

**SRH RADIO SALES LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE SIX MONTHS ENDED 31 MARCH 2006**

**COMPANY REGISTERED NUMBER SC071102**

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## **SRH RADIO SALES LIMITED**

### **Index to the report and accounts for the 6 months ended 31 March 2006**

	<b>Page</b>
Directors and Officials	1
Directors' Report	2 3
Auditors' Report	4 5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Accounts	8 14

## **SRH RADIO SALES LIMITED**

### **Directors and Officials**

#### **Directors**

David Goode (resigned 23 December 2005)  
Philip Quartly (resigned 31 December 2005)  
Alan Wilson (resigned 31 October 2005)  
Dee Ford (appointed 1 October 2005)  
Richard Elliot (appointed 21 July 2006)

#### **Secretary**

Jane E A Tames (resigned 31 May 2006)  
Kate Elsdon (appointed 31 May 2006)

#### **Auditors**

PricewaterhouseCoopers LLP  
209 West George Street  
Glasgow  
G2 2LJ

#### **Registered Office**

Clydebank Business Park  
Clydebank  
Glasgow  
G81 2RX

#### **Company Registered Number**

SC071102

## **SRH RADIO SALES LIMITED**

### **Directors' Report**

**for the 6 months ended 31 March 2006**

The directors have pleasure in submitting their report and the Company's financial statements for the six months ended 31 March 2006

### **Change of accounting reference date**

On 24 November 2006 the accounting reference date was changed to 31 March 2006

### **Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period

In preparing those financial statements, the directors are required to

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,

- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets and to prevent and detect fraud and other irregularities

### **Activities**

The principal activity of the Company is the sale of advertising airtime for independent radio stations in the United Kingdom and Ireland. The Company ceased trading during this period and all staff were either made redundant or transferred to another Group company.

### **Financial**

The profit for the period after taxation amounted to £526,000 (year ended 30 September 2005: £134,000)

The directors do not recommend the payment of a final dividend (2005: £nil)

The profit and loss account in the 2005 financial statements was presented using format 2. The directors have revised the presentation of the profit and loss account in the 2006 financial statements to format 1.

This change has been made to bring the presentation into line with the Emap plc group. As a result, certain comparative figures have been restated.

## SRH RADIO SALES LIMITED

### Directors' Report for the 6 months ended 31 March 2006

#### Directors

The directors of the Company as at 31 March 2006 were as noted on Page 1. None of the directors held any shares in the Company. During the period one new director was appointed and three directors resigned, D Ford (appointed 1 October), A Wilson (resigned 31 October), D Goode (resigned 23 December) and P Quartly (resigned 31 December). The directors' interests in the share capital of the ultimate holding Company Emap plc at the beginning of the period, or subsequent date of appointment, and at the end of the period were as follows:

Ordinary shares				
	at 30 Sept 2005		at 31 Mar 2006	
Dee Ford	<u>2,410</u>		<u>2,410</u>	
SAYE options				
	at 30 Sept 2005	Granted in period	Exercised/ lapsed	at 31 Mar 2006
Dee Ford	<u>2,775</u>			<u>2,775</u>
Ordinary shares under option				
	at 30 Sept 2005	Granted in period	Exercised/ lapsed	at 31 Mar 2006
Dee Ford	<u>106,297</u>			<u>106,297</u>

#### Auditors

Each of the persons who is a director at the date of approval of this report confirms that

so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware  
the director has taken all the steps s/he ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Acts

The Company has elected under section 386 of the Companies Act 1985 not to reappoint auditors annually. Therefore the auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed for the next financial year.



On behalf of the Board  
Kate Elsdon  
Company Secretary  
30 January 2007

Clydebank Business Park  
Glasgow  
G81 2RX

## **SRH RADIO SALES LIMITED**

### **Independent Auditors' Report to the members of SRH Radio Sales Limited for the 6 months ended 31 March 2006**

We have audited the financial statements of SRH Radio Sales Limited for the 6 month period ended 31 March 2006 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.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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.

## **SRH RADIO SALES LIMITED**

### **Independent Auditors' Report to the members of SRH Radio Sales Limited for the 6 months ended 31 March 2006**

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 affairs of the company as at 31 March 2006 and of its profit for the period then ended,
- 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

*PricewaterhouseCoopers LLP*

#### **PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
Glasgow

*30* January 2007

## SRH RADIO SALES LIMITED

### Profit and Loss Account

for the 6 months ended 31 March 2006

	Notes	6 months to 31 Mar 2006 <u>£000</u>	Restated Year ended 30 Sept 2005 <u>£000</u>
<b>Turnover</b>	2	1,042	2,113
Cost of sales		<hr/>	<hr/>
<b>Gross profit</b>		1,042	2,113
Administrative expenses		<hr/> (314)	<hr/> (1,953)
<b>Operating Profit</b>	3	728	160
Interest received	6	<hr/> 27	<hr/> 33
<b>Profit on ordinary activities before taxation</b>		755	193
Tax on profit on ordinary activities	7	<hr/> (229)	<hr/> (59)
<b>Retained profit for the period</b>	15	<hr/> <hr/> 526	<hr/> <hr/> 134

The above results relate to discontinuing operations

There are no recognised gains or losses other than those stated above

There is no difference between the reported profits and the historical cost profits on ordinary activities before taxation for both periods being reported

The notes on pages 8 to 14 form part of these accounts



# SRH RADIO SALES LIMITED

## Balance Sheet as at 31 March 2006

		as at 31 March 2006		as at 30 Sept 2005	
	Notes	£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible assets	8				15
Investments	9				
					15
<b>Current Assets</b>					
Debtors	10	2,026		796	
Cash at bank and in hand				452	
		2,026		1,248	
<b>Creditors</b>					
Amounts falling due within one year	11	(417)		(341)	
<b>Net Current Assets</b>			1,609		907
<b>Provisions</b>	13		(161)		
<b>Net Assets</b>			1,448		922
<b>Capital and Reserves</b>					
Called up share capital	14		50		50
Share premium	16		0		0
Profit and Loss Account	15		1,394		868
<b>Shareholders' funds equity</b>	16		1,444		918

The notes on pages 8 to 14 form part of these accounts

These financial statements were approved by the board of directors on 30 January 2007  
and were signed on its behalf by



**Richard Elliot**  
Director

# **SRH RADIO SALES LIMITED**

## **Notes to the Accounts for the 6 months ended 31 March 2006**

### **1 Accounting Policies**

#### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act and all applicable UK accounting standards

#### **Cash flow statement**

Under FRS 1 (revised) the Company is exempt from the requirements to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a Company which publishes a consolidated cash flow statement

#### **Depreciation**

Tangible fixed assets are depreciated on a straight line basis over their estimated economic lives at the following annual rates

Office furniture & Fittings	25%
Leasehold improvements	20%

#### **Taxation**

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between certain items for taxation and accounting purposes. Tax deferred or accelerated by the effect of timing differences is accounted for to the extent that a transaction or event that has occurred at the balance sheet date gives rise to an obligation to pay more tax or a right to pay less tax in the future. Deferred tax assets are only recognised to the extent that, based on available evidence, it is more likely than not suitable taxable profits will arise from which the reversal of the asset can be deducted. The Company does not discount deferred tax assets or liabilities.

#### **Pension costs**

Until December 2004 the Company was a member of a pension scheme operated by Scottish Radio Holdings plc which provided benefits based on the final pensionable pay. Contributions to the scheme were charged to the profit and loss account so as to spread the cost of the pensions evenly over employees' working lives with the Company. The contributions were determined by a qualified actuary on the basis of triennial valuations using the projected funding method.

The Company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme.

#### **Operating leases**

Rental costs under operating leases are charged to the profit and loss on a straight line basis over the lease term.

#### **Investments**

Fixed asset investments are included at cost, after making due allowance for any permanent diminution in value.

# SRH RADIO SALES LIMITED

## Notes to the accounts

for the 6 months ended 31 March 2006

### 2 Turnover

Turnover represents commission due on radio advertisements broadcast during the period and the invoice value of other services performed excluding value added tax

### 3 Operating profit

	6 months to 31 Mar 2006 £000	year ended 30 Sept 2005 £000
Operating profit is stated after charging		
Depreciation of tangible fixed assets	15	4
Property rental	38	158
Operating lease rentals	8	8
Audit fees	1	
	<u>52</u>	<u>170</u>

### 4 Staff

	6 months to 31 Mar 2006 Number	year ended 30 Sept 2005 Number
Average number of employees by activity		
Administration	8	30
	<u>8</u>	<u>30</u>

Costs including directors' emoluments

	6 months to 31 Mar 2006 £000	year ended 30 Sept 2005 £000
Wages and salaries	103	1,048
Social security costs	10	111
Pension costs (see Note 17)	8	54
	<u>121</u>	<u>1,213</u>

### 5 Directors' Remuneration

	6 months to 31 Mar 2006 £000	year ended 30 Sept 2005 £000
Directors' emoluments		102
Pension contributions		10
		<u>112</u>

The directors' remuneration disclosed above includes the following amounts paid to the highest paid director

	6 months to 31 Mar 2006 £000	year ended 30 Sept 2005 £000
Aggregate emoluments		102
Pension contributions		10
		<u>112</u>

Pension benefits accrue to no directors (2005 1) under the pension scheme

# SRH RADIO SALES LIMITED

## Notes to the accounts for the 6 months ended 31 March 2006

6	Interest	6 months to 31 Mar 2006 £000	year ended 30 Sept 2005 £000
	Intercompany loan interest receivable	<u>27</u>	<u>33</u>

Amounts due to and from group undertakings are unsecured, bearing interest at LIBOR rate and repayable on demand

7	Corporation tax	6 months to 31 Mar 2006 £000	year ended 30 Sept 2005 £000
	Current tax on income for the period (at 30%)	231	50
	Deferred tax (note 12)		
	Current year		
	accelerated capital allowances	(2)	2
	short term timing differences	<u>(2)</u>	<u>7</u>
		<u>(2)</u>	<u>9</u>
	Tax charge on profit on ordinary activities	<u>229</u>	<u>59</u>

### Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2005 higher) than the standard rate of corporation tax in the UK (30%, 2004 30%)

The differences are explained below

	6 months to 31 Mar 2006 £000	year ended 30 Sept 2005 £000
Current tax reconciliation		
Profit on ordinary activities before tax	<u>755</u>	<u>193</u>
Current tax at 30%	227	58
Effects of		
Expenses not deductible for tax purposes	2	16
Tax relief for share based payments		(15)
Deferred tax accelerated capital allowances	2	(2)
Deferred tax short term timing differences	<u>2</u>	<u>(7)</u>
Total corporation tax charge	<u>231</u>	<u>50</u>

# SRH RADIO SALES LIMITED

## Notes to the accounts for the 6 months ended 31 March 2006

### 8 Tangible fixed assets

	Office furniture & fittings £000	Leasehold improvements £000	Total £000
<b>COST</b>			
At beginning of period	147	19	166
Disposals			
At end of period	147	19	166
<b>DEPRECIATION</b>			
At beginning of period	132	19	151
Charge for period	15		15
At end of period	147	19	166
<b>NET BOOK VALUE</b>			
At end of period			
At beginning of period	15		15

### 9 Fixed Asset Investments

	as at 31 Mar 2006 £	as at 30 Sept 2005 £
Shares in subsidiary companies	300	300

The subsidiary companies are Airtime Sales and Promotions Limited, FM Radio Sales Limited and The Radio Initiative Limited, all of which are wholly owned companies incorporated in Great Britain. All these companies have remained dormant during the period.

### 10 Debtors Amounts falling due within one year

	as at 31 Mar 2006 £000	as at 30 Sept 2005 £000
Trade debtors	105	161
Amounts owed by group undertakings	1,840	573
Prepayments	75	57
Deferred tax (note 12)	6	4
Other debtors		1
	2,026	796

Amounts due from group undertakings are unsecured, bearing interest at the LIBOR rate and are repayable on demand.

# SRH RADIO SALES LIMITED

## Notes to the Accounts

for the 6 months ended 31 March 2006

<b>11 Creditors: Amounts falling due within one year</b>	<b>as at 31 Mar 2006 £000</b>	<b>as at 30 Sept 2005 £000</b>
Trade creditors		30
Amounts owed to group companies	23	
Other tax and social security	71	68
Corporation tax	231	
Other creditors	32	196
Accruals	20	47
Loans and overdrafts	40	
	<u>417</u>	<u>341</u>

Amounts due to group undertakings are unsecured, bearing interest at the LIBOR rate and are repayable on demand

<b>12 Deferred Tax</b>	<b>as at 31 Mar 2006 £000</b>	<b>as at 30 Sept 2005 £000</b>
At the beginning of the period	4	13
Charge/(credit) for the period	<u>2</u>	<u>(9)</u>
At the end of the period	<u>6</u>	<u>4</u>
made up of		
accelerated capital allowances	6	4
other	<u>6</u>	<u>4</u>

There is no unprovided deferred taxation

<b>13 Provisions</b>	<b>Property provision £000</b>
At the start of the period	
Provision made during the period	181
Utilised during the year	<u>(20)</u>
	<u>161</u>

<b>14 Share capital: Ordinary shares of £1 each</b>	<b>as at 31 Mar 2006 £000</b>	<b>as at 30 Sept 2005 £000</b>
Authorised		
100,000 ordinary £1 shares	<u>100</u>	<u>100</u>
Authorised, allotted called up and fully paid		
50,000 ordinary £1 shares	<u>50</u>	<u>50</u>

# SRH RADIO SALES LIMITED

## Notes to the Accounts for the 6 months ended 31 March 2006

### 15 Profit and loss account

	Period ended 31 Mar 2006 £000	Year ended 30 Sept 2005 £000
At beginning of period	868	734
Retained profit for period	526	134
At end of period	1,394	868

### 16 Reconciliation of movements in shareholders' funds

	Period ended 31 Mar 2006 £000	Year ended 30 Sept 2005 £000
At beginning of period	922	788
Profit for the period	526	134
At end of period	1,448	922

### 17 Pension commitments

#### (a) Defined contribution scheme

The Company operated a defined contribution pension scheme during the period, the assets of which were held separately from the Company in independently managed funds. The pension charge for the period in respect of the money purchase scheme was £8,000 (year ended 30 September 2005 £51,000). There were no outstanding or prepaid contributions at the end of the period (year ended 30 September 2005 none).

#### (b) Defined benefit scheme

The Company was a member of a pension scheme operated by Scottish Radio Holdings Plc which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested through a managed fund.

The most recent valuation of the scheme by its independent actuary was at 1 October 2003 and details of this valuation together with the transitional disclosures as at 30 September 2005 required by FRS 17 Retirement Benefits, are contained in the financial statements of Scottish Radio Holdings Limited for the year ended 30 September 2004. The value of the assets and liabilities applicable to each participating employer is not separately identified and as such, the Company accounts for its pension costs on a defined contribution basis as permitted by FRS 17. The scheme closed to contributions in September 2005, therefore the pension charge for the period was £nil (year ended 30 September 2005 £3,000). There were no outstanding or prepaid contributions at the end of the period (year ended 30 September 2005 none).

## SRH RADIO SALES LIMITED

### Notes to the Accounts for the 6 months ended 31 March 2006

#### 18 Financial Commitments

	as at 31 Mar 2006 £000	as at 30 Sept 2005 £000
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##### Operating leases

At the period end the Company had the following annual operating lease commitments analysed by expiry date

Plant and machinery		
within one year	8	9
between two and five years	8	4
	<u>16</u>	<u>13</u>
Buildings		
more than five years	9	9
Total	<u>25</u>	<u>22</u>

#### 19 Related party disclosures

As the Company is a wholly owned subsidiary of Emap plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balance with entities which form part of the group

#### 20 Ultimate parent undertaking

The Company's immediate parent is Scottish Radio Holdings Limited (formerly Scottish Radio Holdings plc) The ultimate parent Company of the group of undertakings for which group accounts are drawn up and of which the Company is a member is Emap plc, registered in England and Wales Emap plc is the Company's controlling party Copies of the accounts of Emap plc can be obtained from the Registered Office