

Company Registration Number

03798969

REAL RADIO (YORKSHIRE) LIMITED

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2012**

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REAL RADIO (YORKSHIRE) LIMITED

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REAL RADIO (YORKSHIRE) LIMITED

LIST OF DIRECTORS AND ADVISERS

Directors

S Taylor
P E Boardman
S.P Kilby

Company secretary

S P Kilby

Independent Auditors

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

Solicitors

Davenport Lyons
30 Old Burlington Street
London
W1S 3NL

Bankers

The Royal Bank of Scotland plc
Corporate and Institutional Banking
135 Bishopgate
London
EC2M 3UR

Registered Office

PO Box 68164
Kings Place
90 York Way
London
N1P 2AP

REAL RADIO (YORKSHIRE) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012

The Directors present their report and the audited financial statements of the company for the year ended 31 March 2012. This report has been prepared in accordance with the special provisions of s415 of the Companies Act 2006 relating to small companies.

Principal Activity

The principal activity of the company is that of a radio station.

Business Review and Future Developments

The profit for the year is set out in the profit and loss account on page 7. The directors are satisfied with the performance of the company.

The directors do not recommend payment of a dividend (2011: £nil).

Qualifying third party indemnity

The company has granted indemnity in favour of its directors and officers against the financial exposure that they may incur in the context of their professional duties and officers of the company.

Directors

The directors of the company during the year and up to the date of signing the financials are listed on page 2.

No director had any interest in contracts made by the company.

Directors' Responsibilities Statement

The directors are responsible for preparing the Report of the Directors 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 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 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 RADIO (YORKSHIRE) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011 (continued)

Disclosure of relevant information to auditors

The directors of the company at the date of this report confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 (1) to (4) of the Companies Act 2006.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and, in the absence of a notice proposing that the appointment be terminated, they will be deemed to be re-appointed for the next financial year.

By order of the Board



S P Kilby
Director and Company secretary
14 June 2012

REAL RADIO (YORKSHIRE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REAL RADIO (YORKSHIRE) LIMITED

We have audited the financial statements of Real Radio (Yorkshire) Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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).

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 and express an opinion on 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 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.

Scope of the audit of the financial statements

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 Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its profit 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

Opinion on other matter prescribed by the Companies Act 2006

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

REAL RADIO (YORKSHIRE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REAL RADIO (YORKSHIRE) LIMITED (continued)

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Report of the Directors



Benjamin Parrott (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
14 June 2012

REAL RADIO (YORKSHIRE) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £'000	2011 £'000
Turnover	2	3,881	3,782
Operating costs			
Staff costs	3	(1,078)	(1,050)
Depreciation on tangible fixed assets		(22)	(21)
Other operating charges		<u>(2,569)</u>	<u>(2,548)</u>
		<u>(3,669)</u>	<u>(3,619)</u>
Operating profit		212	163
Interest receivable from fellow subsidiary		<u>35</u>	<u>31</u>
Profit on ordinary activities before taxation	4	247	194
Tax charge on profit on ordinary activities	5	(69)	(65)
Profit for the financial year	11	<u>178</u>	<u>129</u>

All activities in the year above relate to continuing operations

The company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented

- There is no material difference between the profit on ordinary activities before taxation and profit for the financial period stated above, and their historical cost equivalents

REAL RADIO (YORKSHIRE) LIMITED

BALANCE SHEET AS AT 31 MARCH 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	6	100	43
Current assets			
Debtors	7	3,439	3,381
Cash at bank and in hand		<u>81</u>	<u>57</u>
		3,520	3,438
Creditors: Amounts falling due within one year	8	<u>(337)</u>	<u>(376)</u>
Net current assets		3,183	3,062
Net assets		<u>3,283</u>	<u>3,105</u>
Capital and reserves			
Called up share capital	10	3,300	3,300
Profit and loss account		<u>(17)</u>	<u>(195)</u>
Total shareholders' funds	11	<u>3,283</u>	<u>3,105</u>

The financial statements on pages 7 to 15 were approved by the Board of Directors on 14 June 2012 and were signed on its behalf by



S P. Kilby
Director and Company secretary



P E Boardman
Director

Real Radio (Yorkshire) Limited
Company Registration Number 03798969

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1) Accounting policies

Accounting basis

These financial statements are prepared on the going concern basis under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The principal accounting policies applied in the preparation of financial statements which have been consistently applied each year, are set out below

Cash flow statement

The company is a wholly owned subsidiary of Guardian Media Group plc and the cash flows of the company are included in the consolidated group cash flow statement of Guardian Media Group plc. Consequently the company is exempt from publishing a cash flow statement, under IFRS 1 (revised 1996)

Tangible assets

Tangible fixed assets, other than freehold land, are stated at cost less depreciation

Depreciation of tangible fixed assets has been calculated to write off the original cost by equal instalments over the estimated useful life of the asset concerned.

The principal annual rates used for depreciation are

- Studio and office equipment 12.5% - 33%
- Furniture, fixtures and 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.

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.

Deferred taxation

Deferred taxation 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 in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1) Accounting policies (continued)

Revenue recognition

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.

Online advertising revenue is recognised as page impressions are served or evenly over the period, depending on the terms of the contract

Radio airtime, advertising, sponsorship and other revenue is recognised as the advertising or channel is aired

Radio advertisement production revenue is recognised when the advert is produced

Deferred income is recorded in the balance sheet and represents amounts invoiced but not yet recognised in the profit and loss account

Revenue from barter transactions for advertising is recognised and disclosed only where there is persuasive evidence of the value at which, if it had not been exchanged, the advertising would have been sold for cash in a similar transaction

Pension costs

The company's employees are members of a defined contribution pension scheme operated by the ultimate holding company Details of the Group's pension scheme are shown in the consolidated financial statements of Guardian Media Group plc Contributions are made in accordance with the scheme rules and charged to operating costs as incurred (see note 3a)

Operating leases

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

2) Turnover

Sales are made wholly in the UK

3) Staff costs

(a) Staff costs during the year

	2012 £'000	2011 £'000
Wages and salaries	894	875
Employer's social security costs	121	112
Employer's pension costs	63	63
	<u>1,078</u>	<u>1,050</u>

There were no outstanding or prepaid pension contributions at 31 March 2012 (2011: £nil)

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

(b) Average number of persons employed

	2012 No.	2011 No.
By activity:		
Programming	10	9
Advertising	17	16
Administration	4	4
	<u>31</u>	<u>29</u>

(c) Directors' emoluments

The emoluments of all the directors are paid by the ultimate parent company which makes no recharge to the company. All of the directors are directors of the ultimate parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the ultimate parent company.

4) Profit on ordinary activities before taxation

	2012 £'000	2011 £'000
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The following amounts have been charged in arriving at profit on ordinary activities before taxation

Depreciation of tangible fixed assets	22	21
Hire of assets under operating leases – land and buildings	163	124
Hire of assets under operating leases – equipment and vehicles	237	233
Auditors' remuneration – audit of company	<u>9</u>	<u>9</u>

5) Tax charge on profit on ordinary activities

	2012 £'000	2011 £'000
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(a) Analysis of charge in the year

UK corporation tax charge on profit for the year	56	70
Adjustments in respect of previous periods	<u>(5)</u>	<u>(5)</u>
Total current tax charge	<u>51</u>	<u>65</u>

Deferred tax

Origination and reversal of timing differences (note 9)	<u>18</u>	<u>-</u>
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Tax charge on profit on ordinary activities	<u>69</u>	<u>65</u>
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The tax assessed for the year is lower (2011 higher) than the standard rate of corporation tax in the UK of 26% (2011 28%). The differences are explained below

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

(b) Factors affecting tax charge for the year

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	247	194
Profit on ordinary activities multiplied by standard rate of tax 26% (2011 28%)	64	54
Effects of		
Expenses not deductible for tax purposes	3	10
Depreciation in excess of capital allowances	(11)	6
Adjustments to tax charge in respect of previous periods	(5)	(5)
Current tax charge for the year	51	65

(c) Factors that may affect future tax charges

A change in the UK main corporation tax rate from 28% to 26% was substantively enacted on 29 March 2011, following the conclusion of the Budget debates, and was effective from 1 April 2011. In addition following the Budget 2012, a change in the main UK corporation tax rate from 26% to 24% from 1 April 2012 was substantively enacted on 26 March 2012. As a result, the relevant deferred tax balances have been remeasured to 24%.

Further reductions to the UK corporation tax rate were announced in the June 2010 and 2012 Budgets, which propose to reduce the rate to 22% for the financial year commencing 1 April 2014. These further changes are expected to be enacted separately each year. However, these further changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

6) Tangible assets

	Studio and Office Equipment £'000	Fixtures and Fittings £'000	Total £'000
Cost			
At 1 April 2011	530	465	995
Additions	39	40	79
At 31 March 2012	569	505	1,074
Accumulated depreciation			
As 1 April 2011	490	462	952
Charge for year	17	5	22
At 31 March 2012	507	467	974
Net book value			
At 31 March 2012	62	38	100
At 31 March 2011	40	3	43

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7) Debtors

	2012 £'000	2011 £'000
Trade debtors	189	226
Amounts owed by group undertakings	2,997	2,933
Deferred taxation (note 9)	44	62
Prepayments and accrued income	209	160
	<u>3,439</u>	<u>3,381</u>

Amounts owed by group undertakings are unsecured, bear interest at Libor +0.5% and are repayable on demand

8) Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	117	135
Amounts due to group undertakings	-	44
Other taxation and social security	34	38
Accruals and deferred income	186	159
	<u>337</u>	<u>376</u>

Amounts due to group undertakings include group relief payable of £nil (2011: £43,503). Amounts due to group undertakings, excluding group relief payable, are unsecured, bear interest at Libor +0.5%, and are repayable on demand.

9) Deferred taxation

	2012 £'000	2011 £'000
The deferred taxation asset is analysed as follows		
Accelerated tax allowances on fixed assets	44	62
	<u>44</u>	<u>62</u>
Movement in the year		
At 1 April	62	62
Charge to profit and loss account (note 5)	(18)	-
At 31 March	<u>44</u>	<u>62</u>

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

	2012 £'000	2011 £'000
3,300,000 issued, called up and fully paid ordinary shares of £1 each	<u>3,300</u>	<u>3,300</u>

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11) Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Opening shareholders' funds at 1 April	3,105	2,976
Profit for the financial year	178	129
Closing shareholders' funds at 31 March	<u>3,283</u>	<u>3,105</u>

12) Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	2012 Land and Buildings £'000	2012 Equipment and Vehicles £'000	2011 Land and Buildings £'000	2011 Equipment and Vehicles £'000
Within one year	-	1	-	3
Between two and five years	-	231	-	120
More than five years	164	-	164	73
	<u>164</u>	<u>232</u>	<u>164</u>	<u>196</u>

Included in the above annual commitments is £232,079 (2011: £195,500) 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 Radio (Yorkshire) Limited.

13) Contingent liabilities

The company has given a guarantee to The Royal Bank of Scotland plc to secure the liabilities of certain group companies. At 31 March 2012, no group company had a bank overdraft (2011: £nil).

14) Related party transactions

The directors regard Guardian Media Group plc as the controlling party by virtue of its 100% interest in the equity share capital of the company. Transactions with fellow group undertakings of the Guardian Media Group plc are not required to be disclosed under FRS 8 as these transactions are fully eliminated on consolidation.

During the year Real Radio (Yorkshire) Limited incurred recharges from Smooth Radio Limited for transmission costs from MXR Limited (an associate in which GMG Radio Holdings Limited has a 36.8% shareholding). Charges from MXR Limited incurred by Real Radio (Yorkshire) Limited during the year have totalled £102,769 (2011: £97,966) for annual DAB transmission fees. There are no outstanding creditors as at 31 March 2012.

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

15) Ultimate holding company

The company's immediate holding company is GMG Radio Holdings Limited, a company registered in England and Wales. The company's ultimate parent company is The Scott Trust Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the ultimate parent company's consolidated financial statements may be obtained from The Secretary, The Scott Trust Limited, PO Box 68164, Kings Place, 90 York Way, London N1P 2AP.

Guardian Media Group plc is the parent undertaking of the only group of undertakings to consolidate these financial statements at 1 April 2012. The consolidated financial statements of Guardian Media Group plc are available from The Secretary, PO Box 68164, Kings Place, 90 York Way, London N1P 2AP.