

Bauer Digital Radio Limited

Report and Accounts

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COMPANIES HOUSE

For the year ended 31 December 2009

Company Registration No. 1875591

Bauer Digital Radio Limited
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For the year ended 31 December 2009

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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 year ended 31 December 2009

The directors submit their report and the accounts for the year ended 31 December 2009

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 profit for the year of £557,000 (9 months ended 31 December 2008 pre tax loss of £600,000) and turnover of £11,406,000 (9 months ended 31 December 2008 £8,990,000) The directors do not recommend the payment of a dividend (9 months ended 31 December 2008 £nil)

Principal risks and uncertainties

The Company, along with other businesses in the advertising sector, is exposed to the downturn in the advertising market as a part of the 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 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 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 year ended 31 December 2009, with comparatives for the previous 9 months ended 31 December 2008, is set out below

	Twelve months ended 31 December 2009 £'000	Nine months ended 31 December 2008 £'000
EBITDA/(LBITDA)	589	(530)

Bauer Digital Radio Limited
Directors' Report
For the year ended 31 December 2009

Directors

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

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.

In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

Auditors

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

Approved by the board of directors on 14 June, 2010



G White
Director

Bauer Digital Radio Limited
Independent Auditor's Report
For the year ended 31 December 2009

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 year ended 31 December 2009 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 statement of directors' responsibilities, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 2009 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.

BDO LLP

Andrew Viner (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street, London W1U 7EU
United Kingdom

21 JUN 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Bauer Digital Radio Limited
Profit and Loss Account
For the year ended 31 December 2009

		Twelve months ended 31 December 2009 £'000	Nine months ended 31 December 2008 £'000
	Notes		
Turnover	2	11,406	8,990
Cost of sales		(402)	(337)
Gross profit		11,004	8,653
Administrative expenses		(10,544)	(9,290)
Operating profit/(loss)	3	460	(637)
Interest receivable		21	37
Interest payable	5	(4)	-
Income from investments	8	80	-
Profit/(loss) on ordinary activities before taxation		557	(600)
Tax on profit/(loss) on ordinary activities	6	(132)	105
Profit/(loss) for the period	14, 15	425	(495)

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 profits/(losses) and historical cost profits/(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 2009

Company Registration No. 1875591

	Notes	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	7	420	549
Current assets			
Debtors	9	3,724	3,938
Cash at bank and in hand		1,243	1,241
		4,967	5,179
Creditors: amounts falling due within one year	10	(1,647)	(2,437)
Net current assets		3,320	2,742
Total assets less current liabilities		3,740	3,291
Creditors: amounts falling due after one year	11	(1,712)	(1,675)
Provision for liabilities			
Deferred tax provision	12	(19)	(32)
Net assets		2,009	1,584
Capital and reserves			
Called up share capital	13	3,200	3,200
Profit and loss account	14	(1,191)	(1,616)
Total shareholders' funds	15	2,009	1,584

The financial statements were approved by the Board of Directors and authorised for issue on 14 June, 2010

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 year ended 31 December 2009

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.

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 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

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.

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.

Bauer Digital Radio Limited

Notes to the accounts

For the year ended 31 December 2009

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.

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 £5,244 (9 months ended 31 December 2008: £nil).

Radio advertising revenue is recognised on the date of broadcast. Revenue generated from the operation of local digital multiplexes is recognised over the life of the contract.

All turnover is derived from within the United Kingdom.

3 Operating profit/(loss)

(a) This is stated after charging

	Twelve months ended 31 December 2009 £'000	Nine months ended 31 December 2008 £'000
Depreciation of owned tangible fixed assets	129	107
Operating lease rentals - plant and machinery	4	4

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 (9 months ended 31 December 2008: £nil).

(b) Directors' emoluments

None of the directors received any payment for their services as directors of the Company (9 months ended 31 December 2008: nil).

4 Staff costs

(a) Costs

	Twelve months ended 31 December 2009 £'000	Nine months ended 31 December 2008 £'000
Wages and salaries	484	569
Social security costs	47	57
Other pension costs	35	26
	566	652

(b) Pension costs

Defined contribution plan

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 £34,626 (9 months ended 31 December 2008: £25,590).

(c) Employees

The average monthly number of persons (including executive directors) employed by the Company in the UK during the year was 10 (9 months ended 31 December 2008: 19).

Bauer Digital Radio Limited
Notes to the accounts
For the year ended 31 December 2009

5 Interest payable

	Twelve months ended 31 December 2009 £'000	Nine months ended 31 December 2008 £'000
Other interest	4	-

6 Taxation

	Twelve months ended 31 December 2009 £'000	Nine months ended 31 December 2008 £'000
Corporation tax at 28%	148	(156)
Corporation tax prior year adjustment	(3)	14
Total current tax	145	(142)
Deferred tax - current year	(10)	(9)
Deferred tax - prior year adjustment	(3)	46
Tax on profit/(loss) on ordinary activities	132	(105)

The tax charge/(credit) assessed for the year is lower (9 months ended 31 December 2008 lower) 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

	Twelve months ended 31 December 2009 £'000	Nine months ended 31 December 2008 £'000
Profit/(loss) before tax	557	(600)
Tax charge/(credit) at 28%	156	(168)
Non-tax deductible expenses	-	3
Non taxable income	(18)	-
Corporation tax prior year adjustments	(3)	14
Depreciation in excess of capital allowances	10	9
Current tax charge/(credit) for the period	145	(142)

Bauer Digital Radio Limited
Notes to the accounts
For the year ended 31 December 2009

7 Tangible fixed assets

	Office equipment and vehicles £'000
Cost	
At 1 January 2009 and 31 December 2009	1,647
Depreciation	
At 1 January 2009	1,098
Charge for the year	129
At 31 December 2009	1,227
Net book value	
At 31 December 2009	420
At 31 December 2008	549

8 Investments

	Unlisted investment £'000
Cost	
At 1 January 2009 and 31 December 2009	300
Provisions	
At 1 January 2009 and 31 December 2009	300
Net book value	
At 31 December 2008 and 31 December 2009	-

The Company held 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. During 2009, 4 Digital Group Ltd was placed into liquidation and the Company received £79,667 following a cash distribution from the Liquidators. The final Meeting of the Members was on 15 January 2010 and 4 Digital Group Ltd was dissolved on 21 April 2010.

Associates

At 31 December 2009 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 year ended 31 December 2009

8 Investments (continued)

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

	2009 £'000	2008 £'000
UTV-Bauer Digital Limited		
Profit after tax	105	75
Net assets	483	363
UTV-Bauer Digital (B&H) Limited		
Profit after tax	37	26
Net assets	191	151

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 (9 months ended 31 December 2008: £nil).

9 Debtors

	2009 £'000	2008 £'000
Trade debtors	1,434	2,809
Prepayments and accrued income	451	791
Amounts owed by Group undertakings	1,441	-
Other debtors	168	108
	3,494	3,708
Debtors: amounts falling due after more than one year: Other debtors	230	230
	3,724	3,938

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 1.54% and the others at the average SONIA rate for the period (31 December 2008: 5.16%).

10 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	323	79
Accruals and deferred income	1,168	1,737
Amounts owed to Group undertakings	-	374
Other taxation and social security	1	3
Other creditors	155	244
	1,647	2,437

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 1.54% and SONIA rate (31 December 2008: 5.16%).

Bauer Digital Radio Limited

Notes to the accounts

For the year ended 31 December 2009

11 Creditors amounts falling due after one year

	2009 £'000	2008 £'000
Other creditors	1,712	1 675

12 Provision for liabilities

The movement on deferred tax is

	Deferred tax £'000
At 1 January 2009	32
Transferred from profit and loss account	(13)
At 31 December 2009	19

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

	2009 £'000	2008 £'000
Depreciation in advance of capital allowances	19	32

There is no unprovided deferred taxation (9 months ended 31 December 2008 £nil)

13 Called up share capital

	2009 £'000	2008 £'000
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 year ended 31 December 2009

14 Profit and loss account

	Profit and loss account £'000
At 1 January 2009	(1,616)
Profit for the year	425
At 31 December 2009	(1,191)

15 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Opening shareholders' funds	1,584	2,079
Profit/(loss) for the period	425	(495)
Closing shareholders' funds	2,009	1,584

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 year, the Company entered into the following related party transactions with EG Digital Limited:

Transactions relating to the applications for the licences of £375,211 (9 months ended 31 December 2008: £258,480) have been processed through the Bauer Digital Radio Limited accounting system and recharged to EG Digital Limited.

The amount owed by EG Digital Limited at the year end was £192,815 (9 months ended 31 December 2008: £669,307).

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

Transactions relating to external carriage of £1,170,699 (9 months ended 31 December 2008: £862,145) have been processed through the CE Digital Limited accounting system and recharged to the Company, and a management charge of £145,000 (9 months ended 31 December 2008: £108,750) was invoiced by the Company to CE Digital Limited. The amount owed to CE Digital Limited at the year end was £5,315 (9 months ended 31 December 2008: £8,835).

Bauer Digital Radio Limited

Notes to the accounts

For the year ended 31 December 2009

17 Related party transactions (continued)

The Company incurred charges relating to external carriage during the year from the following related parties

	Twelve months ended 31 December 2009 £'000	Nine months ended 31 December 2008 £'000
UTV-Bauer Digital Limited	315	227
UTV-Bauer Digital (B&H) Limited	160	115

Balances outstanding with other Related Parties at 31 December were as follows

	2009 £'000	2008 £'000
Included in creditors		
UTV-Bauer Digital Limited	26	38
UTV-Bauer Digital (B&H) Limited	13	13