

Company Registration Number 03739421

GMG RADIO HOLDINGS LIMITED

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2012**

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GMG RADIO HOLDINGS LIMITED

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GMG RADIO HOLDINGS LIMITED

LIST OF DIRECTORS AND ADVISERS

Directors

P. E Boardman

S Taylor

S P Kilby

A Miller

D Singer (appointed 18 April 2011)

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 2012

The Directors present their report and the audited financial statements of the company for the year ended 31 March 2012

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 2012, the investment in subsidiaries has been impaired by £60,516,749 (2011: £nil) as set out in note 7. Given the current economic uncertainty the Board decided to take a prudent view of the carrying value of certain assets which is reflected in this impairment charge

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, but is publically available at the Guardian Media Group website

Going concern

The company has received confirmation from Guardian Media Group plc 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

GMG RADIO HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

Financial Risk Management

The company's operations expose it to a number of financial risks including interest rate risk and liquidity risk

Interest rate risk

Interest bearing liabilities are held with other group companies. The company has flexible repayment terms and the support of the group.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company may use a debt facility with other group companies

Results and dividends

The company's loss for the financial year is £64,854,000 (2011: £3,982,000).

The directors do not recommend payment of a dividend (2011: 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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

GMG RADIO HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012 (continued)

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 (1) to (4) of the Companies Act 2006

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
14 June 2012

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 2012 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 2012 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.

GMG RADIO HOLDINGS LIMITED

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
14 June 2012

GMG RADIO HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £'000	2011 £'000
Operating costs			
Staff costs	2	(4,706)	(4,826)
Depreciation on tangible fixed assets		(213)	(198)
Loss on sale of tangible fixed assets		(3)	(5)
Other operating charges		(1,565)	(1,532)
Other operating income		4,844	4,555
Operating loss before exceptional items		(1,643)	(2,006)
Exceptional items:			
Impairment of investments	3b	(60,517)	-
Restructuring costs	3b	-	(330)
Dividend income from investments		80	580
Operating loss		(62,080)	(1,756)
Interest payable to fellow subsidiaries		(3,422)	(3,438)
Loss on ordinary activities before taxation	3a	(65,502)	(5,194)
Tax on loss on ordinary activities	4	648	1,212
Loss for the financial year	14	(64,854)	(3,982)

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

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

GMG RADIO HOLDINGS LIMITED

BALANCE SHEET AS AT 31 MARCH 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	5	-	-
Tangible assets	6	597	661
Investments			
Subsidiary companies	7a	62,602	123,119
Other investments	7c	446	446
		<u>63,645</u>	<u>124,226</u>
Current assets			
Debtors	8	32,352	29,013
Creditors: Amounts falling due within one year	9	<u>(255,864)</u>	<u>(248,237)</u>
Net current liabilities		<u>(223,512)</u>	<u>(219,224)</u>
Total assets less current liabilities		<u>(159,867)</u>	<u>(94,998)</u>
Creditors: Amounts falling due more than one year	10	(1)	(16)
Net liabilities		<u>(159,868)</u>	<u>(95,014)</u>
Capital and reserves			
Called up share capital	12	-	-
Share premium	13	53,411	53,411
Profit and loss account		(213,279)	(148,425)
Total equity shareholders' deficit	14	<u>(159,868)</u>	<u>(95,014)</u>

The financial statements on pages 8 to 18 were approved by the Board of Directors on 14 June 2012 and were signed on its behalf by:



S P Kilby
Director



P E Boardman
Director

GMG Radio Holdings Limited
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 historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. 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 applied in the preparation of financial statements which have been consistently applied each year, are set out below

Cash flow statement

The company is a wholly owned subsidiary of Guardian Media Group plc and the cash flows of the company are included in the consolidated group cash flow statement of Guardian Media Group plc. Consequently the company is exempt from publishing a cash flow statement, under IFRS 1 (revised 1996)

Tangible assets

Tangible fixed assets, other than freehold land, are stated at cost less depreciation

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

The principal annual rates used for depreciation are.

- Studio and office equipment 12.5% - 33%
- Motor vehicles 25%
- Furniture, fixtures and fittings 5% - 33%

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

Investments

Shares in subsidiary, associate and other investments are held at historical cost less provision or permanent diminution in value. The carrying value of investments is reviewed for impairment if events, or changes in circumstances, indicate that the amount may not be recoverable. If any such indications exist, the recoverable amount of the investment is estimated as the higher of net realisable value or value in use, the resultant impairment (the amount by which the carrying amount of the investment exceeds the recoverable amount) is recognised as a charge in the profit and loss account.

The value in use is calculated as the present value of estimated future cash flows expected to result from the use of the assets and their eventual disposal proceeds. In order to calculate the present value of estimated future cash flows, a discount rate is used based on the estimated weighted average cost of capital, together with any risk premium determined as appropriate. Estimated future cash flows used in the calculation represent management's best view of the likely future market conditions and current decisions on the use of each investment.

Investment income

Dividend income is recognised in the accounting period in which the dividends are received.

GMG RADIO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1) Accounting policies (continued)

Current tax

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

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 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

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

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 2a)

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. Payments made under 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 Guardian Media Group plc 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) Staff costs

(a) Staff costs during the year

	2012 £'000	2011 £'000
Wages and salaries	3,894	4,015
Employer's social security costs	516	501
Employer's pension costs	296	310
	<u>4,706</u>	<u>4,826</u>

There were no outstanding or prepaid pension contributions at 31 March 2012 (2011: £nil)

GMG RADIO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

(b) Average number of persons employed

	2012 No.	2011 No
By activity:		
Administration	<u>81</u>	<u>84</u>

(c) Directors' emoluments

	2012 £'000	2011 £000
Aggregate emoluments	570	560
Company pension contributions to money purchase schemes	<u>115</u>	<u>82</u>
	<u>685</u>	<u>642</u>

Retirement benefits are accruing to two directors under a money purchase scheme (2011 two directors) and to no directors under a defined benefit scheme (2011 no directors)

	2012 £'000	2011 £'000
Highest paid director:		
Aggregate emoluments	404	399
Company pension contributions to money purchase schemes	<u>94</u>	<u>79</u>
	<u>498</u>	<u>478</u>

The emoluments of three directors are paid by the ultimate parent company which makes no recharge to the GMG Radio Holdings Limited. The emoluments of the other two directors are paid by the ultimate parent company and are recharged to GMG Radio Holdings Limited. 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 (2011 £nil).

3a) Loss on ordinary activities before taxation

	2012 £'000	2011 £'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	213	198
Loss on disposal of tangible owned fixed assets	3	5
Impairment of investments	-	-
Hire of assets under operating leases – land and buildings	92	98
Hire of assets under operating leases – vehicles	90	92
Auditors' remuneration – audit	<u>4</u>	<u>6</u>

3b) Analysis of exceptional loss for the year

Exceptional costs includes £60,517,000 (2011 £nil) relating to the impairment of the carrying value of investments. The exceptional loss in the prior year related to the restructure of Smooth Radio, from broadcasting as single output stations to one national transmission, Smooth UK. The exceptional loss was comprised of employee redundancy costs.

GMG RADIO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4) Taxation on loss on ordinary activities	2012 £'000	2011 £'000
(a) Analysis of credit in the year		
Current tax		
UK corporation tax credit on loss for the year	(504)	(881)
Adjustments in respect of previous periods	(162)	(293)
Total current tax credit	(666)	(1,174)
Deferred tax		
Origination and reversal of timing differences (note 11)	18	(38)
Total deferred tax charge/(credit)	18	(38)
Tax credit on loss on ordinary activities	(648)	(1,212)

The tax credit for the year is lower (2011 lower) than the standard rate of corporation tax in the UK of 26% (2011 28%). The differences are explained below

(b) Factors affecting tax credit for the year

	2012 £'000	2011 £'000
Loss on ordinary activities before tax	(65,502)	(5,194)
Loss on ordinary activities multiplied by standard rate of tax 26% (2011 28%)	(17,031)	(1,454)
Effects of		
Expenses not deductible for tax purposes	823	685
Impairment of Investments	15,734	-
Income not taxable	(21)	(162)
Depreciation in excess of capital allowances	(9)	50
Adjustments to tax credit in respect of previous periods	(162)	(293)
Current tax credit for the year	(666)	(1,174)

(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 29 March 2011, following the conclusion of the Budget debates, and was effective from 1 April 2011. In addition following the Budget 2012, a change in the main UK corporation tax rate from 26% to 24% from 1 April 2012 was substantively enacted on 26 March 2012. As a result, the relevant deferred tax balances have been remeasured to 24%.

Further reductions to the UK corporation tax rate were announced in the June 2010 and 2012 Budgets, which propose to reduce the rate to 22% for the financial year commencing 1 April 2014. 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.

GMG RADIO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5) Intangible assets

	£'000
Cost	
At 1 April 2011 and 31 March 2012	<u>8</u>
Accumulated amortisation	£'000
At 1 April 2011 and 31 March 2012	<u>8</u>
Net Book Value	
At 31 March 2012	<u>-</u>
At 31 March 2011	<u>-</u>

6) Tangible assets

	Studio and Office Equipment £'000	Motor Vehicles £'000	Fixtures And Fittings £'000	Total £'000
Cost				
At 1 April 2011	1,115	33	88	1,236
Additions	132	29	-	161
Disposals	(30)	(33)	-	(63)
At 31 March 2012	<u>1,217</u>	<u>29</u>	<u>88</u>	<u>1,334</u>
Accumulated depreciation				
As 1 April 2011	490	16	69	575
Charge for year	201	8	4	213
Disposals	(30)	(21)	-	(51)
At 31 March 2012	<u>661</u>	<u>3</u>	<u>73</u>	<u>737</u>
Net book value				
At 31 March 2012	<u>556</u>	<u>26</u>	<u>15</u>	<u>597</u>
At 31 March 2011	<u>625</u>	<u>17</u>	<u>19</u>	<u>661</u>

7) Investments

a) Shares in subsidiary companies	£'000
Cost	
At 1 April 2011	216,571
Additions	-
At 31 March 2012	<u>216,571</u>

GMG RADIO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7) Investments (continued)

Impairment	
At 1 April 2011	93,452
Impairment in year	60,517
At 31 March 2012	<u>153,969</u>
Net book value	
At 31 March 2012	<u>62,602</u>
At 31 March 2011	<u>123,119</u>

b) Summary of movements in investments

During the year ended 31 March 2012, investments 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 2012/13 and the formal business plans for a further 2 years. Cash flows beyond the three-year period were extrapolated using estimated growth rates.

Management determine budgets and business plans based on past performance and its expectations of market development. The discount rates used were pre-tax and reflected specific risks relevant to the industry. An impairment charge of £60,517,000 (2011: £nil) 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%
Real XS 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

GMG RADIO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7) Investments (continued)

c) Other investments

	£'000
Cost and net book value at 1 April 2011	446
Additions	-
Cost and net book value at 31 March 2012	446

Names	Description of shares held by the company	Equity Holding
MXR Limited	£1 ordinary share	36.8%
Radiocentre Limited	£1 ordinary share	3.7%

8) Debtors

	2012 £'000	2011 £'000
Trade debtors	-	7
Amounts owed by subsidiary undertakings	31,233	28,124
Amounts owed by other group companies	584	429
VAT recoverable	250	206
Deferred taxation (note 11)	129	147
Other debtors	7	26
Prepayments and accrued income	149	74
	32,352	29,013

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.

9) Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	288	240
Amounts owed to subsidiary undertakings	170,758	164,351
Amounts owed to parent company	84,116	82,334
Other taxation and social security	362	331
Other creditors	15	19
Accruals and deferred income	325	963
	255,864	248,238

Amounts owed to parent company include group relief payable of £nil (2011 £490,354) and loan balances of £84,115,747 (2011 £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.

GMG RADIO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10) Creditors: amounts falling due more than one year

	2012 £'000	2011 £'000
Other creditors	<u>1</u>	<u>16</u>

11) Deferred taxation

	2012 £'000	2011 £'000
The deferred taxation asset is analysed as follows:		
Accelerated capital allowances	112	127
Other timing differences	<u>17</u>	<u>20</u>
	<u>129</u>	<u>147</u>
Movement in the year		
At 1 April 2011	147	109
Charge/(credit) to profit and loss account (note 4)	<u>(18)</u>	<u>38</u>
At 31 March 2012	<u>129</u>	<u>147</u>

The company has an unrecognised deferred tax asset of £392,912 (2011 £865,000) 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.

12) Called up share capital

	2012 £'000	2011 £'000
9 issued, called up and fully paid ordinary shares of £1 each	<u>-</u>	<u>-</u>

13) Share premium account

	2012 £'000	2011 £'000
At 31 March 2011 and 31 March 2012	<u>53,411</u>	<u>53,411</u>

14) Reconciliation of movements in equity shareholders' deficit

	2012 £'000	2011 £'000
Opening equity shareholders' deficit	(95,014)	(91,032)
Loss for the financial year	<u>(64,854)</u>	<u>(3,982)</u>
Closing equity shareholders' deficit	<u>(159,868)</u>	<u>(95,014)</u>

GMG RADIO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

15) Financial commitments

At 31 March 2012 the company had annual commitments under non-cancellable operating leases for assets other than land and buildings, expiring as follows

	2012	2012	2011	2011
	Land and Buildings	Equipment and Vehicles	Land and Buildings	Equipment and Vehicles
Expiry date:	£'000	£'000	£'000	£'000
-Within one year	100	8	-	26
-Between two and five years	-	48	92	35
	100	56	92	61

Included in the above annual commitments is £55,740 (2011. £60,718) in respect of equipment and vehicles, and £nil (2011 £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.

16) 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 2012, no group company had a bank overdraft (2011 £nil)

17) 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.

18) Ultimate holding company

The company's immediate holding company is Guardian Media Group plc, a company 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. Guardian Media Group plc is the parent undertaking of the only group of undertakings to consolidate these financial statements at 1 April 2012. The consolidated financial statements of Guardian Media Group plc are available from The Secretary, PO Box 68164, Kings Place, 90 York Way, London N1P 2AP.