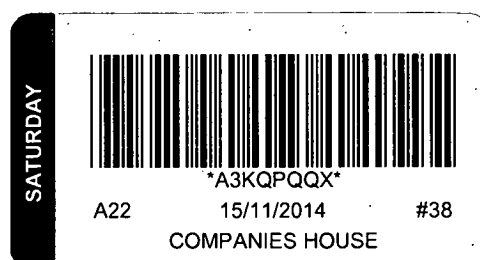

REAL RADIO (YORKSHIRE) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014



REAL RADIO (YORKSHIRE) LIMITED

COMPANY INFORMATION

DIRECTORS	CD Everitt MA Lee
COMPANY SECRETARY	CD Everitt
REGISTERED NUMBER	03798969
REGISTERED OFFICE	Laser House Waterfront Quay Salford Quays Manchester M50 3XW
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors 101 Barbirolli Square Lower Mosley Street Manchester M2 3PW

REAL RADIO (YORKSHIRE) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Strategic report	3
Directors' responsibilities statement	4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 16

REAL RADIO (YORKSHIRE) 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 profit for the year, after taxation, amounted to £703,000 (2013: £484,000).

During the year the Company cancelled 3,299,000 of its own shares by way of a Capital reduction.

During the year a dividend of £3,800,000 (£3,800 per share) was paid (2013: £350,000 (£0.11 per share)). The Directors do not propose a final dividend (2013: £nil).

DIRECTORS

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

CD Everitt
MA Lee

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

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.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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.

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.

REAL RADIO (YORKSHIRE) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014**

INDEPENDENT AUDITORS

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 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 13 November 2014 and signed on its behalf.



CD Everitt
Director

REAL RADIO (YORKSHIRE) 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 radio broadcaster in the Yorkshire County of England. The Company has a reach of 11% and a share of listening of 4.4% in its broadcast area (Source: Rajar March 2014). The profit for the year before tax was £921,000 (2013: £640,000). Turnover was £4,122,000 (2013: £4,302,000), down 4.2% on 2013. Net assets at 31 March 2014 were £320,000 (2013: £3,417,000).

The Company was acquired by Communicorp UK Limited as part of the divestment of radio stations under the findings of Competition Commission enquiry into Global Radio Holdings Limited's acquisition of 100% of the share capital of the Group headed by Real and Smooth Limited on 24 June 2012. The sale to Communicorp UK Limited was completed on 31 March 2014.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is a subsidiary of Communicorp UK 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 13 November 2014 and signed on its behalf.



CD Everitt
Director

REAL RADIO (YORKSHIRE) 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 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

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

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 Radio (Yorkshire) 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 RADIO (YORKSHIRE) LIMITED

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

13 November 2014

REAL RADIO (YORKSHIRE) LIMITED

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

	Note	2014 £000	2013 £000
TURNOVER	2	4,122	4,302
Operating costs		<u>(3,219)</u>	<u>(3,696)</u>
OPERATING PROFIT	3	903	606
Interest receivable and similar income		<u>18</u>	<u>34</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		921	640
Tax on profit on ordinary activities	5	<u>(218)</u>	<u>(156)</u>
PROFIT FOR THE FINANCIAL YEAR	11	<u>703</u>	<u>484</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 profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 9 to 16 form part of these financial statements.

REAL RADIO (YORKSHIRE) LIMITED
REGISTERED NUMBER: 03798969

BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Tangible assets	6		10		74
CURRENT ASSETS					
Debtors	7	252		3,609	
Cash at bank and in hand		301		71	
		<u>553</u>		<u>3,680</u>	
CREDITORS: amounts falling due within one year	8	<u>(243)</u>		<u>(337)</u>	
NET CURRENT ASSETS			<u>310</u>		<u>3,343</u>
NET ASSETS			<u>320</u>		<u>3,417</u>
CAPITAL AND RESERVES					
Called up share capital	10		1		3,300
Profit and loss account	11		319		117
TOTAL SHAREHOLDERS' FUNDS	12		<u>320</u>		<u>3,417</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 November 2014.



CD Everitt
Director

The notes on pages 9 to 16 form part of these financial statements.

REAL RADIO (YORKSHIRE) LIMITED

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 on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied throughout the year, are set out below.

1.2 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.

1.3 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.

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.

1.4 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:

Studio and office equipment	-	12.5% - 33%
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.

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

REAL RADIO (YORKSHIRE) LIMITED

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

1. ACCOUNTING POLICIES (continued)

1.6 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.

1.7 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.

1.8 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.

2. TURNOVER

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	21	27
Operating lease rentals:		
- plant and machinery	236	238
- other operating leases	164	164
	<u>164</u>	<u>164</u>

REAL RADIO (YORKSHIRE) LIMITED

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

4. STAFF COSTS

Staff costs were as follows:

	2014	2013
	£000	£000
Wages and salaries	701	878
Social security costs	80	110
Other pension costs	40	52
	<u>821</u>	<u>1,040</u>

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

	2014	2013
	No.	No.
Administration	11	8
Sales	5	14
	<u>16</u>	<u>22</u>

The emoluments of all the directors are paid by the immediate parent company which makes no recharge to the company.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014	2013
	£000	£000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	211	150
Deferred tax		
Origination and reversal of timing differences	7	7
Adjustments in respect of prior years	-	(1)
Total deferred tax (see note 9)	<u>7</u>	<u>6</u>
Tax on profit on ordinary activities	<u>218</u>	<u>156</u>

REAL RADIO (YORKSHIRE) LIMITED

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

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower 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
Profit on ordinary activities before tax	921	640
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	212	154
Effects of:		
Expenses not deductible for tax purposes	2	-
Capital allowances for year in excess of depreciation	(3)	(5)
Adjustments in respect of prior years	-	1
Current tax charge for the year (see note above)	211	150

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 RADIO (YORKSHIRE) LIMITED

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

6. TANGIBLE FIXED ASSETS

	Studio and Office Equipment £000	Fixtures and fittings £000	Total £000
Cost			
At 1 April 2013	570	505	1,075
Additions	3	-	3
Transfers intra group	(39)	(40)	(79)
Disposals	(505)	(465)	(970)
At 31 March 2014	<u>29</u>	<u>-</u>	<u>29</u>
Accumulated depreciation			
At 1 April 2013	528	473	1,001
Charge for the year	17	4	21
Transfers intra group	(26)	(12)	(38)
On disposals	(500)	(465)	(965)
At 31 March 2014	<u>19</u>	<u>-</u>	<u>19</u>
Net book value			
At 31 March 2014	<u>10</u>	<u>-</u>	<u>10</u>
At 31 March 2013	<u>42</u>	<u>32</u>	<u>74</u>

Transfers to fellow group companies were at book value.

7. DEBTORS

	2014 £000	2013 £000
Trade debtors	139	182
Amounts owed by group undertakings	-	3,275
Prepayments and accrued income	82	114
Deferred tax asset (see note 9)	31	38
	<u>252</u>	<u>3,609</u>

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

REAL RADIO (YORKSHIRE) LIMITED

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

8. CREDITORS:

Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	33	18
Amounts owed to group undertakings	36	-
Taxation and social security	-	31
Other creditors	3	20
Accruals and deferred income	171	268
	<u>243</u>	<u>337</u>

9. DEFERRED TAX ASSET

	2014	2013
	£000	£000
At beginning of year	38	44
Charged to the Profit and Loss account in the year	(7)	(6)
	<u>31</u>	<u>38</u>

The deferred tax asset is made up as follows:

	2014	2013
	£000	£000
Accelerated capital allowances	<u>31</u>	<u>38</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

	2014	2013
	£000	£000
Allotted, called up and fully paid		
1,000 (2013: 3,300,000) Ordinary shares of £1 each	<u>1</u>	<u>3,300</u>

During the year the Company cancelled 3,299,000 of its own shares by way of a Capital reduction.

REAL RADIO (YORKSHIRE) LIMITED

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

11. PROFIT AND LOSS ACCOUNT

	£000
At 1 April 2013	117
Profit for the financial year	703
Dividends: Equity capital	(3,800)
Capital reduction	3,299
	<u>319</u>
At 31 March 2014	<u>319</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Opening shareholders' funds	3,417	3,283
Profit for the financial year	703	484
Dividends (Note 13)	(3,800)	(350)
	<u>320</u>	<u>3,417</u>
Closing shareholders' funds	<u>320</u>	<u>3,417</u>

13. DIVIDENDS

	2014 £000	2013 £000
Interim dividend paid	<u>3,800</u>	<u>350</u>

During the year a dividend of £3,800 per share (2013: £0.11 per share) was paid. The Directors do not propose a final dividend (2013: £nil).

14. OPERATING LEASE COMMITMENTS

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

	Land and buildings		Equipment and vehicles	
	2014 £000	2013 £000	2014 £000	2013 £000
Expiry date:				
Within 1 year	-	-	10	-
Between 2 and 5 years	<u>164</u>	<u>164</u>	<u>219</u>	<u>234</u>

Included in the above annual commitments is £229,328 (2013: £233,921) 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.

REAL RADIO (YORKSHIRE) LIMITED

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

15. 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).

Prior to its acquisition by Communicorp UK Limited, the Company was a wholly owned subsidiary of Real and Smooth Limited. During the year the Company purchased administration services and paid sales commission to Real and Smooth Limited totalling £338,329 (2013: £309,125). The Company also paid sales commission to Smooth Radio Limited, a subsidiary of Real and Smooth Limited, totalling £140,663 (2013: £169,691) and made sales to Smooth Radio Limited totalling £72,000 (2013: £72,000) for establishment costs. There were no balances outstanding as at the at 31 March 2014.

During the year Real Radio (Yorkshire) Limited incurred recharges from Smooth Radio Limited for transmission costs from MXR Limited (an associate in which Real and Smooth Limited has a 36.8% shareholding). Charges from MXR Limited incurred by Real Radio (Yorkshire) Limited during the year have totalled £109,497 (2013: £106,644) for annual DAB transmission fees. There are no outstanding creditors as at 31 March 2014.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Communicorp UK Limited, a company incorporated in Great Britain and registered in Northern Ireland, is the Company's immediate and intermediate parent undertaking. The Directors consider that Communicorp Group Limited, a company incorporated in the Republic of Ireland, is the ultimate controlling party of the Company.

The Company's ultimate parent undertaking is Communicorp Group Limited, a Company incorporated in the Republic of Ireland. The largest and smallest group in which the results of the Company are consolidated is that headed by Communicorp Group Limited and the consolidated financial statements are available from the offices of that Company.

The Company was acquired by Communicorp UK Limited as part of the divestment of radio stations under the findings of the Competition Commission enquiry into Global Radio Holdings Limited's acquisition of 100% of the share capital of the Group headed by Real and Smooth Limited on 24 June 2012. The sale to Communicorp UK Limited was completed on 31 March 2014.