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UTV Radio Limited (formerly Absolute Radio (UK) Limited)

Report and Financial Statements

31 December 2005



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COMPANIES HOUSE 02/11/2006

Registered No: 04334042

Directors

James R Downey
John McCann
Rainer Poelmann
Scott Taunton

Secretary

James R Downey

Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Bankers

Barclays Bank plc
27 Soho Square
London W1D 3QR

Registered Office

18 Hatfields
London
SE 1 8DJ

Directors' report

The directors have pleasure in submitting their annual report together with the audited financial statements of the company for the year ended 31 December 2005.

Principal activities and business review

Following the acquisition by UTV plc of 100% of the shares in 2005, the directors are re-examining the future role for the company.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors of the company are as follows:

James R Downey	(appointed 7 September 2005)
Beate Appel	(resigned 7 September 2005)
John McCann	
Donnach O'Driscoll	(resigned 7 September 2005)
Rainer Poelmann	
Adrian Robinson	(resigned 7 September 2005)
Scott Taunton	

In accordance with the articles of association the directors are not required to retire by rotation.

The directors who held office at 31 December 2005 had no interests in the shares of the company.

The directors who are also directors of the holding company UTV plc disclose their interests in UTV plc in the accounts of that company.

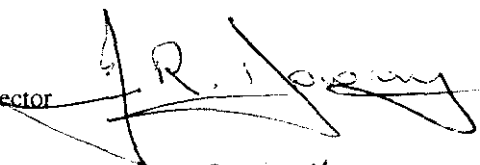
Political and charitable contributions

The company made no political or charitable contributions during the year.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office. A resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

Director 
30.10.06

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Independent auditors' report

to the members of UTV Radio Limited (Formerly Absolute Radio (UK) Limited)

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the primary financial statements such as the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 20. 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 are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

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, are properly prepared in accordance with the Companies Act 1985 and that the information given in the Directors' Report is consistent with the financial statements.

We also 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.

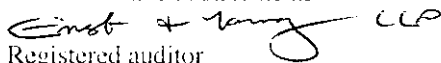
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended and 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.


Registered auditor
Belfast

31 October 2006

Profit and loss account

For the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover - continuing operations	2	103,950	500
Application costs		(53,637)	(89,987)
Loss before administrative costs		50,313	(89,487)
Administrative costs		(32,502)	(23,554)
Loss on ordinary activities before interest		17,811	(113,041)
Net interest payable and similar charges	3	(56,665)	(89,384)
Loss on ordinary activities before taxation	4	(38,854)	(202,425)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year		(38,854)	(202,425)
Retained loss at beginning of year		(953,833)	(751,408)
Retained loss at end of year		(992,687)	(953,833)

The company has no recognised gains or 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 loss for the financial period stated above, and its historical cost equivalent.

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

Balance sheet

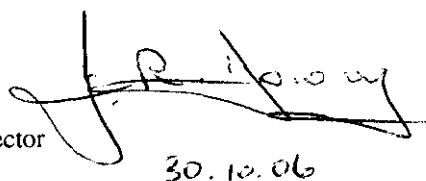
As at 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible fixed asset	8	-	-
Financial fixed assets	9	2,468,693	2,348,693
		<u>2,468,693</u>	<u>2,348,693</u>
Current assets			
Debtors	10	44,367	45,843
Cash at bank and in hand		-	34,077
		<u>44,367</u>	<u>79,920</u>
Creditors: Amounts falling due within one year	11	(172,650)	(162,138)
Net current liabilities		<u>(128,283)</u>	<u>(82,218)</u>
Total assets less current liabilities		2,340,410	2,266,475
Creditors: Amounts falling due after more than one year	12	(2,398,498)	(2,405,709)
Net liabilities		<u>(58,088)</u>	<u>(139,234)</u>
Capital and reserves			
Called up share capital	13	297	297
Share premium	14	934,302	814,302
Profit and loss account	15	(992,687)	(953,833)
Equity shareholders' deficit	16	<u>(58,088)</u>	<u>(139,234)</u>

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

These financial statements were approved by the board of directors on 26 October 2006 and signed on its behalf by:

Director


30.10.06

Notes to the financial statements

As at 31 December 2005

1. Fundamental accounting concept

The accounts have been prepared on a going concern basis although the company is dependent on *continuing finance* being made available by its parent company to enable it to continue operating and to meet its liabilities as they fall due. The parent company has confirmed its willingness to continue to support the company for foreseeable future.

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 in accordance with applicable accounting standards under the historical cost convention.

The company has taken advantage of the exemption conferred under Section 248 of the Companies Act 1985 from preparing group financial statements as it satisfies the criteria for small status. The financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The directors have availed of the exemption for small companies provided by FRS1 and have not prepared a cash flow statement.

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:

Monitoring equipment	-	1 year
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Financial fixed assets

Financial fixed assets comprise investments in and loans to subsidiary undertakings and are stated at cost less provisions for diminution in value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using 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.

Taxation

The charge for taxation is based on the profit 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 in respect of all timing differences between the treatment of certain items for taxation purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover excludes value-added tax and represents the fair value of services delivered to customers in the accounting period. Services are deemed to have been delivered to customers when, and to the extent that, the company has met its obligations under its service contracts.

Application costs

Application costs for new radio licences are charged to the profit and loss account as incurred.

Notes to the financial statements

As at 31 December 2005

2. Turnover – continuing operations

Turnover arises from the provision of consultancy services in the United Kingdom.

3. Net interest payable and similar charges

	2005 £	2004 £
Interest receivable	-	(1,101)
Interest payable (note 12)	56,665	90,485
	<u>56,665</u>	<u>89,384</u>

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting) the following:

	2005 £	2004 £
After charging		
Auditors' remuneration - audit	3,275	3,000
- non audit	-	-
Depreciation	-	-
	<u>-</u>	<u>-</u>

Included in financial fixed asset additions during the year is auditors' remuneration in respect of non-audit services provided of £nil (2004 - £500).

5. Remuneration of directors

The average number of directors employed by the company during the year was 6 (2004: 6). The directors received no remuneration during the year (2004 - £nil).

6. Staff numbers and costs

	2005 £	2004 £
Wages and salaries	-	12,107
Social security costs	-	1,351
	<u>-</u>	<u>13,458</u>

The average number of persons employed by the company (excluding directors) during the year was nil (2004: 1).

Notes to the financial statements

As at 31 December 2005

7. Taxation

No charge to corporation tax arises due to losses incurred.

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below:

	2005 £	2004 £
Loss on ordinary activities before tax	(38,854)	(202,425)
Loss on ordinary activities before taxation multiplied by standard rate of tax in the UK of 30% (2003: 30%)	(11,656)	(60,727)
Effects of:		
Expenses not deductible for tax purposes	300	1,500
Deferred tax movement not recognised	11,356	59,227
Current tax charge for the year	-	-

Factors affecting future tax charge

The company has unprovided deferred tax assets of approximately £284,000 (2004: £280,000) relating primarily to the availability of losses. These may reduce the tax charge on operating profits in future years.

8. Tangible fixed asset

	£
<i>Cost of monitoring equipment</i>	
At beginning of year	6,694
Acquired during year	-
At end of year	6,694
<i>Accumulated depreciation on monitoring equipment</i>	
At beginning of year	6,694
Charged during year	-
At end of year	6,694
Net book value at 31 December 2005 and 2004	-

Notes to the financial statements

As at 31 December 2005

9. Financial fixed assets

The movement in financial fixed asset balances during the year was as follows:

	<i>Shares</i>	<i>Loans</i>	<i>Expenses capitalised</i>	<i>Total</i>
	£	£	£	£
At cost at beginning of year	901	2,212,581	136,111	2,349,593
Less: Amounts due to subsidiary undertakings	(900)	-	-	(900)
	<u>1</u>	<u>2,212,581</u>	<u>136,111</u>	<u>2,348,693</u>
Net book value at beginning of year				
Investment in subsidiary undertaking during the year	-	120,000	-	120,000
	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
Net book value at end of year	<u>1</u>	<u>2,332,581</u>	<u>136,111</u>	<u>2,468,693</u>
The balance at the end of year is made up as follows:				
Cost of investment in subsidiary undertakings	901	2,332,581	136,111	2,469,593
Less: Amounts due to subsidiary undertakings	(900)	-	-	(900)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at end of year	<u>1</u>	<u>2,332,581</u>	<u>136,111</u>	<u>2,468,693</u>

The company has a number of wholly owned subsidiary undertakings who are all dormant except for Perfecttaste Limited. These subsidiary undertakings are listed below:

Perfecttaste Limited
 Absolute Radio Kent Limited
 Absolute Radio Scotland Limited
 Absolute Radio West Midlands Limited
 Absolute Radio Norfolk Limited
 Absolute Radio North West Limited
 Absolute Radio South West Limited
 Go FM Limited
 My FM Limited
 Jump FM Limited

Each of these subsidiary undertakings has an issued share capital of 100 ordinary shares of £1 each, has not yet commenced to trade and is stated in the financial statements at a net book value of £nil. Each company is incorporated in England with the exception of Absolute Radio Scotland Limited which is incorporated in Scotland.

Notes to the financial statements

As at 31 December 2005

10. Debtors

	2005 £	2004 £
Amount due from Perfecttaste Limited	44,367	44,539
VAT	-	1,304
	<u>44,367</u>	<u>45,843</u>

All amounts fall due within one year.

11. Creditors: amounts falling due within one year

	2005 £	2004 £
Accruals	172,650	159,843
Amount due to Absolute Radio International Limited	-	2,295
	<u>172,650</u>	<u>162,138</u>

12. Creditors: amounts falling due after more than one year

	2005 £	2004 £
Amount due to Perfecttaste Limited	40,648	47,859
Loans from UTV plc	2,357,850	2,357,850
	<u>2,398,498</u>	<u>2,405,709</u>

No interest or capital repayments may be made on this loan from UTV plc until all amounts owed by the company's subsidiary undertaking, Perfecttaste Limited, to Barclays Bank plc has been repaid in full.

Notes to the financial statements

As at 31 December 2005

13. Called up share capital

	2005 £	2004 £
Authorised: 100,000 Ordinary shares of £1 each	100,000	100,000
Allotted called up and fully paid: 297 (2004 : 297) Ordinary shares of £1 each	297	297

14. Share premium

	2005 £	2004 £
Share premium at beginning of year	814,302	814,274
Issue of shares	120,000	-
Adjustment during the year	-	28
Share premium at end of year	934,302	814,302

15. Reserves

	2005 £	2004 £
At beginning of year	(953,833)	(751,408)
Retained loss for the year	(38,854)	(202,425)
At end of year	(992,687)	(953,833)

16. Reconciliation of movement in equity shareholders' funds

	2005 £	2004 £
Opening equity shareholders' funds	(139,234)	63,163
Loss for the financial period	(38,854)	(202,425)
Share premium on issue of shares	120,000	-
Adjustment	-	28
Closing equity shareholders' (deficit)/funds	(58,088)	(139,234)

Notes to the financial statements

As at 31 December 2005

17. Related party transactions

The company, as a 90% or more subsidiary, has taken advantage of the exemption under FRS8 Related Party Transactions not to disclose transactions with other group companies and these transactions form part of the consolidated financial statements prepared by the group.

18. Contingent liability

The company has guaranteed the bank borrowings of its subsidiary undertaking, Perfecttaste Limited. At 31 December 2005, the aggregate bank loan outstanding to Perfecttaste Limited was £1,645,000 (2004: £1,645,000).

19. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is UTV plc, a company registered in Northern Ireland.

20. Group accounts

The parent undertaking of the smallest and largest group which prepares consolidated accounts is UTV plc. Copies of its accounts which include the company can be obtained from Havelock House, Ormeau Road, Belfast, BT7 1EB.