Registered number: 05094550

SMOOTH RADIO NE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

SATURDAY
A3KQPQQ9
A22 15/11/2014 #35
COMPANIES HOUSE

SMOOTH RADIO NE LIMITED

COMPANY INFORMATION

DIRECTORS	CD Everitt MA Lee
COMPANY SECRETARY	CD Everitt
REGISTERED NUMBER	05094550
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

SMOOTH RADIO NE LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Strategic report	3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 15

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.

DIRECTORS' RESPONSIBILITIES STATEMENT

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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £805,000 *(2013: £756,000)*.

The Directors do not recommend the payment of a dividend (2013: £nil).

DIRECTORS

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

CD Everitt
MA Lee

No Director had any interest in contracts made by 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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014

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.

INDEPENDENT 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.

This report was approved by the board on 13 November 2014 and signed on its behalf.

CD Everitt
Director

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 station. The Company has a reach of 17% and a share of listening of 8% in its broadcast area (Source: Rajar March 2014).

On 31 March 2014 the Company was acquired by Communicorp UK Limited. The sale was the result of the Competition Commission remedies arising from the acquisition of Real and Smooth Limited (the previous parent company) by This is Global Limited.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMOOTH RADIO NE 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 Smooth Radio NE 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMOOTH RADIO NE 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

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £000	2013 £000
TURNOVER	2	**3,110**	*3,271*
Operating charges		**(2,043)**	*(2,242)*
OPERATING PROFIT	3	**1,067**	*1,029*
Interest payable and similar charges	5	**(4)**	*(14)*
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**1,063**	*1,015*
Tax on profit on ordinary activities	6	**(258)**	*(259)*
PROFIT FOR THE FINANCIAL YEAR	12	**805**	*756*

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 8 to 15 form part of these financial statements.

SMOOTH RADIO NE LIMITED
REGISTERED NUMBER: 05094550

BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Tangible assets	7		-		406
CURRENT ASSETS					
Debtors	8	349		189	
Cash at bank and in hand		214		134	
		563		323	
CREDITORS: amounts falling due within one year	9	(357)		(1,328)	
NET CURRENT ASSETS/(LIABILITIES)			206		(1,005)
NET ASSETS/(LIABILITIES)			206		(599)
CAPITAL AND RESERVES					
Called up share capital	11		159		159
Profit and loss account	12		47		(758)
TOTAL SHAREHOLDERS' FUNDS/(DEFICIT)	13		206		(599)

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 8 to 15 form part of these financial statements.

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

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 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 & 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.

1. ACCOUNTING POLICIES (continued)

1.6 Current taxation

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 Pension costs

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	*2013*
	£000	*£000*
Depreciation of tangible fixed assets:		
- owned by the company	**99**	*138*
Auditors' remuneration - audit of Company	**5**	*-*
Operating lease rentals:		
- plant and machinery	**233**	*175*

4. STAFF COSTS

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	362	390
Social security costs	45	54
Other pension costs	16	18
	423	462

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

	2014 No.	2013 No.
Administration	4	1
Sales	2	7
	6	8

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

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £000	2013 £000
On loans from fellow subsidiaries	4	14

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £000	2013 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	261	259
Deferred tax		
Origination and reversal of timing differences	(3)	(1)
Adjustment in respect of prior years	-	1
Total deferred tax (see note 10)	(3)	-
Tax on profit on ordinary activities	258	259

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2013: higher than)* the standard rate of corporation tax in the UK of 23% *(2013: 24%)*. The differences are explained below:

	2014	*2013*
	£000	*£000*
Profit on ordinary activities before tax	**1,063**	*1,015*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% *(2013: 24%)*	**244**	*244*
Effects of:		
Expenses not deductible for tax purposes	**-**	*(1)*
Capital allowances for year in excess of depreciation	**17**	*16*
Current tax charge for the year (see note above)	**261**	*259*

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.

7. TANGIBLE FIXED ASSETS

	Studio and office equipment £000	Fixtures and fittings £000	Total £000
Cost			
At 1 April 2013	**694**	**455**	**1,149**
Transfers intra group	**(651)**	**(449)**	**(1,100)**
Disposals	**(43)**	**(6)**	**(49)**
At 31 March 2014	**-**	**-**	**-**
Accumulated depreciation			
At 1 April 2013	**464**	**279**	**743**
Charge for the year	**60**	**39**	**99**
Transfers intra group	**(480)**	**(313)**	**(793)**
On disposals	**(44)**	**(5)**	**(49)**
At 31 March 2014	**-**	**-**	**-**
Net book value			
At 31 March 2014	**-**	**-**	**-**
At 31 March 2013	*230*	*176*	*406*

Transfers to fellow group companies were at book value.

8. DEBTORS

	2014 £000	*2013 £000*
Trade debtors	**240**	*116*
Prepayments and accrued income	**86**	*53*
Deferred tax asset (see note 10)	**23**	*20*
	349	*189*

9. CREDITORS:
Amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	26	47
Amounts owed to group undertakings	148	1,060
Taxation and social security	-	35
Other creditors	4	4
Accruals and deferred income	179	182
	357	1,328

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

10. DEFERRED TAX

	2014 £000	2013 £000
At beginning of year	20	20
Credited to the Profit and Loss account (note 6)	3	-
At end of year	23	20

The deferred tax asset is made up as follows:

	2014 £000	2013 £000
Accelerated capital allowances	23	20

11. CALLED UP SHARE CAPITAL

	2014 £000	2013 £000
Allotted, called up and fully paid		
158,743 (2013: 158,743) Ordinary shares of £1 each	159	159

12. PROFIT AND LOSS ACCOUNT

	£000
At 1 April 2013	(758)
Profit for the financial year	805
At 31 March 2014	47

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS/(DEFICIT)

	2014 £000	2013 £000
Opening shareholders' deficit	(599)	(1,355)
Profit for the financial year	805	756
Closing shareholders' funds/(deficit)	206	(599)

14. OPERATING LEASE COMMITMENTS

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

	2014 £000	2013 £000
Expiry date:		
Between 2 and 5 years	81	43
After more than 5 years	148	110

Included in the above annual commitments is £81,157 (2013: £109,889) in respect of equipment and vehicles where these leases are held in the name of fellow group undertakings. These are recharged from fellow group undertakings to Smooth Radio NE Limited.

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 £255,785 (2013: £233,201). The Company also paid sales commission to Smooth Radio Limited, a subsidiary of Real and Smooth Limited, totalling £124,382 (2013: £156,371) and paid Real Radio North East Limited, a subsidiary of Real and Smooth Limited, for establishment costs totalling £72,000 (2013: £72,000). There were no balances outstanding as at 31 March 2014.

During the year Smooth Radio NE 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 Smooth Radio NE Limited during the year have totalled £28,287 (2013: £83,786) 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.