

**REAL RADIO (YORKSHIRE) LIMITED**

**REPORT OF THE DIRECTORS  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 MARCH 2010**



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# **REAL RADIO (YORKSHIRE) LIMITED**

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## **REAL RADIO (YORKSHIRE) LIMITED**

### **LIST OF DIRECTORS AND ADVISERS**

#### **Directors**

N Castro (resigned 2 October 2009)

S Taylor

P E Boardman (appointed 1 October 2009)

S P Kilby (appointed 22 September 2009)

#### **Company secretary**

S P Kilby

#### **Independent Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory

Auditors

101 Barbican 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 2010**

The Directors present their report and the audited financial statements of the company for the year ended 31 March 2010

#### **Principal Activity**

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

#### **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 (2009 £nil)

#### **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.

#### **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 elected to prepare 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,
- 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 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 2010 (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  
9 June 2010

## **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 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the Notes to the Financial Statements. 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), as applicable to financial statements prepared in accordance with the small companies regime of the Companies Act 2006.

#### **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 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.

#### **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 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.

#### **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**

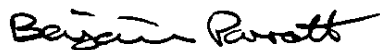
**INDEPENDENT AUDITORS' REPORT**

**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



Benjamin Parrott (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
9 June 2010

# REAL RADIO (YORKSHIRE) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Note	2010 £'000	2009 £'000
Turnover	3	3,702	3,719
Operating Costs			
Staff costs	4	(1,068)	(1,073)
Depreciation on tangible fixed assets		(82)	(127)
Other operating charges		(2,635)	(2,715)
		<u>(3,785)</u>	<u>(3,915)</u>
<b>Operating loss</b>		<b>(83)</b>	<b>(196)</b>
Interest receivable from fellow subsidiary		<u>29</u>	<u>108</u>
<b>Loss on ordinary activities before taxation</b>	5	<b>(54)</b>	<b>(88)</b>
Tax (charge)/credit on loss on ordinary activities	6	(1)	16
<b>Loss for the financial year</b>		<u><b>(55)</b></u>	<u><b>(72)</b></u>

### STATEMENT OF LOSSES

	2010 £'000	2009 £'000
Balance at 1 April	(269)	(197)
Loss for the year	(55)	(72)
<b>Deficit at 31 March</b>	<u><b>(324)</b></u>	<u><b>(269)</b></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 are no material difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents



# REAL RADIO (YORKSHIRE) LIMITED

## BALANCE SHEET AS AT 31 MARCH 2010

	Note	2010 £'000	2009 £'000
<b>Fixed Assets</b>			
Tangible assets	7	41	122
<b>Current Assets</b>			
Debtors	8	3,215	3,118
Cash at bank and in hand		37	101
		<u>3,252</u>	<u>3,219</u>
<b>Creditors: Amounts falling due within one year</b>	9	(317)	(310)
<b>Net current assets</b>		<u>2,935</u>	<u>2,909</u>
<b>Net assets</b>		<u>2,976</u>	<u>3,031</u>
<b>Capital and reserves</b>			
Called up share capital	11	3,300	3,300
Profit and loss account		(324)	(269)
<b>Total shareholders' funds</b>	12	<u>2,976</u>	<u>3,031</u>

The financial statements on pages 7 to 15 were approved by the Board of Directors on 9 June 2010 and were signed on its behalf by



S P Kilby  
Director and Company secretary  
Company Registration Number 03798969



P E Boardman  
Director

# **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 and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below.

#### **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.

#### **Revenue Recognition**

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.

## REAL RADIO (YORKSHIRE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 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 4a).

#### 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) 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).

### 3) Turnover

Sales are made wholly in the UK.

### 4) Staff costs

#### (a) Staff costs during the year

	2010 £'000	2009 £'000
Wages and salaries	884	888
Employers' social security costs	113	114
Employers' pension costs	71	71
	<u>1,068</u>	<u>1,073</u>

There were no outstanding or prepaid pension contributions at 31 March 2010 (2009: £nil).

# REAL RADIO (YORKSHIRE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4) Staff costs (continued)

#### (b) Average number of persons employed

	2010 No.	2009 No.
<b>By activity:</b>		
Programming	4	10
Advertising	17	17
Administration	9	4
	<u>30</u>	<u>31</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.

### 5) Loss on ordinary activities before taxation

	2010 £'000	2009 £'000
The following amounts have been charged in arriving at loss on ordinary activities before taxation		
Depreciation of tangible fixed assets	82	127
Hire of assets under operating leases – land and buildings	125	140
Hire of assets under operating leases – equipment and vehicles	237	233
Auditors' remuneration – audit of company	9	9
Auditors' remuneration – non-audit	-	4

### 6) Tax charge/(credit) on loss on ordinary activities

	2010 £'000	2009 £'000
<b>(a) Analysis of charge/(credit) in the year</b>		
UK corporation tax charge on profit for the year	22	11
Adjustments in respect of previous periods	(2)	-
<b>Total current tax charge</b>	<u>20</u>	<u>11</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(19)	(27)
<b>Total deferred tax (note 10)</b>	<u>(19)</u>	<u>(27)</u>
<b>Tax charge/(credit) on loss on ordinary activities</b>	<u>- 1</u>	<u>(16)</u>

## REAL RADIO (YORKSHIRE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 6) Tax credit on loss on ordinary activities (continued)

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK (2009 28%) The differences are explained below

#### (b) Factors affecting tax charge for the year

	2010 £'000	2009 £'000
Loss on ordinary activities before tax	(54)	(88)
Loss on ordinary activities multiplied by standard rate of tax 28% (2009 28%)	(15)	(25)
Effects of		
Expenses not deductible for tax purposes	20	13
Depreciation in excess of capital allowances	17	25
Other timing differences	-	(2)
Adjustments to tax charge in respect of previous periods	(2)	-
<b>Current tax charge for the year</b>	<b>20</b>	<b>11</b>

#### (c) Factors that may affect future tax charges

There are no significant factors known at 31 March 2010 which may affect future tax charges (2009 no significant factors)

# REAL RADIO (YORKSHIRE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7) Tangible assets

	Studio and Office Equipment £'000	Fixtures and Fittings £'000	Total £'000
<b>Cost</b>			
At 1 April 2009	593	467	1,060
Additions	-	1	1
<b>At 31 March 2010</b>	<b>593</b>	<b>468</b>	<b>1,061</b>
<b>Accumulated depreciation</b>			
As 1 April 2009	498	440	938
Charge for year	61	21	82
<b>At 31 March 2010</b>	<b>559</b>	<b>461</b>	<b>1,020</b>
<b>Net book value</b>			
<b>At 31 March 2010</b>	<b>34</b>	<b>7</b>	<b>41</b>
At 31 March 2009	95	27	122

### 8) Debtors

	2010 £'000	2009 £'000
Trade debtors	215	334
Amounts owed by group undertakings	2,793	2,513
Deferred taxation (note 10)	62	43
Prepayments and accrued income	145	228
	<b>3,215</b>	<b>3,118</b>

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

### 9) Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	121	45
Amounts due to group undertakings	21	47
Other taxation and social security	12	32
Accruals and deferred income	163	186
	<b>317</b>	<b>310</b>

Amounts due to group undertakings include group relief payable of £21,544 (2009 £46,788)

Amounts due to group undertakings, excluding group relief payable, are unsecured, bear interest at Libor +0.5%, and are repayable on demand

## REAL RADIO (YORKSHIRE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 10) Deferred taxation

	2010 £'000	2009 £'000
The deferred taxation asset may be analysed as follows		
Accelerated tax allowances on fixed assets	61	43
Short term timing differences	1	-
	<u>62</u>	<u>43</u>
Movement in the year		
At 1 April	43	16
Credit to profit and loss account (note 6)	19	27
At 31 March	<u>62</u>	<u>43</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

#### 11) Called up share capital

	2010 £'000	2009 £'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>

#### 12) Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Opening shareholders' funds at 1 April	- 3,031	3,103
Loss for the financial year	<u>(55)</u>	<u>(72)</u>
Closing shareholders' funds at 31 March	<u>2,976</u>	<u>3,031</u>

## REAL RADIO (YORKSHIRE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 13) Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	2010 Land and Buildings £'000	2010 Equipment and Vehicles £'000	2009 Land and Buildings £ 000	2009 Equipment and Vehicles £'000
Within one year	-	22	100	-
Between two and five years	-	114	-	61
More than five years	164	72	-	159
	<b>164</b>	<b>208</b>	<b>100</b>	<b>220</b>

Included in the above annual commitments is £113,374 (2009 £190,166) 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.

#### 14) 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 2010, no group company had a bank overdraft (2009 £nil).

#### 15) 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.

#### 16) 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.