

# **Red Rose Radio Limited**

## **Report and Accounts**

**For the year ended 31 December 2010**

**Company Registration No. 1372170**

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**Red Rose Radio Limited**  
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**For the year ended 31 December 2010**

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## **Red Rose Radio Limited**

### **Directors, officers and auditor**

<b>Directors</b>	D Ford T Finney G White
<b>Company secretary</b>	Bauer Group Secretariat Limited
<b>Auditor</b>	Grant Thornton UK LLP Registered Auditor Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP
<b>Registered office</b>	1 Lincoln Court Lincoln Road Peterborough PE1 2RF
<b>Company number</b>	1372170

# **Red Rose Radio Limited**

## **Directors' Report**

### **For the year ended 31 December 2010**

The directors submit their report and the accounts for the year ended 31 December 2010

#### **Business review and principal activities**

Red Rose Radio Limited ("the Company") is engaged in the operation of independent radio stations under licence from Ofcom in Lancashire

Rock FM is an iconic, heritage radio station with a unique personality and deep resonance in its market. Through its 'local first' strategy, it champions its local community and delivers highly relevant programming which unites listeners in the place they live.

While many in the industry are trending toward national networked programming, the Company intends to continue to invest in locally relevant programming for the communities it serves and in personalised interaction with its listeners. We believe this helps achieve standout in the marketplace and ultimately drives success.

Strong cost management across all areas of the business also contributed to our solid business performance.

The results for the Company show a pre-tax profit for the year of £1,609,000 (2009: £1,246,000) and turnover of £4,368,000 (2009: £4,248,000). An interim dividend of £5,300,000 was paid during the year (2009: £nil). The directors do not recommend the payment of a final dividend (2009: £nil).

#### **Post balance sheet events**

On 1 April 2011, the Company brought its company secretariat in house, and changed its registered office to 1 Lincoln Court, Lincoln Road, Peterborough PE1 2RF.

#### **Directors**

The current directors are shown on page 1. The directors who held office during the year are given below:

D Ford  
T Finney  
G White

#### **Insurance of directors**

Directors' and Officers' liability insurance has been maintained by Bauer Radio (Holdings) Limited for the year.

#### **Employees**

The directors attach great importance to keeping staff fully informed of the Company's financial progress to involve them as much as possible in the activities of the Company. Information is communicated through Bauer's Intranet - Planet Bauer - and periodic discussions take place to keep people informed and seek out their ideas and opinions.

#### **Statement of directors' responsibilities**

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.

# **Red Rose Radio Limited**

## **Directors' Report**

### **For the year ended 31 December 2010**

#### **Statement of directors' responsibilities (continued)**

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Auditors**

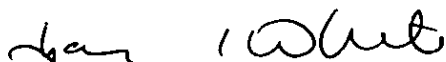
BDO LLP resigned as auditors of the Company during the year and Grant Thornton UK LLP, were appointed as auditors by the directors to fill a vacancy in accordance with section 485 of the Companies Act 2006.

Grant Thornton UK LLP, have indicated their willingness to continue in office. The Company has elected under section 487 of the Companies Act 2006 not to re-appoint auditors annually. Therefore the auditors, Grant Thornton UK LLP, are deemed to be re-appointed for the next financial year.

#### **Small company accounts**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the board of directors on 30 June, 2011



**G White**  
**Director**

**Red Rose Radio Limited**  
**Independent Auditor's Report**  
**For the year ended 31 December 2010**

**Independent auditor's report to the members of Red Rose Radio Limited**

We have audited the financial statements of Red Rose Radio Limited for the year ended 31 December 2010 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).

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 auditors**

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 (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 APB'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 December 2010 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 matters 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime

*Grant Thornton UK LLP*

Richard Hagley  
Senior Statutory Auditor  
For and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

*30 June 2011*

**Red Rose Radio Limited**  
**Profit and Loss Account**  
**For the year ended 31 December 2010**

	Notes	2010 £'000	2009 £'000
<b>Turnover</b>	2	<b>4,368</b>	4,248
Cost of sales		(456)	(523)
<b>Gross profit</b>		<b>3,912</b>	3,725
Administrative expenses		(2,340)	(2,566)
<b>Operating profit</b>	3	<b>1,572</b>	1,159
Interest receivable		37	87
<b>Profit on ordinary activities before taxation</b>		<b>1,609</b>	1,246
Tax on profit on ordinary activities	6	(456)	(360)
<b>Profit for the year</b>	14	<b>1,153</b>	886

The above results relate to continuing operations

The Company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the reported profits and historical cost profits on ordinary activities before taxation for both years being reported

*The notes on pages 7 to 12 form part of these accounts*

# Red Rose Radio Limited

## Balance Sheet

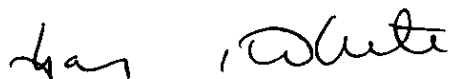
At 31 December 2010

Company Registration No. 1372170

	Notes	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Tangible assets	8	643	671
<b>Current assets</b>			
Debtors	9	3,560	7,388
Cash at bank and in hand		1	1
		3,561	7,389
<b>Creditors: amounts falling due within one year</b>	10	(427)	(136)
<b>Net current assets</b>		3,134	7,253
<b>Net assets</b>		3,777	7,924
<b>Capital and reserves</b>			
Called up share capital	12	1,239	1,239
Share premium account	13	625	625
Revaluation reserve	13	317	317
Profit and loss account	13	1,596	5,743
<b>Total shareholders' funds</b>	14	3,777	7,924

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

The financial statements were approved by the Board of Directors and authorised for issue on 30 June, 2011



G White  
Director

The notes on pages 7 to 12 form part of these accounts



# Red Rose Radio Limited

## Notes to the accounts

For the year ended 31 December 2010

### 1 Accounting policies

#### Basis of accounting

These accounts have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The directors, in accordance with the Financial Reporting Standard 18, "Accounting Policies" ("FRS 18"), confirm that the accounting policies used by the Company are the most appropriate, consistently applied and adequately disclosed.

A summary of the accounting policies is set out below.

#### Depreciation

The cost of tangible fixed assets less estimated residual value on disposal is written down evenly over their expected useful lives as follows:

Freehold property	- 50 years
Office equipment and vehicles	- 3 to 5 years

Depreciation is not charged on freehold land.

#### Dividends payable

Dividend distributions to the Company's shareholders are recognised as a liability either in the period in which the dividends are approved by the Company's shareholders or, in the case of interim dividends when the dividend is paid.

#### Taxation

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

Deferred tax 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 or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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.

#### Leasing

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

#### Pensions

The Bauer group, of which the Company is a subsidiary, operates a defined contribution pension scheme provided by Scottish Widows known as Bauer Consumer Media Pension scheme for all eligible staff across the Group. The costs of this pension scheme are charged to the profit and loss account as they become payable.

#### Cashflow statement and related party disclosures

The Company is a wholly owned subsidiary of Heinrich Bauer Verlag Beteiligungs GmbH and is included in the consolidated financial statements of Heinrich Bauer Verlag Beteiligungs GmbH, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 "Cash Flow Statements" (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 "Related Party Transactions" from disclosing related party transactions with entities that are part of the Heinrich Bauer Verlag Beteiligungs GmbH group as it is a wholly owned subsidiary and included within the consolidated accounts of Heinrich Bauer Verlag Beteiligungs GmbH, which are publicly available.

# Red Rose Radio Limited

## Notes to the accounts

For the year ended 31 December 2010

### 2 Turnover

Revenue is recognised when the significant risks and rewards of ownership have been transferred to a third party, or for services provided, at the point when it is probable that the economic benefits will flow to the Company and when the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration and represents amounts receivable for services and goods provided in the normal course of business, net of discounts, custom duties and sales taxes.

Radio advertising revenue is recognised on the date of broadcast.

The Company takes part in barter advertising deals the value of which are included in both turnover and cost of sales. The value of these transactions in the year amounted to £1,343 (2009 £8,541).

All turnover is derived from within the United Kingdom.

### 3 Operating profit

This is stated after charging

	2010 £'000	2009 £'000
Depreciation of owned tangible fixed assets	32	36
Operating lease rentals - plant and machinery	56	48

Fees for the audit of the Company were borne by a fellow group undertaking, Bauer Radio Limited, for both years and have not been recharged.

There were no fees paid to the Company's auditor, Grant Thornton UK LLP, for any non audit services to the Company (2009 BDO LLP £nil).

Some operating leases refer to car leases and there are no commitments at the year end for future rentals.

### 4 Directors' emoluments

	2010 £'000	2009 £'000
Aggregate emoluments	4	4

Retirement benefits are accruing to nil (2009 nil) directors under the defined contribution scheme.

### 5 Staff costs

#### (a) Costs (including directors' emoluments)

	2010 £'000	2009 £'000
Wages and salaries	693	716
Social security costs	70	76
Other pension costs	14	13
	777	805

#### (b) Pension costs

##### Defined contribution plan

The Company has participated in a defined contribution pension scheme, the Bauer Consumer Media Pension Scheme operated by Scottish Widows. The pension charge represents contributions due from the employer and during the year it amounted to £14,316 (2009 £12,697).

# Red Rose Radio Limited

## Notes to the accounts

For the year ended 31 December 2010

### 5 Staff costs (continued)

#### (c) Employees

The average monthly number of persons (including executive directors) employed by the Company in the UK during the year was 25 (2009 27)

### 6 Tax on profit on ordinary activities

	2010 £'000	2009 £'000
Corporation tax at 28%	460	362
Corporation tax prior year adjustments	(4)	(3)
<b>Total current tax</b>	<b>456</b>	<b>359</b>
Deferred tax - current year	1	1
Deferred tax - prior year adjustment	(1)	-
<b>Tax on profit on ordinary activities</b>	<b>456</b>	<b>360</b>

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK. The difference between tax as per the financial statements and tax at the UK nominal rate is explained below

	2010 £'000	2009 £'000
Profit before tax	1,609	1,246
Tax charge at 28%	451	349
Expenses not eligible for tax deduction	9	14
Corporation tax prior year adjustments	(4)	(3)
Capital allowances in excess of depreciation	-	(1)
<b>Tax charge for the current year</b>	<b>456</b>	<b>359</b>

A number of changes to the UK Corporation Tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010, included legislation reducing the main rate of corporation tax from 28% to 27% with effect from 1 April 2011. Following the March 2011 Budget Statement, a resolution was passed by Parliament on 29 March 2011 that has now reduced the main rate of corporation tax to 26% from 1 April 2011. The Finance (No 2) Act 2010 was substantively enacted at the balance sheet date and therefore the deferred tax balances have been remeasured at the 27% tax rate. The Finance Act in 2011 is expected to include legislation that will reduce the main rate of corporation tax by 1% per year to 23% for financial year beginning 1 April 2014. These changes are expected to be enacted separately each year. The Act is also expected to include measures to reduce the rate of writing down allowances on the main pool of plant and machinery expenditure to 18% and on the special rate pool to 8%, both with effect from 1 April 2012. There is no material effect resulting from the proposed changes, if applied to the Company's deferred tax balance at 31 December 2010.

### 7 Dividends

	2010 £'000	2009 £'000
Interim dividend of 42.77p per ordinary share of 10p each and "A" ordinary non-voting shares of 10p each (2009 £nil)	5,300	-

# Red Rose Radio Limited

## Notes to the accounts

For the year ended 31 December 2010

### 8 Tangible fixed assets

	Freehold land and buildings £'000	Office equipment and vehicles £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2010	800	575	1,375
Additions	-	4	4
Disposals	-	(472)	(472)
<b>At 31 December 2010</b>	<b>800</b>	<b>107</b>	<b>907</b>
<b>Depreciation</b>			
At 1 January 2010	169	535	704
Provided during the year	12	20	32
Disposals	-	(472)	(472)
<b>At 31 December 2010</b>	<b>181</b>	<b>83</b>	<b>264</b>
<b>Net book value</b>			
<b>At 31 December 2010</b>	<b>619</b>	<b>24</b>	<b>643</b>
At 31 December 2009	631	40	671

#### Analysis of freehold land and buildings

	2010 £'000	2009 £'000
At cost - 1994	471	471
At valuation - 1994	317	317
Subsequent expenditure at cost	12	12
	<b>800</b>	<b>800</b>

The Company's freehold land and buildings were revalued in 1994. Following the implementation of FRS 15 'Tangible Fixed Assets', the Company has adopted a policy of not further revaluing fixed assets, and has frozen the revalued amounts.

### 9 Debtors

	2010 £'000	2009 £'000
Trade debtors	302	273
Amounts owed by Group undertakings	3,157	7,022
Other debtors	17	22
Prepayments and accrued income	69	56
Deferred taxation (Note 11)	15	15
	<b>3,560</b>	<b>7,388</b>

Amounts owed by other Group undertakings are unsecured, bore interest at the SONIA rate and at 0.44% for the year (2009 SONIA rate and at 1.54%) and have no fixed date of repayment.

**Red Rose Radio Limited**  
**Notes to the accounts**  
**For the year ended 31 December 2010**

**10 Creditors amounts falling due within one year**

	<b>2010 £'000</b>	<b>2009 £'000</b>
Corporation tax	345	-
Other taxation and social security	6	7
Other creditors	33	12
Accruals and deferred income	43	117
	<b>427</b>	<b>136</b>

**11 Deferred taxation**

The movement on deferred tax is

**Deferred tax  
£'000**

At 1 January 2010	15
Transferred from profit and loss account	-
<b>At 31 December 2010</b>	<b>15</b>

The deferred taxation asset has been recognised in the accounts as follows

	<b>2010 £'000</b>	<b>2009 £'000</b>
Depreciation in advance of capital allowances	15	15

There is no unprovided deferred taxation (2009 £nil)

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements

**12 Called up share capital**

	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Allotted, called up and fully paid</b>		
517,520 ordinary shares of 10p each	52	52
11,875,740 "A" ordinary non-voting shares of 10p each	1,187	1,187
	<b>1,239</b>	<b>1,239</b>

With the exception of having no voting rights, non-voting shares rank pari-passu with ordinary shares in all other respects

# Red Rose Radio Limited

## Notes to the accounts

For the year ended 31 December 2010

### 13 Reserves

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2010	625	317	5 743
Retained loss for the financial year (note 14)	-	-	(4,147)
<b>At 31 December 2010</b>	<b>625</b>	<b>317</b>	<b>1,596</b>

### 14 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Profit for the year	1,153	886
Dividends	(5,300)	-
Retained (loss)/profit for the financial year	(4,147)	886
Opening shareholders' funds	7,924	7,038
<b>Closing shareholders' funds</b>	<b>3,777</b>	<b>7,924</b>

### 15 Lease commitments

At 31 December 2010 the Company had annual commitments under non cancellable operating leases expiring as follows

	2010 Other £'000	2009 Other £'000
Within two to five years	4	4

### 16 Ultimate controlling parties and related party transactions

The immediate parent undertaking is Bauer Radio Limited

The only parent undertaking for which Group accounts are drawn up is Heinrich Bauer Verlag Beteiligungs GmbH, registered in Germany. Copies of Heinrich Bauer Verlag Beteiligungs GmbH accounts are publicly available.

Heinrich Bauer Verlag KG, established in Germany, is regarded by the directors as the Company's ultimate controlling party as it is the controlling party of Heinrich Bauer Verlag Beteiligungs GmbH.

The Company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with wholly owned group undertakings.

### 17 Post balance sheet events

On 1 April 2011, the Company brought its company secretariat in house, and changed its registered office to 1 Lincoln Court, Lincoln Road, Peterborough PE1 2RF.