Headland Entertainment Limited (Formerly TEAMtalk Broadcast Limited)

Directors' report and financial statements

Registered number 4004291

18 months ended 31 December 2008

Contents

Company information

Company number: 4004291

Directors

Mark Woodhead
Andrew Galvin
David Till

Secretary

David Gormley	Resigned 25 January 2008
AM Galvin	Appointed 25 January 2008

Registered office

2A Queen Street
Leeds
LS1 2TW

Auditor

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors submit their report and the audited financial statements for the 18 months ended 31 December 2008.

On 17 March 2008 the company changed its name from Teamtalk Broadcast Limited to Headland Entertainment Limited.

Results and dividends

The operating profit for the 18 month financial period was £398,000 (18 months ended 30 June 2007: £325,000). The Company incurred costs of a fundamental reorganisation of operations of £1,085,000 following the acquisition of the Company by Headland Media Limited in January 2008 (see note 5 of the accounts for further detail). After taking account of these costs the Company recorded a loss for the financial period of £702,000 (18 month period ended 30 June 2007: profit £414,000). The directors do not recommend payment of a dividend *(2007: nil)*.

Principal activity and business review

The principal activity of the company is that of the production and sale of in-store radio programming. There have not been any significant changes in the Company's activities in the period under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Directors

The directors who served during the period and the post balance sheet period were as follows:

Mark Woodhead	Appointed 25 January 2008
Andrew Galvin	Appointed 25 January 2008
Piers Croton	Resigned 25 January 2008
David Annat	Resigned 15 December 2007
Richard Flint	Resigned 25 January 2008
Andrew Griffith	Resigned 25 January 2008
David Till	Appointed 25 January 2008

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

During the period KPMG Audit Plc resigned as auditor of the Company. Following the acquisition of the company by Headland Media Limited, KPMG LLP was appointed in order to fill a casual vacancy.

By order of the board

AM Galvin
Director

29 June 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 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 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 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 group and the parent 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Headland Entertainment Limited

We have audited the financial statements of Headland Entertainment Limited for the 18 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.

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 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

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 Headland Entertainment Limited *(continued)*

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 December 2008 and of its loss for the 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.

KPMG LLP
Chartered Accountants
Registered Auditor

29 June 2009

Profit and loss account

for the 18 months ended 31 December 2008

	Note	18 months to 31 December 2008 £000	18 months to 30 June 2007 £000
Turnover	*1*	**2,302**	2,327
Cost of sales		**(1,012)**	(1,082)
Gross profit		**1,290**	1,245
Administrative expenses		**(892)**	(920)
Operating profit		**398**	325
Costs of a fundamental reorganisation of operations	*5*	**(1,085)**	-
Interest receivable and similar income		**3**	71
(Loss)/profit on ordinary activities before taxation	*3*	**(684)**	396
Tax on (loss)/profit on ordinary activities	*6*	**(18)**	18
(Loss)/profit for the financial period	*15*	**(702)**	414

The company had no recognised gains and losses other than those stated in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the result on ordinary activities before taxation and the result for the period stated above and their historical cost equivalents.

All of the trading during the period related to continuing operations as defined by Financial Reporting Standard No. 3.

Balance sheet
at 31 December 2008

	Note	**31 December 2008 £000**	30 June 2007 £000
Fixed assets			
Intangible assets	*7*	**73**	41
Tangible assets	*8*	**203**	26
Investments	*9*	**-**	-
		276	67
Current assets			
Stock	*10*	**7**	2
Debtors	*11*	**440**	1,029
Cash at bank and in hand		**159**	1,286
		606	2,317
Creditors: amounts falling due within one year	*12*	**(612)**	(1,412)
Net current (liabilities)/assets		**(6)**	905
Net assets		**270**	972
Capital and reserves			
Called up equity share capital	*14*	**1**	1
Share premium account	*15*	**929**	929
Profit and loss account	*15*	**(660)**	42
Shareholders' funds	*16*	**270**	972

These financial statements were approved by the board of directors on 29 June 2009 and were signed on its behalf by:

AM Galvin
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

In the previous period the financial statements were prepared in accordance with adopted IFRSs. Following a change in ownership of the company these financial statements have been prepared in accordance with UK GAAP. The profit for the financial period and shareholders' funds as reported under adopted IFRSs at 30 June 2007 is the same as that reported under UK GAAP.

At the year end the company had net current liabilities of £6,000 and so the ability of the company to continue trading in the foreseeable future is largely dependent on the continued support of the parent company, Headland Media Limited. The parent company has indicated that it intends to provide such funds as are necessary for the company to continue to trade for the foreseeable future. Accordingly, the directors consider that the financial statements should be prepared on an ongoing basis.

As the company is a wholly owned subsidiary of a UK parent company (note 19) it has taken advantage of the exemption permitted by Section 228 of the Companies Act 1985 and consolidated accounts of the company and its subsidiary have not been prepared.

Cash flow statement

In accordance with Financial Reporting Standard Number 1, the company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied to customers.

Intangible assets

Software development costs are capitalised where they relate to separately identifiable projects of ongoing commercial value to the Company and are amortised over their useful economic life of 3 to 5 years.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures and fittings	10% to 20%
Plant and equipment	20% to 33%

Investments

Investments are included at cost less any required provision for impairment.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Deferred tax

Deferred tax is recognised, 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.

Notes *(continued)*

1 Accounting policies (continued)

Pension costs

The parent company, Headland Media Limited, operates a defined contribution pension scheme in which the employees of the company participate. The pension cost under this scheme is the amount of contributions payable in respect of the accounting period. Headland Media Limited provides no other post-retirement benefits to employees.

2 Segmental analysis

The company operated in one area of activity, the production and sale of in-store radio content. It operates within the United Kingdom.

3 (Loss)/profit on ordinary activities before taxation

	18 months to 31 December 2008 £000	18 months to 30 June 2007 £000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Operating lease rentals	**35**	-
Auditor's remuneration	**5**	-
Disposal of tangible fixed assets	**7**	-
Depreciation of tangible fixed assets	**27**	26
Amortisation of intangibles	**40**	9
Reorganisation costs	**13**	-
Costs of a fundamental reorganisation of operations (note 5)	**1,085**	-

Amounts paid to the auditors for audit services were borne by another Group undertaking for the eighteen months to 30 June 2007. No amounts for other services have been paid to the auditors.

4 Directors and employees

	18 months to 31 December 2008 £000	18 months to 30 June 2007 £000
Staff costs during the period were as follows:		
Wages and salaries	**567**	450
Social security costs	**59**	55
Other pension costs	**20**	20
	646	525

The average number of employees, including directors, during the period was 12 *(2007: 11)*.

During the period, directors' emoluments were borne by other group undertakings.

Notes *(continued)*

5 Costs of a fundamental reorganisation of operations

The costs incurred during the period comprised £1,085,000 in relation to the cancellation of taxation and inter-company balances on sale of the company by Teamtalk Media Group Limited to Headland Media Limited.

6 Tax on (loss)/profit on ordinary activities

	18 months to 31 December 2008 £000	18 months to 30 June 2007 £000
Corporation tax:		
Charge in respect of current period	**18**	-
Adjustment in respect of prior periods	**-**	(18)
	18	(18)

Reconciliation of current tax charge	**18 months to 31 December 2008 £000**	18 months to 30 June 2007 £000
Loss on ordinary activities before tax	**(684)**	396
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (29%)	**(198)**	119
Effects of:		
Fixed asset timing differences	**(9)**	5
Expenses not deductible for tax purposes	**327**	-
Utilisation of tax losses and other deductions	**(18)**	(92)
Group relief claimed at nil cost	**(84)**	(50)
Current tax charge for the period	**18**	(18)

Notes *(continued)*

7 Intangible fixed assets

	Development Costs £000
Cost	
At 1 July 2007	50
Additions	72
At 31 December 2008	122
Depreciation	
At 1 July 2007	9
Charged in the period	40
At 31 December 2008	49
Net book value at 31 December 2008	73
Net book value at 30 June 2007	41

Notes *(continued)*

8 Tangible fixed assets

	Fixtures & Fittings £000	Plant & Equipment £000	Total £000
Cost			
At 1 July 2007	16	105	121
Additions	166	45	211
Disposals	(16)	(12)	(28)
At 31 December 2008	166	138	304
Depreciation			
At 1 July 2007	16	79	95
Charged in the period	11	16	27
Disposals	(16)	(5)	(21)
At 31 December 2008	11	90	101
Net book value at 31 December 2008	**155**	**48**	**203**
Net book value at 30 June 2007	-	26	26

Notes *(continued)*

9 Investments

	Interests in subsidiary undertakings £000
Cost	
At 1 July 2007	2,214
Disposal	(2,214)
At 31 December 2008	-
Provision	
At 1 July 2007	(2,214)
Disposal	2,214
At 31 December 2008	-
Net book value at 30 June 2007 and 31 December 2008	-

The cost and provision relates fully to the investment in Radio Tara Limited, a dormant company resident in the Republic of Ireland. The company was transferred at net book value to TEAMtalk Media Group Limited on 6 November 2007.

10 Stock

	31 December 2008 £000	30 June 2007 £000
Receiver equipment for installation	**7**	2

11 Debtors

	31 December 2008 £000	30 June 2007 £000
Trade debtors	**360**	171
Amounts owed by group undertakings	**-**	784
Amount owed by parent undertaking	**7**	-
Prepayments and accrued income	**73**	56
Deferred taxation (note 13)	**-**	18
	440	1,029

Notes *(continued)*

12 Creditors: amounts falling due within one year

	31 December 2008 £000	30 June 2007 £000
Trade creditors	**322**	82
Amounts owed to fellow and subsidiary undertakings	**25**	1,105
Taxation and social security	**37**	32
Accruals and deferred income	**210**	193
Corporation tax	**18**	-
	612	1,412

13 Deferred taxation asset

Tax effect on timing differences because of:

	31 December 2008 £000	30 June 2007 £000
Difference between capital allowance and depreciation	-	18
Losses	-	-
	-	18

There is a potential deferred tax asset in relation to advanced capital allowances of £2,000 that has not been recognised.

14 Share capital

	31 December 2008 £000	30 June 2007 £000
Authorised		
1,000 ordinary shares of £1 each	**1**	1
Allotted, called up and fully paid		
932 Ordinary shares of £1 each	**1**	1

15 Share premium and reserves

	Share premium account £000	**Profit and loss account £000**
At 1 July 2007	929	42
Loss for the period	-	(702)
At 31 December 2008	**929**	**(660)**

Notes *(continued)*

16 Reconciliation of movement in shareholders' funds

	31 December 2008 £000	30 June 2007 £000
(Loss)/profit for the period	**(702)**	414
Opening shareholders' funds	**972**	558
Closing shareholders' funds	**270**	972

17 Operating lease commitments

	31 December 2008		30 June 2007	
	Land & Buildings £000	**Other £000**	Land & buildings £000	Other £000
Expiring:				
Within two to five years	-	-	-	-
After five years	**48**	-	-	-
	48	-	-	-

18 Related party transactions

Financial Reporting Standard No. 8 gives an exemption that transactions which eliminate upon consolidation do not require disclosure. The company has taken advantage of this exemption.

19 Ultimate parent undertaking

The company's ultimate parent undertaking is Oakley Capital Private Equity L.P., a company registered in Bermuda.

Headland Media Limited, a company incorporated in Great Britain, is the parent company of the smallest and largest group for which the company is a member and for which group accounts are drawn up.

Copies of the accounts of Headland Media Limited may be obtained from the company's registered office, as given on page 1.