
DOWNTOWN RADIO LIMITED

Unaudited

Directors' Report and Financial Statements

For the Year Ended 31 December 2019

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DOWNTOWN RADIO LIMITED

Company Information

| | |
|--------------------------|--|
| Directors | D Ford P Keenan S Vickery |
| Company secretary | Bauer Group Secretariat Limited |
| Registered number | NI010164 |
| Registered office | Kiltonga Industrial Estate Newtownards Co Down BT23 4ES |

DOWNTOWN RADIO LIMITED

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DOWNTOWN RADIO LIMITED

Directors' Report For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors

The directors who served during the year were:

D Ford
P Keenan
S Vickery

Post balance sheet events

Although it is too early to foresee the full effect of COVID 19 on the UK economy, a significant downturn in advertising is already being felt. However, the Company is taking action to mitigate the impact and has taken steps to manage the cost base during the crisis.

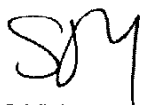
Auditor

The directors have claimed exemption, under section 479A of the Companies Act 2006, from the need to have these financial statements audited. A statement of guarantee by a parent undertaking, Heinrich Bauer Verlag Beteiligungs GmbH, a company incorporated in Germany with registration number HRB 32176, has been approved for filing at Companies House.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 19 August 2020 and signed on its behalf.



S Vickery
Director

Kiltonga Industrial Estate
Newtownards
Co Down
BT23 4ES

DOWNTOWN RADIO LIMITED

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements For the Year Ended 31 December 2019

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgments and accounting estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

DOWNTOWN RADIO LIMITED

**Statement of Comprehensive Income
For the Year Ended 31 December 2019**

| | Note | 2019 £000 | 2018 £000 |
|---|------|---------------------|---------------------|
| Turnover | 4 | 11,497 | 9,638 |
| Cost of sales | | <u>(2,226)</u> | <u>(1,241)</u> |
| Gross profit | | 9,271 | 8,397 |
| Administrative expenses | | (6,036) | (5,310) |
| Other operating income | 5 | <u>70</u> | <u>67</u> |
| Operating profit | 6 | 3,305 | 3,154 |
| Interest receivable and similar income | | - | 1 |
| Other finance income | 9 | <u>37</u> | <u>38</u> |
| Profit before tax | | 3,342 | 3,193 |
| Tax on profit | 10 | <u>(632)</u> | <u>(603)</u> |
| Profit for the year | | <u>2,710</u> | <u>2,590</u> |
| Other comprehensive income/ (expenditure) for the year | | | |
| Actuarial gains/ (losses) on defined benefit pension scheme | | 260 | (103) |
| Movement of deferred tax relating to pension surplus | | <u>(91)</u> | <u>42</u> |
| Other comprehensive income/ (expenditure) for the year | | 169 | (61) |
| Total comprehensive income for the year | | <u>2,879</u> | <u>2,529</u> |

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 7 to 23 form part of these financial statements.

DOWNTOWN RADIO LIMITED
Registered number: NI010164

Balance Sheet
As at 31 December 2019

| | Note | 2019 £000 | 2018 £000 |
|--|-------------|----------------------|----------------------|
| Fixed assets | | | |
| Tangible assets | 12 | <u>169</u> | <u>181</u> |
| | | 169 | 181 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 13 | 7,282 | 4,229 |
| Cash at bank and in hand | | <u>1</u> | <u>1</u> |
| | | 7,283 | 4,230 |
| Creditors: amounts falling due within one year | 14 | <u>(1,346)</u> | <u>(1,067)</u> |
| Net current assets | | 5,937 | 3,163 |
| Total assets less current liabilities | | 6,106 | 3,344 |
| Pension asset | 17 | <u>1,019</u> | <u>902</u> |
| Net assets | | 7,125 | 4,246 |

DOWNTOWN RADIO LIMITED
Registered number: NI010164

Balance Sheet (continued)
As at 31 December 2019

| | Note | 2019 £000 | 2018 £000 |
|-----------------------------|-------------|----------------------------|----------------------------|
| Capital and reserves | | | |
| Called up share capital | 16 | 400 | 400 |
| Profit and loss account | | <u>6,725</u> | <u>3,846</u> |
| | | <u>7,125</u> | <u>4,246</u> |

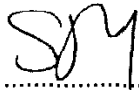
The directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 August 2020.



.....
S Vickery
Director

The notes on pages 7 to 23 form part of these financial statements.

DOWNTOWN RADIO LIMITED

**Statement of Changes in Equity
For the Year Ended 31 December 2019**

| | Called up share capital | Profit and loss account | Total equity |
|-----------------------------------|----------------------------|----------------------------|--------------|
| | £000 | £000 | £000 |
| At 1 January 2019 | 400 | 3,846 | 4,246 |
| Profit for the year | - | 2,710 | 2,710 |
| Actuarial gains on pension scheme | - | 169 | 169 |
| At 31 December 2019 | 400 | 6,725 | 7,125 |

**Statement of Changes in Equity
For the Year Ended 31 December 2018**

| | Called up share capital | Profit and loss account | Total equity |
|------------------------------------|----------------------------|----------------------------|--------------|
| | £000 | £000 | £000 |
| At 1 January 2018 | 400 | 5,017 | 5,417 |
| Profit for the year | - | 2,590 | 2,590 |
| Actuarial losses on pension scheme | - | (61) | (61) |
| Dividends | - | (3,700) | (3,700) |
| At 31 December 2018 | 400 | 3,846 | 4,246 |

The notes on pages 7 to 23 form part of these financial statements.

DOWNTOWN RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Downtown Radio Limited (the "Company") is a private company incorporated, domiciled and registered in Northern Ireland. The registered number is NI010164 and the registered address is Kiltonga Industrial Estate, Newtownards, Co Down, BT23 4ES.

The Company is engaged in the operation of independent radio stations under licence from Ofcom.

2. Accounting policies

2.1 Basis of preparation of financial statements

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

Bauer Radio Limited, a related party to this Company, acts as a non-disclosed agent for the raising of sales invoices and incurring of expenditure. The invoices are raised by the shared service centre administered by another group entity, HBVB. The trade debtor and trade creditor balances in relation to the raising of sales invoices and processing and paying the majority of expenditure including payroll, payroll taxes, and third party suppliers to the Company are held in Bauer Radio Limited's Balance Sheet. Bauer Radio Limited records a net intercompany creditor/debtor position in its books and the Company processes a net corresponding intercompany debtor/creditor in its accounting records. Bauer Radio Limited and the Company have a legally enforceable right to set off intercompany balances, however the underlying credit and liquidity risk remain with the Company.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Heinrich Bauer Verlag Beteiligungs GmbH as at 31 December 2019 and these financial statements may be obtained from Burchardstraße 11, 20095 Hamburg, Germany.

The Company has taken advantage of the exemption in Financial Reporting Standard 102 section 33.1A "Related party disclosures" and has not disclosed transactions with wholly owned group undertakings.

DOWNTOWN RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered the future funding requirements of the business, and based on management forecasts have concluded that the Company will have sufficient funds to ensure that it can meet its financial liabilities as and when they fall due, for a period of at least 12 months from the date of these financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Key classes of revenue are recognised on the following basis:-

- Radio advertising revenue is recognised on the date of the broadcast.
- Sponsorship, internet revenue and transmission fees are recognised over the term of the contract.
- Competition revenues are recognised on the dates of the competition activity.
- Production revenue is recognised on the date of release of adverts to clients.
- Event income is recognised when the event has taken place.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

DOWNTOWN RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the Balance Sheet in respect of the defined benefit plan is the fair value of plan assets at the balance sheet date (out of which the obligations are to be settled) less the present value of the defined benefit obligation at the end of the balance sheet date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to 'Other comprehensive income/ (expenditure)'. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial gains/ (losses) on defined benefit pension scheme'.

The cost of the defined benefit plan, recognised in the Statement of Comprehensive Income as 'Administrative expenses', except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest income is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This income is recognised in the Statement of Comprehensive Income as 'Other finance income'.

The Company recognises the surplus in net defined benefit plan assets to the extent that it is able to recover it either through reduced contributions in the future or through refunds from the plan.

DOWNTOWN RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|-------------------------------|---------------|
| Freehold property | - 40 years |
| Office equipment and vehicles | - 3 - 5 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

DOWNTOWN RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

DOWNTOWN RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the accounting policies, which are described in Note 2, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, and are reviewed on an ongoing basis.

Income taxes

Estimates may be required in determining the level of current and deferred income tax assets and liabilities, which the directors believe are reasonable and adequately recognise any income tax related uncertainties. Various factors may have favourable or adverse effects on the income tax assets and liabilities. These include changes in tax legislation, tax rates and allowances, future levels of spending, the Company's level of future earnings and estimated future taxable profits.

Useful economic life of assets

The Company's policy for applying useful economic lives has been determined through applying historical experience and taking into consideration the nature of assets and their intended use.

Defined benefit pension scheme

The Company's defined benefit pension scheme has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and discount rates on corporate bonds. Management estimates these factors in determining the net pension position in the balance sheet. The assumptions reflect historical experience and current trends. See Note 17 for the disclosure relating to defined benefit pension schemes.

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2019 £000 | 2018 £000 |
|---------------------|---------------|--------------|
| Advertising revenue | 9,171 | 8,787 |
| Commercial revenue | 2,218 | 540 |
| Other revenue | 108 | 311 |
| | <u>11,497</u> | <u>9,638</u> |

All turnover arose within the United Kingdom.

Advertising revenue includes airtime and digital advertising revenues.

DOWNTOWN RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

5. Other operating income

| | 2019 | 2018 |
|------------------|------------------|------------------|
| | £000 | £000 |
| Licensing income | <u>70</u> | <u>67</u> |
| | <u>70</u> | <u>67</u> |

6. Operating profit

The operating profit is stated after charging:

| | 2019 | 2018 |
|---------------------------------------|------------------|-----------|
| | £000 | £000 |
| Depreciation of tangible fixed assets | 29 | 25 |
| Other operating lease rentals | 51 | 53 |
| Defined contribution pension cost | <u>42</u> | <u>40</u> |

Some operating leases refer to car leases and they have no commitments at the period end for future rentals.

7. Auditors' remuneration

Fees for the audit of the Company for the prior year were borne by a fellow group undertaking, Bauer Radio Limited. The Company did not disclose the fees paid to the Company's auditor as this information is included in the financial statements of Bauer Radio Limited.

There were no non-audit fees paid to the Company's auditor during the previous year.

8. Employees

The average monthly number of employees, including the directors, during the year was as follows:

| | 2019 | 2018 |
|----------------|------------------|------------------|
| | No. | No. |
| Sales | 18 | 14 |
| Programming | 12 | 12 |
| Administrative | <u>2</u> | <u>3</u> |
| | <u>32</u> | <u>29</u> |

During the year, no director received any emoluments (2018: £Nil).

The directors of the Company are considered its key management personnel.

DOWNTOWN RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

9. Other finance income

| | 2019 | 2018 |
|---|-------------|-----------|
| | £000 | £000 |
| Net interest on defined benefit pension | <u>37</u> | <u>38</u> |

10. Taxation

| | 2019 | 2018 |
|--|--------------------|-------------|
| | £000 | £000 |
| Corporation tax | | |
| Current tax on profits for the year | 654 | 629 |
| Adjustments in respect of previous periods | <u>-</u> | <u>3</u> |
| Total current tax | <u>654</u> | <u>632</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (10) | (28) |
| Adjustments in respect of previous periods | 1 | (1) |
| Impact of tax rate changes | <u>(13)</u> | <u>-</u> |
| Total deferred tax | <u>(22)</u> | <u>(29)</u> |
| Taxation on profit on ordinary activities | <u>632</u> | <u>603</u> |

Deferred tax charged to Other Comprehensive Income is detailed in Note 15.

DOWNTOWN RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

| | 2019 £000 | 2018 £000 |
|---|----------------------|--------------|
| Profit on ordinary activities before tax | 3,342 | 3,193 |
| <i>Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)</i> | 635 | 607 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 9 | 7 |
| Adjustments to tax charge in respect of prior periods | 1 | 2 |
| Impact of tax rate changes | (13) | (13) |
| Total tax charge for the year | 632 | 603 |

Factors that may affect future tax charges

The statutory UK corporation tax rate is currently 19%, effective from 1 April 2017. Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur. This was confirmed in Finance Bill 2020 which was substantively enacted on 17 March 2020.

Deferred tax has been calculated at the tax rate expected to apply in the period when the liability is settled, or the asset released, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the year end. As the Finance Bill 2020 was enacted after the balance sheet date the deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17% (35% for pension liability).

11. Dividends

| | 2019 £000 | 2018 £000 |
|------------------|----------------------|--------------|
| Interim dividend | - | 3,700 |
| | - | 3,700 |

DOWNTOWN RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

12. Tangible fixed assets

| | Freehold property £000 | Office equipment and vehicles £000 | Total £000 |
|-------------------------------------|------------------------------|---|---------------|
| Cost or valuation | | | |
| At 1 January 2019 | 386 | 857 | 1,243 |
| Additions | - | 17 | 17 |
| At 31 December 2019 | <u>386</u> | <u>874</u> | <u>1,260</u> |
| Depreciation | | | |
| At 1 January 2019 | 275 | 787 | 1,062 |
| Charge for the year on owned assets | 7 | 22 | 29 |
| At 31 December 2019 | <u>282</u> | <u>809</u> | <u>1,091</u> |
| Net book value | | | |
| At 31 December 2019 | <u>104</u> | <u>65</u> | <u>169</u> |
| At 31 December 2018 | <u>111</u> | <u>70</u> | <u>181</u> |

DOWNTOWN RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

13. Debtors

| | 2019 | 2018 |
|---------------------------------------|--------------|--------------|
| | £000 | £000 |
| Amounts owed by group undertakings | 7,264 | 4,132 |
| Other debtors | 13 | 18 |
| <i>Prepayments and accrued income</i> | 1 | 69 |
| Deferred taxation | 4 | 10 |
| | 7,282 | 4,229 |

Amounts owed by other group undertakings are unsecured, interest free and are repayable on demand.

14. Creditors: Amounts falling due within one year

| | 2019 | 2018 |
|------------------------------------|--------------|--------------|
| | £000 | £000 |
| Trade creditors | - | 4 |
| Corporation tax | 654 | 628 |
| Other taxation and social security | 27 | 7 |
| Other creditors | 557 | 146 |
| Accruals and deferred income | 108 | 282 |
| | 1,346 | 1,067 |

DOWNTOWN RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Deferred taxation

| | Deferred tax £000 |
|-------------------------------|----------------------|
| At 1 January 2019 | 10 |
| Charged to the profit or loss | (6) |
| At 31 December 2019 | 4 |

The deferred tax asset is made up as follows:

| | 2019 £000 | 2018 £000 |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | 4 | 10 |

Deferred tax - defined benefit pension scheme

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| At beginning of year | (485) | (556) |
| Deferred tax charged in the other comprehensive income statement | (91) | 42 |
| Deferred tax charged to the profit and loss account of the comprehensive income statement | 28 | 29 |
| At end of year | (548) | (485) |

Deferred tax is provided where there is reasonable certainty over the recovery of the asset, with regards to future taxable profits. It is expected that there will be sufficient trading profits in the company in the foreseeable future, against which the deferred tax assets will be utilised.

16. Called up share capital

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 4,000,000 (2018: 4,000,000) ordinary shares of £0.10 each | 400 | 400 |

There is a single class of ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

There are no restrictions on the distribution of dividends and the repayment of capital.

DOWNTOWN RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

17. Pension commitments

The Company has participated in a defined contribution pension scheme, the Bauer Consumer Media Pension Scheme. The pension charge represents contributions due from the employer and during the year it amounted to £42,000 (2018: £40,000).

The Company also operates a defined benefit scheme for specific employees. The pension charge is based on full actuarial valuation dated 31 October 2015 and updated to 31 December 2019 by an independent qualified actuary. The assets are held separately from those of the Company. Pension scheme assets are measured at market value. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on high quality corporate bonds of equivalent term to the liability. The increase in the present value of the liabilities of the defined benefit pension scheme arising from employee service in the year is charged to operating profit. The interest income on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of comprehensive income.

Surplus recognition

Note 2.6 sets out the accounting policy in respect of pension scheme surpluses. During the year, the Company determined that it would continue to benefit from the whole of the scheme's surplus. Consequently there is no unrecognised surplus in 2019 (2018: £Nil).

DOWNTOWN RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

17. Pension commitments (continued)

| | 2019 £000 | 2018 £000 |
|--|----------------------|--------------|
| Reconciliation of present value of plan liabilities | | |
| At the beginning of the year | 6,906 | 7,798 |
| Current service cost | 117 | 121 |
| Interest cost | 185 | 187 |
| Actuarial losses/ (gains) | 352 | (416) |
| Benefits paid and expenses | (726) | (800) |
| Losses due to benefit changes (*) | - | 16 |
| At the end of the year | 6,834 | 6,906 |

(*) The benefit obligations were adjusted following the English High Court ruling, published in October 2018, that held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women.

The allowance has been estimated based on average impacts for schemes with similar service periods and benefit structures.

| | 2019 £000 | 2018 £000 |
|---|----------------------|--------------|
| Reconciliation of present value of plan assets | | |
| At the beginning of the year | 8,293 | 9,387 |
| Interest income | 222 | 225 |
| Actuarial gains/(losses) | 612 | (519) |
| Benefits paid and expenses | (726) | (800) |
| At the end of the year | 8,401 | 8,293 |

DOWNTOWN RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

17. Pension commitments (continued)

Composition of plan assets:

| | 2019 | 2018 |
|---|--------------|-------|
| | £000 | £000 |
| Phoenix Life Limited with profits deferred annuity contract | 8,384 | 8,276 |
| Cash | 17 | 17 |
| Total plan assets | 8,401 | 8,293 |

None of the fair values of the assets shown above include any direct investments in the Company's own financial instruments or any property occupied by, or other assets used by, the Company.

| | 2019 | 2018 |
|-----------------------------------|----------------|---------|
| | £000 | £000 |
| Fair value of plan assets | 8,401 | 8,293 |
| Present value of plan liabilities | (6,834) | (6,906) |
| Surplus in scheme | 1,567 | 1,387 |
| Related deferred tax liability | (548) | (485) |
| Net pension scheme asset | 1,019 | 902 |

The amounts recognised in profit or loss are as follows:

| | 2019 | 2018 |
|--------------------------------|--------------|-------|
| | £000 | £000 |
| Current service cost | (117) | (137) |
| Net interest on pension scheme | 37 | 38 |
| Total | (80) | (99) |
| Actual return on scheme assets | 834 | (294) |

The Company expects to contribute £Nil to its Defined Benefit Pension Scheme in 2020.

DOWNTOWN RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

17. Pension commitments (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

| | 2019 | 2018 |
|--|------|------|
| | % | % |
| Discount rate | 2.1 | 2.8 |
| Future salary increases | 2.8 | 3.3 |
| Future pension increases | 2.8 | 3.3 |
| Rate of revaluation of deferred pensions CPI, or 5% p.a. if less | 2.0 | 2.3 |
| Rate of revaluation of deferred pensions CPI, or 2.5% p.a. if less | 2.0 | 2.3 |
| Rate of retail price inflation | 2.8 | 3.3 |
| Rate of consumer price inflation | 2.0 | 2.3 |
| Mortality rates | | |
| - for a male aged 60 now | 26.4 | 26.6 |
| - at 60 for a male aged 40 now | 27.9 | 28.1 |
| - for a female aged 60 now | 28.4 | 28.6 |
| - at 60 for a female member aged 40 now | 30.0 | 30.2 |

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|------------|------------|
| | £000 | £000 | £000 | £000 | £000 |
| Defined benefit obligation | (6,834) | (6,906) | (7,798) | (2,705) | (2,971) |
| Scheme assets | 8,401 | 8,293 | 9,387 | 3,308 | 3,626 |
| Surplus | 1,567 | 1,387 | 1,589 | 603 | 655 |
| Experience adjustments on scheme liabilities | 178 | (29) | (5,155) | (137) | 27 |
| Experience adjustments on scheme assets | 612 | (519) | 6,139 | 77 | 117 |

18. Commitments under operating leases

The Company had no commitments under the non-cancellable operating leases as at the balance sheet date.

DOWNTOWN RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

19. Related party transactions

During the year the Company received a rebate of £97,000 (2018: £108,000) and paid commentary fees of £Nil (2018: £1,000) to an associate undertaking.

At the year end £Nil (2018: £27,000) was owed to the Company from the associated undertaking.

20. Post balance sheet events

Although it is too early to foresee the full effect of COVID 19 on the UK economy, a significant downturn in advertising is already being felt. However, the Company is taking action to mitigate the impact and has taken steps to manage the cost base during the crisis.

21. Controlling parties

The immediate parent undertaking is Bauer Radio Limited, registered at Media House, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA.

Heinrich Bauer Verlag KG, established at Burchardstraße 11, 20095 Hamburg, Germany, is regarded by the directors as the Company's ultimate controlling party.

The only parent undertaking for which Group accounts are drawn up is Heinrich Bauer Verlag KG, registered in Germany. Copies of Heinrich Bauer Verlag KG accounts are publicly available from Burchardstraße 11, 20095 Hamburg, Germany.