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**BAUER RADIO LIMITED**

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**Directors' Report and Financial Statements**

**For the Year Ended 31 December 2011**

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## **BAUER RADIO LIMITED**

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### **Company Information**

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<b>Directors</b>	P Keenan D A Ford G M Beddard D P Goodchild S D Parkinson G C White
<b>Company secretary</b>	Bauer Group Secretariat Limited
<b>Company number</b>	1394141
<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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**BAUER RADIO LIMITED**

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## **BAUER RADIO LIMITED**

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### **Directors' Report For the Year Ended 31 December 2011**

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The directors present their report and the financial statements for the year ended 31 December 2011

#### **Principal activities**

The principal activities of Bauer Radio Limited ("the Company") are that of an investment company and the provision of management services to other Group companies

#### **Business review and future developments**

Bauer Radio Limited, through its subsidiaries, has 42 local and 7 national radio stations. It also has one of the largest digital radio networks in the UK and is the largest commercial digital radio provider on Freeview.

The radio industry is polarising around two different strategies. While many in the industry are trending toward national networked programming, the Company, through its subsidiaries, intends to continue to invest in relevant programming for the communities it serves and in personalised interaction with its listeners.

We work on the product and personality of each individual station to ensure it is reflective of either the places where our listeners live or the music and lifestyle passions of our audiences. This approach clearly resonates amongst audiences and helps achieve standout in the marketplace.

No change in the nature of the Company's activities is anticipated to occur in the future.

#### **Results and dividends**

The profit for the year of this holding company, after taxation, amounted to £393,000 (2010 - £101,354,000).

The directors do not recommend the payment of a final dividend (2010 - £NIL).

#### **Directors**

The directors who served during the year were

P Keenan  
D A Ford  
G M Beddard  
D P Goodchild  
S D Parkinson  
G C White

#### **Principal risks and uncertainties**

##### **Advertising**

The Company, along with other businesses in the advertising sector, is exposed to cyclical advertising markets.

##### **Credit risk**

The Company's credit risk is primarily attributable to its own trade debtors, excluding its subsidiaries' trade debtors that are now held centrally by the Company. Credit risk is managed by obtaining prepayments from new customers, and running credit checks on existing customers. Liquidity and cashflow risks are managed through support from the Company's parent.

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## BAUER RADIO LIMITED

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### Directors' Report For the Year Ended 31 December 2011

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#### Other

Other key risks include a loss of key personnel and increased competition in the marketplace

The Company is required to comply with the terms of its broadcast licence. The Company mitigates the risk of non-compliance through the work of a compliance officer and by regular training of on and off-air personnel.

#### Key performance indicators ("KPIs")

The Company reviews the financial performance of its investments on a regular basis to monitor and manage the business effectively. These are both financial and non-financial. The key non-financial performance indicators include advertising and audience market share, the latter as independently measured by RAJAR on a quarterly basis.

The key financial performance indicator is set out below.

	2011 £'000	2010 £'000
EBITDA (loss)	(212)	(2,566)

#### Employee involvement

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.

#### Going concern

Notwithstanding the fact that the Company has net current liabilities, the directors have prepared the financial statements on the going concern basis. The directors have received confirmation from Bauer Radio (Holdings) Limited, of its intention to financially support the Company. This support will be available for a period of at least twelve months from the date of the directors' approval of these financial statements.

#### 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 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.

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## BAUER RADIO LIMITED

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### Directors' Report For the Year Ended 31 December 2011

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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.

This report was approved by the board on 12 July 2012 and signed on its behalf

*G C White*

**G C White**  
Director

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## BAUER RADIO LIMITED

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

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We have audited the financial statements of Bauer Radio Limited for the year ended 31 December 2011, 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 2011 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.

*Grant Thornton UK LLP*

Richard Hagley (Senior Statutory Auditor)

for and on behalf of  
**Grant Thornton UK LLP**

Statutory Auditor  
Chartered Accountants

London

Date *12 July 2012*

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**BAUER RADIO LIMITED**

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**Profit and Loss Account  
For the Year Ended 31 December 2011**

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	Note	2011 £000	2010 £000
<b>Turnover</b>	1,2	<b>276</b>	348
<b>Cost of sales</b>		<b>(83)</b>	(28)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>193</b>	320
Administrative expenses		(8,175)	(10,368)
Other operating income		<b>7,757</b>	7,462
		<hr/>	<hr/>
<b>Operating loss</b>	3	<b>(225)</b>	(2,586)
Income from shares in group undertakings		<b>750</b>	103,800
Income from other participating interests		<b>554</b>	574
Interest receivable and similar income		<b>56</b>	40
Interest payable and similar charges	7	<b>(1,035)</b>	(1,313)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>100</b>	100,515
Tax on profit on ordinary activities	8	<b>293</b>	839
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>393</b>	101,354
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss Account

The notes on pages 7 to 17 form part of these financial statements



**BAUER RADIO LIMITED**  
Registered number 1394141

**Balance Sheet**  
**As at 31 December 2011**

	Note	£000	2011 £000	£000	2010 £000
<b>Fixed assets</b>					
Tangible assets	9		1		30
Investments	10		188,488		188,488
			<u>188,489</u>		<u>188,518</u>
<b>Current assets</b>					
Debtors	11	16,003		933	
Cash at bank		20,667		9,649	
		<u>36,670</u>		<u>10,582</u>	
<b>Creditors</b> amounts falling due within one year	12	(198,350)		(172,684)	
<b>Net current liabilities</b>			<u>(161,680)</u>		<u>(162,102)</u>
<b>Net assets</b>			<u>26,809</u>		<u>26,416</u>
<b>Capital and reserves</b>					
Called up share capital	14		3,926		3,926
Share premium account	15		10,780		10,780
Profit and loss account	15		12,103		11,710
<b>Shareholders' funds</b>	16		<u>26,809</u>		<u>26,416</u>

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

12 July 2012

*G C White*

**G C White**  
Director

The notes on pages 7 to 17 form part of these financial statements

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## **BAUER RADIO LIMITED**

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### **Notes to the Financial Statements For the Year Ended 31 December 2011**

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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.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

##### **1.2 Going concern**

The Company is dependent on continuing financial support made available by a fellow group undertaking, Bauer Radio (Holdings) Limited. Continuing financial support is required both to enable the Company to meet its liabilities as they fall due and to continue operating without immediate realisation of all its assets. Bauer Radio (Holdings) Limited, has confirmed its intention to maintain its financial support for the foreseeable future and consequently these accounts have been prepared on a going concern basis.

##### **1.3 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.

##### **1.4 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.

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.

##### **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:

Office equipment and vehicles - 3 - 5 years

##### **1.6 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of its realisable value and its value in use.

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## BAUER RADIO LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2011

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#### **1 Accounting Policies (continued)**

##### **1.7 Operating leases**

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term

##### **1.8 Dividends receivable**

Dividends receivable are recognised as income in the Profit and Loss account in the period in which they are approved by the shareholders of the investment company. Interim dividends receivable are recorded in the period in which they are paid.

##### **1.9 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.

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.

##### **1.10 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**

All turnover arose within the United Kingdom.

# BAUER RADIO LIMITED

## Notes to the Financial Statements For the Year Ended 31 December 2011

### 3. Operating loss

The operating loss is stated after charging

	2011 £000	2010 £000
Depreciation of tangible fixed assets		
- owned by the company	13	20
Operating lease rentals		
- plant and machinery	113	129
- other operating leases	-	43
	<u>126</u>	<u>192</u>

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

### 4 Auditors' remuneration

	2011 £000	2010 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	94	118
Fees payable to the Company's auditor and its associates in respect of		
Other services relating to taxation	4	4
All other services	20	8
	<u>118</u>	<u>130</u>

The audit fee for both periods represents fees payable in respect of the audit of Bauer Radio Limited and its parent and subsidiaries

### 5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2011 £000	2010 £000
Wages and salaries	6,805	6,786
Social security costs	740	737
Other pension costs	292	271
	<u>7,837</u>	<u>7,794</u>

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

	2011 No	2010 No
UK full-time employees	176	184

**BAUER RADIO LIMITED**

**Notes to the Financial Statements  
For the Year Ended 31 December 2011**

**6 Directors' remuneration**

	<b>2011 £000</b>	<b>2010 £000</b>
Emoluments	<u>637</u>	<u>636</u>
Company pension contributions to defined contribution pension schemes	<u>52</u>	<u>55</u>
Compensation for loss of office	<u>-</u>	<u>192</u>

During the year retirement benefits were accruing to 2 directors (2010 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £402,000 (2010 - £360,000)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £36,000 (2010 - £32,000)

**7. Interest payable**

	<b>2011 £000</b>	<b>2010 £000</b>
On loans from group undertakings	<u>1,035</u>	<u>1,313</u>

**8. Taxation**

	<b>2011 £000</b>	<b>2010 £000</b>
<b>Analysis of tax credit in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax credit on profit for the year	(253)	(945)
Adjustments in respect of prior periods	(59)	78
<b>Total current tax</b>	<u>(312)</u>	<u>(867)</u>
<b>Deferred tax</b>		
Effect of decreased tax rate on opening asset	7	-
Deferred tax - current year	13	28
Deferred tax - prior year	(1)	-
<b>Total deferred tax</b> (see note 13)	<u>19</u>	<u>28</u>
<b>Tax on profit on ordinary activities</b>	<u>(293)</u>	<u>(839)</u>

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**BAUER RADIO LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2011**

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**8 Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	<b>2011 £000</b>	<b>2010 £000</b>
Profit on ordinary activities before tax	<b>100</b>	100,515
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	<b>27</b>	28,144
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>85</b>	3
Capital allowances for year in excess of depreciation	<b>(19)</b>	(24)
Adjustments to tax charge in respect of prior periods	<b>(59)</b>	78
Non-taxable income	<b>-</b>	(4)
Dividends from UK companies	<b>(346)</b>	(29,064)
<b>Current tax credit for the year (see note above)</b>	<b>(312)</b>	(867)

**Factors that may affect future tax charges**

The standard rate of Corporation Tax in the UK reduced from 28% to 26% with effect from 1 April 2011. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 26.5%.

The March 2011 Budget Announcement proposed that the main rate of corporation tax would be reduced to 26% from 1 April 2011 and 25% from 1 April 2012. As these changes were substantively enacted at the balance sheet date, the deferred tax asset has been restated to reflect the reduced tax rate of 25%. The effect of this in these financial statements is not material.

The March 2012 Budget announcement included a further proposal to reduce the main rate of corporation tax to 24% from 1 April 2012, with further reductions to reduce the rate to 22% by 1 April 2014. As these changes 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 25% to 22% if applied to the deferred tax balance at 31 December 2011 would not be material.

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

**BAUER RADIO LIMITED**

**Notes to the Financial Statements  
For the Year Ended 31 December 2011**

**9 Tangible fixed assets**

	Office equipment and vehicles £000
<b>Cost</b>	
At 1 January 2011	81
Disposals	(48)
At 31 December 2010	33
<b>Depreciation</b>	
At 1 January 2011	51
Charge for the year	13
On disposals	(32)
At 31 December 2011	32
<b>Net book value</b>	
At 31 December 2011	1
At 31 December 2010	30

**10. Fixed asset investments**

	Investments in subsidiary companies £000	Investments in associates £000	Total £000
<b>Cost or valuation</b>			
At 31 December 2010	452,340	233	452,573
<b>Impairment</b>			
At 31 December 2010	264,085	-	264,085
<b>Net book value</b>			
At 31 December 2011	188,255	233	188,488
At 31 December 2010	188,255	233	188,488

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**BAUER RADIO LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2011**

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**10. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the company

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
Bauer Digital Radio Limited	Ordinary	100%
Bauer Group Secretariat Limited	Ordinary	100%
Kerrang! Radio (West Midlands) Limited	Ordinary	100%
Kiss FM Radio Limited	Ordinary	100%
Magic 105.4 Limited	Ordinary	100%
Metro Radio Limited	Ordinary	100%
Key 103 Limited	Ordinary	100%
Piccadilly Radio Limited	Ordinary	100%
Radio Aire Limited	Ordinary	100%
Radio City (Sound of Merseyside) Limited	Ordinary	100%
Radio Hallam Limited	Ordinary	100%
Red Rose Radio Limited	Ordinary	100%
Scottish Radio Holdings Limited	Ordinary	100%
TFM Radio Limited	Ordinary	100%
Viking Radio Limited	Ordinary	100%

<b>Name</b>	<b>Business</b>	<b>Registered office</b>
Bauer Digital Radio Limited	Digital radio	UK
Bauer Group Secretariat Limited	Dormant	UK
Kerrang! Radio (West Midlands) Limited	Radio broadcasting	UK
Kiss FM Radio Limited	Radio broadcasting	UK
Magic 105.4 Limited	Radio broadcasting	UK
Metro Radio Limited	Radio broadcasting	UK
Key 103 Limited	Radio broadcasting	UK
Piccadilly Radio Limited	Dormant	UK
Radio Aire Limited	Radio broadcasting	UK
Radio City (Sound of Merseyside) Limited	Radio broadcasting	UK
Radio Hallam Limited	Radio broadcasting	UK
Red Rose Radio Limited	Radio broadcasting	UK
Scottish Radio Holdings Limited	Investment holding	UK
TFM Radio Limited	Radio broadcasting	UK
Viking Radio Limited	Radio broadcasting	UK

**Joint ventures**

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
CE Digital Limited	UK	Ordinary	50%	Digital radio services

**Associates**

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Independent Radio News Limited	UK	Ordinary	22%	Radio broadcasting



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**BAUER RADIO LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2011**

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**10. Fixed asset investments (continued)**

**Joint ventures**

Name	Aggregate of share capital and reserves £000	Profit/(loss) £000
CE Digital Limited	1,063	740

**Associates**

Name	Aggregate of share capital and reserves £000	Profit/(loss) £000
Independent Radio News Limited	775	730

The carrying values of the Company's investments are reviewed for impairment when there are indications that the asset may be impaired. When testing for impairment, recoverable amounts are measured at their value in use by discounting the future expected cash flows from the investments. These calculations use cash flow projections based on management approved budgets and the Company's five year plan. Cash flows beyond the initial five year period are extrapolated using a long term growth rate of 2.25% (2010: 2.25%). The cash flows have been discounted at a pre-tax discount rate of 11% (2010: 11%), the Group's current cost of capital.

In the opinion of the directors the value of investments is not less than the individual investments amount at which they are stated in the balance sheet.

**11. Debtors**

	2011 £000	2010 £000
Trade debtors	15,297	28
Other debtors	2	360
Prepayments and accrued income	626	448
Deferred tax asset (see note 13)	78	97
	<u>16,003</u>	<u>933</u>

The trade debtors of the Company's subsidiaries are now held centrally by the Company.

**BAUER RADIO LIMITED**

**Notes to the Financial Statements  
For the Year Ended 31 December 2011**

**12. Creditors:  
Amounts falling due within one year**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>252</b>	73
Amounts owed to group undertakings	<b>189,200</b>	164,127
Social security and other taxes	<b>5,381</b>	4,324
Other creditors	<b>458</b>	367
Accruals and deferred income	<b>3,059</b>	3,793
	<b>198,350</b>	172,684

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

**13. Deferred tax asset**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	<b>97</b>	125
Charged for year	<b>(19)</b>	(28)
At end of year	<b>78</b>	97

The deferred tax asset is made up as follows

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Depreciation in advance of capital allowances	<b>78</b>	97

**14. Share capital**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
39,259,597 Ordinary shares of £0.10 each	<b>3,926</b>	3,926

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**BAUER RADIO LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2011**

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**15. Reserves**

	Share premium account £000	Profit and loss account £000
At 1 January 2011	10,780	11,710
Profit for the year	-	393
	<u>10,780</u>	<u>12,103</u>
At 31 December 2011	<u>10,780</u>	<u>12,103</u>

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

	2011 £000	2010 £000
Opening shareholders' funds/(deficit)	26,416	(74,938)
Profit for the year	393	101,354
	<u>26,809</u>	<u>26,416</u>
Closing shareholders' funds	<u>26,809</u>	<u>26,416</u>

**17 Pension commitments**

The Company participates 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 £291,990 (2010 £270,573)

**18. Operating lease commitments**

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

	Land and buildings 2011 £000	2010 £000
<b>Expiry date</b>		
Within 1 year	<u>-</u>	<u>8</u>

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## **BAUER RADIO LIMITED**

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### **Notes to the Financial Statements For the Year Ended 31 December 2011**

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#### **19. Related party transactions**

At 31 December 2011 the Company was owed by CE Digital Limited £330,000 (2010: owed by CE Digital Limited £63,000). During the year, the Company received a dividend of £750,000 (2010: £NIL) from its joint venture.

One of the Company's subsidiaries, Bauer Digital Radio Limited, owns 51% of the share capital of EG Digital Limited, a joint venture company. At 31 December 2011, EG Digital Limited owed the Company £4,548,000 (2010: £3,897,000).

The Company owns 22% of the share capital of Independent Radio News Ltd and during the year received a dividend of £554,000 (2010: 574,000) from its associate.

Bauer Consumer Media Limited, another fellow Group undertaking of the Company, owns 50% of the share capital of Box Television Limited, a joint venture Company registered in England and Wales. The Company had sales of £35,290 during the year (2010: the Company invoiced £35,350 of sales and received £22,000 of advertisement) with Box Television. At 31 December 2011 the Company was owed £NIL from Box Television Ltd (2010: £17,331).

#### **20. Ultimate controlling parties and related party transactions**

The immediate parent company is Bauer Radio (Holdings) 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.