
GALAXY RADIO SCOTLAND LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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GALAXY RADIO SCOTLAND LIMITED

COMPANY INFORMATION

DIRECTORS	MD Connole (resigned 31 March 2014) SG Miron (resigned 31 March 2014) RFJ Park (resigned 31 March 2014) MA Lee (appointed 31 March 2014) CD Everitt (appointed 31 March 2014)
COMPANY SECRETARY	CD Everitt CR Potterell (resigned 31 March 2014)
REGISTERED NUMBER	SC168821
REGISTERED OFFICE	The Four Winds Pavilion Pacific Quay Glasgow G51 1EB
INDEPENDENT AUDITOR	Deloitte LLP Chartered Accountants & Statutory auditor 2 New Street Square London United Kingdom EC4A 3BZ

GALAXY RADIO SCOTLAND LIMITED

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GALAXY RADIO SCOTLAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The Directors present their Annual report and the financial statements for the year ended 31 March 2014.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £429,000 (2013: loss of £24,000).

There were no dividends paid or proposed during the year (2013: £Nil).

DIRECTORS

The Directors who served during the year and to the date of signing of this report were:

MD Connole (resigned 31 March 2014)
SG Miron (resigned 31 March 2014)
RFJ Park (resigned 31 March 2014)
MA Lee (appointed 31 March 2014)
CD Everitt (appointed 31 March 2014)

POLITICAL CONTRIBUTIONS

The Company made no political or charitable donations or incurred any political expenditure during the year (2013: £Nil).

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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

MATTERS COVERED IN THE STRATEGIC REPORT

An indication of likely future developments in the business of the Company, and financial risk management objectives and policies are included in the Strategic report.

DISCLOSURE 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 relevant audit information and to establish that the Company's auditor is aware of that information.

GALAXY RADIO SCOTLAND LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014**

AUDITOR

Under section 487(2) of the Companies Act 2006, Deloitte 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 financial statements with the registrar, whichever is earlier.

This report was approved by the board on 29 October 2014 and signed on its behalf.



**CD Everitt
Director**

The Four Winds Pavilion
Pacific Quay
Glasgow
G51 1EB

GALAXY RADIO SCOTLAND LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

The Directors are responsible for preparing the Annual 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 the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

GALAXY RADIO SCOTLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

The Directors present their Annual report for the Company.

BUSINESS REVIEW

The principal activity of the Company, which on 31 March 2014 became a subsidiary of Communicorp UK Limited (the Group), is unchanged from last year and is the operation in Scotland of the independent radio licence for Galaxy Scotland as 105-106 Capital FM. The Company has a reach of 19% and a share of listening of 7.7% in its broadcast area (Source: Rajar March 2014). Previously the Company was a wholly owned subsidiary of Global Radio Limited, and its ultimate controlling party was This is Global Limited. The Company was sold in the year in order to satisfy the divestment requirements of the Competition Commission in order to allow This is Global Limited's acquisition of the Real and Smooth Limited group.

Turnover for the year ended 31 March 2014 amounted to £4,102,000 (2013: £4,047,000) and the Company made a profit for the year before tax of £64,000 (2013 loss: £197,000). Turnover increased year on year despite a weak advertising market following the rebranding of the radio station. The Directors expect the general level of activity to continue at current levels.

On 3 June 2013, the Company issued 7,035,200 ordinary £1 shares to Global Radio Limited for £7,035,200 in cash as part of a Company restructuring. It used the proceeds to repay a significant proportion of its intercompany debt.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is a subsidiary of Communicorp UK Group. From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The review of the business of Communicorp UK Limited and its subsidiaries which provides an analysis of the main trends and factors likely to affect the development, performance and position of the business, and a description of the principal risks and uncertainties facing the business can be found in the Group financial statements of Communicorp UK Limited. Information relating to when the Company was a subsidiary of Global Radio Limited can be found in the consolidated financial statements of This is Global Limited.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses intercompany borrowings from other Group companies.

Market Risk

The key risk to the business is that an advertising slowdown may put pressure on traditional revenues, and reduce the value of the investments held. The risk is monitored and managed through Group management.

Interest rate risk

Interest rate risk arises from intercompany balances that bear interest at a fixed rate. The Directors have reviewed the Company's exposure to interest rates and have concluded that the risk is appropriate in relation to the financial results of the Company.

GALAXY RADIO SCOTLAND LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2014

FINANCIAL KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The KPIs for the Communicorp UK Group can be found in the Annual report of Communicorp UK Limited, which is available to the public. Information relating to when the Company was a subsidiary of Global Radio Limited can be found in the consolidated financial statements of This is Global Limited.

This report was approved by the board on 29 October 2014 and signed on its behalf.



**CD Everitt
Director**

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 2014, set out on pages 7 to 16. 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of its profit 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 Strategic report and 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.

M. R. Lee-Amies

Mark Lee-Amies (Senior Statutory Auditor)
for and on behalf of

Deloitte LLP
Chartered Accountants
& Statutory auditor
2 New Street Square
London
United Kingdom
EC4A 3BZ

29 October 2014

GALAXY RADIO SCOTLAND LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £000	2013 £000
TURNOVER	1,2	4,102	4,047
Operating charges		<u>(3,837)</u>	<u>(3,830)</u>
OPERATING PROFIT	4	265	217
Interest payable and similar charges	7	<u>(201)</u>	<u>(414)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		64	(197)
Tax on profit/(loss) on ordinary activities	8	<u>365</u>	<u>173</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	14	<u>429</u>	<u>(24)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 9 to 16 form part of these financial statements.

GALAXY RADIO SCOTLAND LIMITED
REGISTERED NUMBER: SC168821

BALANCE SHEET
AS AT 31 MARCH 2014

	Note	2014 £000	2013 £000
FIXED ASSETS			
Tangible assets	9	-	537
CURRENT ASSETS			
Debtors	10	418	-
Cash at bank		541	-
		<u>959</u>	<u>-</u>
CREDITORS: amounts falling due within one year	11	-	(7,033)
NET CURRENT ASSETS/(LIABILITIES)		<u>959</u>	<u>(7,033)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>959</u>	<u>(6,496)</u>
PROVISIONS FOR LIABILITIES			
Deferred tax	12	-	(9)
NET ASSETS/(LIABILITIES)		<u>959</u>	<u>(6,505)</u>
CAPITAL AND RESERVES			
Called up share capital	13	7,235	20
Share premium account	14	1,810	1,810
Profit and loss account	14	(8,086)	(8,515)
SHAREHOLDER'S FUNDS/(DEFICIT)	15	<u>959</u>	<u>(6,505)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 October 2014.



CD Everitt
Director

The notes on pages 9 to 16 form part of these financial statements.

GALAXY RADIO SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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. They have been applied consistently throughout the current and prior year.

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 Strategic report on page 4. The Company participates in the Group centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Communicorp UK Group has prepared detailed forecasts of expected future cash flows for the three years ending 31 March 2017 ("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 2014 the Company had net assets of £959,000 (2013: liabilities of £6,505,000).

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 the current and former parent undertakings include the Company in their 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

GALAXY RADIO SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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.

Deferred tax assets are recognised where they are more likely than not to be recovered as, in the opinion of the directors, the relevant companies will generate sufficient suitable future taxable profits against which the asset can be utilised.

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 105-106 Capital FM.

All turnover arose within the United Kingdom.

3. AGENCY AGREEMENT

Global Radio Services Limited, a subsidiary of the former ultimate parent undertaking, 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 2014, this charge was £1,037,591 (2013: £1,181,368).

GALAXY RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

4. OPERATING PROFIT

The operating profit is stated after charging:

	2014	2013
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the Company	320	53
Operating lease rentals:		
- other operating leases	30	30

The audit fee in respect of the Company was £1,000 (2013: £1,000).

5. STAFF COSTS

The Company does not directly employ any staff (2013: nil).

6. DIRECTORS' REMUNERATION

During the year ended 31 March 2014 MD Connole, RFJ Park and SG Miron received remuneration from Global Radio Services Limited and the majority of their time was spent on services to This is Global Limited, the former ultimate parent company. Details of their remuneration as directors of This is Global Limited are disclosed in that company's financial statements. MA Lee and CD Everitt received no remuneration for their services to the Company.

None of the Directors received remuneration in respect of qualifying services to this Company (2013: £nil).

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£000	£000
On loans from group undertakings	201	414

GALAXY RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

8. TAXATION

	2014 £000	2013 £000
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax credit on profit/loss for the year	-	(40)
Adjustments in respect of prior periods	-	(151)
Total current tax	<u>-</u>	<u>(191)</u>
Deferred tax		
Origination and reversal of timing differences	(365)	4
Adjustments relating to prior years	-	14
Total deferred tax (see note 12)	<u>(365)</u>	<u>18</u>
Tax on profit/(loss) on ordinary activities	<u>(365)</u>	<u>(173)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - *lower than*) the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below:

	2014 £000	2013 £000
Profit/loss on ordinary activities before tax	<u>64</u>	<u>(197)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	15	(47)
Effects of:		
Expenses not deductible for tax purposes	-	5
Depreciation/(capital allowances) for year in excess of (capital allowances)/depreciation	-	2
Utilisation of tax losses	(15)	-
Adjustments to tax charge in respect of prior periods	-	(151)
Current tax credit for the year (see above)	<u>-</u>	<u>(191)</u>

Factors that may affect future tax charges

On 20 March 2013 the Chancellor announced the reduction in the main rate of UK corporation tax to 21 per cent with effect from 1 April 2014. The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent to 20 per cent by 1 April 2015; these changes were substantively enacted on 2 July 2013 and therefore the effect of the rate changes created a reduction in the deferred tax asset which has been included in the figures above. It is estimated that this will not have a material effect on the Company.

GALAXY RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

9. TANGIBLE FIXED ASSETS

	Long term leasehold property £000	Office equipment £000	Total £000
Cost			
At 1 April 2013	787	205	992
Transfers intra group	(787)	(205)	(992)
At 31 March 2014	-	-	-
Depreciation			
At 1 April 2013	376	79	455
Charge for the year	302	18	320
Transfers intra group	(678)	(97)	(775)
At 31 March 2014	-	-	-
Net book value			
At 31 March 2014	-	-	-
At 31 March 2013	411	126	537

in February 2014, prior to the Company being disposed by Global Radio Limited the fixed assets of the Company were transferred at net book value to Global Radio Services Limited, a subsidiary of the former ultimate parent undertaking, in settlement of intercompany balances.

10. DEBTORS

	2014 £000	2013 £000
Amounts owed by former group undertakings	62	-
Deferred tax asset (see note 12)	356	-
	418	-

GALAXY RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

11. CREDITORS:

Amounts falling due within one year

	2014	2013
	£000	£000
Amounts owed to former group undertakings	-	7,033
	<u> </u>	<u> </u>

The intercompany creditor as at March 2013 was settled by way of a Company restructuring (see note 13).

12. DEFERRED TAX

	2014	2013
	£000	£000
At beginning of year	(9)	9
Released during/(charged for) year (P&L)	365	(18)
	<u> </u>	<u> </u>
At end of year	<u>356</u>	<u>(9)</u>

The deferred taxation balance is made up as follows:

	2014	2013
	£000	£000
Deferred capital allowances	-	(9)
Other timing differences	356	-
	<u> </u>	<u> </u>
	<u>356</u>	<u>(9)</u>

13. SHARE CAPITAL

	2014	2013
	£000	£000
Allotted, called up and fully paid		
7,235,200 (2013: 200,000) Ordinary shares of £1 each	7,235	200
	<u> </u>	<u> </u>

On 3 June 2013, the Company issued 7,035,200 ordinary £1 shares to Global Radio Limited for £7,035,200 in cash as part of a Company restructuring. It used the proceeds to repay a significant proportion of its intercompany debt.

GALAXY RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

14. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 April 2013	1,810	(8,515)
Profit for the financial year	-	429
At 31 March 2014	<u>1,810</u>	<u>(8,086)</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS/(DEFICIT)

	2014 £000	2013 £000
Opening shareholder's deficit	(6,505)	(6,481)
Profit/(loss) for the financial year	429	(24)
Shares issued during the year (note 13)	7,035	-
Closing shareholder's funds/(deficit)	<u>959</u>	<u>(6,505)</u>

16. OPERATING LEASE COMMITMENTS

At 31 March 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2014 £000	2013 £000
Expiry date:		
After more than 5 years	<u>-</u>	<u>30</u>

17. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Communicorp UK Limited (the immediate 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).

Prior to its acquisition by Communicorp UK Limited, on 31 March 2014, the Company was a wholly owned subsidiary of This is Global Limited and so 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 This is Global Limited Group (or investees of that Group qualifying as related parties). The consolidated financial statements of This is Global Limited, within which the Company is included, can be obtained from 30 Leicester Square, London WC2H 7LA.

There were no other related party transactions during the year.

GALAXY RADIO SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

17. RELATED PARTY TRANSACTIONS (continued)

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Directors regard Communicorp UK Limited, a company incorporated in Great Britain and registered in Northern Ireland, as the Company's immediate parent undertaking. Prior to the acquisition by Communicorp UK Limited, the immediate parent undertaking was Global Radio Limited, a company incorporated in Great Britain and registered in England and Wales.

The Directors consider that Communicorp Group Limited, a company incorporated in the Republic of Ireland, is the ultimate controlling party of the Company. Prior to the acquisition by Communicorp UK Limited, the ultimate controlling party was Global Radio Group Limited, a company incorporated in Jersey.

The Company's ultimate parent undertaking is Communicorp Group Limited, a Company incorporated in the Republic of Ireland. The largest and smallest group in which the results of the Company are consolidated is that headed by Communicorp Group Limited and the consolidated financial statements are available from the offices of that Company. Prior to the acquisition by Communicorp UK Limited, the ultimate parent undertaking was This is Global Limited, a company incorporated in Great Britain and registered in England and Wales.