Company Registration Number 03739421

# GMG RADIO HOLDINGS LIMITED

## REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2011

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# GMG RADIO HOLDINGS LIMITED

## INDEX


| | Pages |
|---|---|
| List of Directors and Advisers | 2 |
| Report of the Directors | 3 - 5 |
| Independent Auditors' Report to the members of GMG Radio Holdings Limited | 6 - 7 |
| Profit and Loss Account | 8 |
| Balance Sheet | 9 |
| Notes to the Financial Statements | 10 - 19 |

## GMG RADIO HOLDINGS LIMITED

## LIST OF DIRECTORS AND ADVISERS

**Directors**
P E Boardman
S Taylor
S P Kilby
A Miller

**Company secretary**
P E Boardman

**Independent Auditors**
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

**Solicitors**
Davenport Lyons
30 Old Burlington Street
London
W1S 3NL

**Bankers**
The Royal Bank of Scotland plc
Corporate and Institutional Banking
135 Bishopgate
London
EC2M 3UR

**Registered Office**
PO Box 68164
Kings Place
90 York Way
London
N1P 2AP

## GMG RADIO HOLDINGS LIMITED

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

The Directors present their report and the audited financial statements of the company for the year ended 31 March 2011

**Principal activity**
The principal activity of GMG Radio Holdings Limited is that of a holding company The entire share capital is owned by Guardian Media Group plc

Expenditure in the profit and loss account includes costs applicable to radio license applications and head office costs

**Business review and future developments**
The loss for the year is set out in the profit and loss account on page 8

The Board does not envisage any major changes in the company's activities in the foreseeable future

During the year ended 31 March 2011, the investment in subsidiaries has been impaired by £nil (2010 £63 9 million) as set out in note 8

Guardian Media Group plc manages its operations on a segmental basis For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business The performance of the Radio Division, which includes the company, is discussed in Guardian Media Group plc's annual report, which does not form part of this report

**Going concern**
The company has received confirmation from its parent company that it will not seek repayment of the loans outstanding at the balance sheet date for at least twelve months from the date of signing these financial statements and will continue to provide financial support to allow the company to continue to meet its liabilities for the foreseeable future

**Principal risks and uncertainties**
GMG Radio Holdings Limited is a non trading subsidiary of Guardian Media Group plc From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Group and are not managed separately The Group has an extensive risk management structure in place which is designed to identify, manage and mitigate business risk Accordingly, the principal risks and uncertainties of Guardian Media Group plc, which include those of the company are discussed within the Report of the Directors in the Group's annual report, which does not form part of this report

**Health, safety and environment**
The company recognises the importance of its environmental responsibilities

In relation to health, safety and environmental principles, the company operates in accordance with Group policies which are described in the Group's annual report which does not form part of this report The principles relating to the environment cover the integration of environmental management into business operations, a commitment to the adoption of and achievement of best practice wherever this is practicable, a commitment to prevent pollution, compliance with local environmental legislation, a commitment to strive for continual improvement, and a commitment to ensure proper communication with employees on environmental matters

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011 (continued)

**Results and dividends**
The company's loss for the financial year is £3,982,477 (2010 £68,844,000)

The directors do not recommend payment of a dividend (2010 nil)

**Directors**
The directors of the company during the year and up to the date of signing the financial statements (except as stated) are listed on page 2

No director had any interest in contracts made by the company

**Directors' responsibilities statement**
The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law, the directors have 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

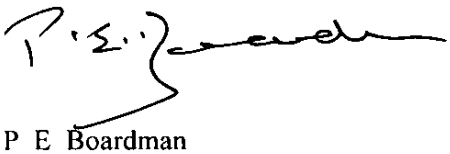
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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

**Disclosure of relevant information to auditors**
The directors of the company at the date of this report confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all steps they ought to have taken as a director in order to make themselves aware of any audit information and to establish that the company's auditors are aware of that information

**Auditors**
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and, in the absence of a notice proposing that the appointment be terminated, they will be deemed to be re-appointed for the next financial year

By order of the Board



P E Boardman
Company secretary
15 June 2011

## GMG RADIO HOLDINGS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GMG RADIO HOLDINGS LIMITED

We have audited the financial statements of GMG Radio Holdings Limited for the year ended 31 March 2011 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 4 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 report of the directors 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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GMG RADIO HOLDINGS LIMITED (continued)

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Benjamin Parrott (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
15 June 2011

## GMG RADIO HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT
## FOR THE YEAR ENDED 31 MARCH 2011

| | Note | 2011 £'000 | 2010 £'000 |
|---|---|---|---|
| Operating costs | | | |
| Staff costs | 3 | **(4,826)** | (4,338) |
| Depreciation on tangible fixed assets | | **(198)** | (167) |
| Loss on sale of tangible fixed assets | | **(5)** | (3) |
| Other operating charges | | **(1,532)** | (1,496) |
| Other operating income | | **4,555** | 4,142 |
| Impairment of investments | 8 | **-** | (63,900) |
| **Operating loss before exceptional items** | | **(2,006)** | (65,762) |
| Exceptional items | 4b | **(330)** | - |
| Dividend income from investments | | **580** | 146 |
| **Operating loss** | | **(1,756)** | (65,616) |
| Interest payable to fellow subsidiaries | | **(3,438)** | (3,400) |
| **Loss on ordinary activities before taxation** | 4a | **(5,194)** | (69,016) |
| Tax on loss on ordinary activities | 5 | **1,212** | 172 |
| **Loss for the financial year** | | **(3,982)** | (68,844) |

## STATEMENT OF (LOSSES)

| | | |
|---|---|---|
| Balance at 1 April | **(144,443)** | (75,599) |
| Loss for the year | **(3,982)** | (68,844) |
| **Deficit at 31 March** | **(148,425)** | (144,443) |

All activities in the year above relate to continuing operations

The company has no recognised gains and losses other than those included in the loss above, and therefore no separate statement of total recognised gains and losses has been presented

## GMG RADIO HOLDINGS LIMITED

## BALANCE SHEET AS AT 31 MARCH 2011

| | Note | 2011 £'000 | 2010 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 6 | - | - |
| Tangible assets | 7 | 661 | 567 |
| Investments | | | |
| Subsidiary companies | 8a | 123,119 | 123,119 |
| Other investments | 8c | 446 | 89 |
| | | 124,226 | 123,775 |
| **Current assets** | | | |
| Debtors | 9 | 29,013 | 27,583 |
| **Creditors: Amounts falling due within one year** | 10 | (248,237) | (242,360) |
| **Net current liabilities** | | (219,224) | (214,777) |
| **Total assets less current liabilities** | | (94,998) | (91,002) |
| **Creditors: Amounts falling due more than one year** | 11 | (16) | (30) |
| **Net liabilities** | | (95,014) | (91,032) |
| **Capital and reserves** | | | |
| Called up share capital | 13 | - | - |
| Share premium | 14 | 53,411 | 53,411 |
| Profit and loss account | | (148,425) | (144,443) |
| **Total equity shareholders' deficit** | 15 | (95,014) | (91,032) |

The financial statements on pages 8 to 19 were approved by the Board of Directors on 15 June 2011 and were signed on its behalf by

S P Kilby
Director

P E Boardman
Director

Company Registration Number 03739421

## GMG RADIO HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1) Accounting policies

**Accounting basis**
These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards The company is exempt from the requirement to produce consolidated financial statements, on the basis that it is a wholly owned subsidiary of Guardian Media Group plc The principal accounting policies are set out below

**Intangible assets - trademarks**
Amortisation of domain names has been calculated to write off original cost by equal instalments over the expected useful life of the asset

**Tangible assets**
The cost of tangible fixed assets is their purchase or construction costs together with any incidental costs of acquisition

Depreciation of tangible fixed assets has been calculated to write off original cost by equal instalments over the expected useful life of the asset concerned

The principal annual rates used for depreciation are

| | |
|---|---|
| Studio and Office Equipment | 12 5 – 33% |
| Fixtures and Fittings | 10 - 20 % |
| Motor Vehicles | 25% |

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

Fixed Assets are subject to review of impairment in accordance with FRS 11 'Impairment of fixed assets and goodwill' Any impairment is recognised in the profit and loss account of the period it occurs

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

**Investments**

Shares in subsidiary and associates and in other investments are shown at cost less any amounts written off for impairment The carrying value of investments is reviewed for impairment if events or changes in circumstances suggest that their carrying amount may not be recoverable

**Deferred taxation**
Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the board

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 1) Accounting policies (continued)

**Deferred taxation (continued)**

No timing differences are recognised in respect of
- Fair value adjustments to acquired tangible fixed assets where there is no commitment to sell the asset,
- Gains on the sale of assets where those gains have been rolled over into replacement assets

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

**Foreign currency**
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at the date

**Pension costs**
The company's employees are members of a defined contribution pension scheme operated by the ultimate holding company Details of the Group's pension scheme are shown in the consolidated financial statements of Guardian Media Group plc Contributions are made in accordance with the scheme rules and charged to operating costs as incurred (see note 3a)

**Operating leases**
Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

**Going concern**
The company has received confirmation from its parent company that it will not seek repayment of the loans outstanding at the balance sheet date for at least twelve months from the date of signing these financial statements and will continue to provide financial support to allow the company to continue to meet its liabilities for the foreseeable future

### 2) Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Guardian Media Group plc and is included in the consolidated financial statements of Guardian Media Group plc, which are publicly available Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Guardian Media Group plc or investees of the Guardian Media Group plc For details of other related party transactions see note 18

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3) Staff costs

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

| | **2011** | 2010 |
|---|---|---|
| | **£'000** | £'000 |
| Wages and salaries | **4,015** | 3,564 |
| Employer's social security costs | **501** | 456 |
| Employer's pension costs | **310** | 318 |
| | **4,826** | 4,338 |

There were no outstanding or prepaid pension contributions at 31 March 2011 (2010 £nil)

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

| | **2011** | 2010 |
|---|---|---|
| **By activity:** | **No.** | No |
| Administration | **84** | 85 |

**(c) Directors' emoluments**

| | **2011** | 2010 |
|---|---|---|
| | **£'000** | £000 |
| Aggregate emoluments | **560** | 411 |
| Company pension contributions to money purchase schemes | **82** | 80 |
| | **642** | 491 |

Retirement benefits are accruing to one director under a money purchase scheme (2010 one director) and to no directors under a defined benefit scheme (2010 no directors)

| | **2011** | 2010 |
|---|---|---|
| | **£'000** | £'000 |
| Highest paid director | | |
| Aggregate emoluments | **399** | 336 |
| Company pension contributions to money purchase schemes | **79** | 74 |
| | **478** | 410 |

The emoluments of two directors are paid by the ultimate parent company which makes no recharge to the GMG Radio Holdings Ltd The emoluments of the other two directors are paid by the ultimate parent company and are recharged to GMG Radio Holdings Ltd Accordingly, the total emoluments of the directors for whom no recharge is made are included in the aggregate of directors' emoluments disclosed in the financial statements of the ultimate parent company There was no compensation for loss of office paid to any director (2010 £nil)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

| 4a) Loss on ordinary activities before taxation | 2011 £'000 | 2010 £'000 |
|---|---|---|
| The following amounts have been charged in arriving at loss on ordinary activities before taxation | | |
| Depreciation charge for the year on tangible owned fixed assets | 198 | 167 |
| Loss on disposal of tangible owned fixed assets | 5 | 3 |
| Impairment of investments | - | 63,900 |
| Hire of assets under operating leases – land and buildings | 98 | 97 |
| Hire of assets under operating leases – vehicles | 92 | 100 |
| Auditors' remuneration – audit | 6 | 4 |

**4b) Analysis of exceptional loss for the year**

The exceptional loss related to the restructure of Smooth Radio, from broadcasting as single output stations to one national transmission, Smooth UK The exceptional loss comprises employee redundancy costs

| 5) Taxation on loss on ordinary activities | 2011 £'000 | 2010 £'000 |
|---|---|---|
| **(a) Analysis of credit in the year** | | |
| **Current tax** | | |
| UK corporation tax credit on loss for the year | (881) | - |
| Adjustments in respect of previous periods | (293) | (102) |
| **Total current tax credit** | (1,174) | (102) |
| **Deferred tax** | | |
| Origination and reversal of timing differences (note 12) | (38) | (70) |
| Total deferred tax credit | (38) | (70) |
| **Tax credit on loss on ordinary activities** | (1,212) | (172) |

The tax credit for the year is higher (2010 higher) than the standard rate of corporation tax in the UK of 28% (2010 28%) The differences are explained below

**5) Taxation on loss on ordinary activities (continued)**

**(b) Factors affecting tax credit for the year**

| | **2011 £'000** | 2010 £'000 |
|---|---|---|
| Loss on ordinary activities before tax | **(5,194)** | (69,016) |
| Loss on ordinary activities multiplied by standard rate of tax 28% (2010 28%) | **(1,454)** | (19,324) |
| Effects of | | |
| Expenses not deductible for tax purposes | **685** | 17,892 |
| Income not taxable | **(162)** | 713 |
| Depreciation in excess of capital allowances | **50** | 52 |
| Other timing differences | **-** | (41) |
| Adjustments to tax credit in respect of previous periods | **(293)** | (102) |
| Current year tax losses not recognised | **-** | 708 |
| **Current tax credit for the year** | **(1,174)** | (102) |

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

A change in the UK main corporation tax rate from 28% to 26% was substantively enacted on 29th March 2011, following the conclusion of the Budget debates, and was effective from 1 April 2011 As a result, the relevant deferred tax balances have been remeasured

Further reductions to the UK corporation tax rate were announced in the June 2010 Budget These further changes are expected to be enacted separately each year However, these further changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements

**6) Intangible assets**

| | **£'000** |
|---|---|
| **Cost** | |
| **At 1 April 2010 and 31 March 2011** | **8** |
| **Accumulated amortisation** | **£'000** |
| **At 1 April 2010 and 31 March 2011** | **8** |
| **Net Book Value** | |
| **At 31 March 2011** | **-** |
| At 31 March 2010 | - |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7) Tangible assets

| | Studio and Office Equipment £'000 | Motor Vehicles £'000 | Fixtures And Fittings £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2010 | 940 | 32 | 73 | 1,045 |
| Additions | 279 | - | 18 | 297 |
| Disposals | (104) | - | (2) | (106) |
| **At 31 March 2011** | **1,115** | **32** | **89** | **1,236** |
| **Accumulated depreciation** | | | | |
| As 1 April 2010 | 406 | 7 | 65 | 478 |
| Charge for year | 183 | 8 | 7 | 198 |
| Disposals | (99) | - | (2) | (101) |
| **At 31 March 2011** | **490** | **15** | **70** | **575** |
| **Net book value** | | | | |
| **At 31 March 2011** | **625** | **17** | **19** | **661** |
| At 31 March 2010 | 534 | 25 | 8 | 567 |

### 8) Investments

| a) Shares in subsidiary companies | £'000 |
|---|---|
| **Cost** | |
| At 1 April 2010 | 216,571 |
| Additions | - |
| **At 31 March 2011** | **216,571** |
| **Impairment** | |
| At 1 April 2010 | 93,452 |
| Impairment in year | - |
| **At 31 March 2011** | **93,452** |
| **Net book value** | |
| **At 31 March 2011** | **123,119** |
| At 31 March 2010 | 123,119 |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8) Investments (continued)

#### b) Summary of movements in investments

During the year ended 31 March 2011, certain assets were tested for impairment in accordance with FRS 11 'Impairment of fixed assets and goodwill' The recoverable amounts of income generating units were determined based on a value-in-use calculation

The calculation used pre-tax cash flow projections based on the financial budgets approved by the Board for 2011/12 and the formal business plans for a further 2 years Cash flows beyond the three-year period were extrapolated using estimated growth rates The total forecast periods ranged from 9 to 11 years, at which point a terminal growth rate was applied This increased forecast period was used to reflect the sensitivity of cash flows to the maturity of stations

Management determine budgets and business plans based on past performance and its expectations of market development The pre-tax discount rate used was 9% and reflected specific risks relevant to the industry An impairment charge of £nil million (2010 £63 9 million) arose from these calculations

| Names | Description of shares held by the company | Equity Holding |
|---|---|---|
| Real Radio Limited | £1 ordinary share | 100% |
| Real Radio (Scotland) Limited | £1 ordinary share | 100% |
| Real Radio (Yorkshire) Limited | £1 ordinary share | 100% |
| Smooth Radio Investments Limited | £1 ordinary share | 100% |
| Real Radio (North East) Limited | £1 ordinary share | 100% |
| Real Radio (North West) Limited | £1 ordinary share | 100% |
| Rock Radio (Manchester) Limited | £1 ordinary share | 100% |
| Smooth Radio NE Limited | £1 ordinary share | 100% |
| Smooth Radio Midlands Limited | £1 ordinary share | 100% |
| Smooth Radio (Scotland) Limited | £1 ordinary share | 100% |
| Smooth Digital Radio Limited | £1 ordinary share | 100% |
| Deansgate 1001 Limited * | £1 ordinary share | 100% |
| Deansgate 1003 Limited* | £1 ordinary share | 100% |
| Scott Place 1004 Limited* | £1 ordinary share | 100% |

* These companies were dormant during the year under review

#### c) Other investments

| | £'000 |
|---|---|
| Cost and net book value at 1 April 2010 | 89 |
| Additions | 357 |
| **Cost and net book value at 31 March 2011** | **446** |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9) Debtors

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| Trade debtors | 7 | 3 |
| Amounts owed by subsidiary undertakings | 28,124 | 27,050 |
| Amounts owed by other group companies | 429 | - |
| VAT recoverable | 206 | 344 |
| Deferred taxation (note 12) | 147 | 109 |
| Other debtors | 26 | 2 |
| Prepayments and accrued income | 74 | 75 |
| | 29,013 | 27,583 |

Amounts owed by subsidiary undertakings and other group companies, excluding loans and group relief, are unsecured, bear interest at Libor +0 5%, and are repayable on demand

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

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| Trade creditors | 240 | 162 |
| Amounts owed to subsidiary undertakings | 164,351 | 122,825 |
| Amounts owed to parent company | 82,334 | 118,523 |
| Other taxation and social security | 331 | 374 |
| Other creditors | 19 | 94 |
| Accruals and deferred income | 962 | 382 |
| | 248,237 | 242,360 |

Amounts owed to parent company include group relief payable of £386,559 and loan balances of £81,947,976 Amounts owed to parent company and subsidiary undertakings, excluding loans and group relief, are unsecured, bear interest at Libor +0 5%, and are repayable on demand

Loan amounts bear interest at 1 5%, are unsecured and are repayable on demand

### 11) Creditors: amounts falling due more than one year

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| Other creditors | 16 | 30 |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12) Deferred taxation

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| The deferred taxation asset may be analysed as follows | | |
| Accelerated capital allowances | 127 | 87 |
| Other timing differences | 20 | 22 |
| | 147 | 109 |
| Movement in the year | | |
| At 1 April 2010 | 109 | 39 |
| Credit to profit and loss account (note 5) | 38 | 70 |
| At 31 March 2011 | 147 | 109 |

The company has an unrecognised deferred tax asset of £865,000 (2010 £2,538,459) relating to current year trading losses No deferred tax is recognised on these trading losses as it is not regarded as more likely than not that there will be suitable taxable profits against which they can be deducted Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date

### 13) Called up share capital

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| 9 issued, called up and fully paid ordinary shares of £1 each | - | - |

### 14) Share premium account

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| At 31 March 2010 and 31 March 2011 | 53,411 | 53,411 |

### 15) Reconciliation of movements in equity shareholders' funds

| | 2011 £'000 | 2010 £'000 |
|---|---|---|
| Opening equity shareholders' deficit | (91,032) | (22,188) |
| Loss for the financial year | (3,982) | (68,844) |
| Closing equity shareholders' deficit | (95,014) | (91,032) |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 16) Financial commitments

At 31 March 2011 the company had annual commitments under non-cancellable operating leases for assets other than land and buildings, expiring as follows

| | 2011 | 2011 | 2010 | 2010 |
|---|---|---|---|---|
| | **Land and Buildings** | **Equipment and Vehicles** | Land and Buildings | Equipment and Vehicles |
| **Expiry date:** | **£'000** | **£'000** | £'000 | £'000 |
| -Within one year | **-** | **26** | - | 23 |
| -Between two and five years | **92** | **35** | 92 | 70 |
| -More than five years | **-** | **-** | - | - |
| | **92** | **61** | 92 | 93 |

Included in the above annual commitments is £60,718 (2010 £93,058) in respect of equipment and vehicles, and £nil (2010 £nil) in respect of land and buildings, where the leases are held in the name of fellow group undertakings These are recharged from fellow group undertakings to GMG Radio Holdings Limited

### 17) Contingent liabilities

The company has given a guarantee to The Royal Bank of Scotland plc to secure the liabilities of certain group companies At 31 March 2011, no group company had a bank overdraft (2010 £nil)

### 18) Related party transactions

The directors regard Guardian Media Group plc as the controlling party by virtue of its 100% interest in the equity share capital of the company Transactions with fellow group undertakings of the Guardian Media Group plc are not required to be disclosed under FRS 8 as these transactions are fully eliminated on consolidation

### 19) Ultimate holding company

The company's immediate holding company is Guardian Media Group plc, a company incorporated in Great Britain and registered in England and Wales The company's ultimate parent company is The Scott Trust Limited, a company incorporated in Great Britain and registered in England and Wales Copies of the ultimate parent company's consolidated financial statements may be obtained from The Secretary, The Scott Trust Limited, PO Box 68164, Kings Place, 90 York Way, London N1P 2AP