

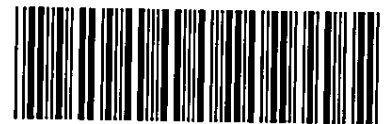
Bauer Digital Radio Limited

Report and Accounts

For the nine month period ended 31 December 2008

Company Registration No. 1875591

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Bauer Digital Radio Limited
Index to the report and accounts
For the nine month period ended 31 December 2008

Page

1	Directors, officers and auditors
2-3	Directors' Report
4	Independent Auditor's Report
5	Profit and Loss Account
6	Balance Sheet
7-14	Notes to the Accounts

Bauer Digital Radio Limited
Directors, officers and auditors

Directors	D Ford G White
Company secretary	Sisec Limited
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Registered office	21 Holborn Viaduct London EC1A 2DY
Company number	1875591

Bauer Digital Radio Limited
Directors' Report
For the nine month period ended 31 December 2008

The directors submit their report and the accounts for the nine month period ended 31 December 2008.

Principal activities and future developments

Bauer Digital Radio Limited ("the Company") is engaged in the operation of local digital radio multiplexes under licence from Ofcom in Humberside, South Yorkshire, Tyne and Wear, Liverpool, Leeds, Teeside and Central Lancashire.

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

Review of the business

The Company is satisfied with its audience and revenue in the period, despite challenging economic circumstances.

The results for the Company show a pre-tax loss for the nine month period of £600,000 (12 months ended 31 March 2008: profit £3,048,000) and turnover of £8,990,000 (12 months ended 31 March 2008: £12,271,000). The directors do not recommend the payment of a dividend (12 months ended 31 March 2008: £nil).

Principal risks and uncertainties.

The Company, along with other businesses in the advertising sector, is exposed to the possibility of a downturn in advertising revenue as part of a wider economic downturn. Other key risks include a loss of key personnel and increased competition in the marketplace.

The Company's credit risk is primarily attributable to its trade debtors. 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.

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

Key performance indicators ("KPIs")

The Company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial. Key financial performance indicators are turnover (as shown above) and EBITDA on continuing operations. The key non-financial performance indicators include the number of staff employed by the Company (note 4) and measurements of audience, as published by RAJAR on a quarterly basis.

One of the key financial performance indicators for the nine months ended 31 December 2008, with comparatives for the previous 12 months ended 31 March 2008, is set out below:

	Nine months ended 31 December 2008 <u>£'000</u>	Twelve months ended 31 March 2008 <u>£'000</u>
(LBITDA)/EBITDA	(530)	3,592

Bauer Digital Radio Limited
Directors' Report
For the nine month period ended 31 December 2008

Directors

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

D Ford
G White

Insurance of directors

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

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit, and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

The auditors, BDO LLP, have indicated their willingness to continue in office.

The Company has elected under section 386 of the Companies Act 1985 not to re-appoint auditors annually.

Therefore the auditors, BDO LLP, are deemed to be re-appointed for the next financial year.

Approved by the board of directors on 21st October 2009.



G White
Director

Bauer Digital Radio Limited
Independent Auditor's Report
For the nine month period ended 31 December 2008

Independent auditor's report to the members of Bauer Digital Radio Limited

We have audited the financial statements of Bauer Digital Radio Limited for the nine month period ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

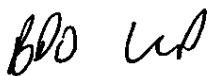
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the nine month period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



BDO LLP
Chartered Accountants and Registered Auditors
London.

21 OCT 2009.

Bauer Digital Radio Limited
Profit and Loss Account
For the nine month period ended 31 December 2008

		Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
	Notes		
Turnover	2	8,990	12,271
Cost of sales		(337)	(504)
Gross profit		8,653	11,767
Administrative expenses		(9,290)	(8,375)
Operating (loss)/profit	3	(637)	3,392
Interest payable	5	-	(44)
Interest receivable		37	-
Impairment of fixed asset investment	8	-	(300)
(Loss)/profit on ordinary activities before taxation		(600)	3,048
Tax credit/(charge) on (loss)/profit on ordinary activities	6	105	(1,011)
(Loss)/profit for the period	14, 15	(495)	2,037

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 difference between the reported losses and historical cost losses on ordinary activities before taxation for both periods being reported.

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

Bauer Digital Radio Limited
Balance Sheet
At 31 December 2008

	Notes	At 31 December 2008 £'000	At 31 March 2008 £'000
Fixed assets			
Tangible assets	7	549	630
Current assets			
Debtors	9	3,938	3,753
Cash at bank and in hand		1,241	1,356
		5,179	5,109
Creditors: amounts falling due within one year	10	(2,437)	(1,950)
Net current assets		2,742	3,159
Total assets less current liabilities		3,291	3,789
Creditors: amounts falling due after one year	11	(1,675)	(1,710)
Provision for liabilities			
Deferred tax provision	12	(32)	-
Net assets		1,584	2,079
Capital and reserves			
Called up share capital	13	3,200	3,200
Profit and loss account	14	(1,616)	(1,121)
Total shareholders' funds	15	1,584	2,079

The financial statements were approved by the Board of Directors and authorised for issue on 21st October, 2009.

G White

G White
Director

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

Bauer Digital Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

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 1985 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.

Investments

Fixed asset investments are stated at cost less provisions for permanent diminution in value.

Impairment of investments

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.

Depreciation

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

Office equipment and vehicles	- 3 to 5 years
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Taxation

The charge for taxation is based on the profit for the period 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

Bauer 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. Prior to 31 January 2008, eligible staff were only able to join the Flexiplan a defined contribution pension plan operated by the Emap Group.

Bauer Digital Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

1 Accounting policies (continued)

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 KG group as it is a wholly owned subsidiary and included within the consolidated accounts of Heinrich Bauer Verlag Beteiligungs GmbH, which are publicly available.

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 revenue is recognised on the date of broadcast.

All turnover is derived from within the United Kingdom.

3 Operating profit

(a) This is stated after charging

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Depreciation of owned tangible fixed assets	107	200
Operating lease rentals - plant and machinery	4	6

Fees for the audit of the Company were borne by Bauer Radio Limited for both periods and have not been recharged.

There were no fees paid to the Company's auditor, BDO LLP, for any non audit services to the Company (12 months ended 31 March 2008: £nil).

(b) Directors' emoluments

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Aggregate emoluments	-	147
Pension contributions under the defined contribution scheme	-	19
	-	166

Retirement benefits are accruing to nil (12 months ended 31 March 2008: 1) directors under the defined contribution scheme.

Bauer Digital Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

4 Staff costs

(a) Costs

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Wages and salaries	569	485
Social security costs	57	43
Other pension costs	26	25
	652	553

(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 from 1 March 2008. During the year ended 31 March 2008 the Company also participated in Flexiplan a defined contribution scheme provided by Emap up to 31 January 2008. The pension charge represents contributions due from the employer and during the nine month period it amounted to £25,590 (12 months ended 31 March 2008: £25,482).

(c) Employees

The average monthly number of persons (including executive directors) employed by the Company in the UK during the period was 19 (12 months ended 31 March 2008: 7).

5 Interest payable

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Interest payable to other Group undertakings	-	44

Bauer Digital Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

6 Tax on profit on ordinary activities

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Corporation tax at 28% (12 months ended 31 March 2008: 30%)	(156)	1,002
Corporation tax prior year adjustment	14	-
Total current tax	(142)	1,002
Deferred tax - current year	(9)	5
Deferred tax - prior year adjustment	46	4
Tax on profit on ordinary activities	(105)	1,011

The tax credit assessed for the period is lower (12 months ended 31 March 2008: tax charge is 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:

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
(Loss)/profit before tax	(600)	3,048
Tax (credit)/charge at 28% (12 months ended 31 March 2008: 30%)	(168)	914
Non-tax deductible expenses	3	92
Corporation tax prior year adjustments	14	-
Depreciation in excess of capital allowances	9	(4)
Current tax (credit)/charge for the period	(142)	1,002

Bauer Digital Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

7 Tangible fixed assets

	Office equipment and vehicles £'000
Cost	
At 1 April 2008	1,620
Additions	17
Transfers from other Group undertakings	10
At 31 December 2008	1,647
Depreciation	
At 1 April 2008	990
Charge for the period	107
Transfers from other Group undertakings	1
At 31 December 2008	1,098
Net book value	
At 31 December 2008	549
At 31 March 2008	630

8 Investments

	Unlisted investment £'000
Cost	
At 1 April 2008	300
At 31 December 2008	300
Provisions	
At 1 April 2008	300
At 31 December 2008	300
Net book value at 1 April 2008 and 31 December 2008	-

On 5 July 2007, the Company acquired, for a cash consideration of £300,000, a 10% holding in 4 Digital Group Ltd, a consortium that won the licence from Ofcom to run the second national DAB multiplex. It was announced on 10 October 2008, due to the slump in advertising revenues the consortium would be abandoned and 4 Digital Group Ltd would no longer carry on its activities.

Associates

At 31 December 2008 the Company had the following associated undertakings:

	Country of registration	Class of shares held	Percentage held	Nature of business
UTV-Bauer Digital Limited	UK	Ordinary	30%	Radio Broadcasting
UTV-Bauer Digital (B&H) Limited	UK	Ordinary	20%	Radio Broadcasting
Investments				
4 Digital Group Limited	UK	Ordinary	10%	Radio Broadcasting

Bauer Digital Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

8 Investments (continued)

The Company's shares of the net assets and profit of its interests in associated undertakings are shown below:

	At 31 December 2008 £'000	At 31 March 2008 £'000
UTV-Emap Digital Limited		
Profit after tax	75	81
Net assets	363	288
UTV-Emap Digital (B&H) Limited		
Profit after tax	26	33
Net assets	151	125

Joint Ventures

The Company owns 51% of the share capital of EG Digital Limited, a joint venture Company registered in England and Wales. This investment is valued at £nil in the accounts (12 month period ended 31 March 2008: £nil).

9 Debtors

	At 31 December 2008 £'000	At 31 March 2008 £'000
Trade debtors	2,809	2,356
Prepayments and accrued income	791	233
Amounts owed by Group undertakings	-	780
Other debtors	108	149
Deferred tax (Note 12)	-	5
	3,708	3,523
Debtors: amounts falling due after more than one year: Other debtors	230	230
	3,938	3,753

Amounts owed by Group undertakings are unsecured and have no fixed date of repayment. Included in amounts owed by Group undertakings are loans bearing interest at 5.16% from 29 January 2008 onwards (Up to 30 September 2007 amounts owed by Group undertakings bore interest at the SONIA rate).

10 Creditors: amounts falling due within one year

	At 31 December 2008 £'000	At 31 March 2008 £'000
Trade creditors	79	114
Accruals and deferred income	1,737	1,509
Amounts owed to Group undertakings	374	-
Other taxation and social security	3	1
Other creditors	244	326
	2,437	1,950

Amounts owed to Group undertakings are unsecured and have no fixed date of repayment. Included in amounts owed to Group undertakings are loans bearing interest at 5.16% from 29 January 2008 onwards (Up to 30 September 2007 amounts owed by Group undertakings bore interest at the SONIA rate).

Bauer Digital Radio Limited**Notes to the accounts****For the nine month period ended 31 December 2008****11 Creditors: amounts falling due after one year**

	At 31 December 2008 £'000	At 31 March 2008 £'000
Other creditors	1,675	1,710

12 Deferred tax

The movement on deferred tax is:

	Deferred tax £'000
At 1 April 2008	5
Transferred from profit and loss account	(37)
At 31 December 2008	(32)

The deferred taxation provision has been recognised in the accounts as follows:

	At 31 December 2008 £'000	At 31 March 2008 £'000
Depreciation in advance of capital allowances	(32)	5
	(32)	5

There is no unprovided deferred taxation (12 months ended 31 March 2008: £nil).

13 Called up share capital

	At 31 December 2008 £'000	At 31 March 2008 £'000
Authorised 3,200,100 ordinary shares of £1 each	3,200	3,200
Allotted, called up and fully paid 3,200,100 ordinary shares of £1 each	3,200	3,200

Bauer Digital Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

14 Profit and loss account

	Profit and loss account £'000
At 1 April 2008	(1,121)
Loss for the period	(495)
At 31 December 2008	(1,616)

15 Reconciliation of movements in shareholders' funds

	At 31 December 2008 £'000	At 31 March 2008 £'000
Opening shareholders' funds	2,079	42
(Loss)/profit for the period	(495)	2,037
Closing shareholders' funds	1,584	2,079

16 Immediate and ultimate controlling parties

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.

17 Related party transactions

The Company owns 51% of the share capital of EG Digital Limited, a joint venture Company registered in England and Wales. During the period, the Company entered into the following related party transactions with EG Digital Limited:

Transactions relating to the applications for the licences of £258,480 (12 months ended 31 March 2008: £339,640) have been processed through the Bauer Digital Radio Limited accounting system and recharged to the EG Digital Limited.

The amount owed by EG Digital Limited at the period end was £669,307 (12 months ended 31 March 2008: £11,750).

Bauer Radio Limited, the Company's immediate parent undertaking owns 50% of the share capital of CE Digital Limited, a joint venture Company registered in England and Wales.

During the period, the Company entered into the following related party transactions with CE Digital Limited:

Transactions relating to external carriage of £862,145 (12 months ended 31 March 2008: £1,060,718) have been processed through the CE Digital Limited accounting system and recharged to the Company and a management charge of £108,750 (12 months ended 31 March 2008: £145,000) was invoiced by the Company to CE Digital Limited. The amount owed to CE Digital Limited at the period end was £8,835 (12 months ended 31 March 2008: £124,640).