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## RED ROSE RADIO LIMITED

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### Directors' Report and Financial Statements

For the Year Ended 31 December 2012

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**RED ROSE RADIO LIMITED**

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**Company Information**

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<b>Directors</b>	D Ford T Finney G White P Keenan (appointed 24 July 2013)
<b>Company secretary</b>	Bauer Group Secretariat Limited
<b>Company number</b>	1372170
<b>Registered office</b>	1 Lincoln Court Lincoln Road Peterborough PE1 2RF
<b>Auditor</b>	Grant Thornton UK LLP Registered Auditor & Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

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**RED ROSE RADIO LIMITED**

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## RED ROSE RADIO LIMITED

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### Directors' Report For the Year Ended 31 December 2012

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The directors present their report and the financial statements for the year ended 31 December 2012

#### Principal activities and business review

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.

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.

#### Results and dividends

The profit for the year, after taxation, amounted to £495,000 (2011: £629,000)

An interim dividend of £1,700,000 was paid during the year (2011: £NIL). The directors do not recommend the payment of a final dividend (2011: £NIL).

#### Directors

The directors who served during the year were:

D Ford  
T Finney  
G White

#### 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 - Media Vine - and periodic discussions take place to keep people informed and seek out their ideas and opinions.

#### Directors' responsibilities statement

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 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.

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## RED ROSE RADIO LIMITED

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### Directors' Report For the Year Ended 31 December 2012

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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.

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 and other information included in Directors' Reports may differ from legislation in other jurisdictions.

#### 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

The auditor, Grant Thornton UK LLP, has indicated its willingness to continue in office. The Company has elected under section 487 of the Companies Act 2006 not to re-appoint the auditor annually. Therefore the auditor, Grant Thornton UK LLP, is 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.

This report was approved by the board on 24 July 2013

and signed on its behalf



**D Ford**  
Director

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## RED ROSE RADIO LIMITED

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### Independent Auditor's Report to the Members of Red Rose Radio Limited

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We have audited the financial statements of Red Rose Radio Limited for the year ended 31 December 2012, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 December 2012 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 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.



Richard Hagley (Senior Statutory Auditor)

for and on behalf of

**Grant Thornton UK LLP**

Statutory Auditor

Chartered Accountants

London

Date 25 July 2013

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**RED ROSE RADIO LIMITED**

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**Profit and Loss Account  
For the Year Ended 31 December 2012**

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	<b>Note</b>	<b>2012 £000</b>	<b>2011 £000</b>
<b>Turnover</b>	1,2	<b>3,538</b>	3,529
Cost of sales		<b>(477)</b>	(446)
<b>Gross profit</b>		<b>3,061</b>	3,083
Administrative expenses		<b>(2,429)</b>	(2,237)
Other operating income	3	<b>11</b>	-
<b>Operating profit</b>	4	<b>643</b>	846
Interest receivable and similar income		<b>17</b>	22
<b>Profit on ordinary activities before taxation</b>		<b>660</b>	868
Tax on profit on ordinary activities	7	<b>(165)</b>	(239)
<b>Profit for the financial year</b>		<b>495</b>	629

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 6 to 14 form part of these financial statements

**RED ROSE RADIO LIMITED**  
Registered number 1372170

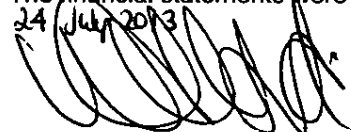
**Balance Sheet**  
**As at 31 December 2012**

	Note	£000	2012 £000	£000	2011 £000
<b>Fixed assets</b>					
Tangible assets	8		600		617
<b>Current assets</b>					
Debtors	9	2,887		4,097	
Cash at bank		1		1	
		<u>2,888</u>		<u>4,098</u>	
<b>Creditors</b> amounts falling due within one year	10	<u>(289)</u>		<u>(311)</u>	
<b>Net current assets</b>			<u>2,599</u>		<u>3,787</u>
<b>Net assets</b>			<u>3,199</u>		<u>4,404</u>
<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		<u>1,018</u>		<u>2,223</u>
<b>Shareholders' funds</b>	14		<u>3,199</u>		<u>4,404</u>

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 and authorised for issue by the board and were signed on its behalf on

24 July 2013



**D Ford**  
Director

The notes on pages 6 to 14 form part of these financial statements



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## RED ROSE RADIO LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2012

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#### 1. Accounting Policies

##### 1.1 Basis of preparation of financial statements

These financial statements 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.

##### 1.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### 1.3 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.

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.

Radio advertising revenue is recognised on the date of broadcast.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

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

##### 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.

##### 1.6 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.

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## RED ROSE RADIO LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2012

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#### 1. Accounting Policies (continued)

##### 1.7 Deferred taxation

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 is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

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

##### 1.8 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

#### 2 Turnover

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 £NIL (2011: £2,622)

All turnover arose within the United Kingdom

#### 3 Other operating income

	2012 £000	2011 £000
Licensing income	11	-

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**RED ROSE RADIO LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2012**

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**4. Operating profit**

The operating profit is stated after charging

	<b>2012</b> <b>£000</b>	2011 £000
Depreciation of tangible fixed assets		
- owned by the company	<b>20</b>	28
Operating lease rentals		
- plant and machinery	<b>64</b>	62
	<u><b>84</b></u>	<u>90</u>

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 for both years

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

**5. Staff costs**

Staff costs, including directors' remuneration, were as follows

	<b>2012</b> <b>£000</b>	2011 £000
Wages and salaries	<b>707</b>	680
Social security costs	<b>69</b>	68
Other pension costs	<b>19</b>	16
	<u><b>795</b></u>	<u>764</u>

The average monthly number of employees, including the directors, during the year was as follows

	<b>2012</b> <b>No.</b>	2011 No
UK full-time employees	<b>21</b>	23

**6. Directors' emoluments**

	<b>2012</b> <b>£000</b>	2011 £000
Aggregate emoluments	<b>4</b>	4

Retirement benefits are accruing to £NIL (2011 £NIL) directors under the defined contribution scheme

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**RED ROSE RADIO LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2012**

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**7. Taxation**

	2012 £000	2011 £000
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	168	240
Adjustments in respect of prior periods	(5)	(3)
<b>Total current tax</b>	<u>163</u>	<u>237</u>
<b>Deferred tax</b>		
Deferred tax - current year	1	1
Deferred tax - impact of rate changes	1	1
<b>Total deferred tax</b> (see note 11)	<u>2</u>	<u>2</u>
<b>Tax on profit on ordinary activities</b>	<u><u>165</u></u>	<u><u>239</u></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 24.5% (2011 - 26.5%) The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before tax	<u>660</u>	<u>868</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	162	230
<b>Effects of</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7	11
Capital allowances for year in excess of depreciation	(1)	(1)
Adjustments to tax charge in respect of prior periods	(5)	(3)
<b>Current tax charge for the year</b> (see note above)	<u><u>163</u></u>	<u><u>237</u></u>

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**RED ROSE RADIO LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2012**

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**7. Taxation (continued)**

**Factors that may affect future tax charges**

The standard rate of Corporation Tax in the UK reduced from 26% to 24% with effect from 1 April 2012. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 24.5%.

The rate of writing down allowances on the main pool of plant and machinery and on the special rate pool fell from 20% and 10% to 18% and 8% respectively with effect from 1 April 2012.

The March 2012 Budget Announcement proposed that the main rate of corporation tax would be reduced to 24% from 1 April 2012 and 23% from 1 April 2013, with a further reduction of the rate to 21% by 1 April 2014. As the rate changes for 2012 and 2013 were substantively enacted at the balance sheet date, the deferred tax asset has been restated to reflect the reduced tax rate of 23%. The effect of this in these financial statements is not material.

The March 2013 Budget announcement included a further proposal to reduce the main rate of corporation tax to 20% from 1 April 2015. As this change or the reduction to 21% from 1 April 2014 had not been substantively enacted at the balance sheet date no account has been taken of them in these financial statements.

The overall effect of the further changes from 23% to 20% if applied to the deferred tax balance at 31 December 2012 would not be material.

**8. Tangible fixed assets**

	Freehold property £000	Office equipment and vehicles £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2012	800	110	910
Additions	-	3	3
At 31 December 2012	800	113	913
<b>Depreciation</b>			
At 1 January 2012	195	98	293
Charge for the year	12	8	20
At 31 December 2012	207	106	313
<b>Net book value</b>			
At 31 December 2012	593	7	600
At 31 December 2011	605	12	617

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.

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**RED ROSE RADIO LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2012**

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**Analysis of freehold land and buildings**

	<b>2012</b>	2011
	<b>£000</b>	£000
At cost - 1994	471	471
At valuation	317	317
Subsequent expenditure at cost	12	12
Total	<u>800</u>	<u>800</u>

**9. Debtors**

	<b>2012</b>	2011
	<b>£000</b>	£000
Amounts owed by group undertakings	2,722	3,978
Other debtors	36	12
Prepayments and accrued income	118	94
Deferred tax asset (see note 11)	11	13
	<u>2,887</u>	<u>4,097</u>

Amounts owed by other group undertakings are unsecured, have no fixed date of repayment and bear interest at the SONIA rate

The Company's trade debtors are now held centrally in the Company's parent undertaking, Bauer Radio Limited

**10. Creditors**

**Amounts falling due within one year**

	<b>2012</b>	2011
	<b>£000</b>	£000
Trade creditors	-	3
Corporation tax	168	240
Social security and other taxes	4	4
Other creditors	40	36
Accruals and deferred income	77	28
	<u>289</u>	<u>311</u>

**RED ROSE RADIO LIMITED**

**Notes to the Financial Statements  
For the Year Ended 31 December 2012**

**11. Deferred tax asset**

	2012 £000	2011 £000
At beginning of year	13	15
Charged for the year	(2)	(2)
At end of year	<u>11</u>	<u>13</u>

The deferred tax asset is made up as follows

	2012 £000	2011 £000
Depreciation in advance of capital allowances	<u>11</u>	<u>13</u>

**12 Share capital**

	2012 £	2011 £
<b>Allotted, called up and fully paid</b>		
517,520 ordinary shares of £0 10 each	51,752	51,752
11,875,740 "A" ordinary non-voting shares shares of £0 10 each	1,187,574	1,187,574
	<u>1,239,326</u>	<u>1,239,326</u>

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

**13. Reserves**

	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
At 1 January 2012	625	317	2,223
Profit for the year	-	-	495
Dividends Equity capital	-	-	(1,700)
At 31 December 2012	<u>625</u>	<u>317</u>	<u>1,018</u>

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**RED ROSE RADIO LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2012**

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**14 Reconciliation of movement in shareholders' funds**

	2012 £000	2011 £000
Opening shareholders' funds	4,404	3,775
Profit for the year	495	629
Dividends (Note 15)	(1,700)	-
	<u>3,199</u>	<u>4,404</u>
Closing shareholders' funds	<u>3,199</u>	<u>4,404</u>

**15. Dividends**

	2012 £000	2011 £000
Dividends paid on equity capital	<u>1,700</u>	<u>-</u>

**16. Pension commitments**

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 £18,981 (2011: £15,719).

**17. Operating lease commitment**

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

	2012 £000	2011 £000
<b>Expiry date:</b>		
Within 1 year	-	3
Between 2 and 5 years	<u>2</u>	<u>-</u>

**18. Ultimate controlling parties and related party transactions**

The immediate parent company 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.



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**RED ROSE RADIO LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2012**

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**Independent Radio News Limited**

The Company's parent undertaking, Bauer Radio Limited, owns 22% of the share capital of Independent Radio News Limited. During the year the Company received a rebate of £28,880 (2011 £57,778)

At 31 December 2012 the Company was owed by Independent Radio News Limited £12,438 (2011 £18,583)