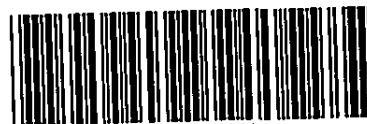


Registered number: 03815009

REAL RADIO LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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REAL RADIO LIMITED

COMPANY INFORMATION

DIRECTORS	CD Everitt MA Lee
COMPANY SECRETARY	CD Everitt
REGISTERED NUMBER	03815009
REGISTERED OFFICE	Laser House Waterfront Quay Salford Quay Manchester M50 3XW
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 101 Barbirolli Square Lower Mosley Street Manchester M2 3PW
BANKERS	The Royal Bank of Scotland plc 135 Bishopsgate London EC2M 3UR
SOLICITORS	Davenport Lyons 30 Old Burlington Street London W1S 3NL

REAL RADIO LIMITED

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REAL RADIO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The Directors present their report and the audited financial statements for the year ended 31 March 2013

Principal Activities

The principal activity of the company is that of a radio broadcaster. The company owns two licences, one in South Wales and one in North Wales.

Business Review

The profit for the year before tax was £1,662,000 (2012: £1,167,000), up 42.4%. Turnover was £6,696,000 (2012: £6,562,000) up 2.0% on 2012.

Real Radio Wales is the foremost commercial radio station in Wales with an overall commercial market share of 23.3%. The Directors are pleased with the performance of the company which has increased its weekly reach by 13.7% to 531,000 and increased its listening hours by over 4% to 4.3m hours per week (Source: RAJAR March 2013). During the year the company strengthened its brand proposition by the introduction of higher quality networked programming between the Breakfast and Drive Time shows and at weekends. Turnover continued to improve despite a low growth advertising market and weak economic environment and a continued focus on the cost base saw costs reduce by over 7% resulting in a significant improvement in the profitability of the company, with profit before tax up 42.6% to £1,662,000 for the year.

Financial Risk Management

The company's operations expose it to a number of financial risks including, credit risk and liquidity risk.

Credit risk

The company's principal financial assets are bank balances and trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The company has implemented policies that require appropriate credit checks on potential customers before sales are made. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk

Liquidity is required to ensure that sufficient funds are available for on-going operations and future developments. The Company has no long-term borrowings and has sufficient cash reserves and net assets to fund its operations and future development.

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.

Dividends

The Directors paid an interim dividend of £4,000,000 (2012: nil).

REAL RADIO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

DIRECTORS

The Directors who served during the year and to the date of signing of this report were

S Taylor (Resigned 22nd June 2012)
PE Boardman (Resigned 15th June 2012)
SP Kilby (Resigned 31st March 2013)
CD Eventt (Appointed 24th June 2012)
MA Lee (Appointed 24th June 2012)

No director had any interest in contracts made by the company

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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.

Statement of provision of information to auditors

Each director in office at the date the directors' report is approved confirms that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report was approved by the board on 30th July 2013 and signed on its behalf



CD Eventt
Director

REAL RADIO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REAL RADIO LIMITED FOR THE YEAR ENDED 31 MARCH 2013

We have audited the financial statements of Real Radio Limited for the year ended 31 March 2013 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 2 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 directors' report 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 2013 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

REAL RADIO LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REAL RADIO LIMITED
FOR THE YEAR ENDED 31 MARCH 2013**

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
30th July 2013

REAL RADIO LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 £000	2012 £000
TURNOVER	2	6,696	6,562
Operating costs		<u>(5,083)</u>	<u>(5,442)</u>
OPERATING PROFIT		1,613	1,120
Interest receivable and similar income		<u>49</u>	<u>47</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,662	1,167
Tax on profit on ordinary activities	5	<u>(413)</u>	<u>(331)</u>
PROFIT FOR THE FINANCIAL YEAR	13	<u>1,249</u>	<u>836</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss account

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

REAL RADIO LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2013**

	Note	£000	2013 £000	£000	2012 £000
FIXED ASSETS					
Intangible assets	6		8		9
Tangible assets	7		<u>565</u>		<u>692</u>
			573		701
CURRENT ASSETS					
Debtors	9	2,590		4,990	
Cash at bank and in hand		<u>410</u>		<u>497</u>	
		3,000		5,487	
CREDITORS: amounts falling due within one year	10	<u>(554)</u>		<u>(418)</u>	
NET CURRENT ASSETS			<u>2,446</u>		<u>5,069</u>
NET ASSETS			<u>3,019</u>		<u>5,770</u>
CAPITAL AND RESERVES					
Called up share capital	12		2,500		2,500
Profit and loss account	15		<u>519</u>		<u>3,270</u>
TOTAL SHAREHOLDERS' FUNDS	13		<u>3,019</u>		<u>5,770</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30th July 2013



CD Everitt
Director

The notes on pages 7 to 14 form part of these financial statements

REAL RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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 applied consistently throughout the year, are set out below.

1.2 Cash flow statement

The company, being a subsidiary undertaking whose cash flows are included in the consolidated cash flow of its parent company 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 recognised in the balance sheet and represents amounts invoiced but not yet recognised in the profit and loss account.

1.4 Intangible fixed assets and amortisation

Intangible assets are stated at cost less accumulated amortisation. Amortisation of trademarks has been calculated to write off original cost by equal instalments over 20 years, being the expected useful life of the asset.

Amortisation is provided at the following rates:

Trademarks	-	5%
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REAL RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1 ACCOUNTING POLICIES (Continued)

1.5 Tangible fixed assets and depreciation

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

Studio and office equipment	-	12.5% - 33%
Furniture, fixtures & fittings	-	5% - 33%

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

1.6 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.

1.7 Current tax

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

1.8 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.

1.9 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.

REAL RADIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

3. STAFF COSTS

a) Staff costs during the year	2013 £'000	2012 £'000
Wages and salaries	1,176	1,102
Social security costs	154	146
Other pension costs	69	70
	<u>1,399</u>	<u>1,318</u>
b) Monthly average number of persons employed	No.	No
Admin	13	15
Sales	24	23
	<u>37</u>	<u>38</u>

c) Directors' emoluments

The emoluments of 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

The following amounts have been charged in arriving at the profit on ordinary activities before taxation

	2013 £'000	2012 £'000
Amortisation of intangible assets	1	1
Depreciation of tangible fixed assets	137	149
Hire of assets under operating leases – land and buildings	73	91
Hire of assets under operating leases – equipment and vehicles	585	583
Auditors' remuneration – audit of company	<u>4</u>	<u>9</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £000	2012 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	413	314
	<u>413</u>	<u>314</u>
Total current tax		
	<u>413</u>	<u>314</u>
Deferred tax (see note 11)		
Origination and reversal of timing differences	<u>-</u>	<u>17</u>
Tax on profit on ordinary activities	<u>413</u>	<u>331</u>

REAL RADIO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

5 TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

Factors affecting tax charge for the year

The tax assessed for the year the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £000	2012 £000
Profit on ordinary activities before tax	<u>1,662</u>	<u>1,167</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	399	303
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	10	23
Capital allowances for year in excess of depreciation	(2)	(18)
Adjustments in respect of prior periods	6	6
Current tax charge for the year (see note above)	<u>413</u>	<u>314</u>

Factors that may affect future tax charges

On 21 March 2012 the Chancellor announced the reduction in the main rate of UK corporation tax to 23 per cent with effect from 1 April 2013. This change had been substantively enacted on 3 July 2012 and therefore the effect of the rate change creates a reduction in the deferred tax asset which has been reflected in the figures above. The Chancellor also proposed changes to further reduce the main rate of corporation tax by two per cent to 21 per cent from 1 April 2014 and then by one per cent to 20 per cent from 1 April 2015, these changes were substantively enacted on 2 July 2013, but as they were not substantively enacted at the balance sheet date, the impact has not been included in the figures above. It is estimated that this will not have a material effect on the Company.

REAL RADIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

6. INTANGIBLE FIXED ASSETS

	Trademarks £000
Cost	
At 1 April 2012 and 31 March 2013	<u>20</u>
Accumulated Amortisation	
At 1 April 2012	11
Charge for the year	<u>1</u>
At 31 March 2013	<u>12</u>
Net book value	
At 31 March 2013	<u>8</u>
At 31 March 2012	<u>9</u>

Intangible assets are the trademarks for Real Radio Limited. These trademarks are amortised over 20 years.

7. TANGIBLE FIXED ASSETS

	Studio & office equipment £000	Fixtures & fittings £000	Total £000
Cost			
At 1 April 2012	804	762	1,566
Additions	<u>10</u>	<u>-</u>	<u>10</u>
At 31 March 2013	<u>814</u>	<u>762</u>	<u>1,576</u>
Accumulated Depreciation			
At 1 April 2012	405	469	874
Charge for the year	<u>86</u>	<u>51</u>	<u>137</u>
At 31 March 2013	<u>491</u>	<u>520</u>	<u>1,011</u>
Net book value			
At 31 March 2013	<u>323</u>	<u>242</u>	<u>565</u>
At 31 March 2012	<u>399</u>	<u>293</u>	<u>692</u>

REAL RADIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

8 DIVIDENDS

	2013	2012
	£'000	£'000
Interim dividend paid 160p (2012 £nil) per share	<u>4,000</u>	<u>-</u>
The directors do not propose a final dividend (2012 £nil)		

9. DEBTORS

	2013	2012
	£000	£000
Trade debtors	350	337
Amounts owed by group undertakings	1,708	4,100
Other debtors	289	279
Prepayments and accrued income	190	221
Deferred tax asset (see note 11)	53	53
	<u>2,590</u>	<u>4,990</u>

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

**10. CREDITORS:
Amounts falling due within one year**

	2013	2012
	£000	£000
Trade creditors	59	97
Other creditors	72	-
Taxation	109	-
Accruals and deferred income	314	321
	<u>554</u>	<u>418</u>

11 DEFERRED TAX ASSET

	2013	2012
	£000	£000
At beginning of year	53	70
Charged for year	(5)	(17)
Adjustment in respect of prior periods	5	-
	<u>53</u>	<u>53</u>
At end of year	<u>53</u>	<u>53</u>

REAL RADIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

The deferred tax asset is made up as follows

	2013	2012
	£000	£000
Accelerated capital allowances	<u>53</u>	<u>53</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

12 CALLED UP SHARE CAPITAL

	2013	2012
	£000	£000
Allotted, called up and fully paid		
2,500,000 Ordinary shares of £1 each	<u>2,500</u>	<u>2,500</u>

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013	2012
	£000	£000
Opening shareholders' funds	5,770	4,934
Profit for the financial year	1,249	836
Dividends	<u>(4,000)</u>	<u>-</u>
Closing shareholders' funds	<u>3,019</u>	<u>5,770</u>

14. OPERATING LEASE COMMITMENTS

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Equipment and Vehicles	
	2013	2012	2013	2012
	£000	£000	£000	£000
Expiry date:				
Within 1 year	-	-	35	145
Between 2 and 5 years	79	79	58	140
After more than 5 years	<u>-</u>	<u>-</u>	<u>368</u>	<u>163</u>

Included in the above annual commitments is £462,199 (2012 £447,500) 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 Limited.

REAL RADIO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

15. PROFIT AND LOSS ACCOUNT

	2013	2012
	£000	£000
At 1 April	3,270	2,434
Profit for the financial year	1,249	836
Dividends	4,000	-
	<hr/>	<hr/>
At 31 March	519	3,270

16 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)

During the year Real Radio 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 Limited during the year have totalled £105,531 (2012: £103,350) for annual DAB transmission fees. There are no outstanding creditors as at 31 March 2013.

17 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Global Radio Holdings Limited acquired 100% of the share capital of the Group headed by Real and Smooth Limited (formerly GMG Radio Holdings Limited) on 24 June 2012. The acquisition is however subject to a Competition Commission enquiry during which period Global Radio Holdings does not control the company. The Competition Commission has released its findings from the enquiry. Global Radio Holdings Limited is currently considering the findings and related required outcomes, which would result in the divestment of radio stations from the Real and Smooth Limited group.

The Company is a subsidiary undertaking of Real and Smooth Limited, which is the controlling company. The largest and smallest Group in which the results of the Company are consolidated is that headed by Real and Smooth Limited.