

Registered number: SC168821

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**GALAXY RADIO SCOTLAND LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

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**GALAXY RADIO SCOTLAND LIMITED**

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**COMPANY INFORMATION**

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

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**GALAXY RADIO SCOTLAND LIMITED**

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## **GALAXY RADIO SCOTLAND LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012**

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The Directors present their report and the financial statements for the year ended 31 March 2012.

#### **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 prior year.

The Company has met the requirements in Company Act 2006 to obtain the exemption provided from the presentation of an enhanced business review.

Turnover for the year ended 31 March 2012 amounted to £3,225,000 (2011: £2,232,000) and the Company made a loss for the year before tax of £606,000 (2011 loss: £349,000).

Turnover increased year on year despite a weak advertising market following the rebranding of the radio station.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £624,000 (2011 - £474,000).

There were no dividends paid or proposed during the year (2011: £nil).

#### **DIRECTORS**

The Directors who served during the year were:

MD Connole  
SG Miron  
RFJ Park

#### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

The Company made no political or charitable donations or incurred any political expenditure during the year (2011: £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.

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**GALAXY RADIO SCOTLAND LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2012**

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**PROVISION OF INFORMATION TO AUDITOR**

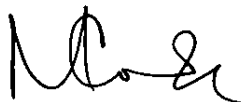
Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing its report 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 30 July 2012 and signed on its behalf.



**MD Connole**  
Director

The Four Winds Pavilion  
Pacific Quay  
Glasgow  
G51 1EB

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**GALAXY RADIO SCOTLAND LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2012**

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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 2012, set out on pages 5 to 14. 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 Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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](http://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 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.

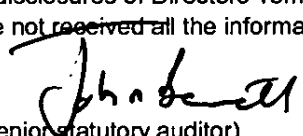
### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the 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.

  
JC Bennett (Senior statutory auditor)

for and on behalf of  
**KPMG LLP**

Statutory auditor  
Chartered Accountants

15 Canada Square  
London  
E14 5GL

Date:

31 July 2012

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**GALAXY RADIO SCOTLAND LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2012**

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|                                                    | Note | 2012<br>£000        | 2011<br>£000        |
|----------------------------------------------------|------|---------------------|---------------------|
| <b>TURNOVER</b>                                    | 1,2  | <b>3,225</b>        | <b>2,232</b>        |
| Operating charges                                  |      | <u>(3,441)</u>      | <u>(2,218)</u>      |
| <b>OPERATING (LOSS)/PROFIT</b>                     | 4    | <b>(216)</b>        | <b>14</b>           |
| Interest payable and similar charges               | 7    | <u>(390)</u>        | <u>(363)</u>        |
| <b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | <b>(606)</b>        | <b>(349)</b>        |
| Tax on loss on ordinary activities                 | 8    | <u>(18)</u>         | <u>(125)</u>        |
| <b>LOSS FOR THE FINANCIAL YEAR</b>                 | 13   | <u><b>(624)</b></u> | <u><b>(474)</b></u> |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account.

The notes on pages 7 to 14 form part of these financial statements.

**GALAXY RADIO SCOTLAND LIMITED**  
**REGISTERED NUMBER: SC168821**

**BALANCE SHEET**  
**AS AT 31 MARCH 2012**

|                                                       | Note | 2012<br>£000 | 2011<br>£000 |
|-------------------------------------------------------|------|--------------|--------------|
| <b>FIXED ASSETS</b>                                   |      |              |              |
| Tangible assets                                       | 9    | 589          | 637          |
| <b>CURRENT ASSETS</b>                                 |      |              |              |
| Debtors                                               | 9    | -            |              |
| <b>CREDITORS:</b> amounts falling due within one year | 10   | (7,079)      | (6,494)      |
| <b>NET CURRENT LIABILITIES</b>                        |      | (7,079)      | (6,494)      |
| <b>NET LIABILITIES</b>                                |      | (6,481)      | (5,857)      |
| <b>CAPITAL AND RESERVES</b>                           |      |              |              |
| Called up share capital                               | 12   | 200          | 200          |
| Share premium account                                 | 13   | 1,810        | 1,810        |
| Profit and loss account                               | 13   | (8,491)      | (7,867)      |
| <b>SHAREHOLDERS' DEFICIT</b>                          | 14   | (6,481)      | (5,857)      |

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

30 July 2012.  


**MD Connole**  
Director

The notes on pages 7 to 14 form part of these financial statements.

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## **GALAXY RADIO SCOTLAND LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

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#### **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 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 2015 ("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 2012 the Company had net liabilities of £6,481,000 (2011: £6,494,000). 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.

##### **1.3 Cash flow**

Under FRS 1, "Cash Flow Statement", 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.

##### **1.4 Turnover**

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, 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.

##### **1.5 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 straight-line      |
| Office equipment             | - | 10%-33% per annum straight-line |

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## **GALAXY RADIO SCOTLAND LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **1.6 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.

##### **1.7 Taxation**

The charge or credit for the taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### **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 prior 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 2012 this charge was £1,000,683 (2011: £472,874).

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**GALAXY RADIO SCOTLAND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

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**4. OPERATING (LOSS)/PROFIT**

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

|                                        | <b>2012</b><br><b>£000</b> | <b>2011</b><br><b>£000</b> |
|----------------------------------------|----------------------------|----------------------------|
| Depreciation of tangible fixed assets: |                            |                            |
| - owned by the Company                 | <b>53</b>                  | <b>41</b>                  |
| Operating lease rentals:               |                            |                            |
| - other operating leases               | <b>30</b>                  | <b>30</b>                  |
|                                        | <u><b>83</b></u>           | <u><b>71</b></u>           |

**5. STAFF COSTS**

The Company does not directly employ any staff (2011: nil).

**6. DIRECTORS' REMUNERATION**

During the year ended 31 March 2012 M Connoles, 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 (2011:£nil).

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

|                                  | <b>2012</b><br><b>£000</b> | <b>2011</b><br><b>£000</b> |
|----------------------------------|----------------------------|----------------------------|
| On loans from group undertakings | <b>390</b>                 | <b>363</b>                 |
|                                  | <u><b>390</b></u>          | <u><b>363</b></u>          |

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**GALAXY RADIO SCOTLAND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

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**8. TAXATION**

|                                                         | <b>2012<br/>£000</b> | <b>2011<br/>£000</b> |
|---------------------------------------------------------|----------------------|----------------------|
| <b>Analysis of tax charge in the year</b>               |                      |                      |
| <b>Current tax (see note below)</b>                     |                      |                      |
| UK corporation tax charge/(credit) on loss for the year | -                    | (93)                 |
| Adjustments in respect of prior periods                 | 27                   | 218                  |
| <b>Total current tax</b>                                | <u>27</u>            | <u>125</u>           |
| <b>Deferred tax (see note 11)</b>                       |                      |                      |
| Origination and reversal of timing differences          | (9)                  | -                    |
| <b>Tax on loss on ordinary activities</b>               | <u>18</u>            | <u>125</u>           |

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2011 - *higher than*) the standard rate of corporation tax in the UK of 26% (2011 - 28%). The differences are explained below:

|                                                                                                          | <b>2012<br/>£000</b> | <b>2011<br/>£000</b> |
|----------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Loss on ordinary activities before tax                                                                   | <u>(606)</u>         | <u>(349)</u>         |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%) | (158)                | (98)                 |
| <b>Effects of:</b>                                                                                       |                      |                      |
| Expenses not deductible for tax purposes                                                                 | 9                    | 8                    |
| Depreciation/(capital allowances) for year in excess of (capital allowances)/depreciation                | 14                   | (3)                  |
| Adjustments to tax charge in respect of prior periods                                                    | 27                   | 218                  |
| Tax losses not utilised                                                                                  | 135                  | -                    |
| <b>Current tax charge for the year (see above)</b>                                                       | <u>27</u>            | <u>125</u>           |

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**GALAXY RADIO SCOTLAND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

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**8. TAXATION (continued)**

**Factors that may affect future tax charges**

On 21 March 2012 the Chancellor announced the reduction in the main rate of UK corporation tax to 24 per cent with effect from 1 April 2012. This change became substantively enacted on 26 March 2012 and therefore the effect of the rate reduction creates a reduction in the deferred tax asset which has been included in the figures above. The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 22 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.

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 £652,000 at 24% corporation tax rate (31 March 2011: £636,000 at 26% corporation tax rate).

**9. TANGIBLE FIXED ASSETS**

|                       | Long term<br>leasehold<br>property<br>£000 | Office<br>equipment<br>£000 | Total<br>£000 |
|-----------------------|--------------------------------------------|-----------------------------|---------------|
| <b>Cost</b>           |                                            |                             |               |
| At 1 April 2011       | 784                                        | 785                         | 1,569         |
| Additions             | 3                                          | 2                           | 5             |
| Disposals             | -                                          | (583)                       | (583)         |
| At 31 March 2012      | <u>787</u>                                 | <u>204</u>                  | <u>991</u>    |
| <b>Depreciation</b>   |                                            |                             |               |
| At 1 April 2011       | 308                                        | 624                         | 932           |
| Charge for the year   | 34                                         | 19                          | 53            |
| On disposals          | -                                          | (583)                       | (583)         |
| At 31 March 2012      | <u>342</u>                                 | <u>60</u>                   | <u>402</u>    |
| <b>Net book value</b> |                                            |                             |               |
| At 31 March 2012      | <u>445</u>                                 | <u>144</u>                  | <u>589</u>    |
| At 31 March 2011      | <u>476</u>                                 | <u>161</u>                  | <u>637</u>    |

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**GALAXY RADIO SCOTLAND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

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**9. TANGIBLE FIXED ASSETS (continued)**

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

|                                    | 2012<br>£000 | 2011<br>£000 |
|------------------------------------|--------------|--------------|
| Amounts owed to group undertakings | 7,079        | 6,494        |

**11. DEFERRED TAXATION**

|                      | 2012<br>£000 | 2011<br>£000 |
|----------------------|--------------|--------------|
| At beginning of year | -            | -            |
| Released during year | 9            | -            |
| At end of year       | 9            | -            |

The deferred tax asset is made up as follows:

|                             | 2012<br>£000 | 2011<br>£000 |
|-----------------------------|--------------|--------------|
| Deferred capital allowances | 9            | -            |

**12. SHARE CAPITAL**

|                                           | 2012<br>£000 | 2011<br>£000 |
|-------------------------------------------|--------------|--------------|
| Allotted, called up and fully paid        |              |              |
| 200,000 Ordinary shares shares of £1 each | 200          | 200          |

**13. RESERVES**

|                   | Share<br>premium<br>account<br>£000 | Profit and<br>loss account<br>£000 |
|-------------------|-------------------------------------|------------------------------------|
| At 1 April 2011   | 1,810                               | (7,867)                            |
| Loss for the year | -                                   | (624)                              |
| At 31 March 2012  | 1,810                               | (8,491)                            |

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**GALAXY RADIO SCOTLAND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

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**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

|                               | <b>2012</b>    | <b>2011</b>    |
|-------------------------------|----------------|----------------|
|                               | <b>£000</b>    | <b>£000</b>    |
| Opening shareholders' deficit | <b>(5,857)</b> | <b>(5,383)</b> |
| Loss for the year             | <b>(624)</b>   | <b>(474)</b>   |
| Closing shareholders' deficit | <b>(6,481)</b> | <b>(5,857)</b> |

**15. 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.

**16. OPERATING LEASE COMMITMENTS**

At 31 March 2012 the Company had annual commitments under non-cancellable operating leases as follows:

|                         | <b>Land and buildings</b> |             |
|-------------------------|---------------------------|-------------|
|                         | <b>2012</b>               | <b>2011</b> |
|                         | <b>£000</b>               | <b>£000</b> |
| <b>Expiry date:</b>     |                           |             |
| After more than 5 years | <b>30</b>                 | <b>30</b>   |

**17. 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.

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**GALAXY RADIO SCOTLAND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2012**

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**18. 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.