

Registered number: SC168821

GALAXY RADIO SCOTLAND LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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GALAXY RADIO SCOTLAND LIMITED

COMPANY INFORMATION

DIRECTORS	MD Connole SG Miron RFJ Park
COMPANY SECRETARY	CR Potterell
COMPANY NUMBER	SC168821
REGISTERED OFFICE	The Four Winds Pavilion Pacific Quay Glasgow G51 1EB
AUDITOR	KPMG LLP Statutory auditor & Chartered Accountants 15 Canada Square London E14 5GL

GALAXY RADIO SCOTLAND LIMITED

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GALAXY RADIO SCOTLAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

The Directors present their report and the financial statements for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the Company, a subsidiary of Global Radio UK Limited (the Group), is unchanged from last year and is the operation in Scotland of the independent radio licence for Galaxy Scotland. Capital 105-106 was renamed 105-106 Capital FM in the year.

Turnover for the year ended 31 March 2011 amounted to £2,232,000 (31 March 2010: £1,182,00) and the Company made a loss for the year before tax of £349,000 (31 March 2010 loss: £824,000).

Turnover increased year on year despite a weak advertising market.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £474,000 (2010 - loss £606,000).

There were no dividends paid or proposed during the year (2010: £nil).

DIRECTORS

The Directors who served during the year were:

MD Connoles
SG Miron
RFJ Park

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable donations or incurred any political expenditure during the year (2010: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

Market conditions

The key risk to the business is that an advertising slowdown may put pressure on traditional revenues. The risks are monitored and managed through parent and local management.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Directors benefit from qualifying third party indemnity provisions in place.

GALAXY RADIO SCOTLAND LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2011**

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 22 August 2011 and signed on its behalf.



MD Connole
Director

The Four Winds Pavilion
Pacific Quay
Glasgow
G51 1EB

GALAXY RADIO SCOTLAND LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2011**

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare 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 judgments and 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;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALAXY RADIO SCOTLAND LIMITED

We have audited the financial statements of Galaxy Radio Scotland Limited for the year ended 31 March 2011, set out on pages 5 to 13. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' responsibilities, 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Mike Harper

Mike Harper (Senior Statutory Auditor)

for and on behalf of
KPMG LLP

Statutory auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

23 August 2011

GALAXY RADIO SCOTLAND LIMITED

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

	Note	2011 £000	2010 £000
TURNOVER	1,2	2,232	1,182
Operating charges		<u>(2,218)</u>	<u>(1,679)</u>
OPERATING PROFIT/(LOSS)	4	14	(497)
Interest payable and similar charges	7	<u>(363)</u>	<u>(327)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(349)	(824)
Tax on loss on ordinary activities	8	<u>(125)</u>	<u>218</u>
LOSS FOR THE FINANCIAL YEAR	12	<u><u>(474)</u></u>	<u><u>(606)</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account.

The notes on pages 7 to 13 form part of these financial statements.

GALAXY RADIO SCOTLAND LIMITED
REGISTERED NUMBER: SC168821

BALANCE SHEET
AS AT 31 MARCH 2011

	Note	£000	2011 £000	£000	2010 £000
FIXED ASSETS					
Tangible assets	9		637		420
CREDITORS: amounts falling due within one year	10		(6,494)		(5,803)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(5,857)</u>		<u>(5,383)</u>
CAPITAL AND RESERVES					
Called up share capital	11		200		200
Share premium account	12		1,810		1,810
Profit and loss account	12		(7,867)		(7,393)
SHAREHOLDERS' DEFICIT	13		<u>(5,857)</u>		<u>(5,383)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 August 2011.



MD Connole
Director

The notes on pages 7 to 13 form part of these financial statements.

GALAXY RADIO SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Cash flow

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

1.3 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

Radio airtime revenue is recognised on the date of broadcast and this is considered to be the only material class of business for the Company in the United Kingdom.

1.4 Tangible fixed assets and depreciation

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

Long term leasehold property	-	4% per annum
Office equipment	-	10%-33% per annum

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

GALAXY RADIO SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES (continued)

1.6 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on page 1. The Company participates in the group centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Global Radio group has prepared detailed forecasts of expected future cash flows for the three years ending 31 March 2014 ("the forecast"). The Board considers the forecast has been prepared on a prudent basis taking into account current consensus forecasts of the radio advertising market. However, the group has also prepared a worse than expected downside scenario. Even under this sensitised scenario, the forecasts indicate that the Company can continue to trade for the foreseeable future and operate within its new facility and the associated financial covenants.

At 31 March 2011 the Company had net liabilities of £5,857,000. The Directors have received suitable representations from Global Radio UK Limited that it will continue to provide sufficient financial support to enable the Company to continue to trade for the foreseeable future and to not seek repayment of intercompany loans for a period of not less than 12 months from the date of approval of these financial statements.

2. TURNOVER

The whole of the turnover is attributable to the operation in Scotland of the independent radio licence for Galaxy Scotland. Capital 105-106 was renamed 105-106 Capital FM in the year.

All turnover arose within the United Kingdom.

3. AGENCY AGREEMENT

Global Radio Services Limited provided personnel and other services to the Company. The amounts included in 'operating charges' contain a charge for these services. For the year ended 31 March 2011 this charge was £472,874 (2010: £408,124).

4. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	2011 £000	2010 £000
Depreciation of tangible fixed assets:		
- owned by the Company	41	28
Operating lease rentals:		
- other operating leases	30	30
	=====	=====

GALAXY RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

5. STAFF COSTS

The Company does not directly employ any staff (2010: nil)

6. DIRECTORS' REMUNERATION

During the year ended 31 March 2011 M Connole, RFJ Park and SG Miron received remuneration from Global Radio Services Limited and the majority of their time was spent on services to Global Radio UK Limited, the ultimate parent company. Details of their remuneration as directors of Global Radio UK Limited are disclosed in that company's accounts.

None of the Directors received remuneration in respect of qualifying services to this Company (2010:£nil).

7. INTEREST PAYABLE

	2011 £000	2010 £000
On loans from group undertakings	363	327

8. TAXATION

	2011 £000	2010 £000
Analysis of tax charge/(credit) in the year		
UK corporation tax credit on loss for the year	(93)	(218)
Adjustments in respect of prior periods	218	-
Tax on loss on ordinary activities	125	(218)

GALAXY RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

8. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2010 - higher than)* the standard rate of corporation tax in the UK of 28% *(2010 - 28%)*. The differences are explained below:

	2011	2010
	£000	£000
Loss on ordinary activities before tax	(349)	(824)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% <i>(2010 - 28%)</i>	(98)	(231)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8	5
Depreciation for year in excess of capital allowances	(3)	8
Adjustments to tax charge in respect of prior periods	218	-
Current tax charge/(credit) for the year (see above)	125	(218)

Factors that may affect future tax charges

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011. This change became substantively enacted on 29 March 2011 and therefore the effect of the rate reduction creates a reduction in the unrecognised deferred tax asset. The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above. The impact of the future rate reductions will be accounted for to the extent that they are enacted at the balance sheet date; however it is estimated that this will not have a material effect on the Company.

There is no deferred tax charge in the current or preceding accounting periods. No account has been taken of UK tax losses to the extent that they exceed any deferred tax liability as they are not expected to be utilised in the foreseeable future. The total amount unprovided in respect of these losses is £636,000 at 26% corporation tax rate (31 March 2010: £368,000 at 27% corporation tax rate).

GALAXY RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

9. TANGIBLE FIXED ASSETS

	Long term leasehold property £000	Office equipment £000	Total £000
Cost			
At 1 April 2010	700	611	1,311
Additions	84	174	258
At 31 March 2011	<u>784</u>	<u>785</u>	<u>1,569</u>
Depreciation			
At 1 April 2010	280	611	891
Charge for the year	28	13	41
At 31 March 2011	<u>308</u>	<u>624</u>	<u>932</u>
Net book value			
At 31 March 2011	<u>476</u>	<u>161</u>	<u>637</u>
At 31 March 2010	<u>420</u>	<u>-</u>	<u>420</u>

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

	2011 £000	2010 £000
Amounts owed to group undertakings	<u>6,494</u>	<u>5,803</u>

11. SHARE CAPITAL

	2011 £000	2010 £000
Allotted, called up and fully paid		
200,000 Ordinary shares shares of £1 each	<u>200</u>	<u>200</u>

GALAXY RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

12. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 April 2010	1,810	(7,393)
Loss for the year	-	(474)
	<u>1,810</u>	<u>(7,867)</u>
At 31 March 2011	<u>1,810</u>	<u>(7,867)</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2011 £000	2010 £000
Opening shareholders' deficit	(5,383)	(4,777)
Loss for the year	(474)	(606)
	<u>(5,857)</u>	<u>(5,383)</u>
Closing shareholders' deficit	<u>(5,857)</u>	<u>(5,383)</u>

14. CONTINGENT LIABILITIES

Contingent liabilities as at the balance sheet date were as follows:

- a) Various inter-group cross guarantees held by Bank of Scotland, Bank of Ireland and Allied Irish bank.
- b) The Company is a member of a group for VAT purposes, resulting in a joint and several liabilities for amounts owing by other group companies for unpaid VAT.

15. OPERATING LEASE COMMITMENTS

At 31 March 2011 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2011 £000	2010 £000
Expiry date:		
After more than 5 years	<u>30</u>	<u>30</u>

GALAXY RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

16. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Global Radio UK Limited (the ultimate parent company) the company has taken advantage of the exemption contained within FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Global Radio UK Limited, within which this Company is included, can be obtained from the address given below. There were no other related party transactions during the year.

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Directors regard Global Radio UK Limited, a company incorporated in Great Britain and registered in England and Wales, as the Company's ultimate parent undertaking.

The Directors consider that Global Radio Group Limited, a company incorporated in Jersey, is the ultimate controlling party of the Company.

The largest and smallest group in which the results of the Company are consolidated is that headed by Global Radio UK Limited, the ultimate parent company which is incorporated in Great Britain. The consolidated financial statements of these groups are available to the public and may be obtained from 30 Leicester Square, London WC2H 7LA.