

Registered Number: 2595043

Plymouth Sound Limited

Directors' Report and Financial Statements

For the year ended 31 March 2010

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Plymouth Sound Limited

Company information

Directors	M D Connole R F J Park D A Thomson (resigned 30/09/2009) S G Miron (appointed 30/09/2009)
Secretary	C R Potterell
Company number	2595043
Registered office	30 Leicester Square London WC2H 7LA
Auditors	KPMG LLP Chartered Accountants & Registered Auditor 15 Canada Square London E14 5GL

Plymouth Sound Limited

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Plymouth Sound Limited
Registered Number: 2595043

Directors' report for the year ended 31 March 2010

The directors present their report and the audited financial statements for the year ended 31 March 2010

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 2010 amounted to £1,769,000 (2009 £1,658,000) and the Company made a profit for the year before tax of £125,000 (2009 loss £767,000)

Plymouth Sound Limited experienced a rise in turnover despite the weakened market conditions

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 a slowdown in advertising that may put pressure on traditional revenues

The risks are monitored and managed through parent and local management

Results and dividends

The profit for the year, after taxation, amounted to £87,000 (2009 loss £774,000)

The directors do not recommend the payment of a dividend (2009 £Nil)

Directors

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

M D Connole
R F J Park
D A Thomson (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

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

Plymouth Sound Limited
Registered Number: 2595043

Directors' report for the year ended 31 March 2010

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

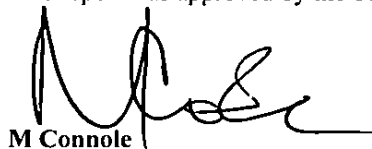
Directors' and officers' insurance

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 20 January 2011 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)

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, 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 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 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 2010 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (UK 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

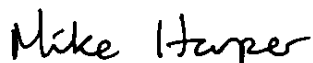
Opinion on other matter prescribed by the Companies Act 2006

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.





Mike Harper (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants and registered auditor

15 Canada Square, London, E14 5GL

Plymouth Sound Limited

Profit and loss account for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
Turnover	1	1,769	1,658
Operating charges	2 - 5	(1,634)	(1,622)
Operating profit		135	36
Impairment of Investments	7	-	(793)
Interest payable	6	(10)	(10)
Profit/(loss) on ordinary activities before taxation		125	(767)
Tax on profit/(loss) on ordinary activities	8	(38)	(7)
Profit/(loss) on ordinary activities after taxation		87	(774)

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

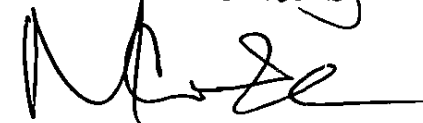
The notes on pages 7 to 13 form part of these financial statements

Plymouth Sound Limited

Balance sheet as at 31 March 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible fixed assets	9	166	75
Fixed asset investments	10	-	-
		<u>166</u>	<u>75</u>
Current assets			
Debtors	11	4	3
Current liabilities			
Creditors amounts falling due within one year	12	(192)	(187)
Net current liabilities		<u>(188)</u>	<u>(184)</u>
Net (liabilities)/assets		<u>(22)</u>	<u>(109)</u>
Capital and reserves			
Called up share capital	14	300	300
Profit and loss account	15	(322)	(409)
Shareholders' (deficit)/funds		<u>(22)</u>	<u>(109)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 20 January 2011



M Connole
Director

Plymouth Sound Limited

Notes to the financial statements for the year ended 31 March 2010

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

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

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 profit/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
Land is not depreciated		

1.6 Exemption from preparing group financial statements

The Company is exempt by virtue of S400 of the Companies Act 2006 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

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on page 1. The company participates in the group centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Global Radio group has prepared detailed forecasts of expected future cash flows for the three years ending 31 March 2013 ("the forecast"). The Board considers the forecast has been prepared on a prudent basis taking into account current consensus forecasts of the radio advertising market. However, the group has also prepared a worse than expected downside scenario. Even under this sensitised scenario, the forecasts indicate that the company can continue to trade for the foreseeable future and operate within its new facility and the associated financial covenants.

At 31 March 2010 the company had net liabilities of £22,000. 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.

Plymouth Sound Limited

Notes to the financial statements for the year ended 31 March 2010

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 £467,591 (2009 £376,000)

3. Staff Costs

The Company does not directly employ any staff (2009 nil)

4. Directors' emoluments

During the year ended 31 March 2010, M Connoles, RFJ Park and SG Miron received remuneration from Global Radio Services Limited and the majority of their time was spent on services to Global Radio UK Limited, the ultimate parent company. Details of their remuneration as directors of Global Radio UK Limited are disclosed in that company's accounts.

DA Thomson received his remuneration from Global Radio Services Limited until his resignation. His remuneration has been disclosed in the accounts of Global Radio UK Limited and that is the company his time was largely spent on.

None of the directors received remuneration in respect of qualifying services to this Company (2009 £nil)

5. Operating profit

The profit on ordinary activities before taxation is stated after charging

	2010	2009
	£'000	£'000
Depreciation of tangible fixed assets	<u>8</u>	<u>-</u>

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 (2009 £1,000)

Plymouth Sound Limited

Notes to the financial statements for the year ended 31 March 2010

6. Interest

	2010	2009
	£'000	£'000
Interest payable on intercompany balances	<u>10</u>	<u>10</u>

7. Impairment of Investments

During the year the Directors have conducted a review of the company's investment in subsidiary undertakings. The 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 2010 indicated that no impairment was required.

Plymouth Sound Limited

Notes to the financial statements for the year ended 31 March 2010

8. Taxation

	2010 £'000	2009 £'000
Current tax		
UK corporation tax charge on profit/(loss) for the year	38	8
Adjustment relating to prior year	1	(1)
Total current tax charge	<u>39</u>	<u>7</u>
Deferred tax		
Origination and reversal of timing differences	(1)	-
Total deferred tax (see note 13)	<u>(1)</u>	<u>-</u>
Total tax charge on profit on ordinary activities	<u>38</u>	<u>7</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2009 higher than) the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities before tax	<u>125</u>	<u>(767)</u>
Current tax at 28% (2009 28%)	35	(215)
Effects of:		
Expenses not deductible for tax purposes	1	1
Depreciation in excess of Capital allowances	2	-
Impairment of Investments	-	222
Adjustment relating to prior year	1	(1)
Current tax charge for year (see note above)	<u>39</u>	<u>7</u>

Plymouth Sound Limited

Notes to the financial statements for the year ended 31 March 2010

9. Tangible fixed assets

	Freehold land and buildings £'000
Cost	
At 1 April 2009	118
Transfers from other group companies	103
At 31 March 2010	<u>221</u>
Depreciation	
At 1 April 2009	43
Charge for the year	8
Transfers from other group companies	4
At 31 March 2010	<u>55</u>
Net book value	
At 31 March 2009	<u>75</u>
At 31 March 2010	<u>166</u>

10. Fixed asset investments

	Shares in group undertakings £'000
Cost of valuation	
At 1 April 2009 and 31 March 2010	<u>793</u>
Provision for Impairment	
At 1 April 2009 and 31 March 2010	<u>793</u>
Net book value	
At 31 March 2010	<u>-</u>
At 31 March 2009	<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 2010

11 Debtors

	2010	2009
	£'000	£'000
Deferred tax asset (see note 13)	<u>4</u>	<u>3</u>

12. Creditors' amount falling due within one year

	2010	2009
	£'000	£'000
Amounts owed to group undertakings	<u>192</u>	<u>187</u>

13. Deferred taxation

	2010	2009
	£'000	£'000
At 1 April 2009	3	3
Credit for the year	<u>1</u>	<u>-</u>
At 31 March 2010	<u><u>4</u></u>	<u><u>3</u></u>

The deferred tax asset is made up as follows

	2010	2009
	£'000	£'000
Deferred capital allowances	<u>4</u>	<u>3</u>

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

14 Share capital

	2010	2009
	£'000	£'000
Allotted, called up and fully paid		
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 2010

15. Reserves

	Profit and loss account £'000
At 1 April 2009	(409)
Profit for the year	87
At 31 March 2010	<u>(322)</u>

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

	2010 £'000	2009 £'000
Opening shareholders' (deficit)/funds	(109)	665
Profit/(loss) for the year	87	(774)
Closing shareholders' (deficit)	<u>(22)</u>	<u>(109)</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.