

Headland Entertainment Limited

**Directors' report and financial
statements**

Registered number 04004291

For the year ended 31 December 2011

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Company information

Company number 04004291

Directors

A Galvin
M Woodhead
D Till

Secretary

A Galvin

Registered office

2A Queen Street
Leeds
West Yorkshire
LS1 2TW

Auditor

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

Principal activity, review of business and future developments

The principal activity of the company is that of the production and sale of radio programming for commercial outlets

The directors plan to continue with the management policies that have led to the satisfactory result achieved in the period

Results and dividends

The operating profit for the financial period was £223,000 (2010 £260,000) The directors do not recommend payment of a dividend (2010 nil)

Directors

The directors who served during the year and after the year end were as follows

A Galvin
M Woodhead
D Till

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

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

By order of the Board



A M Galvin
Director

2A Queen Street
Leeds
LS1 2TW
20 March 2012

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 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.



KPMG LLP

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of Headland Entertainment Limited

We have audited the financial statements of Headland Entertainment Limited for the year ended 31 December 2011 set out on pages 6 to 15. 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 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 auditor

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, and express an opinion on, 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/private.cfm.

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 2011 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

Independent auditor's report to the members of Headland Entertainment Limited (*continued*)

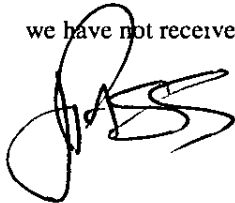
Opinion on other matter prescribed by the Companies Act 2006

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



Johnathan Pass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

20 March 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	2	1,427	1,477
Cost of sales		(543)	(598)
Gross profit		884	879
Administrative expenses		(661)	(619)
Operating profit and profit on ordinary activities before taxation	3-4	223	260
Tax on profit on ordinary activities	5	(9)	(68)
Profit for the financial year	13	214	192

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 profit on ordinary activities before and after taxation stated above and their historical cost equivalents

All of the trading during the current and prior year related to continuing operations

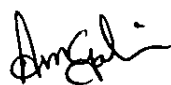
The notes on pages 9 to 15 form part of the financial statements

Balance sheet
at 31 December 2011

	<i>Note</i>	2011 £000	2010 £000
Fixed assets			
Intangible assets	6	43	43
Tangible assets	7	135	165
Investments	8	15	15
		<hr/>	<hr/>
		193	223
		<hr/>	<hr/>
Current assets			
Stock	9	8	15
Debtors	10	1,128	911
Cash at bank and in hand		265	117
		<hr/>	<hr/>
		1,401	1,043
		<hr/>	<hr/>
Creditors: amounts falling due within one year	11	(664)	(550)
		<hr/>	<hr/>
Net current assets		737	493
		<hr/>	<hr/>
Net assets		930	716
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	1	1
Share premium account	13	929	929
Profit and loss account	13	-	(214)
		<hr/>	<hr/>
Shareholders' funds		930	716
		<hr/>	<hr/>

The notes on pages 9 to 15 form part of the financial statements

These financial statements were approved by the board of directors on 20 March 2012 and were signed on its behalf by



AM Galvin
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2011

	2011	2010
	£000	£000
Profit for the year	214	192
	<hr/>	<hr/>
Net addition to shareholders' funds	214	192
Opening shareholders' funds	716	524
	<hr/>	<hr/>
Closing shareholders' funds	930	716
	<hr/>	<hr/>

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 accounting rules and in accordance with applicable accounting standards

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors Report. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the company's parent, Headland Media Limited, to their enquiries, believe that Headland Media Limited has the ability to continue as a going concern and has the ability to continue with its current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Headland Media Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Cash flow statement

In accordance with Financial Reporting Standard Number 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Consolidated financial statements

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Headland Media Limited. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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 tangible fixed assets is their purchase cost, together with any incidental costs 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%

Stocks

Stocks are stated at the lower of cost and net realisable value.

Notes (continued)

1 Accounting policies (continued)

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

Taxation

The charge for taxation is based on the profit/loss 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, 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

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

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 or the company provide 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. Turnover is analysed below by destination

	2011 £000	2010 £000
United Kingdom	1,411	1,477
Europe (excluding United Kingdom)	6	-
North America	2	-
Rest of World	8	-
	<u>1,427</u>	<u>1,477</u>

3 Notes to the profit and loss account

	2011 £000	2010 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Hire of other assets – operating leases	51	48
Auditor's remuneration – audit of the financial statements of the company	6	5
Depreciation of tangible fixed assets – owned	37	37
Amortisation of intangible assets	41	40
	<u></u>	<u></u>

No amounts were paid to the auditors for other services

Notes (continued)

4 Directors and employees

The average monthly number of employees, including directors, during the year was made up as follows

	2011 No	2010 No
Management and administration	13	12

	2011 £000	2010 £000
--	--------------	--------------

The aggregate payroll costs of these persons were as follows

Wages and salaries	404	371
Social security costs	40	37
Other pension costs (see below)	12	13
	<u>456</u>	<u>421</u>

The parent company, Headland Media Limited, operates a defined contribution pension scheme in which the employees of the company participate. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £12,000 (2010 £13,000)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

Remuneration of directors

	2011 £000	2010 £000
Directors' emoluments	24	35

The directors of the Company are also directors of the parent company, Headland Media Limited, and of fellow subsidiary undertakings. Directors' emoluments are paid by the parent company and the amount disclosed above reflects amounts attributable to services provided to the Company.

5 Taxation

<i>Analysis of charge in period</i>	2011 £000	2010 £000
<i>UK corporation tax</i>		
Current tax on income for the year	13	-
Adjustments in respect of prior periods	-	66
Total current tax	<u>13</u>	<u>66</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(7)	2
Adjustments in respect of prior periods	3	-
Total deferred tax	<u>(4)</u>	<u>2</u>
Tax on profit on ordinary activities	<u>9</u>	<u>68</u>

Notes (continued)

5 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2010 lower) than the standard rate of corporation tax in the UK (26.5%, 2010 28%). The differences are explained below

	2011 £000	2010 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	223	260
	<hr/>	<hr/>
Current tax at 26.5% (2010 28%)	59	73
<i>Effects of</i>		
Fixed asset timing differences	7	(2)
Adjustment in respect of prior periods	-	66
Group relief claimed at nil cost	(53)	(71)
	<hr/>	<hr/>
Total current tax charge (see above)	13	66
	<hr/>	<hr/>

Deferred tax

The elements of deferred taxation at 25% (2010 27%) are as follows

	2011 £000	2010 £000
Difference between accumulated depreciation and amortisation and capital allowances	7	2
	<hr/>	<hr/>
Deferred tax asset	7	2
	<hr/>	<hr/>

Notes (continued)

6 Intangible fixed assets

	Development costs £000
Cost	
At beginning of year	179
Additions	41
	<hr/>
At end of year	220
	<hr/>
Depreciation	
At beginning of year	136
Charge for year	41
	<hr/>
At end of year	177
	<hr/>
Net book value at 31 December 2011	43
	<hr/>
Net book value at 31 December 2010	43
	<hr/>

7 Tangible fixed assets

	Fixtures and fittings £000	Plant and equipment £000	Total £000
Cost			
At beginning of year	166	171	337
Additions	1	6	7
	<hr/>	<hr/>	<hr/>
At end of year	167	177	344
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	50	122	172
Charge for period	21	16	37
	<hr/>	<hr/>	<hr/>
At end of year	71	138	209
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2011	96	39	135
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2010	116	49	165
	<hr/>	<hr/>	<hr/>

Notes (continued)

8 Investments

	Shares in group undertakings £000
<i>Cost and net book value</i>	
At 1 January 2011 and 31 December 2011	15

The above investment relates to the company's holding in the entire ordinary share capital of Rigstream B V a company registered in Holland

9 Stock

	2011 £000	2010 £000
Receiver equipment for installation	8	15

10 Debtors

	2011 £000	2010 £000
Trade debtors	189	320
Amounts owed by group undertakings	86	31
Amounts owed by parent undertaking	776	528
Prepayments and accrued income	70	30
Deferred Tax (see note 5)	7	2
	<u>1,128</u>	<u>911</u>

11 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	123	99
Amounts owed to fellow subsidiary	305	207
Accruals and deferred income	223	244
Corporation tax	13	-
	<u>664</u>	<u>550</u>

Notes (continued)

12 Share capital

	2011 £000	2010 £000
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>
<i>Allotted, called up and fully paid</i>		
932 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

13 Reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	929	(214)
Profit for year	-	214
	<u>929</u>	<u>-</u>
At end of year	929	-

14 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2011 £000	Land and Buildings 2010 £000
Expiring		
Over five years	51	48

15 Related party transactions

As the company is a wholly owned subsidiary of Headland Media Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

16 Guarantees

The company has entered into a cross guarantee with fellow group companies in favour of its bankers for its parent company's bank loans. At 31 December 2011 borrowings amounted to £2,447k (2010 £2,813k)

16 Ultimate parent undertaking

The company's ultimate parent undertaking is Oakley Capital Private Equity L P, a limited liability partnership 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 at 2A Queen Street, Leeds LS1 2TW