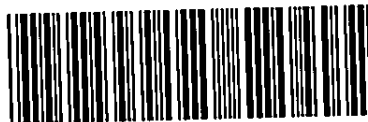


REAL RADIO (YORKSHIRE) LIMITED

**DIRECTORS REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MARCH 2009**

TUESDAY



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REAL RADIO (YORKSHIRE) LIMITED

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REAL RADIO (YORKSHIRE) LIMITED

LIST OF DIRECTORS AND ADVISERS

Directors

N. Castro

S. Taylor (appointed 4 December 2008)

J. Myers (resigned 27 February 2009)

Company secretary

S. P. Kilby

Registered Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and

Registered 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

Number 1 Scott Place

Manchester

M3 3GG

REAL RADIO (YORKSHIRE) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2009

The Directors present their report and the audited financial statements of the company for the year ended 31 March 2009.

1. Principal Activity

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

2. Business Review and Future Developments

The loss 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 (2008: £nil).

3. Directors

The directors of the company during the year and up to the date of signing the financial statements (except as stated) are listed on page 2.

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

4. Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REAL RADIO (YORKSHIRE) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2009 (continued)**

5. 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 he ought to have taken as a director in order to make himself aware of any 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 234ZA of the Companies Act 1985.

6. 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
Company secretary

25 June 2009

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 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the Notes to the Financial Statements. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 Report of the Directors is consistent with the financial statements.

In addition we 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors, and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

REAL RADIO (YORKSHIRE) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF REAL RADIO (YORKSHIRE) LIMITED (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

PricewaterhouseCoopers W

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Manchester

26 June 2009

REAL RADIO (YORKSHIRE) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009**

	Note	2009 £'000	2008 £'000
Turnover	2	3,719	4,743
Operating Costs:			
Staff costs	3	(1,073)	(1,184)
Depreciation on tangible fixed assets		(127)	(151)
Loss on disposal of tangible fixed assets		-	(6)
Other operating charges		(2,715)	(2,829)
		<u>(3,915)</u>	<u>(4,170)</u>
Operating (loss)/profit		(196)	573
Interest receivable from fellow subsidiary		<u>108</u>	<u>125</u>
(Loss)/profit on ordinary activities before taxation	4	(88)	698
Tax credit/(charge) on profit on ordinary activities	5	16	(246)
(Loss)/Profit for the financial year		<u>(72)</u>	<u>452</u>

STATEMENT OF PROFITS/ (LOSSES)

	2009 £'000	2008 £'000
Balance at 1 April	(197)	(649)
(Loss)/Profit for the year	(72)	452
Deficit at 31 March	<u>(269)</u>	<u>(197)</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 loss above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

The notes on pages 9 to 15 form a part of these financial statements.

REAL RADIO (YORKSHIRE) LIMITED

BALANCE SHEET AS AT 31 MARCH 2009

	Note	2009 £'000	2008 £'000
Fixed Assets			
Tangible assets	6	122	239
Current Assets			
Debtors	7	3,118	3,370
Cash at bank and in hand		<u>101</u>	<u>107</u>
		3,219	3,477
Creditors: amounts falling due within one year	8	310	613
Net current assets		<u>2,909</u>	<u>2,864</u>
Net assets		<u>3,031</u>	<u>3,103</u>
Capital and reserves			
Called up share capital	10	3,300	3,300
Profit and loss account		(269)	(197)
Total shareholders' funds	11	<u>3,031</u>	<u>3,103</u>

The financial statements on pages 7 to 15 were approved by the Board of Directors on 25 June 2009 and were signed on its behalf by:

Director: _____



The notes on pages 9 to 15 form a part of these financial statements.

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1) Accounting policies

Accounting basis

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently, is set out below. The financial statements have been prepared on the going concern basis under the historical cost convention.

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 the terms of Financial Reporting Standard (FRS) 1 (revised 1996).

Tangible assets

The cost of tangible assets is their purchase or construction costs together with any incidental costs of acquisition.

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

The principal annual rates used for depreciation are:

Studio and Office Equipment	12.5 – 33%
Fixtures and Fittings	10 – 20%

The carrying value of tangible assets is reviewed in accordance with FRS11 'Impairment of fixed assets and goodwill'. Any impairment is recognised in the profit and loss account of the period it occurs

Taxation

The company provides for corporate taxation on the results for the period at the nominal rate applicable to that period 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 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. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the board.

No timing differences are recognised in respect of:

- Fair value adjustments to acquired tangible fixed assets where there is no commitment to sell the asset,
- Gains on the sale of assets where those gains have been rolled over into replacement assets.

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.

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Turnover

Turnover represents amounts invoiced to customers (net of VAT) less discounts.

Revenue from airtime, advertising and sponsorship is recognised as it is aired. Revenue from advertisement production is recognised when the advert is produced.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Barter transactions

Turnover and costs in respect of barter transactions for advertising are recognised 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

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Deferred income

Deferred income is recorded in the balance sheet to represent the amount of revenue invoiced to clients which has not yet been recognised in the profit and loss account.

2) Turnover

Sales are made wholly in the UK.

3) Staff costs

(a) Staff costs during the year

	2009 £'000	2008 £'000
Wages and salaries	888	973
Employers' social security costs	114	152
Employers' pension costs	71	59
	<u>1,073</u>	<u>1,184</u>

There were no outstanding or prepaid pension contributions at 31 March 2009 (2008: £nil).

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3) Staff costs (continued)

(b) Average number of persons employed

	2009 No.	2008 No.
By activity:		
Programming	10	12
Advertising	17	18
Administration	4	4
	<u>31</u>	<u>34</u>

(c) Emoluments of directors

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) (Loss)/profit on ordinary activities before taxation

	2009 £'000	2008 £'000
The following amounts have been charged/(credited) in arriving at (loss)/profit on ordinary activities before taxation:		
Depreciation of tangible fixed assets	127	151
Loss on disposal of fixed assets	-	6
Hire of assets under operating leases – land and buildings	140	103
Hire of assets under operating leases – equipment and vehicles	233	257
Auditors' remuneration – audit of company	9	8
Auditors' remuneration – non-audit	4	4
	<u>4</u>	<u>4</u>

5) Tax credit on profit on ordinary activities

	2009 £'000	2008 £'000
(a) Analysis of credit in the year		
UK corporation tax charge on profit for the year	11	251
Adjustments in respect of previous periods	-	3
Total current tax charge	<u>11</u>	<u>254</u>
Deferred tax		
Origination and reversal of timing differences	(27)	(9)
Impact of change in UK tax rate	-	1
Total deferred tax (note 9)	<u>(27)</u>	<u>(8)</u>
Tax (credit)/charge on profit on ordinary activities	<u>(16)</u>	<u>246</u>

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5) Tax charge on profit on ordinary activities (continued)

The tax assessed for the year is higher (2008: higher) than the standard rate of corporation tax in the UK (2008: 30%). The differences are explained below:

(b) Factors affecting tax charge for the year

	2009 £'000	2008 £'000
(Loss)/profit on ordinary activities before tax	(88)	698
(Loss)/profit on ordinary activities multiplied by standard rate of tax 28% (2008 30%)	(25)	209
Effects of:		
Expenses not deductible for tax purposes	13	32
Depreciation in excess of capital allowances	25	7
Other timing differences	(2)	3
Adjustments to tax charge in respect of previous periods	-	3
Current tax charge for the year	11	254

(c) Factors that may affect future tax charges

There are no significant factors known at 31 March 2009 which may affect future tax charges (31 March 2008 : The standard rate of corporation tax changed to 28% with effect from 1 April 2008 and a number of changes to the capital allowance regime were enacted in the 2008 Finance Act).

6) Tangible assets

	Studio and Office Equipment £'000	Fixtures and Fittings £'000	Total £'000
Cost			
At 1 April 2008	583	467	1,050
Additions	10	-	10
Disposals			
At 31 March 2009	593	467	1,060
Accumulated depreciation			
As 1 April 2008	428	383	811
Charge for year	70	57	127
Disposals			
At 31 March 2009	498	440	938

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Studio and Office Equipment £'000	Fixtures and Fittings £'000	Total £'000
6) Tangible assets (continued)			
Net book value			
At 31 March 2009	95	27	122
At 31 March 2008	155	84	239

7) Debtors

	2009 £'000	2008 £'000
Trade debtors	334	469
Amounts owed by group undertakings	2,513	2,490
Deferred taxation (note 9)	43	16
Other taxation and social security	-	22
Prepayments and accrued income	228	373
	3,118	3,370

Amounts owed by group undertakings are unsecured and have no fixed date of repayment and are repayable on demand.

8) Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	45	104
Amounts due to group undertakings	47	283
Other taxation and social security	32	-
Other creditors	-	7
Accruals and deferred income	186	219
	310	613

The amount owed to group undertakings includes £46,788 (2008: £155,998) relating to group relief payable.

Amounts due to group undertakings are unsecured and have no fixed date of repayment and are repayable on demand.

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9) Deferred taxation

	2009 £'000	2008 £'000
The deferred taxation asset may be analysed as follows:		
Accelerated tax allowances on fixed assets	43	13
Short term timing differences	-	3
	<u>43</u>	<u>16</u>
Movement in the year:		
At 1 April	16	8
Credit to profit and loss account (note 5)	27	8
At 31 March	<u>43</u>	<u>16</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

	2009 £'000	2008 £'000
4,000,000 authorised ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>
3,300,000 issued, called up and fully paid ordinary shares of £1 each	<u>3,300</u>	<u>3,300</u>

11) Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Opening shareholders' funds	3,103	2,651
(Loss)/profit for the financial year	(72)	452
Closing shareholders' funds	<u>3,031</u>	<u>3,103</u>

REAL RADIO (YORKSHIRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12) Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2009 Land and Buildings £'000	2009 Equipment and Vehicles £'000	2008 Land and Buildings £'000	2008 Equipment and Vehicles £'000
Expiry date:				
Within one year	100	-	2	-
Between two and five years	-	61	128	148
More than five years	-	159	-	85
	<u>100</u>	<u>220</u>	<u>130</u>	<u>233</u>

Included in the above annual commitments is £190,166 (2008: £150,141) 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 2009, no group company had a bank overdraft (2008: £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.

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, Number 1 Scott Place, Manchester M3 3GG.