuneration to this Company.

6. LOSS ON DISPOSAL OF INVESTMENTS

On 31 March 2014, the Company sold its holdings in Real Radio (Yorkshire) Limited, Real XS Limited, Smooth Radio North East Limited and Smooth Radio Midlands Limited to Communicorp UK Limited for £2,475,000, of which £1,125,000 was deferred consideration. This sale took place as a result of the actions required for the Competition Commission to approve the acquisition of the Real and Smooth Limited group by This is Global Limited. The loss on disposal was £11,443,000.

7. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £000	2013 £000
On loans to group undertakings	61	-

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £000	2013 £000
On loans from group undertakings	147	-

REAL AND SMOOTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

9. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2014 £000	2013 £000
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax credit on loss for the year	(392)	(1,108)
Adjustments in respect of prior years	91	5
Total current tax	<u>(301)</u>	<u>(1,103)</u>
Deferred tax		
Origination and reversal of timing differences	10	-
Adjustment in respect of prior periods	-	1
Total deferred tax (see note 14)	<u>10</u>	<u>1</u>
Tax on (loss)/profit on ordinary activities	<u>(291)</u>	<u>(1,102)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013: *lower than*) the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below:

	2014 £000	2013 £000
(Loss)/profit on ordinary activities before tax	<u>(9,901)</u>	<u>23,731</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	(2,277)	5,695
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,211	7
Capital allowances for year in excess of depreciation	10	3
Adjustments in respect of prior years	91	5
Restriction on interest allowable for tax	-	153
Non-taxable income	-	(88)
Dividends from UK companies	(1,336)	(6,878)
Current tax credit for the year (see note above)	<u>(301)</u>	<u>(1,103)</u>

Factors that may affect future tax charges

On 19 March 2013 the Chancellor announced the reduction in the main rate of UK corporation tax to 21 per cent with effect from 1 April 2014. The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent to 20 per cent by 1 April 2015. These changes were substantively enacted on 2 July 2013 and therefore the effect of the rate changes created a reduction in the deferred tax asset which has been included in the figures above.

REAL AND SMOOTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

10. TANGIBLE FIXED ASSETS

	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Total £000
Cost				
At 1 April 2013	1,258	29	93	1,380
Additions	9	-	-	9
Transfers intra group	342	-	-	342
Disposals	-	(29)	-	(29)
At 31 March 2014	1,609	-	93	1,702
Accumulated depreciation				
At 1 April 2013	864	10	75	949
Charge for the year	168	2	15	185
Transfers intra group	236	-	-	236
On disposals	-	(12)	-	(12)
Impairment charge	38	-	-	38
At 31 March 2014	1,306	-	90	1,396
Net book value				
At 31 March 2014	303	-	3	306
At 31 March 2013	394	19	18	431

Transfers to fellow group companies were at book value.

REAL AND SMOOTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000	Other investments £000	Total £000
Cost or valuation			
At 1 April 2013	216,571	446	217,017
Additions	2,400	-	2,400
Disposals	(64,475)	-	(64,475)
At 31 March 2014	<u>154,496</u>	<u>446</u>	<u>154,942</u>
Impairment			
At 1 April 2013	153,969	33	154,002
Charge for the year	2,400	-	2,400
Impairment on disposals	(50,557)	-	(50,557)
At 31 March 2014	<u>105,812</u>	<u>33</u>	<u>105,845</u>
Net book value			
At 31 March 2014	<u>48,684</u>	<u>413</u>	<u>49,097</u>
At 31 March 2013	<u>62,602</u>	<u>413</u>	<u>63,015</u>

Subsidiary undertakings

The following were trading subsidiary undertakings of the Company:

Name	Class of shares	Holding
Real Radio Limited	£1 ordinary share	100%
Real Radio (Scotland) Limited	£1 ordinary share	100%
Smooth Radio Investments Limited	£1 ordinary share	100%
Real Radio (North East) Limited	£1 ordinary share	100%
Real Radio (North West) Limited	£1 ordinary share	100%
Smooth Radio (Scotland) Limited	£1 ordinary share	100%
Smooth Digital Radio Limited	£1 ordinary share	100%

REAL AND SMOOTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

11. FIXED ASSET INVESTMENTS (continued)

The aggregate of the share capital and reserves as at 31 March 2014 and the profit or loss for the year ended on that date for these subsidiary undertakings was as follows:

Name	Aggregate of share capital and reserves £000	Profit/(loss) £000
Real Radio Limited	3,480	461
Real Radio (Scotland) Limited	4,153	1,562
Smooth Radio Investments Limited	438	1,768
Real Radio (North East) Limited	1,256	(93)
Real Radio (North West) Limited	3,838	864
Smooth Radio (Scotland) Limited	(632)	256
Smooth Digital Radio Limited	132	-

The Directors believe that the carrying value of the investments is supported by their underlying net assets or their expected future profitability.

On 31 March 2014, the Company sold its holdings in Real Radio (Yorkshire) Limited, Real XS Limited, Smooth Radio North East Limited and Smooth Radio Midlands Limited to Communicorp UK Limited for £2,475,000, of which £1,125,000 was deferred consideration. This sale took place as a result of the actions required for the Competition Commission to approve the acquisition of the Real and Smooth Limited group by This is Global Limited.

Other investments comprise a 36.8% holding in MXR Limited, and a 3.7% holding in RadioCentre Limited.

12. DEBTORS

	2014 £000	2013 £000
Trade debtors	4,885	59
Amounts owed by group undertakings	16,556	28,746
VAT recoverable	-	238
Other debtors	1,203	12
Prepayments and accrued income	1,675	226
Deferred tax asset (see note 14)	118	128
	24,437	29,409

Amounts owed by group undertakings are unsecured, repayable on demand and attract interest at 0.5% above the official United Kingdom base rate.

REAL AND SMOOTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

13. CREDITORS:

Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	29	338
Amounts owed to group undertakings	10,310	17,960
Taxation and social security	341	404
Other creditors	25	93
Accruals and deferred income	1,046	1,067
	<u>11,751</u>	<u>19,862</u>

Amounts owed to group undertakings are unsecured, repayable on demand and attract interest at 0.5% above the official United Kingdom base rate.

14. DEFERRED TAX ASSET

	2014	2013
	£000	£000
At beginning of year	128	129
Charged to the Profit and Loss account in the year	(10)	(1)
At end of year	<u>118</u>	<u>128</u>

The deferred tax asset is made up as follows:

	2014	2013
	£000	£000
Accelerated capital allowances	99	112
Other timing differences	19	16
	<u>118</u>	<u>128</u>

15. CALLED UP SHARE CAPITAL

	2014	2013
	£000	£000
Allotted, called up and fully paid		
214,033,310 (2013: 214,033,310) Ordinary shares of £1 each	<u>214,033</u>	<u>214,033</u>

REAL AND SMOOTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

16. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 April 2013	53,411	(188,446)
Loss for the financial year	-	(9,610)
At 31 March 2014	<u>53,411</u>	<u>(198,056)</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Opening shareholders' funds/(deficit)	78,998	(159,868)
(Loss)/profit for the financial year	(9,610)	24,833
Shares issued during the year	-	214,033
Closing shareholders' funds	<u>69,388</u>	<u>78,998</u>

18. OPERATING LEASE COMMITMENTS

At 31 March 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2014 £000	2013 £000	Equipment and Vehicles 2014 £000	2013 £000
Expiry date:				
Within 1 year	-	8	4	-
Between 2 and 5 years	-	-	188	69

Included in the above annual Company commitments is £83,992 (2013: £69,065) in respect of equipment and vehicles where the leases are held in the name of fellow group undertakings. These are recharged from fellow group undertakings to Real and Smooth Limited.

19. RELATED PARTY TRANSACTIONS

The Company has a trading relationship with MXR Limited (100% subsidiary of MXR Holdings Limited), a digital radio multiplex operator, in which it has a 36.8% indirect shareholding. All transactions were conducted at normal commercial rates and during the current financial year Real and Smooth Limited purchased transmission services at a value of £646,000 (2013: £1,259,000) and received dividends of £257,600 (2013: £368,000). The Company had no outstanding balances with MXR Limited as at 31 March 2014 or 2013.

REAL AND SMOOTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard This is Global Limited, a company incorporated in Great Britain and registered in England and Wales, as the Company's ultimate parent undertaking and controlling party.

The largest and smallest group in which the results of the Company are consolidated is that headed by This is Global Limited, the ultimate parent company which is incorporated in Great Britain. The consolidated financial statements of this company are available to the public and may be obtained from 30 Leicester Square, London WC2H 7LA.

The Company became a 100% subsidiary of This is Global Limited, both in terms of control and ownership, on 31 March 2014 as a result of the resolution of the Competition Commission's undertakings following its review of the acquisition of GMG Radio Holdings Limited by This is Global Limited on 24 June 2012.