

TIML Radio Limited
(formerly Virgin Radio Limited)
Annual report and
financial statements
for the
year ended
31 December 2008

Registered number: 02674136

TIML Radio Limited (formerly Virgin Radio Limited)

Directors and Advisor

Directors:

Amba Preetham Parigi (appointed 30 June 2008)
Oliver Guy Blackaby (appointed 30 June 2008)
Ravindra Dhariwal (appointed 16 February 2009)
Sanjeev Shah (appointed 16 February 2009, resigned 20 August 2009)

George Watt (resigned 30 June 2008)
Robert Woodward (resigned 30 June 2008)
Richard Huntingford (resigned 30 June 2008)

Secretary:

Adrian Robinson (appointed 30 June 2008)

Jane Tames (resigned 30 June 2008)

Independent Auditors:

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Kintyre House
209 West George Street
Glasgow
G2 2LW

Registered office:

One Golden Square
London
W1F 9DJ

Bankers:

Bank of Scotland
Level 6 110 St Vincent Street
Glasgow G2 5ER

Solicitors:

Olswang
90 High Holborn
London WC1V 6XX

TIML Radio Limited (formerly Virgin Radio Limited)

Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

Principal activities and change of name

The company owns and operates a number of commercial radio stations, under the Absolute Radio brand, in the United Kingdom. On 12 September 2008 the company, by special resolution, changed its name to TIML Radio Limited.

Review of business and future developments

During the year the company became part of the Times of India Group following the acquisition on 30 June 2008 of TIML Radio Holdings Limited (formerly Virgin Radio Holdings Limited) by TIML Golden Square Limited, a wholly owned subsidiary within the Times of India Group.

During the acquisition process the Times of India concluded that the stations would only be in a position to realise their maximum long term potential if they were rebranded and could be operated without any restrictions either as regards their activities or in exploiting commercial opportunities. Accordingly, in September 2008 the stations were re-launched as 'Absolute Radio' (formerly Virgin Radio), 'Absolute Classic Rock' (formerly Virgin Classic Rock) and 'Absolute Xtreme' (formerly Virgin Xtreme).

The rebranding exercise, particularly as it included a national radio station with 15 years' broadcasting heritage, was a very complex and unique challenge. The board is pleased to report that the rebranding exercise has now been completed successfully and the foundations have been laid for strong growth in audience and revenues in the years ahead.

The board planned and committed substantial resources to the rebranding in 2008 and the overall cost of this marketing effort is reflected in the costs for the year. In addition, the last quarter of 2008 saw a dramatic and unprecedented deterioration in the UK economic climate which put pressure on the company's revenues, which declined 8% year on year. Against this backdrop, the directors consider the results for the year and the year end financial position to be satisfactory.

In 2009 the company continues to invest in and develop the Absolute Radio brand while at the same time a number of cost reduction and revenue maximisation programmes are being rigorously implemented. Accordingly the company will be well placed to capitalise when the economic cycle turns and there is a return to growth in economic activity and advertising expenditure in particular.

Results and dividends

The loss for the year, after taxation, amounted to £1,918,000 (2007: profit of £2,567,000). A dividend of £468,000 was recommended and paid by the directors during the year (2007: £32,250,000) leaving a loss to be transferred to reserves of £2,386,000 (2007: loss of £29,683,000). A preference dividend of £nil (2007: £346,000) was appropriated in the year. In 2007, the application of FRS 25 resulted in this dividend being presented as a finance cost.

Financial risk factors

The company operates independently within the Times of India Group and is exposed to a variety of financial risks: currency risk, credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management programme seeks to minimise potential adverse effects on the company's financial performance. The company has, to date, had little need to use derivative financial instruments to hedge risk exposures.

Risk management is carried out by management under the supervision of the board of directors. Management identifies, evaluates and (as appropriate) hedges financial risks in consultation with the parent company.

TIML Radio Limited (formerly Virgin Radio Limited)

Directors' report for the year ended 31 December 2008 (continued)

Financial risk factors (continued)

(a) Currency risk

The company operates almost wholly within the UK and is exposed to minimal foreign exchange risk. Foreign exchange risk arises primarily on the Euro, US dollar and the Australian Dollar, in respect of suppliers in those territories.

(b) Credit risk

The group has no significant concentration of credit risk. It has procedures in place to ensure that sales are made to customers with an appropriate credit history. Any derivative transaction counterparties are limited to high-credit-quality financial institutions.

(c) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the nature of the underlying business, management aims to maintain flexibility in the funding that is available to it.

(d) Cash flow interest rate risk

As the company has no significant interest bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

Key performance indicators ("KPIs")

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Employee involvement

Arrangements are made to keep all employees informed on matters of concern to them. These can take the form of management reports and consultative meetings. All staff meetings occur on a regular basis.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion, wherever appropriate.

Directors and directors' interests

The directors of the company at 31 December 2008 and appointments and resignations of directors during the year are listed on page 1.

In accordance with the Articles of Association, the directors do not retire by rotation.

The directors do not hold any shares in the company.

TIML Radio Limited (formerly Virgin Radio Limited)

Directors' report for the year ended 31 December 2008 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

Donations

During the year the company made charitable donations of £1,197 (2007: £1,181). No contributions were made to political organisations in either the current or preceding year.

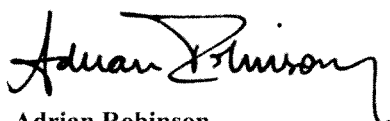
Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

In the case of each of the persons who are directors at the time of this report the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of the information.

By order of the board



Adrian Robinson
Company Secretary
4 September 2009

TIML Radio Limited (formerly Virgin Radio Limited)

Independent auditors' report to the members of TIML Radio Limited

We have audited the financial statements of TIML Radio Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Reconciliation of movements in shareholders' funds, 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

Basis of audit opinion

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

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

TIML Radio Limited (formerly Virgin Radio Limited)

Independent auditors' report to the members of TIML Radio Limited (continued)

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 year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow
14 September 2009

TIML Radio Limited (formerly Virgin Radio Limited)

Profit and loss account for the year ended 31 December 2008

	Notes	2008 £000	2007 £000
Turnover	2	21,998	23,952
Operating expenses		(24,691)	(19,804)
(Loss)/Profit on ordinary activities before interest and taxation		(2,693)	4,148
Interest receivable and similar income	3	39	-
Interest payable and similar charges	4	(1)	(346)
(Loss)/Profit on ordinary activities before taxation	5	(2,655)	3,802
Tax credit/(charge) on (loss)/profit on ordinary activities	8	737	(1,235)
(Loss)/Profit for the financial year		(1,918)	2,567

The results are derived wholly from continuing operations.

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

There is no difference between the result on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

The accompanying notes are an integral part of this profit and loss account.

Reconciliation of movements in shareholders' funds for the year ended 31 December 2008

	Notes	2008 £000	2007 £000
(Loss)/Profit for the financial year		(1,918)	2,567
Dividends paid	9	(468)	(32,250)
(Loss) retained for the financial year		(2,386)	(29,683)
Share reorganisation	17	-	3,000
Share based payments		-	(272)
Net (reduction) in shareholders' funds		(2,386)	(26,955)
Opening shareholders' funds as restated		22,686	49,641
Closing shareholders' funds - equity		20,300	22,686

TIML Radio Limited (formerly Virgin Radio Limited)

Balance sheet as at 31 December 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Tangible assets	10	2,104	2,640
Intangible assets	11	63	-
Investments	12	5	5
		<u>2,172</u>	<u>2,645</u>
Current assets			
Debtors - due within one year	13	6,724	10,380
- due after one year	13	15,993	17,116
Cash at bank and in hand		1,708	1,641
		<u>24,425</u>	<u>29,137</u>
Creditors: amounts falling due within one year	14	(6,297)	(9,096)
Net current assets		<u>18,128</u>	<u>20,041</u>
Total assets less current liabilities		20,300	22,686
Creditors: amounts falling due after more than one year	15	-	-
Net assets		<u>20,300</u>	<u>22,686</u>
Capital and reserves			
Called up share capital	17	20,960	20,960
Share premium account	18	905	905
Profit and loss reserve	18	(1,565)	821
Shareholders' funds - equity		<u>20,300</u>	<u>22,686</u>

The accompanying notes are an integral part of this balance sheet.

The financial statements on pages 7 to 17 were approved by the board of directors on 4 September 2009 and were signed on its behalf by:


Oliver Guy Blackaby
Director

TIML Radio Limited (formerly Virgin Radio Limited)

Notes to the financial statements Year ended 31 December 2008

1. Accounting policies

Accounting convention and basis of preparation

These financial statements are 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 principal accounting policies, which have been applied consistently throughout the year, are set out below

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment.

Depreciation is provided on a straight-line basis at the following annual rates to write off the cost of each asset over its estimated useful life.

Plant and machinery	5 to 8 years
Fixtures and fittings	3 to 4 years

Intangible fixed assets and depreciation

Intangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment.

Depreciation is provided on a straight-line basis at the following annual rates to write off the cost of each asset over its estimated useful life.

Domain and trade names	10 years
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Investments

Financial fixed asset investments are stated at cost less any provision for impairment.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

The taxation liabilities of certain group companies may be reduced wholly or in part by losses surrendered by other group companies. Any tax benefits arising from group relief are recognised in the accounts of the surrendering and recipient companies.

Pensions

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable. The difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Cash flow statement

The company is a wholly-owned subsidiary within the TIML Global Limited group and its results and cash flows are included in the consolidated financial statements of TIML Global Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

TIML Radio Limited (formerly Virgin Radio Limited)

Notes to the financial statements (continued)

Year ended 31 December 2008

1. Accounting policies (continued)

Related party transactions

The company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the TIML Global Limited group.

Leased assets

Where plant and machinery is acquired by leasing arrangements which give rights approximating to ownership (finance leases), the asset is capitalised at an amount representing the purchase price of such an asset implicit in the lease and included as a tangible fixed asset. The capital element of future rentals is treated as a liability and the interest element is charged to the profit and loss account over the period of the lease in proportion to the balances outstanding.

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

Turnover

Turnover represents amounts invoiced in respect of all services provided during the year, excluding value-added tax and agency fees and commissions. Radio airtime revenue is recognised on the date of broadcast. Sponsorship, promotions, event and online revenue are recognised evenly over the life of the contract or in accordance with specific contract terms if applicable.

TIML Radio Limited (formerly Virgin Radio Limited)

Notes to the financial statements (continued)

Year ended 31 December 2008

2. Segmental analysis

Turnover, operating profit and net assets are all attributable to the company's principal activity of operating commercial radio stations in the UK.

3. Interest receivable and similar income

	2008	2007
	£000	£000
Interest receivable on cash deposits	39	-

4. Interest payable and similar charges

	2008	2007
	£000	£000
Interest payable	1	-
Finance costs on 8% redeemable preference shares	-	346
	1	346

5. (Loss)/Profit on ordinary activities before taxation

(Loss)/Profit on ordinary activities before taxation is stated after charging:

	2008	2007
	£000	£000
Depreciation of tangible fixed assets (note 10)	902	759
Amortisation of intangible fixed assets (note 11)	2	-
Operating lease payments – land and buildings	630	630
Operating lease rentals - other	161	184
Auditors' remuneration – audit services	28	-
Auditors' remuneration – other services	8	-

Auditors' remuneration costs in 2007 were borne by another group company.

TIML Radio Limited (formerly Virgin Radio Limited)

Notes to the financial statements (continued) Year ended 31 December 2008

6. Employee information

The average monthly number of persons (including executive directors) employed on a full time or contract basis by the company during the year was:

	2008 Number	2007 Number
By activity:		
Established	99	89
Contract	5	6
	<u>104</u>	<u>95</u>
	2008	2007
Staff costs:	£000	£000
Wages and salaries	4,759	4,462
Social security costs	475	485
Pensions costs under defined contribution scheme	125	119
	<u>5,359</u>	<u>5,066</u>

7. Directors' remuneration

	2008 £000	2007 £000
Emoluments	144	281
Compensation for loss of office	-	67
	<u>144</u>	<u>348</u>
Money purchase scheme:		
Company pension contributions	-	6

8. Tax credit/(charge) on (loss)/profit on ordinary activities

	2008 £000	2007 £000
Current tax		
UK corporation tax	-	(1,192)
UK corporation tax adjustment in respect of prior year	865	79
	<u>865</u>	<u>(1,113)</u>
Deferred taxation		
Origination and reversal of timing differences	(128)	(122)
Tax credit/(charge) for the year	<u>737</u>	<u>(1,235)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28.5% (2007: 30%). The actual tax rate for the current and prior years differs from the standard rate for the reasons set out in the following reconciliation:

TIML Radio Limited (formerly Virgin Radio Limited)

Notes to the financial statements (continued) Year ended 31 December 2008

8. Tax credit/(charge) on (loss)/profit on ordinary activities (continued)

	2008 £000	2007 £000
Profit on ordinary activities before taxation	(2,655)	3,802
Tax credit/(charge) on profit on ordinary activities at standard rate 28.5% (2007: 30%)	757	(1,141)
Factors affecting the charge for the year:		
Expenses not deductible for tax purposes	(37)	(123)
Depreciation in excess of capital allowances	(258)	-
Capital allowances in excess of depreciation	-	73
Deferred tax asset not provided on losses	(390)	-
Losses surrendered for which no payment is due	(60)	-
Other timing differences, net	(12)	(1)
Adjustment in respect of previous periods	865	79
Current tax credit/(charge)	865	(1,113)

The company has unrecognised deferred tax assets of £756,000 at 31 December 2008 which primarily relate to trading losses carried forward and depreciation in excess of capital allowances. Deferred tax assets are only recognised to the extent that they are more likely than not to be recovered in the foreseeable future.

9. Dividends

	2008 £000	2007 £000
Equity dividends paid on ordinary shares:		
Interim paid of £.0223 (2007: £1.796) per £1 share	468	32,250

10. Tangible fixed assets

	Plant and Machinery £000	Fixtures and Fittings £000	Total £000
Cost			
At 1 January 2008	454	4,718	5,172
Additions	85	281	366
At 31 December 2008	539	4,999	5,538
Accumulated depreciation			
At 1 January 2008	312	2,220	2,532
Charge for the year	80	822	902
At 31 December 2008	392	3,042	3,434
Net book value			
At 31 December 2008	147	1,957	2,104
At 31 December 2007	142	2,498	2,640

TIML Radio Limited (formerly Virgin Radio Limited)

Notes to the financial statements (continued) Year ended 31 December 2008

11. Intangible fixed assets

	Domain Names
	£000
Cost	
At 1 January 2008	-
Additions	65
At 31 December 2008	<u>65</u>
Accumulated depreciation	
At 1 January 2008	-
Charge for the year	2
At 31 December 2008	<u>2</u>
Net book value	
At 31 December 2008	<u>63</u>
At 31 December 2007	<u>-</u>

12. Investments

	2008 £000	2007 £000
At cost		
At 31 December	<u>5</u>	<u>5</u>

The company holds a minority interest in the share capital of Radio Advertising Bureau, whose principal activity is the promotion of radio advertising to agencies and clients. In the opinion of the directors, the value of the investment is not less than its carrying amount.

13. Debtors

Due within one year	2008 £000	2007 £000
Trade debtors	3,484	2,698
Amounts owed by group undertakings	-	3,438
Other debtors	41	87
Prepayments and accrued income	3,199	4,029
Deferred tax asset (note 15)	-	128
	<u>6,724</u>	<u>10,380</u>
Due after one year		
	2008 £000	2007 £000
Amounts owed by group undertakings	<u>15,993</u>	<u>17,116</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

TIML Radio Limited (formerly Virgin Radio Limited)

Notes to the financial statements (continued) Year ended 31 December 2008

14. Creditors: amounts falling due within one year

	2008 £000	2007 £000
Trade creditors	1,165	1,790
Amounts owed to group undertakings	2,696	3,528
Other taxation and social security	167	589
Corporation tax	-	865
Accruals	2,269	2,324
	<u>6,297</u>	<u>9,096</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

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

	2008 £000	2007 £000
Amounts owed to group undertakings	-	-

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

16. Deferred taxation

Deferred taxation is provided as follows:

	2008 £000	2007 £000
At 1 January	128	250
(Charge)/credit to profit and loss account	(128)	(122)
Capital allowances in excess of depreciation	-	128

The deferred tax asset in 2007 was recognised in debtors (note 13).

TIML Radio Limited (formerly Virgin Radio Limited)

Notes to the financial statements (continued) Year ended 31 December 2008

17. Called up share capital

	2008 £000	2007 £000
Authorised		
20,959,750 ordinary shares of £1 each	20,960	20,960
	<u>20,960</u>	<u>20,960</u>
Allotted called up and fully paid		
20,959,750 ordinary shares of £1 each	20,960	20,960
	<u>20,960</u>	<u>20,960</u>
Share reorganisation		

On 29 June 2007, 3,000,000 8% redeemable preference shares of £1 each were converted into 3,000,000 ordinary shares of £1 each.

18. Reserves

	Share premium £000	Profit and loss reserve £000
At 1 January 2008	905	821
(Loss) for the financial year	-	(1,918)
Dividend paid	-	(468)
At 31 December 2008	<u>905</u>	<u>(1,565)</u>

19. Operating lease commitments

At 31 December 2008 the Company had annual commitments in respect of non-cancellable operating leases for leasehold buildings as follows:

	2008 £000	2007 £000
Expiring after five years	<u>630</u>	<u>630</u>

At 31 December 2008 the Company had annual commitments in respect of non-cancellable operating leases for plant and equipment as follows:

	2008 £000	2007 £000
Expiring within one year	105	32
Expiring between two and five years	62	128
	<u>167</u>	<u>160</u>

TIML Radio Limited (formerly Virgin Radio Limited)

Notes to the financial statements (continued) Year ended 31 December 2008

20. Pension commitments

The cost of contributions to the defined contribution scheme amounted to £125,000 (2007:£119,000). At the year end contributions totalling £nil remain outstanding.

21. Ultimate parent undertaking

The company is a wholly owned subsidiary of TIML Radio Holdings Limited, a company incorporated in England.

The ultimate parent undertaking is Bennett Coleman & Co Limited, a company incorporated in India.

The smallest and largest group into which the results of the company are consolidated is that headed by TIML Global Limited, a company incorporated in England. These financial statements are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ