

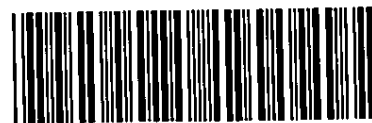
**Registered Number: 2595043**

**Plymouth Sound Limited**

**Directors' Report and Financial Statements**

**For the year ended 31 March 2009**

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## **Plymouth Sound Limited**

### **Company information**

<b>Directors</b>	R D J Manning (resigned 28/11/2008) W Pallot (resigned 18/07/2008) C L Allen (appointed 09/06/2008, resigned 20/11/2008) A D Tabor (appointed 09/06/2008, resigned 20/11/2008) M Connole (appointed 18/07/2008) R F J Park (appointed 20/11/2008) D A Thomson (appointed 20/11/2008, resigned 30/09/2009) S G Miron (appointed 30/09/2009)
<b>Secretary</b>	R D J Manning (resigned 28/11/2008) C R Potterell (appointed 28/11/2008)
<b>Company number</b>	2595043
<b>Registered office</b>	30 Leicester Square London WC2H 7LA
<b>Auditors</b>	KPMG LLP Chartered Accountants & Registered Auditor 8 Salisbury Square London EC4Y 8BB

# **Plymouth Sound Limited**

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**Plymouth Sound Limited**  
**Registered Number: 2595043**

**Directors' report for the year ended 31 March 2009**

The directors present their report and the audited financial statements for the year ended 31 March 2009.

**Principal activities and review of business**

The principal activity of the Company is unchanged from last year and is the operation in the Plymouth area of the independent radio licence for 97 FM Plymouth Sound, which was rebranded Heart 97.0 and 96.6 during the year.

Turnover for the year ended 31 March 2009 amounted to £1,658,000 (2008: £1,844,000) and the Company made a loss for the year before tax of £767,000 (2008: profit of £86,000).

Plymouth Sound Limited experienced a fall in turnover due to the weakened market conditions resulting in a drop in turnover of 10%.

The business uses key performance indicators which are monitored on a regular basis which include audience trends such as listening hours, share of the market and demographic mix, as well as financial indicators such as revenue. Variance analysis is performed monthly and variances are monitored and discussed within a formal meeting structure.

The key risk to the business is that continued advertising slowdown may put pressure on traditional revenues.

The risks are monitored and managed through parent and local management.

During the year, the company incurred a recharge of redundancy costs from Global Radio Services Limited which amounted to £91,000.

**Results and dividends**

The loss for the year, after taxation, amounted to £774,000 (2008: profit £58,000).

An impairment charge of £793,000 on the company's Investment in subsidiary undertakings has been recorded in the current year (see note 7 for further details).

The directors do not recommend the payment of a dividend (2008: £Nil).

**Directors**

The directors who held office during the year and to the date of this report were as follows:

R D J Manning (resigned 28/11/2008)  
W Pallot (resigned 18/07/2008)  
C L Allen (appointed 09/06/2008, resigned 20/11/2008)  
A D Tabor (appointed 09/06/2008, resigned 20/11/2008)  
M Connole (appointed 18/07/2008)  
R F J Park (appointed 20/11/2008)  
D A Thomson (appointed 20/11/2008, resigned 30/09/2009)  
S G Miron (appointed 30/09/2009)

**Political and charitable contributions**

The Company made no political or charitable donations or incurred any political expenditure during the year.

**Plymouth Sound Limited**  
**Registered Number: 2595043**

**Directors' report for the year ended 31 March 2009**

**Policy and practice on payment of creditors**

The Company does not follow a code but operates a payment policy to agreed terms in settling outstanding debts. For certain types of regular contracted services direct debit or standing order arrangements are encouraged. Most other supplies are on an ad hoc basis and the terms of payment are agreed when the order is placed. The majority of payments are made by electronic transfer direct to suppliers' bank accounts. All of the payments are undertaken on the Company's behalf by Global Radio Services Limited under an agency agreement.

**Provision of information to auditors**

So far as each of the directors is aware at the time the report is approved:

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

**Directors' and officers' insurance**

The Company maintains cover for all directors and officers against liabilities which may be incurred by them whilst acting as directors or officers.

**Auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and therefore KPMG LLP will continue in office.

This report was approved by the board on **28 JAN** 2010 and signed on its behalf.



**M Connole**  
**Director**

30 Leicester Square  
London  
WC2H 7LA

## **Plymouth Sound Limited**

### **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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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; and
- 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 that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent Auditors' report to the members of Plymouth Sound Limited**

We have audited the financial statements of Plymouth Sound Limited for the year ended 31 March 2009 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.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we 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.

### **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 judgments 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.

**Independent Auditors' report to the members of Plymouth Sound Limited**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements that 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.

*KPMG LLP*

**KPMG LLP**  
Chartered Accountants and Registered Auditor  
8 Salisbury Square  
London  
EC4Y 8BB

*29 Jan* 2010



## Plymouth Sound Limited

### Profit and loss account for the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
<b>Turnover</b>	1	1,658	1,844
Operating charges	2 - 5	(1,622)	(1,746)
<b>Operating profit</b>		<u>36</u>	<u>98</u>
Impairment of Investments	7	(793)	-
Interest payable	6	(10)	(12)
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(767)</u>	<u>86</u>
Tax on (loss)/profit on ordinary activities	8	(7)	(28)
<b>(Loss)/profit on ordinary activities after taxation</b>		<u>(774)</u>	<u>58</u>

All amounts relate to continuing operations.

A statement of total recognised gains and losses has not been included as part of these financial statements as there is no difference between the result as disclosed in the profit and loss account and the total recognised gains and losses relating to the year.

A note on historical profits and losses has not been included as part of these financial statements as there is no difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

The notes on pages 8 to 14 form part of these financial statements.

## Plymouth Sound Limited

Balance sheet as at 31 March 2009

	Note	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Tangible fixed assets	9	75	75
Fixed asset investments	10	-	793
		<u>75</u>	<u>868</u>
<b>Current assets</b>			
Debtors	11	3	3
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(187)	(206)
<b>Net current liabilities</b>		<u>(184)</u>	<u>(203)</u>
<b>Net (liabilities)/assets</b>		<u>(109)</u>	<u>665</u>
<b>Capital and reserves</b>			
Called up share capital	14	300	300
Profit and loss account	15	(409)	365
<b>Shareholders' (deficit)/funds</b>		<u>(109)</u>	<u>665</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28/1/2010.



M Connole  
Director

# **Plymouth Sound Limited**

## **Notes to the financial statements for the year ended 31 March 2009**

### **1. Accounting policies**

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

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### **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 FRS1.

#### **1.3 Turnover**

Turnover represents amounts invoiced in respect of all services and goods provided during the year, excluding value added tax. Radio airtime revenue is recognised on the date of broadcast and this is considered to be the only material class of business for the Company in the United Kingdom.

#### **1.4 Taxation**

The charge for taxation is based on the loss 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, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at their purchase price less accumulated 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:

Freehold buildings	-	2% straight line
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Land is not depreciated.

#### **1.6 Exemption from preparing group financial statements**

The Company is exempt by virtue of s228 of the companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

#### **1.7 Going concern**

At 31 March 2009 the company had net liabilities of £109,000 and is dependent on its ultimate parent, Global Radio UK Limited for continued financial support. The directors have received suitable representations from Global Radio UK Limited that it will continue to provide sufficient financial support to enable the Company to continue to trade for the foreseeable future and to not seek repayment of intercompany loans for a period of not less than 12 months from the date of approval of these financial statements. Notwithstanding the net liabilities referred to above, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

## **Plymouth Sound Limited**

### **Notes to the financial statements for the year ended 31 March 2009**

#### **2. Agency Agreement**

Global Radio Services Limited provided personnel and other services to the Company. The amounts included in 'operating charges' contain a charge for these services of £376,000 (2008: £413,000).

#### **3. Staff Costs**

The Company does not directly employ any staff (2008: nil).

#### **4. Directors' emoluments**

The remuneration of W Pallot was received from Global Radio Services Limited up until her resignation and the majority of her time was spent on services to Global Radio Limited, the intermediate parent company. Details of her remuneration as director of Global Radio Limited are disclosed in that Company's accounts.

The remuneration of R D J Manning was received from Global Radio Services Limited up until his resignation. For the period he was a director of Global Radio Limited, the intermediate parent company, his remuneration is disclosed in that company's accounts.

During the year ended 31 March 2009, C L Allen, A Tabor and R F J Park received remuneration from Global Radio Services Limited and the majority of their time was spent on services to Global Radio UK Limited. Details of their remuneration can be found in that Company's accounts.

D A Thomson received his remuneration initially from Global Radio London Limited and then from Global Radio Services Limited. His remuneration for the period to 1 November 2008 has been disclosed in Global Radio London Limited accounts. His remuneration post 1 November 2008 has been disclosed in the accounts of Global Radio (UK) Limited and that is the company his time was largely spent on.

M Connole received his remuneration from Global Radio Services Limited and the majority of his time was spent on services to Global Radio UK Limited, the ultimate parent company. Details of his remuneration as director of Global Radio UK Limited are disclosed in that company's accounts.

None of the directors received remuneration in respect of qualifying services to this Company (2008: £nil).

#### **5. Disclosure of auditors' remuneration**

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed, as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Global Radio UK Limited.

The audit fee in respect of the Company was £1,000 (2008: £1,000).

#### **6. Interest**

	2009	2008
	£'000	£'000
Interest payable on intercompany balances	<u>10</u>	<u>12</u>

## **Plymouth Sound Limited**

### **Notes to the financial statements for the year ended 31 March 2009**

#### **7. Impairment of Investments**

During the year, there was a significant deterioration in the UK economy which, in turn, adversely affected advertising spend by the Group's customers. Accordingly, the Directors considered this to be an indicator of impairment and have conducted a formal impairment review of the company's investment in subsidiary undertakings. The impairment review comprised a comparison of the carrying value of each investment with its recoverable amount (the higher of fair value less costs ("NRV") to sell and value in use ("VIU")).

Net realisable values have been determined by reference to EBITDA multiples of other companies in a similar area of business or the net assets of the subsidiary.

The value in use calculations are based on cash flow projections over the remaining useful life discounted at rate of 9.2% (pre-tax). The cash flows utilise the business's future internal revenue and costs estimates for a period of three years and then assume a terminal value for the remaining cash flows with a constant growth rate.

The key assumptions in determining the value in use calculations are the macro-economic outlook, long term trends, industry forecasts and internal estimates. Using these parameters, there was no significant difference between VIU and NRV. The results of the review undertaken at 31 March 2009 indicated that an impairment of £793,000 was required. This has been included within the results for the year.

## Plymouth Sound Limited

Notes to the financial statements for the year ended 31 March 2009

### 8. Taxation

	2009 £'000	2008 £'000
<b>Current tax</b>		
UK corporation tax charge on (loss)/profit for the year	8	26
Adjustment relating to prior year	(1)	0
<b>Total current tax charge</b>	<u>7</u>	<u>26</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	2
<b>Total deferred tax (see note 13)</b>	<u>-</u>	<u>2</u>
<b>Total tax charge on profit on ordinary activities</b>	<u>7</u>	<u>28</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2008: equal to) the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are explained below:

	2009 £'000	2008 £'000
(Loss)/profit on ordinary activities before tax	<u>(767)</u>	<u>86</u>
Current tax at 28% (2008: 30%)	(215)	26
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1	1
Capital allowances in excess of depreciation	-	(1)
Impairment of Investments	222	-
Adjustment relating to prior year	(1)	-
<b>Current tax charge for year (see note above)</b>	<u>7</u>	<u>26</u>

## **Plymouth Sound Limited**

**Notes to the financial statements for the year ended 31 March 2009**

### **9. Tangible fixed assets**

	<b>Freehold land and buildings £'000</b>
<b>Cost</b>	
At 1 April 2008 and 31 March 2009	<u><u>118</u></u>
<b>Depreciation</b>	
At 1 April 2008 and 31 March 2009	<u><u>43</u></u>
<b>Net book value</b>	
As at 31 March 2008 and 31 March 2009	<u><u>75</u></u>

The buildings element contained within the Company's fixed asset classification above is now fully depreciated and all that remains is the land which is not depreciated.

### **10. Fixed asset investments**

	<b>Shares in group undertakings £'000</b>
<b>Cost of valuation</b>	
At 1 April 2008 and 31 March 2009	<u><u>793</u></u>
<b>Provision for Impairment</b>	
At 1 April 2008	-
Impairment (see note 7)	<u>793</u>
At 31 March 2009	<u><u>793</u></u>
<b>Net book value</b>	
At 31 March 2009	<u><u>-</u></u>
At 31 March 2008	<u><u>793</u></u>

#### **Subsidiary undertakings**

Throughout the year the Company had investments in the following companies incorporated in England and Wales:

South Hams Radio Limited	Independent radio station - 63.5%
Devonair Radio Limited	Dormant - 100%
Oval (709) Limited	Dormant - 99%
West Country Broadcasting Limited	Dormant - 100%

## **Plymouth Sound Limited**

### **Notes to the financial statements for the year ended 31 March 2009**

#### **11. Debtors**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Deferred tax asset (see note 13)	<u>3</u>	<u>3</u>

#### **12. Creditors: amount falling due within one year**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	<u>187</u>	<u>206</u>

#### **13. Deferred taxation**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April 2008	3	5
Charge for the year	-	(2)
At 31 March 2009	<u>3</u>	<u>3</u>

The deferred tax asset is made up as follows:

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Deferred capital allowances	<u>3</u>	<u>3</u>

The Company forecasts suitable profits against which the deferred tax asset can be recovered.

#### **14. Share capital**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>		
400,100 Ordinary shares of £1 each	<u>400</u>	<u>400</u>
<b>Allotted, called up and fully paid</b>		
300,100 Ordinary shares of £1 each	<u>300</u>	<u>300</u>



## Plymouth Sound Limited

### Notes to the financial statements for the year ended 31 March 2009

#### 15. Reserves

	Profit and loss account £'000
At 1 April 2008	365
Loss for the year	(774)
At 31 March 2009	<u>(409)</u>

#### 16. Reconciliation of movement in shareholders' (deficit)/funds

	2009 £'000	2008 £'000
Opening shareholders' funds	665	607
(Loss)/profit for the year	(774)	58
Closing shareholders' (deficit)/funds	<u>(109)</u>	<u>665</u>

#### 17. Contingent liabilities

As at the date of the financial statements, contingent liabilities were as follows:

- a) Various inter-group cross guarantees held by Bank of Scotland, Bank of Ireland and Allied Irish bank.
- b) The Company is a member of a group for VAT purposes, resulting in a joint and several liabilities for amounts owing by other group companies for unpaid VAT.

#### 18. Related party transactions

As the Company is a wholly owned subsidiary of Global Radio UK Limited (the ultimate parent company) the Company has taken advantage of the exemption contained within FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Global Radio UK Limited (the ultimate parent company), within which this Company is included, can be obtained from the address given in note 19. There were no other related party transactions during the year.

#### 19. Ultimate parent undertaking and controlling party

The directors regard Global Radio UK Limited, a company incorporated in Great Britain and registered in England and Wales, as the Company's ultimate parent undertaking.

The directors consider that Global Radio Group Limited, a company incorporated in Jersey, is the ultimate controlling party of the Company.

The largest and smallest group in which the results of the Company are consolidated is that headed by Global Radio UK Limited, the ultimate parent company which is incorporated in Great Britain. The consolidated financial statements of this company are available to the public and may be obtained from 30 Leicester Square, London WC2H 7LA.