

Registered number: SC131754

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**RADIO CLYDE LIMITED**

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**Directors' Report and Financial Statements**

**For the Year Ended 31 December 2012**

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## **RADIO CLYDE LIMITED**

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### **Company Information**

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<b>Directors</b>	D Ford G White P Keenan (appointed 24 July 2013)
<b>Company secretary</b>	Bauer Group Secretariat Limited
<b>Company number</b>	SC131754
<b>Registered office</b>	Clydebank Business Park Clydebank Glasgow G81 2RX
<b>Auditor</b>	Grant Thornton UK LLP Registered Auditor & Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

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**RADIO CLYDE LIMITED**

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**Contents**

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	Page
<b>Directors' Report</b>	1 - 3
<b>Independent Auditor's Report</b>	4
<b>Profit and Loss Account</b>	5
<b>Balance Sheet</b>	6
<b>Notes to the Financial Statements</b>	7 - 14

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## **RADIO CLYDE LIMITED**

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### **Directors' Report For the Year Ended 31 December 2012**

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The directors present their report and the financial statements for the year ended 31 December 2012.

#### **Principal activities**

Radio Clyde Limited ("the Company") is engaged in the operation of independent radio stations in Glasgow and West Central Scotland under licence from Ofcom.

#### **Business review**

The directors are satisfied with the Company's performance in its highly competitive marketplace.

Clyde 1 is an iconic, heritage radio station with a unique personality and deep resonance in its market. Through its 'local first' strategy, it champions its local community and delivers highly relevant programming which unites listeners in the place they live.

The Company intends to continue to invest in locally relevant programming for the communities it serves and in personalised interaction with its listeners. We believe this helps achieve standout in the marketplace and ultimately drives success.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,638,000 (2011 - £2,032,000).

An interim dividend of £4,400,000 was paid during the year (2011: £NIL). The directors do not recommend the payment of a final dividend (2011: £NIL).

#### **Future developments**

No change in the nature of the Company's activities is anticipated to occur in the future.

#### **Directors**

The directors who served during the year were:

D Ford  
G White

#### **Principal risks and uncertainties**

##### **Advertising**

The Company, along with other businesses in the advertising sector, is exposed to any fluctuations in the advertising market as part of any wider economic downturn.

##### **Credit risk**

The Company's credit risk is primarily attributable to its trade debtors which are now held centrally by one of the Company's parents, Bauer Radio Limited. Credit risk is managed by obtaining prepayments from new customers, and running credit checks on existing customers. Liquidity and cashflow risks are managed through support from the Company's parent.

##### **Other**

Other key risks include a loss of key personnel and increased competition in the marketplace.

The Company is required to comply with the terms of its broadcast licence. The Company mitigates the risk of non-compliance through the work of a compliance officer and by regular training of on and off-air personnel.

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## RADIO CLYDE LIMITED

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### Directors' Report For the Year Ended 31 December 2012

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#### Key performance indicators ("KPIs")

The Company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial. Key financial performance indicators are turnover (as shown in the Profit and Loss Account) and EBITDA on continuing operations. The key non-financial performance indicators include the number of staff employed by the Company (note 5) and measurements of audience, as published by RAJAR on a quarterly basis.

One of the key financial performance indicators is set out below:

	2012 £000	2011 £000
EBITDA	2,273	2,901

#### Employee involvement

The directors attach great importance to keeping staff fully informed of the Company's financial progress to involve them as much as possible in the activities of the Company. Information is communicated through Bauer's Intranet - Media Vine - and periodic discussions take place to keep people informed and seek out their ideas and opinions.

#### Directors' responsibilities statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting 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;
- 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

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**RADIO CLYDE LIMITED**

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**Directors' Report  
For the Year Ended 31 December 2012**

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**Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, Grant Thornton UK LLP, has indicated its willingness to continue in office. The Company has elected under section 487 of the Companies Act 2006 not to re-appoint the auditor annually. Therefore the auditor, Grant Thornton UK LLP, is deemed to be re-appointed for the next financial year.

This report was approved by the board on 24 July 2013

and signed on its behalf.



**D Ford**  
Director

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## RADIO CLYDE LIMITED

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### Independent Auditor's Report to the Members of Radio Clyde Limited

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We have audited the financial statements of Radio Clyde Limited for the year ended 31 December 2012, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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, 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 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 Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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.

*Grant Thornton UK LLP*

Richard Hagley (Senior Statutory Auditor)

for and on behalf of  
**Grant Thornton UK LLP**

Statutory Auditor  
Chartered Accountants

London  
Date: 25 July 2013

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**RADIO CLYDE LIMITED**

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**Profit and Loss Account  
For the Year Ended 31 December 2012**

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	<b>Note</b>	<b>2012 £000</b>	<b>2011 £000</b>
<b>Turnover</b>	1,2	<b>9,021</b>	<b>9,533</b>
Cost of sales		<b>(1,201)</b>	<b>(1,252)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>7,820</b>	<b>8,281</b>
Administrative expenses		<b>(5,686)</b>	<b>(5,486)</b>
Other operating income	3	<b>43</b>	<b>-</b>
		<hr/>	<hr/>
<b>Operating profit</b>	4	<b>2,177</b>	<b>2,795</b>
Interest receivable and similar income		<b>17</b>	<b>20</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>2,194</b>	<b>2,815</b>
Tax on profit on ordinary activities	6	<b>(556)</b>	<b>(783)</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>1,638</b>	<b>2,032</b>
		<hr/>	<hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account.

The notes on pages 7 to 14 form part of these financial statements.

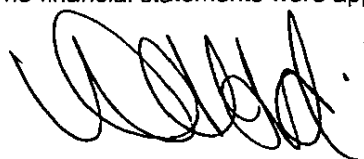


**RADIO CLYDE LIMITED**  
Registered number: SC131754

**Balance Sheet**  
**As at 31 December 2012**

	Note	£000	2012 £000	2011 £000
<b>Fixed assets</b>				
Tangible assets	7		1,609	1,689
<b>Current assets</b>				
Debtors	8	1,608		4,610
Cash at bank		1		1
		<u>1,609</u>		<u>4,611</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(920)</u>		<u>(1,234)</u>
<b>Net current assets</b>			<u>689</u>	<u>3,377</u>
<b>Total assets less current liabilities</b>			<u>2,298</u>	<u>5,066</u>
<b>Provisions for liabilities</b>				
Deferred tax	10		<u>(121)</u>	<u>(127)</u>
<b>Net assets</b>			<u>2,177</u>	<u>4,939</u>
<b>Capital and reserves</b>				
Called up share capital	11		-	-
Profit and loss account	12		<u>2,177</u>	<u>4,939</u>
<b>Shareholders' funds</b>	13		<u>2,177</u>	<u>4,939</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

 24 July 2013

**D Ford**  
Director

The notes on pages 7 to 14 form part of these financial statements.

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## **RADIO CLYDE LIMITED**

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### **Notes to the Financial Statements For the Year Ended 31 December 2012**

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#### **1. Accounting Policies**

##### **1.1 Basis of preparation of financial statements**

These financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The directors, in accordance with the Financial Reporting Standard 18, "Accounting Policies" ("FRS 18"), confirm that the accounting policies used by the Company are the most appropriate, consistently applied and adequately disclosed.

##### **1.2 Cash flow**

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### **1.3 Turnover**

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to a third party, or for services provided, at the point when it is probable that the economic benefits will flow to the Company and when the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration.

Radio advertising revenue is recognised on the date of broadcast.

##### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	40 years
Office equipment and vehicles	-	3 - 5 years

##### **1.5 Operating leases**

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

##### **1.6 Dividends payable**

Dividend distributions to the Company's shareholders are recognised as a liability either in the period in which the dividends are approved by the Company's shareholders or, in the case of interim dividends when the dividend is paid.

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## RADIO CLYDE LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2012

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#### 1. Accounting Policies (continued)

##### 1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

##### 1.8 Pensions

The Bauer Group, of which the Company is a subsidiary, operates a defined contribution pension scheme provided by Scottish Widows known as Bauer Consumer Media Pension scheme for all eligible staff across the Group. The costs of this pension scheme are charged to the profit and loss account as they become payable.

##### 1.9 Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be released, the release is recognised only when it is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the time value of money has a material effect on quantifying the provision, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance charge.

#### 2. Turnover

The Company takes part in barter advertising deals the value of which are included in both turnover and cost of sales. The value of these transactions in the year amounted to £40,250 (2011: £52,356).

All turnover arose within the United Kingdom.

#### 3. Other operating income

	2012 £000	2011 £000
Licensing income	43	-

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**RADIO CLYDE LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2012**

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**4. Operating profit**

The operating profit is stated after charging:

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Depreciation of tangible fixed assets:		
- owned by the company	<b>96</b>	106
Operating lease rentals:		
- plant and machinery	<b>127</b>	105
- other operating leases	<b>5</b>	5
	<u><b>228</b></u>	<u>216</u>

During the year, no director received any emoluments (2011 - £NIL).

Fees for the audit of the Company were borne by a fellow group undertaking, Bauer Radio Limited, for both years and have not been recharged.

There were no fees paid to the Company's auditor, Grant Thornton UK LLP, for any non audit services to the Company for both years.

Some operating leases refer to car leases and they have no commitments at the year end for future rentals.

**5. Staff costs**

Staff costs were as follows:

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Wages and salaries	<b>1,450</b>	1,467
Social security costs	<b>169</b>	173
Other pension costs	<b>37</b>	33
	<u><b>1,656</b></u>	<u>1,673</u>

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

	<b>2012</b> <b>No.</b>	<b>2011</b> <b>No.</b>
UK full-time employees	<b>37</b>	37

# RADIO CLYDE LIMITED

## Notes to the Financial Statements For the Year Ended 31 December 2012

### 6. Taxation

	2012 £000	2011 £000
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	565	776
Adjustments in respect of prior periods	(3)	1
<b>Total current tax</b>	<u>562</u>	<u>777</u>
<b>Deferred tax</b>		
Effect of decreased tax rate on opening asset	(9)	(9)
Deferred tax - current year	9	18
Deferred tax - prior year	(6)	(3)
<b>Total deferred tax</b> (see note 10)	<u>(6)</u>	<u>6</u>
<b>Tax on profit on ordinary activities</b>	<u>556</u>	<u>783</u>

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below:

	2012 £000	2011 £000
Profit on ordinary activities before tax	<u>2,194</u>	<u>2,815</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	538	746
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	37	47
Capital allowances for year in excess of depreciation	(10)	(17)
Adjustments to tax charge in respect of prior periods	(3)	1
<b>Current tax charge for the year</b> (see note above)	<u>562</u>	<u>777</u>

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**RADIO CLYDE LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2012**

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**6. Taxation (continued)**

**Factors that may affect future tax charges**

The standard rate of Corporation Tax in the UK reduced from 26% to 24% with effect from 1 April 2012. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 24.5%.

The rate of writing down allowances on the main pool of plant and machinery and on the special rate pool fell from 20% and 10% to 18% and 8% respectively with effect from 1 April 2012.

The March 2012 Budget Announcement proposed that the main rate of corporation tax would be reduced to 24% from 1 April 2012 and 23% from 1 April 2013, with a further reduction of the rate to 21% by 1 April 2014. As the rate changes for 2012 and 2013 were substantively enacted at the balance sheet date, the deferred tax asset has been restated to reflect the reduced tax rate of 23%. The effect of this in these financial statements is not material.

The March 2013 Budget announcement included a further proposal to reduce the main rate of corporation tax to 20% from 1 April 2015. As this change or the reduction to 21% from 1 April 2014 had not been substantively enacted at the balance sheet date no account has been taken of them in these financial statements.

The overall effect of the further changes from 23% to 20% if applied to the deferred tax balance at 31 December 2012 would not be material.

**7. Tangible fixed assets**

	<b>Freehold property £000</b>	<b>Office equipment and vehicles £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2012	2,321	627	2,948
Additions	-	16	16
At 31 December 2012	2,321	643	2,964
<b>Depreciation</b>			
At 1 January 2012	733	526	1,259
Charge for the year	53	43	96
At 31 December 2012	786	569	1,355
<b>Net book value</b>			
At 31 December 2012	1,535	74	1,609
At 31 December 2011	1,588	101	1,689

Included in land and buildings is freehold land of £209,000 (2011 - £209,000) which is not depreciated.

# RADIO CLYDE LIMITED

## Notes to the Financial Statements For the Year Ended 31 December 2012

### 8. Debtors

	2012 £000	2011 £000
Amounts owed by group undertakings	1,254	4,320
Other debtors	69	56
Prepayments and accrued income	285	234
	<u>1,608</u>	<u>4,610</u>

Amounts owed by other group undertakings are unsecured, have no fixed date of repayment and bear interest at the SONIA rate.

The Company's trade debtors are now held centrally in one of the Company's parent undertaking, Bauer Radio Limited.

### 9. Creditors: Amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	-	27
Corporation tax	565	776
Social security and other taxes	8	11
Other creditors	103	103
Accruals and deferred income	244	317
	<u>920</u>	<u>1,234</u>

### 10. Deferred taxation

	2012 £000	2011 £000
At beginning of year	127	121
(Released during)/charge for year	(6)	6
	<u>121</u>	<u>127</u>

The provision for deferred taxation is made up as follows:

	2012 £000	2011 £000
Accelerated capital allowances	<u>121</u>	<u>127</u>

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**RADIO CLYDE LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2012**

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**11. Share capital**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**12. Reserves**

	<b>Profit and loss account £000</b>
At 1 January 2012	4,939
Profit for the year	1,638
Dividends: Equity capital	(4,400)
At 31 December 2012	<u>2,177</u>

**13. Reconciliation of movement in shareholders' funds**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Opening shareholders' funds	4,939	2,907
Profit for the year	1,638	2,032
Dividends (Note 14)	(4,400)	-
Closing shareholders' funds	<u>2,177</u>	<u>4,939</u>

**14. Dividends**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Dividends paid on equity capital	<u>4,400</u>	<u>-</u>

**15. Pension commitments**

The Company has participated in a defined contribution pension scheme, the Bauer Consumer Media Pension Scheme operated by Scottish Widows. The pension charge represents contributions due from the employer and during the year it amounted to £36,645 (2011: £33,405).



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## RADIO CLYDE LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2012

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#### 16. Operating lease commitments

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2012	2011	2012	2011
	£000	£000	£000	£000
Expiry date:				
Within 1 year	5	5	8	3

#### 17. Ultimate controlling parties and related party transactions

The immediate parent company is Scottish Radio Holdings Limited.

The only parent undertaking for which Group accounts are drawn up is Heinrich Bauer Verlag Beteiligungs GmbH, registered in Germany. Copies of Heinrich Bauer Verlag Beteiligungs GmbH accounts are publicly available.

Heinrich Bauer Verlag KG, established in Germany, is regarded by the directors as the Company's ultimate controlling party as it is the controlling party of Heinrich Bauer Verlag Beteiligungs GmbH.

The Company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with wholly owned group undertakings.

#### Independent Radio News Limited

One of the Company's parent undertakings, Bauer Radio Limited, owns 22% of the share capital of Independent Radio News Limited. During the year the Company received a rebate of £80,445 (2011: £158,720).

At 31 December 2012 the Company was owed by Independent Radio News Limited £23,385 (2011: £51,707).