

Bauer Radio Limited

Report and Accounts

For the nine month period ended 31 December 2008

Company Registration No. 1394141

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Bauer Radio Limited
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For the nine month period ended 31 December 2008

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Bauer Radio Limited
Directors, officers and auditors

Directors	P Keenan A T Baxter G M Beddard D A Ford D Goodchild S D Parkinson M T Story G White
Company secretary	Sisec Limited
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Registered office	21 Holborn Viaduct London EC1A 2DY
Company number	1394141

Bauer Radio Limited

Directors' Report

For the nine month period ended 31 December 2008

The directors submit their report and the accounts for the nine month period ended 31 December 2008.

Business review and principal activities

The principal activities of Bauer Radio Limited ("the Company") are that of an investment company and the provision of management services to other Group companies.

The results for the Company show a pre-tax loss of £4,640,000 (12 months ended 31 March 2008: loss of £52,637,000) for the nine month period and sales of £694,000 (12 months ended 31 March 2008: £806,000). The directors do not recommend the payment of a final dividend (12 months ended 31 March 2008: £nil).

Bauer Radio Limited, through its subsidiaries, has 40 local and 8 national radio stations. It also has one of the largest digital radio networks in the UK and is the largest commercial digital radio provider on Freeview.

Principal risks and uncertainties

The Company's investments operate in the advertising sector, and along with other businesses in this sector, are exposed to the possibility of a downturn in advertising revenue as part of a wider economic downturn. Other key risks include a loss of key personnel and increased competition in the marketplace.

The Company's credit risk is primarily attributable to its trade debtors. 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.

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

Key performance indicators ("KPIs")

The Company reviews the financial performance of its investments on a monthly basis to monitor and manage the business effectively. These are both financial and non-financial. Key financial performance indicators are turnover (as shown above) and EBITDA on continuing operations (before impairment of fixed asset investments and income from group undertakings, associates and joint ventures). The key non-financial performance indicators include the number of staff employed (note 4) and measurements of audience, as published by RAJAR on a quarterly basis.

The key financial performance indicator for the nine months ended 31 December 2008, with comparatives for the previous 12 months ended 31 March 2008, is set out below:

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
EBITDA	(1,890)	(5,178)

Bauer Radio Limited

Directors' Report

For the nine month period ended 31 December 2008

Directors

The current directors are shown on page 1. The directors who held office during the nine month period are given below:

P Keenan
A T Baxter
G M Beddard
D A Ford
D Goodchild
S D Parkinson
M T Story
S Timson (resigned 30 June 2008)
G White

Insurance of directors

Directors' and Officers' liability insurance has been maintained by Bauer Radio (Holdings) Limited for the nine month period.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit, and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Bauer Radio Limited

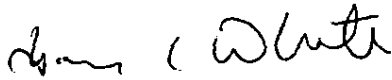
Directors' Report

For the nine month period ended 31 December 2008

Auditors

The auditors, BDO LLP, have indicated their willingness to continue in office. The Company has elected under section 386 of the Companies Act 1985 not to re-appoint auditors annually. Therefore the auditors, BDO LLP, are deemed to be re-appointed for the next financial year.

Approved by the board of directors on 21st October 2009.

A handwritten signature in black ink, appearing to read 'G White', is written over the printed name and title.

G White
Director

Bauer Radio Limited
Independent Auditor's Report
For the nine month period ended 31 December 2008

Independent auditor's report to the members of Bauer Radio Limited

We have audited the financial statements of Bauer Radio Limited for the nine month period ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the nine month period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the directors' report is consistent with the financial statements.

BDO LLP

BDO LLP
Chartered Accountants and Registered Auditors
London

21 OCT 2009

Bauer Radio Limited
Profit and Loss Account
For the nine month period ended 31 December 2008

		Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Turnover	2	694	806
Cost of sales		(583)	(725)
Gross profit		111	81
Administrative expenses		(15,576)	(21,012)
Other operating income		13,563	15,713
Operating loss	3	(1,902)	(5,218)
Income from shares in group undertakings		-	178,604
Income from shares in associates and joint ventures		459	430
Interest receivable and similar income		453	102
Impairment of fixed asset investments	8	-	(209,199)
Interest expense and other similar items	5	(3,650)	(17,356)
Loss on ordinary activities before taxation		(4,640)	(52,637)
Tax on loss on ordinary activities	6	910	6,369
Loss for the period	14, 15	(3,730)	(46,268)

The above results relate to continuing operations.

The Company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

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

The notes on pages 8 to 21 form part of these accounts.

Bauer Radio Limited
Balance Sheet
At 31 December 2008

	Notes	At 31 December 2008 £'000	At 31 March 2008 £'000
Fixed assets			
Tangible assets	7	79	62
Investments	8	188,498	188,498
		188,577	188,560
Current assets			
Debtors	9	132,511	149,780
Cash at bank and in hand		2,144	8
		134,655	149,788
Creditors: amounts falling due within one year	10	(390,606)	(401,922)
Net current liabilities		(255,951)	(252,134)
Total assets less current liabilities		(67,374)	(63,574)
Provisions for liabilities	11	(124)	(194)
Net liabilities		(67,498)	(63,768)
Capital and reserves			
Called up share capital	13	3,926	3,926
Share premium account	13	10,780	10,780
Profit and loss account	14	(82,204)	(78,474)
Total shareholders' deficit	15	(67,498)	(63,768)

The financial statements were approved by the Board of Directors and authorised for issue on 21st October, 2009.

G White

G White
Director

The notes on pages 8 to 21 form part of these accounts.

Bauer Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

1 Accounting policies

Basis of accounting

These accounts have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 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.

Dividends

Dividends receivable are recognised as income in the Profit and Loss account in the period in which they are approved by the shareholders of the investment company. Interim dividends receivable are recorded in the period in which they are paid.

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.

Consolidation

As the Company is a wholly owned subsidiary of Heinrich Bauer Verlag Beteiligungs GmbH, a company registered in Germany, advantage has been taken of s228 of the Companies Act 1985 not to prepare group accounts. Bauer Radio Limited is included within the consolidated accounts of Heinrich Bauer Verlag Beteiligungs GmbH, which are publicly available.

Investments

Fixed asset investments are stated at cost less provisions for permanent diminution in value.

Impairment of investments

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of its realisable value and its value in use.

Depreciation

The cost of tangible fixed assets less estimated residual value on disposal is written down evenly over their expected useful lives as follows:

Short leasehold land and buildings	- 5 years
Office equipment and motor vehicles	- 4 years

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Bauer Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

1 Accounting Policies (continued)

Leasing

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

Pensions

Bauer 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. Prior to 31 January 2008, eligible staff were only able to join the Flexiplan a defined contribution pension plan operated by the Emap Group.

Share-based payments

The cost of options or shares granted to the Company's employees under these schemes was recognised in the profit and loss account of the Company over the period in which any performance conditions were fulfilled, ending on the date on which the relevant employees became fully entitled to the award, based on management's best estimate of the number of awards that would ultimately vest. A corresponding amount was taken to the profit and loss reserve. No expense was recognised for awards that did not ultimately vest, except for those where the vesting depended on a market condition. Whether or not the market condition was satisfied, these were treated as vesting as long as all other performance conditions were satisfied.

The basis of the valuation for the awards is explained in note 4 (staff costs).

The national insurance cost associated with the grant of employee share options to the Company's employees was borne by Emap and recharged to the Company.

Following the completion of the sale of the Company on 31 January 2008 the Company's employees were no longer eligible to participate in these schemes.

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.

Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Heinrich Bauer Verlag Beteiligungs GmbH and is included in the consolidated financial statements of Heinrich Bauer Verlag Beteiligungs GmbH, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 "Cash Flow Statements" (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 "Related Party Transactions" from disclosing related party transactions with entities that are part of the Heinrich Bauer Verlag KG group as it is a wholly owned subsidiary and included within the consolidated accounts of Heinrich Bauer Verlag Beteiligungs GmbH, which are publicly available.

Bauer Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

2 Turnover

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 and represents amounts receivable for services and goods provided in the normal course of business, net of discounts, custom duties and sales taxes.

All turnover is derived from within the United Kingdom.

3 Operating loss

(a) This is stated after charging:

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Depreciation of owned tangible fixed assets	12	40
Operating lease rentals - Plant and machinery	158	240
- Other	61	38
Auditor's remuneration - for audit services	171	255

The audit fee for both periods ending 31 December 2008 and 31 March 2008 represents fees payable in respect of the audit of Bauer Radio Limited and its parent and subsidiaries.

There were fees of £299,000 paid to the Company's auditor, BDO LLP, for any non audit services to the Company (12 months ended 31 March 2008: £nil).

Some operating leases refer to car leases and there are no commitments at the period end for future rentals.

(b) Directors' emoluments

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Aggregate emoluments	1,005	1,936
Pension contributions under the defined contribution scheme	159	169
	1,164	2,105

Retirement benefits are accruing to 5 (12 months ended 31 March 2008: 6) directors under the defined contribution scheme.

(c) Highest paid director

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Aggregate emoluments	236	620
Pension contributions under the defined contribution scheme	103	67
	339	687

Bauer Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

4 Staff costs

(a) Costs (including directors' emoluments)

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Wages and salaries	5,450	7,691
Social security costs	497	754
Other pension costs	265	306
Share based payments	-	566
	6,212	9,317

(b) Pension costs

Defined contribution plan

The Company has participated in a defined contribution pension scheme, the Bauer Consumer Media Pension Scheme operated by Scottish Widows from 1 March 2008. During the year ended 31 March 2008 the Company also participated in Flexiplan a defined contribution scheme provided by Emap up to 31 January 2008. The pension charge represents contributions due from the employer and during the nine month period it amounted to £264,480 (12 months ended 31 March 2008: £306,383).

(c) Employees

The average monthly number of persons (including executive directors) employed by the Company in the UK during the period was 167 (12 months ended 31 March 2008: 136).

(d) Staff share bonus

Through the Emap All Employee Share Ownership Plan, Emap offered free shares to the value of £nil (12 months ended 31 March 2008: £840) to qualifying staff. Sharemap was part of Lifemap, Emap's flexible benefits plan and allowed staff to save up to £1,500 a year to buy Emap shares. Emap would then match the cumulative investment in shares on a one to one basis. The shares were held in trust for staff for three years, after which time they could be sold. After five years, the shares were free of income tax on release from the trust.

Following the completion of the sale of the Company on 29 January 2008 the Company's employees were no longer eligible to participate in this scheme.

Bauer Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

4 Staff costs (continued)

(e) Share based payments

Although these share awards are granted by Emap, the related share-based payment charge was borne by the employing company.

The charge for share based payments in the period amounted to £nil (12 months ended 31 March 2008: £566,000).

A reconciliation of option movements over the period to 31 December 2008 is shown below:

	Nine months ended 31 December 2008	Twelve months ended 31 March 2008
	Number of share options	Number of share options
Outstanding at the beginning of the period	-	238,711
Granted	-	90,676
Exercised	-	(194,920)
Lapsed	-	(134,467)
Outstanding at 31 December	-	-

At 31 December 2008 the weighted average exercise price was £nil.

The cost of equity-settled transactions with employees was measured by reference to the fair value at the date at which they were granted. Fair values were determined according to the Black-Scholes option-pricing model, except in the case of share awards under the PRP and ESOP schemes which contained performance conditions based on total shareholder return compared to other entities in the Media and Entertainment sector, and which were valued by external experts using a Monte-Carlo simulation option-pricing model. The fair value per option for options granted in the year and the assumptions used in the calculation are as follows:

	Twelve months ended 31 March 2008
Scheme type	PRP
Grant date	16 July 2007
Share price at grant date	837.0p
Exercise price	nil
Vesting period (years)	3
Expected volatility	20.0%
Option life (years)	10
Expected life (years)	3
Risk free rate	n/a
Expected dividends expressed as a dividend yield	n/a
TSR correlation	36.0%
SAYE fair value per option	
PRP fair value per option - Basic award	837.0p
PRP fair value per option - Performance award (EPS element)	837.0p
PRP fair value per option - Performance award (TSR element)	399.0p

The expected volatility was based on Emap historical volatility averaged over a period equal to the expected life. The expected life was the average expected period to exercise. The risk free rate of return was based on the UK Government gilt strip return over a period equal to the expected life.

Bauer Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

4 Staff costs (continued)

(e) Share based payments (continued)

In April 2007, under the staff Share Plan scheme, free shares were issued in trust to employees with a vesting period of 3 years. Employees received dividends during the period and the fair value per share was 810.0p, the market price at the date of issue.

In July each year staff were invited under the Sharemap scheme to save a monthly amount for a year and to then use their savings to purchase Emap shares. The purchase price was the lower of the share price at the beginning and end of the savings period. Emap also matched the number of shares acquired by the employee and these were placed in trust with a vesting period of 3 years. There was a charge to the income statement for the 1 year savings period and the 3 year vesting period and the assumptions and fair values were as follows:

	Sharemap Twelve months ended 31 March 2008
Start of savings period	1 July 2007
End of savings period	31 December 2007
Savings amount at grant date	£368,970
Share price at grant date	808.5p
Expected volatility	22.1%
Risk free rate	5.8%
Expected dividends expressed as a dividend yield	3.8%
Fair value for one year savings period	53.2p
Fair value for three year vesting period	853.9p

Following the completion of the sale of the Company on 29 January 2008 the Company's employees were no longer eligible to participate in these schemes.

5 Interest payable

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Interest payable to Group undertakings	3,650	17,356

Bauer Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

6 Tax on loss on ordinary activities

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Corporation tax at 28% (12 months ended 31 March 2008: 30%)	(923)	(7,030)
Corporation tax prior year adjustment	(13)	2
Total current tax	(936)	(7,028)
Deferred tax - current period	26	613
Deferred tax - prior year adjustment	-	46
Tax credit on profit on ordinary activities	(910)	(6,369)

The tax credit for the period is lower (12 months ended 31 March 2008: higher) than the standard rate of corporation tax in the UK. The difference between tax as per the financial statements and tax at the UK nominal rate is explained below:

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Loss before tax	(4,640)	(52,637)
Tax credit at 28% (12 months ended 31 March 2008: 30%)	(1,299)	(15,791)
Corporation tax prior year adjustments	(13)	2
Non-tax deductible expenses	614	63,128
Non-taxable income	(212)	(53,710)
Capital allowances in excess of depreciation	(26)	(53)
Movement on provisions and other timing differences	-	(560)
Tax rate changes	-	(44)
Tax credit for the current period	(936)	(7,028)

Bauer Radio Limited
Notes to the accounts
For the nine month period ended 31 December 2008

7 Tangible fixed assets

	Short leasehold land and buildings £'000	Office equipment and motor vehicles £'000	Total £'000
Cost			
At 1 April 2008	4	4,927	4,931
Additions	-	29	29
At 31 December 2008	4	4,956	4,960
Depreciation			
At 1 April 2008	4	4,865	4,869
Provided during the period	-	12	12
At 31 December 2008	4	4,877	4,881
Net book value			
At 31 December 2008	-	79	79
At 31 March 2008	-	62	62

Bauer Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

8 Investments

	Trade investments £'000	Shares in Group undertakings £'000	Shares in associates £'000	Total £'000
Cost				
At 1 April 2008 and 31 December 2008	15	452,340	233	452,588
Provisions				
At 1 April 2008 and 31 December 2008	5	264,085	-	264,090
Net book value at 31 December 2008	10	188,255	233	188,498
Net book value at 31 March 2008	10	188,255	233	188,498

Subsidiaries

At 31 December 2008 the Company had the following subsidiary undertakings:

	Country of registration	Class of shares held	Percentage held	Nature of business
Bauer Digital Radio Limited	UK	Ordinary	100%	Digital Radio
Bauer Metro Limited	UK	Ordinary	100%	Non trading
HEML Limited	UK	Ordinary	100%	Non trading
Kerrang! Radio (West Midlands) Limited	UK	Ordinary	100%	Radio Broadcasting
Kerrang! Radio Wales Limited	UK	Ordinary	100%	Dormant
Kiss FM Radio Limited	UK	Ordinary	100%	Radio Broadcasting
Magic 105.4 Limited	UK	Ordinary	100%	Radio Broadcasting
Metro Radio Limited	UK	Ordinary	100%	Radio Broadcasting
Key 103 Limited	UK	Ordinary	100%	Radio Broadcasting
Piccadilly Radio Limited	UK	Ordinary	100%	Dormant
Radio Aire Limited	UK	Ordinary	100%	Radio Broadcasting
Radio City (Sound of Merseyside) Limited	UK	Ordinary	100%	Radio Broadcasting
Radio Hallam Limited	UK	Ordinary	100%	Radio Broadcasting
Red Rose Radio Limited	UK	Ordinary	100%	Radio Broadcasting
Scottish Radio Holdings Limited	UK	Ordinary	100%	Radio Broadcasting
TFM Radio Limited	UK	Ordinary	100%	Radio Broadcasting
Viking Radio Limited	UK	Ordinary	100%	Radio Broadcasting

During the 12 months ended 31 March 2008, the amount written off fixed asset investments of £209,199,000 related to Scottish Radio Holdings Limited. Scottish Radio Holdings Limited disposed of its investments in the Irish Radio Stations during that year and the carrying value for the investment was therefore reduced to the recoverable amount.

Bauer Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

8 Investments (continued)

Associates

At 31 December 2008 the Company had the following associated undertakings:

	Country of registration	Class of shares held	Percentage held	Nature of business	At 31 December 2008 £'000	At 31 March 2008 £'000
Independent Radio News Ltd	UK	Ordinary	22%	Radio Broadcasting		
<hr/>						
Net assets					442	344
<hr/>						
Profit after tax					291	486

Joint Ventures

At 31 December 2008 the Company had the following significant interests in joint ventures:

	Country of registration	Class of shares held	Percentage held	Nature of business
CE Digital Limited	UK	Ordinary	50%	Digital Radio Services

The Company's share of net assets and profit after tax from its interest in this joint venture are shown below:

	At 31 December 2008 £'000	At 31 March 2008 £'000
Net assets	2,415	1,867
<hr/>		
Profit after tax	549	606

Trade investments

Trade investments comprise investments in Radio Advertising Bureau, Spin Communications Inc. and Kingfisher plc.

The carrying value of the Company's investments are reviewed for impairment when there are indications that the asset may be impaired. When testing for impairment, recoverable amounts are measured at their value in use by discounting the future expected cash flows from the investments. These calculations use cash flow projections based on management approved budgets and the Company's five year plan. Cash flows beyond the initial five year period are extrapolated using a long term growth rate of 2.25% (12 months ended 31 March 2008: 2.25%). The cash flows have been discounted at a pre-tax discount rate of 11% (12 months ended 31 March 2008: 11%), the Group's current cost of capital.

In the opinion of the directors the value of investments is not less than the aggregate amount at which they are stated in the balance sheet

Bauer Radio Limited

Notes to the accounts

For the nine month period ended 31 December 2008

9 Debtors

	At 31 December 2008 £'000	At 31 March 2008 £'000
Trade debtors	9,806	14,217
Amounts owed by a parent undertaking - Bauer UK Radio GmbH	120,294	115,842
Other debtors	1,766	18,982
Prepayments and accrued income	493	561
Deferred taxation (Note 12)	152	178
	132,511	149,780

Included in amounts owed by Bauer UK Radio GmbH is interest of £4,542,066 (31 March 2008: £1,003,803 being interest at 5.16% from 29 January 2008 onwards).

At 31 March 2008 £18,924,000 was due to the Company from Emap International Limited, the ultimate parent undertaking until 29 January 2008.

10 Creditors: amounts falling due within one year

	At 31 December 2008 £'000	At 31 March 2008 £'000
Trade creditors	211	154
Amounts owed to a parent undertaking - Bauer UK Radio GmbH	218,927	210,827
Amounts owed to other Group undertakings	164,171	182,577
Other taxation and social security	5,382	4,644
Other creditors	349	113
Accruals and deferred income	1,566	3,607
	390,606	401,922

Included in amounts owed to Bauer UK Radio GmbH is interest of £8,100,691 (31 March 2008: £1,826,866 being interest at 5.16% from 29 January 2008 onwards). Amounts owed to other Group undertakings are unsecured, bore interest at the SONIA rate up to 30 September 2007 and have no fixed date of repayment. Included in amounts owed to other Group undertakings are balances bearing interest at 5.16% from 29 January 2008 onwards.

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11 Provisions for liabilities

	Property provision £'000
At 1 April 2008	194
Utilised during the period	(70)
At 31 December 2008	124

The property provision relates to properties no longer occupied by the Company. The provision represents the best estimate of the future net cash outflow, expected to be incurred on either disposal of, or net rent shortfall incurred on each lease.

12 Deferred taxation

The movement on deferred tax is:	Deferred tax £'000
At 1 April 2008	178
Transferred from profit and loss account	(26)
At 31 December 2008	152

The deferred taxation asset has been recognised in the accounts as follows:	At 31 December 2008 £'000	At 31 March 2008 £'000
Depreciation in advance of capital allowances	152	178

There is no unprovided deferred taxation (12 months ended 31 March 2008: £nil).

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

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13 Called up share capital

	At 31 December 2008 £'000	At 31 March 2008 £'000
Authorised 52,500,000 ordinary shares of 10p each	5,250	5,250
Allotted, called up and fully paid 39,259,597 ordinary shares of 10p each	3,926	3,926

14 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2008	10,780	(78,474)
Loss for the period	-	(3,730)
At 31 December 2008	10,780	(82,204)

15 Reconciliation of movements in shareholders' deficit

	At 31 December 2008 £'000	At 31 March 2008 £'000
Opening shareholders' funds	(63,768)	(18,066)
Loss for the period	(3,730)	(46,268)
Share options - value of employee services	-	566
Closing shareholders' funds	(67,498)	(63,768)

16 Lease commitments

At 31 December 2008, the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings At 31 December 2008 £'000	Other At 31 December 2008 £'000	Land and buildings At 31 March 2008 £'000	Other At 31 March 2008 £'000
Within one year	68	-	11	5
Within two to five years	-	-	68	-
	68	-	79	5

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17 Related party transactions

At 31 March 2008, £18,924,000 was due to the Company from Emap International Limited, the Company's ultimate parent undertaking until 29 January 2008 and included in other debtors as a current asset.

At 31 December 2008 the Company was owed by CE Digital Limited £395,398 (31 March 2008: owed to CE Digital Limited £979,201).

One of the Company's subsidiaries, Bauer Digital Radio Limited, owns 51% of the share capital of EG Digital Limited, a joint venture company. At 31 December 2008, EG Digital Limited owed the Company £1,733,696 (12 months ended 31 March 2008: £2,022,423).

18 Immediate and ultimate controlling parties

The Company's immediate parent undertaking is Bauer Radio (Holdings) Limited.

The only parent undertaking for which Group accounts are drawn up is Heinrich Bauer Verlag Beteiligungs GmbH, a company 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.