Registered number 06251684

GLOBAL RADIO UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

GLOBAL RADIO UK LIMITED

COMPANY INFORMATION

DIRECTORS	A Tabor RFJ Park CL Allen MD Connole SG Miron M Gordon W Harding M Lee (resigned 25 June 2012)
COMPANY SECRETARY	CR Potterell
COMPANY NUMBER	06251684
REGISTERED OFFICE	30 Leicester Square London WC2H 7LA
AUDITOR	KPMG LLP Statutory auditor & Chartered accountants 15 Canada Square London E14 5GL

GLOBAL RADIO UK LIMITED

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012

The Directors present their report and the financial statements of Global Radio UK Limited (the Group) and parent company (the Company) for the year ended 31 March 2012

PRINCIPAL ACTIVITIES

The Group's principal activity is that of a commercial radio licence holder and broadcaster in the United Kingdom Other activities include the provision of services to the radio industry, the operation of entertainment-based internet sites and distribution of material related to each radio brand The Group mainly traded during the year under the following radio brands Heart, Capital, Classic FM, Choice, LBC, Gold and Xfm

The Company is the holding company of the companies of the Group

BUSINESS REVIEW

The year ended 31 March 2012 was another year of continuing progress for Global Radio Adjusted EBITDA, as defined below, increased by 12 5% with the operating margin improving from 25 3% to 27 0%

The further improvement in profitability has been achieved against a background of the continuing effects of the precarious financial situation in the Eurozone countries, the reduction in government spending and ongoing price inflation in the UK affecting consumer spending

Against these many negative factors in the wider economic background, the Directors believe that the 6 6% growth we achieved in commercial revenues in the year to 31 March 2012 represents an excellent performance and outperformed the industry as a whole which grew by 5 9% in the same period (Source Radio Advertising Bureau website) Our continuing growth is testament to the excellent commercial sales teams we employ across the Group Their excellence was again recognised by their peers, where for the second year running, we won both the Media Week National Sales Team of the Year award and the Campaign Cross-Media Sales Team of the Year award

Our programming teams also maintained their excellent work, with our average weekly listening hours of 167 8m hours, up 0 6% on the prior year's figure of 166 8m hours Our share of overall radio listening increased from 15 9% to 16 0% in the year and Global Radio's stations now reach 19 3m adults in the UK every week (Source Rajar)

Having successfully created the Heart network in 2009, we created the new Capital network in January 2011, and that move has been popular with our listeners in its first year since its creation, where we increased our weekly reach by 4 5% with 7 0m adults now tuning in each week (2011 6 7m) The flagship station for the network, 95 8 Capital FM now reaches 2 27m adults in London every week, and has regained its position as the capital city's biggest commercial radio station (Source Rajar) The creation of the Capital network also proved popular with our advertisers, with radio revenues up by 15% year on year

On 19 March 2012 the Group acquired 100% of the share capital of Atlantic Broadcasting Limited, a radio station broadcasting in Cornwall

Financial performance

The consolidated profit and loss account is set out on page 8 and shows that Global Radio's turnover for the year ended 31 March 2012 amounted to £209 4m (2011 £199 0m) Operating profit for the year ended 31 March 2012 amounted to £33 3m (2011 £21 2m) Operating profit is stated after charging depreciation of £5 2m (2011 £5 5m) and goodwill amortisation of £18 5m (2011 £19 8m)

The Directors consider that earnings before interest, tax, depreciation, amortisation, impairment provisions and redundancy, integration and property costs ("Adjusted EBITDA") is a key measure for the Group as it shows the underlying trading performance of the business The pro forma results set out below show that the Group's commercial revenues increased by 6 6% in the year ended 31 March 2012 on a like-for-like basis, and, the

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012

Adjusted EBITDA for the year ended 31 March 2012 amounted to £56 6m, a 12 5% increase on the comparative figure for the year ended 31 March 2011 of £50 3m

	2012 £m	2011 £m
Commercial revenues	193 1	181 2
Other revenues	16 3	17 8
Total group turnover	209 4	199 0
Cost of sales	36 8	37 7
Gross profit	172 6	161 3
Operating costs (note 1)	116 0	111 0
Adjusted EBITDA (note 2)	56 6	50 3
	27 0 %	25 3 %

Note 1 Operating costs exclude depreciation, amortisation and restructuring/integration costs comprising redundancy and property costs

Note 2 Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation and is stated before charging restructuring/integration costs comprising redundancy and property costs,

Under Financial Reporting Standard no 11 – Impairment of Assets and Goodwill, the Directors are required to consider the carrying value of goodwill where there has been an indicator that its value may have been impaired The Directors consider there has been no indicator of impairment and therefore consider that the carrying value of goodwill at 31 March 2012 is not less than its recoverable amount

Interest

The net financing costs for the year were £62 0m (2011 £55 5m) which includes rolled up interest on certain shareholder and connected party loan notes Interest is made up of both bank interest and interest on loans to shareholders

The terms of the bank loan are as follows

Senior Term Loan - £80,000,000 (2011 £92,000,000) This has been shown in current liabilities as it fell due within less than one year On 26 April 2012 the Group completed a refinancing of its previous £110,000,000 term loan banking facility with new reduced banking facilities comprising a new £65,000,000 term loan facility and £15,000,000 of working capital facilities (note 16) The proceeds of the new term loan facility was used with company cash resources to repay the outstanding amount of £80,000,000 on the previous term loan facility The interest rate payable on the facilities is LIBOR plus a margin that is based on a ratchet, which depends on the EBITDA performance of the Group The interest rate margin rate currently payable on the facility is lower than that the Group was paying under the previous facility The new three-year facilities agreement has the ability to be extended to a five-year facility on the agreement of the Group and its lending banks

The terms of the other loans are as follows

Fixed rate loan notes - £85,043,000 (2011 £73,950,000) Repayable at par in June 2015 Bear interest at 15% per annum The loan notes are listed on the Channel Island Stock Exchange ("CISX") and held by the Group's ultimate holding company

Shareholder loan notes - £147,886,000 (2011 £128,597,000) Repayable at par in June 2016 Bear interest at 15% per annum The loan notes are listed on the CISX and held by the Group's ultimate holding company

Loan note from connected party - £251,898,000 (2011 £224,890,000) Repayable at par in June 2016 Bears interest at a margin of 10 5% per annum above LIBOR The loan note is listed on the CISX

Going concern

The Directors consider it appropriate to prepare the financial statements on a going concern basis and a full review of the going concern position of the Company and its subsidiaries is given in note 1 of the financial statements

Post balance sheet events

Note 31 to the financial statements on page 35 sets out post balance sheet events

RESULTS AND DIVIDENDS

The loss for the year, after taxation and minority interests, amounted to £28,967,000 *(2011 - £33,690,000)*

The Directors do not recommend the payment of a dividend (2011 £nil)

DIRECTORS

The Directors who served during the year and to the date of this report were

A Tabor
RFJ Park
CL Allen
MD Connole
SG Miron
M Gordon
W Harding
M Lee (resigned 25 June 2012)

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group is involved with a number of charities that are linked to its radio operations and during the course of the financial year, the Group's charities were involved in fundraising activities which generated over £3 1m (2011 £3 7m) for its own and many other third-party causes

In the last twelve months the Group has run two significant live music events for its listeners in the 95-106 Capital FM Summertime Ball in June 2011 and the 95-106 Capital FM Jingle Bell Ball in December 2011, both of which raised significant funds for the main associated charity, Help a Capital Child

As well as providing significant radio airtime to promote the activities and events of its charities, the Group provides a number of services to these charities, including the use of offices and administration services, free of charge

The Group's donations to external charities amounted to £1,290 (2011 £669) No contributions were made to political organisations The charitable and political donations of the Company amounted to £nil (2011 £nil)

PRINCIPAL RISKS AND UNCERTAINTIES

The business uses key performance indicators which are monitored on a regular basis and include audience trends such as weekly reach, listening hours, share of the market and demographic mix, as well as financial indicators such as turnover, Adjusted EBITDA and operating margins Variance analysis is performed monthly and variances are monitored and discussed within a formal meeting structure

The risks are monitored and managed at a Group level and by local management teams The principal risks faced by the business can be divided into operational, commercial, financial and credit risks

Operational Audience levels at the Group's stations could erode the Group's position, both in local markets and in the national marketplace if they were to decline To address this, the Group markets its radio brands regularly and continually strives to improve programming standards to increase audiences The Group carries out research on its listeners, building profiles of their likes and dislikes, and uses this to develop both the sound of the stations, and the music they play

Commercial There is a risk that a continued weakness in the advertising market could put pressure on traditional revenue streams To address this, the Group has been developing its relationship with advertisers and agencies to ensure that the value of its brands is fully realised This includes offering tailored solutions to advertisers and highlighting the breadth of our products The development of new media opportunities is at the heart of the Group's strategy, which over time will reduce the pressure on our traditional revenue generators

Financial risks As noted above, the Group is primarily funded by debt Bank debt has been reduced significantly in the year The Group's operations are cash-generative, and a general exposure to liquidity risk is considered to be low

Credit risk The Group actively mitigates the risk of payment default by its customers by the use of trade credit insurance and by reviewing outstanding payments and provisions for payment default regularly

FINANCIAL INSTRUMENTS

The Group's risk management process and the policies for mitigating certain type of risks are set out in note 35 Details of the financial instruments used for these purposes are in note 35 to the consolidated financial statements

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

Community involvement is a mainstay of the Group's radio operations and the Group considers that this extends equally to its position in the business community The Group does not follow a code but operates a payment policy to agreed terms in settling outstanding debts For certain types of regular contracted services, the Group encourages direct debit or standing order arrangements Most other supplies are on an ad hoc basis and the terms of payment are agreed when the order is placed The majority of payments are made by electronic transfer direct to suppliers' bank accounts The Company had no trade creditors at the year end (2012 and 2011 creditor days - nil)

EMPLOYEE INVOLVEMENT

The Group places considerable value on the involvement of its employees and has continued its previous practice of ensuring effective two-way communication on matters affecting them as employees and on the various factors affecting the performance of the Group This is achieved through formal meetings and the Group intranet Employees are consulted monthly on a wide range of matters affecting their current and future interests

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Directors benefit from qualifying third party indemnity provisions in place The Group also provided qualifying third party indemnity provisions to certain directors of associated companies during the financial year

PROVISION OF INFORMATION TO THE 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 Group and the Company's auditor is unaware, and
- that each 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 Group and the Company's auditor in connection with preparing its report and to establish that the Group and the Company's auditor is aware of that information

AUDITOR

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 27TH JULY 2012 and signed on its behalf

MD Connole
Director

30 Leicester Square
London
WC2H 7LA

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

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 Group and parent company 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 Group and 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL RADIO UK LIMITED

We have audited the financial statements of Global Radio UK Limited for the year ended 31 March 2012, set out on pages 8 to 40 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 on page 6, 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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2012 and of the Group's loss 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

John Bennett

JC Bennett (Senior statutory auditor)
for and on behalf of
KPMG LLP
Statutory auditor
Chartered accountants
15 Canada Square
London
E14 5GL
Date 27 July 2012

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £000	*2011* *£000*
TURNOVER	1,2	**209,448**	*199,041*
Cost of sales		**(36,848)**	*(37,731)*
GROSS PROFIT		**172,600**	*161,310*
Administrative expenses		**(139,286)**	*(140,138)*
OPERATING PROFIT	3	**33,314**	*21,172*
Income from interests in associated undertakings		**955**	*1,117*
Income from other fixed asset investments		**11**	*71*
Profit on disposal of investments		**-**	*365*
Interest receivable and similar income	7	**771**	*376*
Interest payable and similar charges	8	**(63,247)**	*(56,108)*
Other finance income	9	**473**	*258*
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(27,723)**	*(32,749)*
Tax on loss on ordinary activities	10	**257**	*786*
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		**(27,466)**	*(31,963)*
Minority interests	22	**(1,501)**	*(1,727)*
LOSS FOR THE FINANCIAL YEAR	20	**(28,967)**	*(33,690)*

All amounts relate to continuing operations

The notes on pages 13 to 40 form part of these financial statements

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £000	*2011 £000*
LOSS FOR THE FINANCIAL YEAR		**(28,967)**	*(33,690)*
Actuarial (loss)/gain related to pension scheme	20,28	**(4,039)**	*1,309*
Decrease/(increase) in pension surplus not recognised	20,28	**1,700**	*(2,172)*
TOTAL RECOGNISED GAINS AND (LOSSES) RELATING TO THE FINANCIAL YEAR		**(31,306)**	*(34,553)*

The notes on pages 13 to 40 form part of these financial statements

GLOBAL RADIO UK LIMITED
REGISTERED NUMBER 06251684

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2012

	Note		2012 £000		*2011 £000*
FIXED ASSETS					
Intangible assets	11		**296,130**		*313,470*
Tangible assets	12		**22,081**		*17,785*
Other investments	13		**107**		*197*
Investments in associates	13		**1,711**		*1,785*
			320,029		*333,237*
CURRENT ASSETS					
Debtors	14	**35,493**		*31,155*	
Cash at bank and in hand		**90,467**		*61,632*	
		125,960		*92,787*	
CREDITORS amounts falling due within one year	15	**(137,347)**		*(61,615)*	
NET CURRENT (LIABILITIES)/ASSETS			**(11,387)**		*31,172*
TOTAL ASSETS LESS CURRENT LIABILITIES			**308,642**		*364,409*
CREDITORS amounts falling due after more than one year	16		**690,969**		*713,579*
PROVISIONS FOR LIABILITIES					
Provisions	18		**3,491**		*5,161*
CAPITAL AND RESERVES					
Called up share capital	19		**-**		*-*
Profit and loss account	20		**(387,172)**		*(355,866)*
			307,288		*362,874*
MINORITY INTERESTS	22		**1,354**		*1,535*
			308,642		*364,409*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27TH JULY 2012

MD Connole
Director

The notes on pages 13 to 40 form part of these financial statements

GLOBAL RADIO UK LIMITED
REGISTERED NUMBER: 06251684

COMPANY BALANCE SHEET
AS AT 31 MARCH 2012

	Note	£000	2012 £000	£000	2011 £000
FIXED ASSETS					
Investments	13		346,360		346,360
CURRENT ASSETS					
Debtors	14	129,750		120,046	
Cash at bank		2,067		2,940	
		131,817		122,986	
CREDITORS amounts falling due within one year	15	(96,444)		(26,222)	
NET CURRENT ASSETS			35,373		96,764
TOTAL ASSETS LESS CURRENT LIABILITIES			381,733		443,124
CREDITORS amounts falling due after more than one year	16		690,870		713,481
CAPITAL AND RESERVES					
Called up share capital	19		-		-
Profit and loss account	20		(309,137)		(270,357)
			381,733		443,124

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27TH JULY 2012

MD Connole
Director

The notes on pages 13 to 40 form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £000	*2011* *£000*
Net cash flow from operating activities	23	53,724	*43,507*
Dividends received from associated undertakings		1,029	*315*
Returns on investments and servicing of finance	24	(3,518)	*(4,735)*
Taxation		177	*381*
Capital expenditure and financial investment	24	(9,175)	*(4,729)*
Acquisitions and disposals	24	(1,402)	*365*
CASH INFLOW BEFORE FINANCING		40,835	*35,104*
Financing	24	(12,000)	*(12,000)*
INCREASE IN CASH IN THE YEAR		28,835	*23,104*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 31 MARCH 2012

	2012 £000	*2011* *£000*
Increase in cash in the year	28,835	*23,104*
Cash outflow from decrease in debt and lease financing	12,000	*12,000*
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	40,835	*35,104*
Loan note and other interest added to principal	(59,674)	*(46,528)*
MOVEMENT IN NET DEBT IN THE YEAR	(18,839)	*(11,424)*
Net debt at 1 April 2011	(678,098)	*(666,674)*
NET DEBT AT 31 MARCH 2012	(696,937)	*(678,098)*

The notes on pages 13 to 40 form part of these financial statements

1 ACCOUNTING POLICIES

1 1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

The following amendments to standards have been adopted in these financial statements for the first time

Improvements to FRSs (mandatory for periods starting on/after 1 January 2011) FRS 8 Related Party Disclosures is amended to replace the definition of a related party with that set out in UK law

There has been no impact on the financial statements following the adoption of this standard

The following new and amendments to standards are not yet effective

The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) (Amendment) Regulations 2011 is mandatory for periods starting on/after 1 October 2011

1 2 Going concern

At 31 March 2012 the Group had net liabilities of £385,818,000 (2011 £354,331,000)

The Group has prepared detailed forecasts of expected future cash flows for the three years ending 31 March 2015 ("the forecast") The Board considers the forecast has been prepared on a prudent basis taking into account current consensus forecasts of the radio advertising market However, the Group has also prepared a worse than expected downside scenario Even under this sensitised scenario, the forecasts indicate that the Group can continue to trade for the foreseeable future and operate within its new facility and the associated financial covenants

Notwithstanding the net liabilities referred to above, the Directors consider it appropriate to prepare the financial statements on a going concern basis

On 26 April 2012, the Group completed a re-financing of its banking facilities New banking facilities of £80,000,000 were agreed on that date The new three-year facilities agreement has the ability to be extended to a five-year facility on the agreement of the Group and its lending banks

On 12 June 2012 the Group repaid £50,000,000 of loans from a connected party

On 25 June 2012 the Group announced that it had acquired GMG Radio from Guardian Media Group plc The acquisition includes the network of stations operating under the Real Radio and Smooth Radio brand names Global intends to make a formal request for a fast track reference to the Competition Commission where the transaction will undergo a full competition review During this time the acquired stations will be managed separately from the Global Radio business in accordance with hold separate undertakings given to the Office of Fair Trading The acquisition was financed by existing cash and a loan from a connected party

1 ACCOUNTING POLICIES (continued)

1 3 Basis of consolidation

The financial statements consolidate the financial statements of Global Radio UK Limited and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries acquired during the year are included from the effective date of acquisition

The consolidated financial statements have been made up under the acquisition method of accounting Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

An associate is an undertaking in which the Group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control The Group's share of the profits less losses of associates and joint ventures is included in the consolidated profit and loss account and its interest in their net assets or liabilities is included in investments in the consolidated balance sheet

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account The loss for the year dealt with in the accounts of the Company was £38,780,000 (2011 - £26,591,000)

1 4 Turnover

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

Radio airtime revenue generated by the sale of advertising space is recognised on the date of broadcast Sponsorship, internet revenue and transmission fees for the digital multiplexes are recognised evenly over the life of the contract in accordance with specific contract terms if applicable Revenue for the production of advertisements is recognised on the date of release to the client Enterprise revenue relating to events is recognised upon agreed settlement with all related parties and CD revenue is recognised on date of sale Revenue on barter transactions is recognised only when the goods or services being exchanged are of a dissimilar nature

1 5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities It is amortised to the profit and loss account over its estimated economic life

The Directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises The goodwill is being amortised over a period of twenty years, being the Directors' best estimate of its useful economic life This largely equates to the remaining life of the Group's radio licence portfolio and assumes that the Group successfully renews each licence for a further term

1 ACCOUNTING POLICIES (continued)

1 6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	2%-4% per annum straight-line
Long-term leasehold property	-	2%-6% per annum straight-line
Short-term leasehold property	-	over term of lease or, where lease is renewable, 5% per annum
Fixtures and technical equipment	-	10%-33% per annum straight-line
Transmitters	-	5% per annum straight-line

Land is not depreciated

1 7 Investments

(i) Subsidiary undertakings
Investments in subsidiaries are valued at cost less provision for impairment

(ii) Associated undertakings
Investments in associates are stated at the amount of the Group's share of net assets The profit and loss account includes the Group's share of the associated companies' profits or losses after taxation using the equity accounting basis

(iii) Other investments
Investments held as fixed assets are shown at cost less provision for impairment

1 8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives Assets acquired by hire purchase are depreciated over their useful lives Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1 9 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1 ACCOUNTING POLICIES (continued)

1.10 Post retirement benefits

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year

The Group also operates two defined benefit pension schemes and the pension charge is based on full actuarial valuations dated 30 September 2008

Pension scheme assets are measured using market values For quoted securities the current bid price is taken as market value Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme surplus/deficit is split between administrative expenses, other finance income and actuarial gains and losses in the consolidated statement of total recognised gains and losses

1 11 Related party transactions

The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties)

1 12 Interest bearing borrowings

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount

1 13 Share based payments

On 21 February 2011, a number of employees acquired B ordinary shares in Global Radio Holdings Limited (GRHL), a subsidiary of the Company These B shares are subject to rights whereby the employees may sell the shares to GRHL or GRHL may acquire the shares from the employees for cash within a 60 day window starting on 1 August 2014, 31 August 2015 and 31 August 2016 respectively The value at which the shares can be bought or sold is determined by a formula based on the future growth in value of the shares over a certain minimum threshold value Under FRS 20 - Share based payments, the liability arising has been treated as a cash settled share based payment transaction The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment

The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account

2 TURNOVER

An analysis of turnover by class of business is as follows

	2012 £000	2011 £000
Commercial revenues	193,099	181,199
Other revenues	16,349	17,842
	209,448	199,041

All turnover arose within the United Kingdom

Commercial revenues are attributable to operating as a commercial radio broadcaster and its related advertising revenue Other revenues includes income from other enterprises, events, commission earned from third party sales, internet partnerships, and transmission fees for the digital multiplexes, whose contribution to the Group is not considered material on an individual basis and accordingly are grouped in the same activity

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2012 £000	2011 £000
Amortisation - intangible fixed assets	18,521	19,800
Depreciation of tangible fixed assets		
- owned by the Group	5,236	5,548
Operating lease rentals		
- plant and machinery	1,044	1,006
- other operating leases	4,979	5,165
Profit on disposal of fixed assets	(283)	(41)
Restructuring costs/(release of provision)	(229)	3,437
Impairment of fixed asset investments	90	390

4 AUDITOR'S REMUNERATION

	2012 £000	2011 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	40	40
Fees payable to the Group's auditor and its associates in respect of		
The auditing of accounts of associates of the Group pursuant to legislation	100	100
Other services relating to taxation	-	9
All other services	20	19

5 STAFF COSTS

Staff costs, including Directors' remuneration, were as follows

	2012 £000	2011 £000
Wages and salaries	49,166	44,613
Social security costs	5,587	5,022
Other pension costs (note 28)	1,101	974
	55,854	50,609

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

	2012 No	2011 No
Sales	855	853
Administration	204	216
	1,059	1,069

6. DIRECTORS' REMUNERATION

	2012 £000	*2011 £000*
Emoluments	4,294	*4,196*
Amounts receivable under long-term incentive schemes	-	*1,400*
Company pension contributions to defined contribution pension schemes	132	*132*

During the year retirement benefits were accruing to 5 Directors *(2011 - 4)* in respect of defined contribution pension schemes

The highest paid Director received remuneration of £2,002,000 *(2011 - £3,301,000)*

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £000	*2011 £000*
Bank interest receivable	771	*376*

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £000	*2011 £000*
On bank loans and overdrafts	3,440	*4,240*
On other loans	59,674	*51,868*
Settlement of debt issue costs and hedge contracts	133	*-*
	63,247	*56,108*

9 OTHER FINANCE INCOME

	2012 £000	*2011 £000*
Expected return on pension scheme assets	1,871	*1,708*
Interest on pension scheme liabilities	(1,398)	*(1,450)*
	473	*258*

10. TAXATION

	2012 £000	*2011 £000*
Analysis of tax credit in the year		
UK corporation tax charge on loss for the year	**1,261**	*1,268*
Adjustments in respect of prior periods	**(1,518)**	*(2,054)*
Tax credit on loss on ordinary activities	**(257)**	*(786)*

Factors affecting tax credit 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 26% *(2011 - 28%)* The differences are explained below

	2012 £000	*2011 £000*
Loss on ordinary activities before tax	**(27,723)**	*(32,749)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% *(2011 - 28%)*	**(7,208)**	*(9,170)*
Effects of		
Non-tax deductible amortisation of goodwill and impairment	**4,745**	*5,282*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**574**	*(257)*
Depreciation/(capital allowances) for year in excess of capital allowances/(depreciation)	**1,231**	*(330)*
Restriction on interest allowable for tax	**1,804**	*-*
Adjustments to tax charge in respect of prior periods	**(1,518)**	*(2,054)*
Profit on disposal of property	**(65)**	*-*
Capital gains	**-**	*(151)*
Special factors affecting joint-ventures and associates leading to an increase in the tax credit	**(248)**	*(313)*
Unrelieved tax losses carried forward	**431**	*6,227*
UK dividend income from associates	**(3)**	*(20)*
Current tax credit for the year (see above)	**(257)**	*(786)*

Factors that may affect future tax (credits)/charges

On 21 March 2012 the Chancellor announced the reduction in the main rate of UK corporation tax to 24 per cent with effect from 1 April 2012 This change became substantively enacted on 26 March 2012 and therefore the effect of the rate reduction creates a reduction in the deferred tax asset which has been included in the figures in note 17 The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 22 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above The impact of the future rate reductions will be accounted for to the extent that they are enacted at the balance sheet date, however it is estimated that this will not have a material effect on the Group or the Company

11 INTANGIBLE FIXED ASSETS

	Goodwill
Group	**£000**
Cost	
At 1 April 2011	**573,764**
On acquisition of subsidiaries	**1,181**
At 31 March 2012	**574,945**
Amortisation	
At 1 April 2011	**260,294**
Charge for the year	**18,521**
At 31 March 2012	**278,815**
Net book value	
At 31 March 2012	**296,130**
At 31 March 2011	*313,470*

On 19 March 2012 the Group acquired 100% of the share capital of Atlantic Broadcasting Limited for cash consideration of £1,402,000 (including costs of acquisition) Net assets acquired were £221,000 After fair value adjustments, the goodwill arising on this acquisition was £1,181,000

12. TANGIBLE FIXED ASSETS

Group	Land and buildings £000	Transmitters, fixtures and technical equipment £000	Total £000
Cost			
At 1 April 2011	13,352	16,354	29,706
Additions	6,180	3,502	9,682
Disposals	(845)	(35)	(880)
On acquisition of subsidiaries	53	21	74
At 31 March 2012	18,740	19,842	38,582
Depreciation			
At 1 April 2011	2,641	9,280	11,921
Charge for the year	1,695	3,541	5,236
On disposals	(644)	(12)	(656)
At 31 March 2012	3,692	12,809	16,501
Net book value			
At 31 March 2012	15,048	7,033	22,081
At 31 March 2011	*10,711*	*7,074*	*17,785*

As at 31 March 2012, the net book value of land and buildings comprises

Freehold	£3,049,000	(2011 £3,143,000)
Long leasehold	£7,004,000	(2011 £1,116,000)
Short leasehold	£4,995,000	(2011 £6,452,000)

13 FIXED ASSET INVESTMENTS

Group	Investments in associates £000	Other fixed asset investments £000	Total £000
Cost or valuation			
At 1 April 2011	1,785	586	2,371
Share of loss	(74)	-	(74)
At 31 March 2012	1,711	586	2,297
Provisions			
At 1 April 2011	-	389	389
Impairment charge	-	90	90
At 31 March 2012	-	479	479
Net book value			
At 31 March 2012	1,711	107	1,818
At 31 March 2011	*1,785*	*197*	*1,982*

Associated undertakings and other investments

The Group holds a 2 53% holding in UBC Media Group plc ("UBC")

A list of associated undertakings of the Group and their principal activities can be found in note 34

Company	Investments in subsidiary companies £000	Loans to subsidiaries £000	Total £000
Cost or valuation			
At 1 April 2011 and 31 March 2012	90,940	255,420	346,360
Net book value			
At 31 March 2012	90,940	255,420	346,360
At 31 March 2011	*90,940*	*255,420*	*346,360*

A list of subsidiary and associated undertakings can be found in note 34

Loans to subsidiary undertakings relate to the Group's acquisition of GCap Media Plc The Directors consider that, in substance, this loan represents a long-term investment in its subsidiary, Global Radio Acquisitions Limited, and have classified this as an investment

14 DEBTORS

	Group		Company	
	2012	*2011*	**2012**	*2011*
	£000	*£000*	**£000**	*£000*
Trade debtors	**29,036**	*25,326*	-	-
Amounts owed by group undertakings	-	-	**129,750**	*120,046*
Other debtors	**764**	*939*	-	-
Prepayments and accrued income	**5,693**	*4,890*	-	-
	35,493	*31,155*	**129,750**	*120,046*

15 CREDITORS
Amounts falling due within one year

	Group		Company	
	2012	*2011*	**2012**	*2011*
	£000	*£000*	**£000**	*£000*
Bank loans and overdrafts (note 16)	**80,000**	*12,000*	**80,000**	*12,000*
Other loans (note 16)	**16,435**	*14,151*	**16,435**	*14,151*
Trade creditors	**6,242**	*4,000*	-	-
Corporation tax	**640**	*720*	-	-
Social security and other taxes	**6,895**	*7,055*	-	-
Other creditors	**4,911**	*7,446*	**9**	*71*
Accruals and deferred income	**22,224**	*16,243*	-	-
	137,347	*61,615*	**96,444**	*26,222*

16 CREDITORS
Amounts falling due after more than one year

	Group		Company	
	2012	*2011*	**2012**	*2011*
	£000	*£000*	**£000**	*£000*
Bank loan	-	*80,000*	-	*80,000*
Other loans	**690,969**	*633,579*	**690,870**	*633,481*
	690,969	*713,579*	**690,870**	*713,481*

16 CREDITORS

Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows

	Group		Company	
	2012	*2011*	**2012**	*2011*
	£000	*£000*	**£000**	*£000*
Repayable other than by instalments	**206,142**	*559,629*	**206,044**	*559,531*

The terms of the bank loan are as follows

Senior Term Loan - £80,000,000 (2011 £92,000,000) This has been shown in current liabilities as it fell due within less than one year The bank loan of £80,000,000 was repaid on 30 April 2012 as part of the Group refinancing (see note 31)

The terms of the other loans are as follows

Fixed rate loan notes - £85,043,000 (2011 £73,950,000) Repayable at par in June 2015 Bear interest at 15% per annum The loan notes are listed on the Channel Island Stock Exchange ("CISX") and held by the Group's ultimate holding company

Shareholder loan notes - £147,886,000 (2011 £128,597,000) Repayable at par in June 2016 Bear interest at 15% per annum The loan notes are listed on the CISX and held by the Group's ultimate holding company

Loan note from a connected party - £251,898,000 (2011 £224,890,000) Repayable at par in June 2016 Bears interest at a margin of 10 5% per annum above LIBOR The loan note is listed on the CISX On 12 June 2012 £50,000,000 of this loan was repaid (see note 31)

17 DEFERRED TAXATION

At 31 March 2012 the Group had unrecognised deferred tax assets amounting to £27,265,000 (2011 £26,704,000) This is made up as follows

	2012	*2011*
	£000	*£000*
Excess book depreciation over tax allowances on fixed assets	**5,628**	*3,716*
UK trading losses	**20,892**	*22,717*
Provisions	**745**	*271*
Total	**27,265**	*26,704*

The utilisation of deferred tax assets relies on a number of factors including the future profitability of the UK Group Where the recoverability of these amounts within the foreseeable future is uncertain, a deferred tax asset has not been recognised in these financial statements

18 PROVISIONS

Group	Vacant space £000
At 1 April 2011	5,161
Additions	467
Amounts utilised	(1,433)
Amounts released	(704)
At 31 March 2012	3,491

Vacant space

Included in vacant space provisions arising on acquisition was a provision in relation to future liabilities arising on various properties The remaining balance reflects the best estimate of the Group's exposure on the remaining life of the leases Additional provision has been made in the year in relation to the leased properties within the Group that have been vacated during the period as a result of the changes to broadcast locations and represent the best estimate of the Group's exposure on the remaining life of the leases

The Company has no provisions

19 SHARE CAPITAL

	2012 £000	*2011 £000*
Allotted, called up and fully paid		
1 Ordinary share share of £1	-	-

20 RESERVES

Group	Profit and loss account £000
At 1 April 2011	(355,866)
Loss for the year	(28,967)
Other net losses recognised in respect of the pension schemes	(2,339)
At 31 March 2012	(387,172)

The closing balance on the Consolidated profit and loss account includes a £nil (2011 £nil) debit, stated after deferred taxation of £nil (2011 £nil), in respect of pension scheme liabilities of the Group

20 RESERVES (continued)

Company	Profit and loss account £000
At 1 April 2011	(270,357)
Loss for the year	(38,780)
At 31 March 2012	(309,137)

21 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

Group	2012 £000	*2011 £000*
Opening shareholders' deficit	(355,866)	*(321,313)*
Loss for the year	(28,967)	*(33,690)*
Other net losses recognised in respect of the pension schemes	(2,339)	*(863)*
Closing shareholders' deficit	(387,172)	*(355,866)*

Company	2012 £000	*2011 £000*
Opening shareholders' deficit	(270,357)	*(243,766)*
Loss for the year	(38,780)	*(26,591)*
Closing shareholders' deficit	(309,137)	*(270,357)*

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The loss for the year dealt with in the financial statements of the Company was £38,780,000 *(2011 - £26,591*,000*)*

22 MINORITY INTERESTS

Equity	£000
At 1 April 2011	(1,535)
Share of profit after taxation for the year	(1,501)
Dividends paid to minority interests	1,682
At 31 March 2012	(1,354)

23 NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £000	2011 £000
Operating profit	33,314	21,172
Amortisation of intangible fixed assets	18,521	19,800
Depreciation of tangible fixed assets	5,236	5,548
Profit on disposal of tangible fixed assets	(283)	(41)
(Increase)/decrease in debtors	(4,106)	10,519
Increase/(decrease) in creditors	4,578	(12,279)
(Decrease)/increase in provisions	(1,670)	671
Decrease in net pension liabilities	(1,866)	(1,883)
Net cash inflow from operating activities	53,724	43,507

24 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £000	2011 £000
Returns on investments and servicing of finance		
Interest received	771	376
Interest paid	(3,573)	(4,396)
Dividends received	11	71
Income from investments in associated undertakings	955	1,117
Dividends paid to minority interests	(1,682)	(1,903)
Net cash outflow from returns on investments and servicing of finance	(3,518)	(4,735)

	2012 £000	2011 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(9,682)	(4,854)
Sale of tangible fixed assets	507	125
Net cash outflow from capital expenditure	(9,175)	(4,729)

	2012 £000	2011 £000
Acquisitions and disposals		
Purchase of fixed asset investments	(1,402)	-
Sale of fixed asset investments	-	365
Net cash (outflow)/inflow from acquisitions and disposals	(1,402)	365

24 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2012 £000	*2011* *£000*
Financing		
Repayment of loans	(12,000)	*(12,000)*

25 ANALYSIS OF CHANGES IN NET DEBT

	1 April 2011 £000	Cash flow £000	Other non-cash changes £000	31 March 2012 £000
Cash at bank and in hand	61,632	28,835	-	90,467
Debt				
Debts due within one year	(26,151)	12,000	(82,284)	(96,435)
Debts falling due after more than one year	(713,579)	-	22,610	(690,969)
Net debt	(678,098)	40,835	(59,674)	(696,937)

26 MAJOR NON-CASH TRANSACTIONS

Non-cash movements represent additional shareholder loans issued, and loan note interest accrued to year end

Of the Group's closing cash balance of £90,467,000 at 31 March 2012 (2011 £61,632,000), £1,771,000 (2011 £2,626,000) was held in escrow accounts and its use is restricted to the payment of funding contributions to the Capital Radio Pension and Assurance Scheme

27. CAPITAL COMMITMENTS

At 31 March 2012 the Group and Company had capital commitments as follows

	Group		Company	
	2012 £000	*2011* *£000*	2012 £000	*2011* *£000*
Contracted for but not provided in these financial statements	964	*1,040*	-	-

28 PENSION COMMITMENTS

The Group operates three pension schemes on behalf of its employees The Capital Radio plc Pension and Assurance Scheme (CRPPAS) and the Midlands Radio Group Pension Scheme (MRGPS) are contributory defined benefit schemes Both schemes were closed to new employees from 31 March

28. PENSION COMMITMENTS (continued)

1995 At 31 March 2012 , the MRGPS had 8 (2011 9) active members and the CRPPAS had 6 (2011 6) active members

All current employees are eligible to join the Global Radio Group Personal Pension Plan, which new employees are invited to join when they begin employment with the Group This scheme is a contributory defined contribution arrangement and as at 31 March 2012, 451 (2011 426) employees were active members of this scheme The Group makes age-related contributions to the scheme

The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £973,000 (2011 £851,000)

Contributions amounting to £161,000 (2011 £133,000) were payable to the scheme at the end of the financial year and are included in other creditors

The Group operates two defined benefit pension schemes

The actual return on scheme assets over the period from 31 March 2011 to 31 March 2012 was £1,027,000 for MRGPS and £753,000 for CRPPAS (period from 31 March 2010 to 31 March 2011 was £990,000 and £1,013,000 respectively)

The expected long-term rate of return on assets assumption is assessed by considering the current level of returns on risk-free investments (primarily government bonds) and the expectations for the risk premium of each asset class The expected return for each asset class is then weighted based on the asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio

The amounts recognised in the consolidated balance sheet are as follows

	2012 £000	*2011 £000*
Present value of funded obligations	(29,505)	*(25,799)*
Fair value of scheme assets	32,543	*30,537*
Surplus in scheme	3,038	*4,738*
Surplus not recognised	(3,038)	*(4,738)*
Net asset	-	-

The pension scheme assets include ordinary shares issued by Global Radio UK Limited with a fair value of £NIL *(2011 - £NIL)* Scheme assets also include property occupied by Global Radio UK Limited with a fair value of £NIL *(2011 - £NIL)*

28 PENSION COMMITMENTS (continued)

The amounts recognised in the consolidated profit or loss account are as follows

	2012 **£000**	*2011* *£000*
Current service cost	**(128)**	*(123)*
Interest on obligation	**(1,398)**	*(1,450)*
Expected return on scheme assets	**1,871**	*1,708*
Past service cost	**(17)**	-
Total	**328**	*135*
Actual return on scheme assets	**1,780**	*2,003*

Changes in the present value of the defined benefit obligation are as follows

	2012 **£000**	*2011* *£000*
Opening defined benefit obligation	**25,799**	*27,000*
Current service cost	**128**	*123*
Interest cost	**1,398**	*1,450*
Contributions by scheme participants	**24**	*27*
Actuarial (gains)/losses	**3,948**	*(1,014)*
Past service costs	**17**	-
Benefits paid	**(1,809)**	*(1,787)*
Closing defined benefit obligation	**29,505**	*25,799*

28 PENSION COMMITMENTS (continued)

Changes in the fair value of scheme assets are as follows

	2012 £000	2011 £000
Opening fair value of scheme assets	30,537	28,288
Expected return	1,871	1,708
Actuarial gains and (losses)	(91)	295
Contributions by employer	2,045	2,041
Contributions by scheme participants	24	27
Benefits paid	(1,809)	(1,787)
Expenses paid by scheme	(34)	(35)
	32,543	30,537

The total amount recognised in the consolidated statement of total recognised gains and losses in respect of actuarial losses on assets is £91,000 (2011 gain £295,000), actuarial losses on liabilities is £3,948,000 (2011 gain £1,014,000) and decrease in the limit on the recognised surplus is £1,700,000 (2011 increase £2,172,000)

Cumulative actuarial losses reported in the consolidated statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are £6,776,000 (2011 £2,737,000) The cumulative unrecognised surplus is £3,038,000 (2011 £4,738,000)

The Group expects to contribute £2,000,000 to its defined benefit pension schemes in 2013

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2012	2011
Equities	63 86 %	66 50 %
Bonds	36 14 %	33 50 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2012	2011
Discount rate at 31 March	5 00 %	5 50 %
Expected return on scheme assets at 31 March	5 50 %	5 50 %
Future salary increases	3 25 %	3 50 %
Future pension increases	3 33 %	3 50 %
Inflation assumption	3 25 %	3 50 %
Life expectancy at 65 current pensioners male/female	22 1/24 2	21 4/24 0

28 PENSION COMMITMENTS (continued)

Amounts for the current and previous year are as follows

Defined benefit pension schemes

	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation	(29,505)	(25,799)	(27,000)	(21,380)
Scheme assets	32,543	30,537	28,288	21,925
Surplus	3,038	4,738	1,288	545
Experience adjustments on scheme liabilities	(2,936)	(443)	356	(64)
Experience adjustments on scheme assets	(91)	295	4,430	(5,712)

Only four years of information is shown above as in the previous accounting period there were no defined benefits schemes within the Group Both schemes were acquired upon the acquisition of GCap Media plc by the Group in 2008

Under FRS17 both schemes show a surplus In accordance with FRS 17 , the Group has not recognised an asset in relation to the surplus in the schemes because it is not expected to be recoverable either through reduced contributions in the future or through refunds from the schemes

29 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Operating leases

At 31 March 2012 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012	*2011*	**2012**	*2011*
Group	**£000**	*£000*	**£000**	*£000*
Expiry date				
Within 1 year	**146**	*49*	**199**	*163*
Between 2 and 5 years	**460**	*702*	**1,222**	*970*
After more than 5 years	**3,667**	*4,413*	**-**	*-*

Security

The assets of the Group are pledged to their bankers as security against loans

VAT Group

The Company is a member of a group for VAT purposes, resulting in a joint and severable liability for amounts owing by other Group companies for unpaid VAT

Other commitments

The Group has entered into agreements with transmission supply companies and digital multiples operators for the transmission of its radio stations for periods up to 2022 at competitive prices and to ensure supply At year end the commitment to purchase space on transmitters over this period was £20,400,000 (2011 £29,100,000)

30 RELATED PARTY TRANSACTIONS

The Company is controlled by Global Radio Group Limited, the ultimate controlling company Details of loans outstanding with this entity are given in note 33

The Group has a trading relationship with the Digital Radio Group (London) Ltd, Radio Centre Limited and CE Digital Limited The Group holds significant influence in all these companies and is therefore in a position to exercise significant control over these companies All transactions were conducted at normal commercial rates

a) Digital Radio Group (London) Limited operates a digital radio multiplex and during the year the Group paid £300,000 (2011 £500,000) to this company for transmission services The Group had an outstanding balance of £26,600 at 31 March 2012 (2011 £100,000)

b) Radio Centre Limited is a trade body promoting commercial radio to advertisers Radio Centre Limited is funded by levies paid by the commercial radio industry in the UK based on volumes of advertising revenue During the year the Group paid £2,100,000 (2011 £2,100,000) in levies to Radio Centre Limited and had an outstanding balance of £13,000 at 31 March 2012 (2011 £nil)

c) CE Digital operates three local digital radio multiplexes During the year the Group paid £3,300,000 (2011 £1,100,000) to CE Digital in respect of radio broadcasts and received £100,000 (2011 £100,000) in respect of legal expertise and engineering time The Group had an outstanding balance of £100,000 at 31 March 2012 (2011 £nil)

In the opinion of the Directors, there were no other related party transactions during the year

31 POST BALANCE SHEET EVENTS

On 26 April 2012 the Group completed a refinancing of its previous £110,000,000 term loan banking facility with new reduced banking facilities comprising a new £65,000,000 term loan facility and £15,000,000 of working capital facilities (note 16) The proceeds of the new term loan facility was used with company cash resources to repay the outstanding amount of £80,000,000 on the previous term loan facility The interest rate payable on the facilities is LIBOR plus a margin that is based on a ratchet, which depends on the EBITDA performance of the Group The interest rate margin rate currently payable on the facility is lower than that the Group was paying under the previous facility The new three-year facilities agreement has the ability to be extended to a five-year facility on the agreement of the Group and its lending banks

On 25 June 2012 the Group announced that it had acquired GMG Radio from Guardian Media Group plc The acquisition includes the network of stations operating under the Real Radio and Smooth Radio brand names Global intends to make a formal request for a fast track reference to the Competition Commission where the transaction will undergo a full competition review During this time the acquired stations will be managed separately from the Global Radio business in accordance with hold separate undertakings given to the Office of Fair Trading The acquisition was financed by existing cash and a loan from a connected party

32 SHARE BASED PAYMENTS

The Group operates a cash-settled share-based payment arrangement as follows

The Growth Shares Scheme ("the Scheme")

The Scheme allows certain Group directors to acquire shares in Global Radio Holdings Limited (GRHL), a subsidiary of the Company, to share in the growth of this company

To participate, in February 2011, the directors were required to subscribe to B ordinary shares in GRHL - "Growth Shares " These Growth Shares will only participate in the growth in value of GRHL above a certain threshold The shares provide directors with an interest in the growth of the business beyond that threshold

The number of shares issued in 2011 and outstanding at 31 March 2012 and 2011 is 69,000

At the date of subscription, a calculation is made of the value of the business based on its EBITDA and using a valuation multiple based on a group of comparator companies The Growth Shares only have the right to participate in capital value to the extent that a threshold set at 30% above this valuation (the "Threshold Value") is exceeded The Growth Shares allow the directors to participate in a proportion of the capital value created above the Threshold Value

The Growth Shares can be sold by the directors on the earlier of an external exit or during a 60-day window from 1 August 2014 and on each subsequent anniversary until 2016

The EBITDA used to determine the value of the Growth Shares will be the EBITDA for the year ended immediately before the date of disposal

Share-based payment expense

The charge recognised in the profit and loss account in respect of the Scheme was £1,476,000 (2011 £Nil)

Share-based payment liability

The Scheme requires the Group to pay the intrinsic value of these share-based payments to the employee at the date of exercise The liability is re-valued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account The Group has recorded liabilities in respect of unvested grants of £1,476,000 (2011 £Nil)

33 CONTROLLING PARTY

The Company is a subsidiary undertaking of Global Radio Group Limited, which is the ultimate controlling company, a company incorporated in Jersey

The largest and smallest Group in which the results of the Company are consolidated is that headed by Global Radio Group Limited, incorporated in Jersey The consolidated financial statements of this Group are not available to the public

34 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

a Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Global Radio Holdings Limited*	UK	100	Holding company
Global Radio Acquisitions Limited	UK	100	Holding company
Global Radio Limited	UK	100	Holding company
Galaxy Radio Birmingham Limited	UK	100	Local radio operator
Galaxy Radio Manchester Limited	UK	100	Local radio operator
Galaxy Radio North East Limited	UK	100	Local radio operator
Galaxy Radio Yorkshire Limited	UK	100	Local radio operator
Global Radio London Limited	UK	100	Local radio operator
Global Radio Midlands Limited	UK	100	Local radio operator
Global Radio Services Limited	UK	100	Agency company and Holding company
GWR Group Limited	UK	100	Holding company
Southern Radio Group Limited	UK	100	Holding company
Capital Radio Investments Limited	UK	100	Investment company
Classic FM Limited	UK	100	National radio operator
Cardiff Broadcasting Company Limited	UK	100	Local radio operator
Chiltern Radio Limited	UK	100	Local radio operator
Essex Radio Limited	UK	100	Local radio operator
First Oxfordshire Radio Company Limited	UK	100	Local radio operator
GCap Media Management Limited	UK	100	Local radio operator
Gemini Radio Limited	UK	100	Local radio operator
GWR (West) Limited	UK	100	Local radio operator
Harlow FM Limited	UK	100	Local radio operator
Lantern Radio Limited	UK	100	Local radio operator
Leicester Sound Limited	UK	100	Local radio operator
Marcher Radio Group Limited	UK	100	Local radio operator
Mid Anglia Radio Limited	UK	100	Local radio operator
Orchard FM Limited	UK	100	Local radio operator
Plymouth Sound Limited	UK	100	Local radio operator
Radio Broadland Limited	UK	100	Local radio operator
Independent Radio News Limited	UK	54 64	Radio news provider
Radio Trent Limited	UK	100	Local radio operator

b. Principal associates

Company name	Country	Percentage Shareholding	Description
RadioCentre Limited	UK	46 3	Marketing of commerical radio
Wildstar Records Limited	UK	50	Record production
CE Digital Limited	UK	50	Commercial digital radio

34 PRINCIPAL SUBSIDIARIES AND ASSOCIATES (contınued)

b Prıncıpal assocıates (contınued)

Company name	Country	Percentage Shareholdıng	Descrıptıon
EG Dıgıtal Lımıted	UK	49	Commercıal dıgıtal radıo
The Dıgıtal Radıo Group (London) Lımıted	UK	46 46	Dıgıtal radıo multıplex owner
ND(EM) Lımıted	UK	27 5	Dıgıtal radıo multıplex owner

The results of the above subsıdıary companıes have been ıncluded wıthın these consolıdated financıal statements

The lıst of subsıdıary undertakıngs ıs truncated as the Dırectors are of the opınıon that the number of undertakıngs ın respect of whıch these dısclosures are requıred would result ın a statement of excessıve length The above subsıdıary companıes are those undertakıngs whose results and financıal posıtıon prıncıpally affect the figures ın the Company's ındıvıdual accounts

All of the prıncıpal subsıdıary and assocıated undertakıngs are ıncorporated ın Great Brıtaın and regıstered ın England and Wales wıth the exceptıon of Galaxy Radıo Scotland Lımıted whıch ıs regıstered ın Scotland

* The Company owns 100% of Global Radıo Holdıngs Lımıted dırectly Global Radıo Holdıngs Lımıted holds ınvestments, eıther dırectly or ındırectly, ın the remaınıng subsıdıarıes and assocıates lısted above

35 FINANCIAL INSTRUMENTS

The Group's principal financial instruments, which exclude short-term debtors and creditors as permitted by FRS 13 'Derivatives and other financial instruments disclosures', comprise loans, listed loan notes, and cash These listed loan notes are registered on the Channel Islands Stock Exchange ("CISX") and are all held by the ultimate parent company, Global Radio Group Limited (Jersey)

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk The Group does not operate in overseas territories and therefore has no currency risk Senior management review and agree policies for managing each of the following principal risks

Interest rate risk

The Group borrows at both fixed and floating rates of interest In the current economic climate, where the Bank of England base rate and LIBOR are both at historic low points and have remained at such low levels for a number of months, the Directors do not believe that a clear economic benefit does exist for the use of interest rate hedge instruments to fix floating rate liabilities, because fixed rates are significantly higher than prevailing floating rates and would significantly increase the Group's annual interest expense The Directors continue to monitor this position closely

(a) Financial liabilities

Financial liabilities are principally bank loans and loan notes and are all denominated in sterling

The total financial liabilities for the Group were £787,404,000 (2011 £739,801,000)

The interest rate risk profile of financial liabilities as at 31 March 2012 and 31 March 2011 are as follows Fixed rate liabilities totalled £294,356,000 (2011 £416,303,000) Floating rate liabilities totalled £493,048,000 (2011 £323,498,000)

Fixed rate financial liabilities represent 60% of the total financial liabilities of the Group as at 31 March 2012 (2011 56%)

The floating rate liabilities are linked to interest rates related to LIBOR

The weighted average interest rate for the fixed rate financial liabilities as at 31 March 2012 was 8 1% (2011 7 4%) The weighted average period for which the rates are fixed is 43 months (2011 56 months)

b) Financial assets

Floating rate financial assets comprise cash deposits The value of financial assets as at 31 March 2012 was £90,467,000 (2011 £61,632,000)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and loan notes Short-term flexibility is achieved by working capital facilities if required

The maturity profile of the Group's interest-bearing financial liabilities, excluding accrued interest, is set out below

	2012 £000	2011 £000
In one year of less, or on demand	80,000	12,000
Between one and two years	-	80,000
Between two and five years	707,404	73,950
In five years or more	-	559,629
	787,404	725,579

The maturity profile indicates that 90% of the Group's borrowings are repayable after more than one year

The Group has various borrowing facilities available to it As at 31 March 2012 there were un-drawn working capital banking facilities available totalling £15,000,000 (2011 £15,000,000) These borrowing facilities are reviewed in October each year by the Group's banks

Fair value of financial instruments

The carrying amounts and fair values of the material financial instruments are as follows

	2012 carrying amount £000	2012 fair value £000	2011 carrying amount £000	2011 fair value £000
Cash	90,467	90,467	61,632	61,632
Borrowings	-	-	-	-
Short-term loans	80,000	80,000	-	-
Long-term loans	707,404	707,404	725,579	725,579

The Group, in estimating its fair value disclosures for financial instruments has used the following methods and assumptions

Cash The carrying values reported approximates to fair value because of its short maturity

Long-term loans The Directors consider that it is not practicable to estimate the fair value of the Group's long-term borrowings as there is no active market for these instruments and the Group's liquidity risk makes fair values calculated on a net present value basis unreliable However due to the nature of the terms of the long-term borrowings, the face value of these loans is equal to their fair market value