UBC Media Group plc
Annual Report and Accounts 2010

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Contents

Chairman's statement

I am pleased to report that despite continued economic, regulatory and political uncertainty throughout the last financial year, the business has proved resilient. Following the sale of the Commercial Networking Division in the prior year the Group has made significant progress implementing its strategy.

Turnover from continuing operations grew by 40% to £4.9m (2009: £3.5m) reflecting the growth by the Content division, up 51%. The Group reported a net profit after tax of £0.2m (2009: £5.8m).

We concluded a capital restructuring, which has enabled us to pay a maiden dividend as a public company of 0.102 pence per share on 17 December 2009 and a further interim dividend of 0.154 pence per share on 19 March 2010. Although, in the light of having paid a double interim dividend, we are not proposing a final dividend, we do intend to progressively increase the dividend per share as the business develops. Having concluded a number of acquisitions and investments during the year, our cash balances remain very healthy at £8.4 million as at 31 March 2010, with no debt.

Our strategy during the year has been to shift the Group's focus to the production and integration of content and to the development of interactive software for the rapidly growing international digital wireless markets encompassing both radio and mobile applications. UBC has diversified its content expertise across a wide range of platforms, which now include commissioned radio programmes, advertiser funded audio and video, media sponsorship and mobile advertising. The Group has expanded its existing software expertise beyond station management software for radio broadcasters, to include innovative applications for mobile devices such as smartphones, which are increasingly emerging as key targets for media content.

This combination of content and interactive software expertise creates a virtuous circle that gives the Group a significant competitive advantage in a growing media market that is rapidly becoming multi-platform, with the internet and mobile devices challenging the traditional distribution channels of radio and TV. Software and content are becoming inextricably linked and UBC is increasingly well positioned at the nexus of the two. This is true whether that it involves supplying the BBC web site with audio and video content or the provision of video content and mobile applications that allow advertisers to reach their audiences more effectively.

Significantly, we believe that over time the Group will also benefit from a number of key macro-economic drivers, including potential regulatory changes in the UK media sector, which we expect to create additional revenue opportunities for us as one of the largest independent providers of radio programming to the BBC.

We plan to develop the business through a combination of organic growth and selective acquisitions. It is our intention to be a consolidator of content providers to broaden and strengthen our offering and deliver incremental value to shareholders. However, we will remain tightly focused on content which is relevant to our software capabilities.

Our business model now generates a blend of highly visible revenues from radio commissions, many which span a number of years, monthly fees for software supply and support and advertiser funded fees for content creation and promotions.

As ever, in a service business, this progress in extremely challenging times is entirely down to the ingenuity and efforts of the staff for which the Board again extends its sincere heartfelt thanks.

The last few months has seen further extraordinary political and economic uncertainty with focus now shifting to the viability of the Euro and the ability of a number of major countries to avoid debt default. Whilst politicians and economists are unable to agree on how matters will unfold or the ultimate contagion and impact, UBC's progress cannot be immune to such macro factors, the mere fear of which impacts the confidence and willingness of our customers to invest with us. Nonetheless UBC expects to be able to continue to make meaningful progress this fiscal year with our long term strategy of adding breadth and depth to our offering of content and services across many platforms.

Paul Pascoe
Chairman

Chief Executive's review

Overview

The year ended 31 March 2010 was one of transformation for UBC. Having disposed of its Commercial Division at the end of the previous financial year, the Group has made considerable progress in its long-term goal to become a global content and software business. Today, UBC is providing the mix of technology and multimedia content which is much in demand in today's very changed media marketplace. Our 400 plus customers include some of the world's biggest broadcasters and advertisers in Europe and North America.

The rationale for our shift in focus over the last 18 months is becoming ever more apparent: value in media investment is shifting from distribution platforms to content. Furthermore, the distinctions between different types of content have broken down and consumers are increasingly engaging with media brands across a variety of content delivery platforms. They are also demanding a richer mix of audio and screen content. Whether it is behind Rupert Murdoch's new Times paywall or paid for by advertisers on the Capital FM website, traditional media owners are converging to supply the kind of multimedia content that has been talked of for years.

While media companies have long recognised the value of repackaging content across multiple channels, it has taken the emergence of the smartphone and tablet computers – portable media devices - to demonstrate the market's true potential. Furthermore, not only do these devices offer physically new distribution channels for content, but the hundreds of thousands of software applications ("apps") being developed for them represent an entirely new and very significant opportunity for advertisers, especially in the creation of 'branded content' rather than traditional spot advertising.

With its combination of content creation, sponsorship and advertising sales and interactive software skills, UBC is positioned strongly to serve these rapidly growing and converging markets in ways that have potential to generate substantial earnings over the coming years.

Content creation

UBC is now a diversified supplier of both audio and video content. Our traditional base of supply to the BBC has provided a quality benchmark; we were named "Independent Radio Production Company of the Year" at the first ever Radio Production Awards in February 2010. However, in the last 12 months, through acquisitions, we have broadened the base of our content offering to include television, online video and audio books. The proportion of our revenues that come from video content has quadrupled in the last 12 months.

The Group's radio content runs on every BBC Radio Network and 250 commercial stations. Programmes range from award winning Drama like Ronald Harwood's new play 'An English Tragedy' starring Derek Jacobi for BBC Radio 4 to Dale Winton's Pick Of The Pops on BBC Radio 2 and entertainment news for Absolute Radio. In the last 12 months, from this base of strongly recurrent revenues and reputation for quality, UBC has developed into providing video and interactive content. At first this was to the BBC, with both multimedia content for BBC Online - to whom UBC now provides all music reviews - and television coverage of events like last year's Cambridge Folk Festival and the Radio 2 Folk Awards.

UBC expanded its video offerings further in August, through the acquisition of Radio Lynx (now renamed Lynx Content). This year Lynx has provided some 61 video productions for use online to clients including Guinness, Braun, the Hong Kong Tourist board, Land Rover and Nestle. The company both produces the multimedia content and secures its placement on web portals on behalf of its clients. Lynx was attractive to UBC as it had also developed from a radio base; it still today provides radio sponsorship programmes to clients ranging from Morrisons to HMV and has placed content on stations in the last year for more than 100 clients.

Lynx Content was purchased for an initial cash consideration of £1,600,000 and has exceeded our expectations, contributing some £357,000 to our gross profit in the seven months since the acquisition.

In February 2010, the Group acquired, for a cash consideration of £85,000, Above The Title, a respected producer of speech content for a range of broadcasters which has recently diversified successfully into the growing audio book market.

Above The Title owns a number of formats and rights including radio and audio dramatisation rights to Douglas Adams' classic 'Hitchhikers Guide to The Galaxy' books. Above The Title's recent highlights for BBC radio includes 'Unreliable Evidence' presented by Clive Anderson for Radio 4, "On the Blog" for Radio 2 and 'The Christian O'Connell Solution' for 5 Live. Recently, Above The Title has developed a new quiz format for BBC Radio 2 with Alex Lowe and is now producing Christian O'Connell's "Never Write off the Germans" as part of the network's World Cup coverage.

BBC programming now represents 49% of Group revenues, down from 66% in 2009. One of our targets was to reduce our reliance on the BBC below 50%. We see this trend continuing. UBC's production businesses now represent over 15% of the BBC's overall outsourced content supply in radio and online by value. Currently, the BBC only outsources some 8% of its radio output by hours and only just over 3% of its radio output by value. This compares to more than 25% in television.

The BBC Trust is currently conducting a review of the Corporation's commitment to programme supply in radio. The recent Liberal Democrat creative manifesto contained a commitment to pressure the BBC to behave in radio as it does in television and thereby stimulate the broader creative community. UBC has been involved in active lobbying this year around the Trust review and is hopeful of a positive outcome later this year.

Software & Interactive

UBC's 10 year involvement in the supply of broadcast software to media companies has placed it in an excellent position to capitalise on the rapidly developing demand from broadcasters for interactive tools to take advantage of the new devices – especially in the mobile arena - which are becoming the media players of the future. From the programme data services on the BBC's iPlayer, to text and data software to Sirius XM Satellite Radio in the USA, UBC's software products are familiar to broadcasters around the world and it has an embedded relationship with the industry.

These software products put UBC at the heart of driving data services. For example, a key highlight of the year was the launch in November of an iTunes tagging service with Absolute Radio. The service enables listeners using iPod Nano players, which have FM radios built in, to "tag" any track being played and preview and purchase it using the main iTunes software.

UBC intends to use this lead in broadcast software to capitalise on the emerging market for portable devices that 'stream' radio and TV. Streaming audio has changed the face of the radio industry and is the fastest growing form of radio consumption in virtually every developed country. We believe that the same growth will apply to video consumption as devices become more sophisticated and bandwidth grows.

In April, Unique Interactive launched a new advertising medium for radio stations using the iPhone and purpose-built apps for 45 stations. The first to launch is TalkSPORT, operated by UTV, whose World Cup focused app is available in the iTunes store from today. Other stations' apps will follow in the next three months with the full network in place by the end of the year. The purpose-built WiFi apps will allow users to listen to their radio station wherever they have WiFi or a mobile signal, but importantly will also provide a wide range of additional features for them to enjoy such as instant programme reminders, listen again and social network interaction.

Unique is delivering the apps free to radio clients in return for selling advertising space within the apps themselves. Revenue from the advertising, which is being sold by Lynx's content advertising business, is being shared between UBC and the station groups. UBC announce on 7 June that the first client for its radio app network has been secured. Gambling portal Blue Sq will take all of the available space on the TalkSPORT app for the duration of the World Cup.

Summary

The media world is rapidly changing. There is a fundamental shift away from value placed in distribution channels towards value placed in content and the ability to monetise that content on a new generation of devices.

UBC is developing its core content and technology skills to take full advantage of these new opportunities.

Simon Cole
Chief Executive

Financial review

In the year to 31 March 2010 Group revenues from continuing operations improved by 40% to £4.94 million (2009: £3.53 million). The Content division reported revenues up by 51% to £4.44 million (2009: £2.95 million) and the Software and Interactive division revenues were slightly reduced to £0.50 million (2009: £0.58 million).

Gross profit increased by 29% to £1.38m (2009: £1.06m) and administrative expenses remained flat at £1.9m.

Underlying operating loss, which gives a more helpful indication of the Group's performance and excludes impairments, amortisation of intangible assets and one-off professional and acquisition costs, was notably reduced to £277,000 (2009: loss: £676,000). Reported operating loss was £536,000 (2009: loss £826,000) – see table below for a reconciliation with underlying and reported operating figures.

After interest and dividend income of £91,000 (2009: £121,000), the Group's underlying loss before tax was £186,000 (2009: loss £555,000). The Group loss before tax was £445,000 (2009: £705,000).

After the profit of £758,000 from discontinued activities (2009: £6,583,000) and a tax charge of £99,000 (2009: £57,000), the Group's profit for the period was £214,000 (2009: £5,821,000).

Reported earnings per share, including the profit from discontinued operations, was 0.11 pence (2009: 3.02 pence).

The Group paid two dividends during the year totalling £499,000 (2009: Nil), a combined 0.26 pence per share. The Board has not recommended the payment of a final dividend.

Reconciliation with underlying and reported operating figures

	2010 £'000	2009 £'000
Statutory operating loss	**(536)**	(826)
(Return on)/ impairment of investment	**(40)**	150
Amortisation of Intangible assets	**117**	–
One-off professional and acquisition costs	**182**	–
	259	150
Underlying operating loss	**(277)**	(676)

Acquisitions
On 24 July 2009, UBC acquired the assets of the part of the Commercial Division responsible for Sponsorship, Promotions and Interactive Marketing (trading as 'IntaMedia') from the Global Traffic Network Inc. ("GTN") for a cash consideration of £50,000.

On 20 August 2009, UBC acquired the assets of Radio Lynx, a key player in the growing business of marketing through content. The purchase was satisfied by an initial cash consideration of £1,600,000 and a deferred cash earn out of up to £800,000 based on the operating profit generated by Radio Lynx in the 12 full months immediately following completion.

On 15 February 2010, UBC acquired the assets of Above The Title, a respected producer of content for a range of broadcasters including the BBC. The purchase was satisfied by an initial cash consideration of £85,000 and a deferred earnout to be paid in a mixture of cash and shares which, based on the current share price, would lead to a maximum earnout of £1,000,000, which will become payable if an annualised operating profit of £333,333 is achieved in the 24 months immediately following completion.

Cash and cash flow
In the year to 31 March 2010 UBC had a cash outflow of £2.06 million (2009: £6.55 million inflow) including a cash outflow of £0.06 million from operating activities (2009: £0.32 million).

At 31 March 2010, UBC had cash in the bank of £8.41 million (2009: £10.47 million).

Discontinued operations
On 24 July 2009, UBC received £1,950,000 cash for the earn out settlement on the sale of the Commercial Division to GTN. As at 31 March 2009 this was fair valued at £811,000, resulting in a gain to the profit and loss of £1,139,000 before costs.

In the year to 31 March 2010, a research & development tax cash credit was received by Cliq Radio for £97,000.

In the year to 31 March 2010, the provision against the contractual obligation to Bauer Radio for the former transmission of Classic Gold Digital on digital multiplexes, primarily covering Northern England, was reassessed resulting in a charge to Discontinued Operations of £411,000.

In the year to 31 March 2010, the provision against the contractual obligation to MXR Limited for digital multiplexes was reassessed resulting in a credit to Discontinued Operations of £167,000.

Profit/(loss) attributable to discontinued operations

	2010 £'000	2009 £'000
Commercial division	**938**	9,148
Cliq music downloading service	**234**	(2,023)
Classic Gold Digital	**(414)**	(542)
Profit in the period from discontinued operations	**758**	6,583

Investment in 4 Digital Group
UBC received a final cash payment of £40,000 from the 4 Digital Groups members voluntary liquidation in the period to 31 March 2010.

Capital reduction
A resolution was passed at the Annual General Meeting held on 24 July 2009, and subsequently confirmed by the Court, to reduce the share premium account by £16,104,000 to enable dividends or distributions to be made to shareholders.

Dividend
The company paid dividends of 0.256 pence per share totalling £499,000 (2009: Nil) during the year. The Board has not recommended the payment of a final dividend but in the light of our current cash balance, our growth strategy and our view on trading we intend to progressively increase the dividend per share.

Long Term Incentive Scheme
A new long term incentive scheme was approved by the board on 9 February 2010 which was designed to incentivise and reward key employees.

Principal Risks and Uncertainties
These are detailed on page 5 of the Report of the Directors.

John Falcon
Company Secretary

Board of Directors

Paul Pascoe (49)
Non-Executive Chairman
Paul Pascoe was appointed to the role of Non-Executive Chairman of the company in November 2008. Paul has broad business experience and is a director of various companies and became a director of Unique Broadcasting in 1995. Paul is a member of the Audit Committee, Remuneration Committee and Nominations Committee.

Simon Cole (52)
Chief Executive
Simon Cole founded Unique Broadcasting in 1989 in partnership with Tim Blackmore, having pioneered the market for national sponsored programmes whilst at Piccadilly Radio, where he was Head of Programmes. Simon has been awarded a fellowship of the Radio Academy. Simon is a member of the Nominations Committee.

John Falcon (31)
Finance Director
John was appointed as Finance Director in January 2009. Prior to re-joining UBC John worked as Finance Director at a leisure group for two years, prior to which he worked at UBC for four years.

Tim Blackmore MBE (65)
Non-Executive Director and Group Editorial Director
Tim Blackmore founded Unique Broadcasting in 1989 with Simon Cole, after a career in radio production with BBC Radio One and Capital Radio. In 2004 Tim was appointed as a Non-Executive Director. He continues to act as Chairman of Smooth Operations. Tim was awarded an MBE for services to independent radio production. Tim has also been awarded a fellowship of the Radio Academy and is Chairman of the Sony Radio Academy Awards. Tim is a member of the Remuneration Committee and Audit Committee.

Kelvin Harrison (55)
Non-Executive Director
Kelvin Harrison is a chartered engineer with significant experience of the software, electronics and communications sectors in various positions, including chief executive of public and private companies. Kelvin is also Chairman of Maxima Holdings plc. Kelvin is Chairman of the Remuneration Committee and the Audit Committee.

Directors and Advisers

Executive directors
Simon A Cole
John C Falcon

Non-executive directors
Timothy J Blackmore MBE
Kelvin F Harrison
Paul H B Pascoe

Company Secretary
John C Falcon

Registered Office
50 Lisson Street
London NW1 5DF

Country of Incorporation
Great Britain

Registered Number
3958483

Nominated Adviser and Broker
Seymour Pierce Limited
20 Old Bailey
London EC4M 7EN

Solicitors to the Company
Wragge & Co LLP
55 Colmore Row
Birmingham B3 2AS

Pinsent Masons LLP
CityPoint
One Ropemaker Street
London EC2Y 9AH

Principal Bankers
Barclays Bank plc
27 Soho Square
London W1D 3QR

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA

Auditors
Deloitte LLP
Chartered Accountants
London

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2010. The Corporate Governance statement on pages 7 to 8 form part of this report.

Business review and principal activities

The Chief Executive's Review of Business is contained on page 2 and the Financial Review is contained on page 3. The principal business of the Group in the year was the supply of audio and video programming and the provision of audio and data services to the radio industry.

Cautionary statement on forward-looking statements and related information

The purpose of the annual report is to provide information to the members of the Company. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial position of the Group. By their nature, these statements involve risk and uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated and nothing in this Annual Report should be construed as a profit forecast.

Results and dividends

The Group's financial results for the year are shown in the Consolidated Statement of Comprehensive Income on page 13. A dividend of £499,000 (2009: Nil) was paid during the year. The directors have not recommended the payment of a final dividend.

Directors and their interests

The names of the directors serving in the year and their interests at 31 March 2010 were as follows:

	Number of ordinary shares as at 31 March 2009	Number of ordinary shares as at 31 March 2010	Ordinary shares under option as at 31 March 2010
S. A. Cole	21,275,064	21,275,064	2,000,000
T. J. Blackmore MBE	20,080,857	20,080,857	–
K. F. Harrison	123,118	123,118	–
P. H. B. Pascoe	8,751,919	8,751,919	–
J. P. Quinn (left)	2,462,506	–	–
J. C. Falcon	–	–	2,000,000

At 31 March 2010, the following directors' interests were also noted:

1. Of the ordinary shares shown as beneficially held by S. A. Cole, 6,760,064 are registered under the name of HSBC Global Custody Nominee (UK) Limited and 750,000 are registered under the name Rock Nominees Limited
2. Of the ordinary shares shown as beneficially held by T. J. Blackmore, 3,344,226 are registered in the name of his wife Margaret Blackmore.
3. Of the ordinary shares shown as beneficially held by P. H. B. Pascoe 8,448,714 are registered under the name of Cenkos Channel Islands Nominees and are shares with which P. H. B. Pascoe is connected.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. Cover with an annual limit of £2 million is maintained.

Substantial shareholders

At 4 June 2010, the Company has been informed of the following interests of 3% or more in its ordinary shares of 1p each in issue at that date:

	Number of shares	% of issued share capital
D C Thomson & Company Limited	33,207,838	17.00
S. A. Cole	21,275,064	10.89
T. J. Blackmore MBE	20,080,857	10.28
Standard Life Investments	18,728,560	9.59
Hargreave Hale & Co	10,900,000	5.58
Lion Trust Asset Management	10,686,535	5.47
Beringea	9,330,535	4.78
P. H. B. Pascoe	8,751,919	4.48
Herald Investment Management Limited	6,345,306	3.25

Capital structure

The Group has no debt and the business is funded through readily available cash and working capital management.

Re-election of directors

In accordance with the Articles of Association, T. B. Blackmore MBE and K. F. Harrison will retire by rotation at the Company's Annual General Meeting ("AGM") and, being eligible, offer themselves for re-election. The Board has considered the requirements of the Combined Code in respect of these matters and believes that these members continue to be effective and to demonstrate their commitment to their roles, the Board and the Group. Brief particulars of all directors can be found on page 4.

Corporate governance

As an AIM-listed company, UBC Media Group plc is not required to comply with the main provisions of the principles of good governance and code of best practice prepared by the Committee on Corporate Governance (the 'Combined Code'). However, insofar as they are able for a company of its size, the Board complies with the provisions of the Combined Code. Details concerning the Group's arrangements relating to corporate governance and its compliance with the Combined Code are given in the Corporate Governance Statement on pages 7 to 8. The Directors' Remuneration Report is given on pages 10 to 11.

Principal risks and uncertainties

Having disposed of the radio advertising business in the prior year the Group is currently progressing its future strategy for its Content and Software and Interactive businesses.

There is a risk that the Group will lose key programming contracts with the BBC, but this is mitigated by the fact that the majority of contracts by value are long-term and the BBC has committed to increase the percentage of its output that is commissioned from the independent radio production sector. The Group is also seeking to increase its revenues from programming commissions from parties other than the BBC.

There are uncertainties surrounding the ultimate size of the markets for the Group's digital software products. However, the Group believes there is commercial potential for these products and continues to invest in both product and market development.

The other main risks to the Group are people, especially key executives. Retention of the key executives of the Group is recognised as a risk and is managed by the incentive and remuneration arrangements referred to on page 10. Financing of the Group's activities is covered in the Financial Review on page 3.

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and financial position and commentary on the Group's financial results, its cash flows, liquidity requirements, available cash reserves and a summary of the Group principal risks and uncertainties are set out above and in note 1 to the financial statements. In addition, note 27 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to liquidity risk and credit risk.

The Board is satisfied that the Group balance sheet remains strong. We remain well-financed with considerable cash reserves and no foreseeable requirement for further finance. The financial statements at 31 March 2010 show that the Group generated a profit for the period of £214,000 (2009: £5,821,000 profit) with cash used in operating activities of £58,000 (2009: £323,000) and a net decrease in cash and cash equivalents of £2,059,000 in the year (2009: increase £6,554,000). The financial statements also show that at 31 March 2010 the Group balance sheet presented a net asset position of £9,895,000 (2009: £10,139,000) with net current assets of £6,873,000 (2009: £10,451,000). The Group balance sheet also showed cash reserves at 31 March 2010 of £8,414,000 (2009: £10,473,000), which exceeds the value of total liabilities.

The Board has concluded that no matters have come to its attention which suggests that the Group will not be able to maintain its current terms of trade with customers and suppliers. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the Group has sufficient cash available to continue in operational existence throughout the forecast period and beyond. The Board has considered various alternative operating strategies should these be necessary and are satisfied that revised operating strategies could be adopted if and when necessary. As a consequence, the Board believes that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Employee involvement

The Group places considerable value on the involvement of its employees and encourages the development of employee involvement in each of its operating companies through both formal and informal meetings. It is the Group's policy to ensure that employees are made aware of significant matters affecting the performance of the Group through information bulletins, informal meetings, team briefings, internal newsletters and the Group's website and intranet.

Employment policy

The Group acknowledges the vital role that all employees play in its success through their skills, initiative and commitment. The Group endorses and supports the principles of equal opportunities and always fully considers applications by disabled persons. The policy in respect of staff who became disabled whilst employed is to train and assist them wherever practicable to continue within the Group. It is the policy of the Group to consider individuals on their merit and to make employment decisions on a non-discriminatory basis in compliance with its legal obligations. The Group's policy is to ensure that, as far as is reasonably practicable, working environments exist which will minimise risk to the health and safety of employees.

Environmental policy

In appreciating the importance of good environmental practice, the Group seeks to ensure that its operations cause minimum detrimental impact on the environment. The Group's objective is to comply with all relevant environmental legislation and to promote effective environmental management throughout its businesses.

Policy and practice on payment of creditors

Each Group company is responsible for agreeing the details of terms and conditions relating to transactions with its suppliers where goods and services have been supplied in accordance with the relevant terms and conditions of the contract. Trade creditors for the Company at 31 March 2010 represented 41 days of purchases (31 March 2009: 38 days of purchases).

Directors' statement as to the disclosure of information to auditors

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

- so far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

John Falcon
Company Secretary

50 Lisson Street
London NW1 5DF

4 June 2010

Corporate Governance Statement

As an AIM-listed company, UBC Media Group plc is not required to comply with the main provisions of the principles of good governance and code of best practice contained in the updated version of the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2008 (the 'Combined Code'). However, the Company supports the principles of good governance laid down in the Combined Code and insofar as they are able, for a company of its size, the Board complies with the provisions of the Combined Code.

The Board
The Company is controlled through a Board of Directors, which at 31 March 2010 comprised two executive directors and three non-executive directors. Short biographies of each director are set out on page 4.

The role of the Chairman and that of the Chief Executive are separate and have been so since the Company's formation.

The Senior Non-Executive Director is K. F. Harrison.

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda. The Chairman also ensures that the directors receive accurate, timely and clear information and that there is effective communication with shareholders. The Chairman also facilitates the effective contribution of the other Non-Executive Directors and ensures constructive relations between executive and non-executive directors.

The Chief Executive's responsibilities are concerned with managing the Group's business and implementing Group strategy.

The Board's role is to provide entrepreneurial leadership of UBC Media Group within the framework of prudent and effective controls that enable risk to be assessed and managed. The Board is responsible for setting the Company's strategic aims and for ensuring the financial and human resources are in place for the Company to meet its objectives and to review management performance. The Board is also responsible for setting the Company's values and standards and ensuring that its obligations to its shareholders are understood and met.

The Combined Code requires that the Board undertakes a formal annual evaluation of its performance, its directors and its committees. A review was done in the current year and the Board expects to do a review in the next financial year.

The Board dispatches its role by holding monthly meetings, at which:

- the monthly management accounts, including budgets and prior year comparatives, are presented and reviewed;
- strategy is set and policy is debated;
- all significant investment and acquisition opportunities are reviewed and, if appropriate, approval is given; and
- any proposed changes to internal control and operating policies are debated.

The Non-Executive Directors bring a wide range of experience and expertise to the Company's affairs, which allows them to constructively challenge and help develop proposals and strategy, scrutinise performance and controls and take decisions objectively in the interests of the Company.

P. H. B. Pascoe is not considered by the Board to be independent by virtue of his length of service as a non-executive director of both UBC Media Group plc and by reason of the significant shareholding in the Company held by an entity which he is connected with. In addition, T. J. Blackmore, by reason of his significant shareholding in the Company and previous service as an executive director of UBC Media Group, is not considered by the Board to be independent.

All directors are subject to election by shareholders at the first opportunity after appointment and at each annual general meeting of the Company one-third of the Directors are subject to retirement by rotation. At the Annual General Meeting in 2009 P. H. B. Pascoe and J. C. Falcon were re-elected to the Board. Details of directors submitted for re-election at the forthcoming AGM are provided on page 5.

The Company carries insurance to indemnify directors for claims made against them in relation to their duties, with the exception of any losses incurred as a result of their willful negligence. Cover with an annual limit of £2 million is maintained.

The Board of Directors meets formally at regular intervals. During the year attendance, at formal meetings of the Board was as follows:

	Number of Board meetings attended
P. H. B. Pascoe	11
S. A. Cole	11
J. C. Falcon	11
T. J. Blackmore MBE	10
K. F. Harrison	10

In addition there were a number of informal meetings of the Board.

The Company has adopted the Model Code for Directors' dealings as applicable to AIM companies.

Financial reporting
The Board places considerable emphasis on ensuring that all communications with shareholders present a balanced and transparent assessment of the Group's position and prospects. The Board or a sub-committee of the Board reviews and approves results announcements, interim reports, annual reports, the Chairman's AGM statement and trading updates prior to their release. The directors' statement of responsibilities in respect of the preparation of financial statements is set out on page 9 and the Auditors' statement on the respective responsibilities of directors and auditors is included within their report on page 12.

Internal controls and risk management
The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. In compliance with Provision C.2.2 of the Combined Code, the Board has considered the need for an internal audit function, but has concluded that the internal control systems in place are appropriate for the size and complexity of the Company.

The Board is also responsible for the identification and evaluation of major risks faced by the Group and for determining the appropriate course of action to manage those risks. The Board has put in place the procedures necessary to implement and comply with the guidance 'Internal Control: Guidance for Directors on the Combined Code' (The Turnbull Report) (Revised). In accordance with Provision C.2.1 of the Combined Code, the directors have performed a review of the groups control systems during the financial year.

Committees of the Board
The Board has three committees, being the Audit Committee, the Remuneration Committee and the Nominations Committee, each of which operate within defined terms of reference.

Audit Committee
The Audit Committee consists of K. F. Harrison as chairman, P. H. B. Pascoe and T. J. Blackmore MBE. The Audit Committee has primary responsibility for monitoring the integrity of the financial statements of the Group; reviewing the Group's internal financial controls; ensuring that the financial performance of the Group is properly measured and reported on; and for reviewing reports from the Group's auditors relating to the Group's accounting and internal financial controls. The Finance Director and other senior management also attend committee meetings by invitation. The Committee has unrestricted access to the Company's auditors. The Audit Committee met formally two times during the year. The Committee reviews arrangements by which staff of the Company may raise in confidence concerns about improprieties in matters of financial reporting or other matters and investigates appropriate follow-up action.

The Audit Committee recommends to the Board the appointment, re-appointment or removal of the external auditors. The Committee considers all proposals for non-audit services and ensures that these do not impact on the objectivity and independence of the auditors.

The Audit Committee in its meetings with the external auditors reviews the safeguards and procedures developed by the auditors to counter threats or perceived threats to their objectivity and independence and assess the effectiveness of the external audit.

Remuneration Committee
The Remuneration Committee consists of K. F. Harrison as chairman, P. H. B. Pascoe and T. J. Blackmore MBE. Further details of the Committee's remit are contained in the Directors' Remuneration Report on pages 10 to 11. The Remuneration Committee met formally on three occasions during the year.

Nominations Committee
The Nominations Committee is responsible for succession planning and ensuring that all appointments to the Board are objective. The Committee oversees the selection and appointment of directors, making its recommendations to the full Board. The Committee meets as and when required. The Nominations Committee did not meet during the year. The Committee consists of P. H. B. Pascoe, as chairman, and S. A. Cole.

Relations with shareholders
The Board is committed to maintaining good communications with shareholders. The Chief Executive maintained a regular dialogue with institutional shareholders throughout the year. The executive directors give presentations to analysts and hold one-to-one formal meetings with the Group's key shareholders immediately following the announcement of the Group's full year and interim results. The Group obtains independent feedback on these meetings through its corporate brokers, and this feedback is disclosed to the Board.

The Company responds formally to all queries and requests for information from existing and prospective shareholders. In addition P. H. B. Pascoe, K. F. Harrison and T. J. Blackmore MBE are available to shareholders to ensure that any potential concerns can be raised directly. The Group's Annual Report and Accounts, final and interim announcements, trading statements and press releases are available on its website at www.ubcmedia.com.

Constructive use of the AGM
The Board uses the Annual General Meeting to communicate with both institutional and private shareholders. Resolutions are proposed on each substantially separate issue and the agenda includes a resolution to adopt the Group's Annual Report and Accounts. Details of the proxy votes for and against each resolution are announced after the result of the hand votes is known. Before the formal business of the Meeting is undertaken, the Chairman invites shareholders' questions to the Board.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report, Directors' Remuneration 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 are required to prepare group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation.

The directors are required by the IAS Regulation to prepare the Group financial statements under IFRSs as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006 and Article 4 of the IAS Regulation. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability as a going concern.

The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent company financial statements are required by law to give a true and fair view of the state of affairs of the company. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the parent company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

John Falcon
Finance Director

4 June 2010

Directors' remuneration report

Unaudited Information

Remuneration Committee

The Board has established a Remuneration Committee with formally delegated duties and responsibilities, consisting of K. F. Harrison as Chairman, T. J. Blackmore MBE and P. H. B. Pascoe. The provisions of the Combined Code recommend that as Company Chairman, P. H. B. Pascoe should not be a member of the Committee. However, it is considered that P. H. B. Pascoe's experience and knowledge is of considerable value to the Committee and as a result he has been appointed a member of the Committee. The Remuneration Committee has responsibility for determining executive directors' terms and conditions of service, including remuneration and grant of options under the Share Option Schemes.

Remuneration policy for executive directors

The Company's policy on executive director remuneration is to:

- attract and retain high-quality executives by paying competitive remuneration packages relevant to each director's role, experience and the external market; and
- incentivise directors to maximise shareholder value through share options and the payment of an annual bonus.

Directors' service contracts

The executive director S. A. Cole has a 12-month rolling service agreement with the Company. J. C. Falcon has a 3-month rolling service agreement with the Company. On 4 June 2010 the non-executive chairman, P. H. B Pascoe, and the directors, T. J. Blackmore and K. F. Harrison were appointed as non-executive directors of the Company for a one-year period expiring on 3 June 2011. The appointment of the non-executive chairman, P. H. B. Pascoe, and the appointment of the non-executive directors, T. J. Blackmore and K. F. Harrison may be terminated at any time by the Company on three months' notice.

S. A. Cole and J. C. Falcon participate in an annual bonus plan under which in the year to 31 March 2010 their maximum bonus potential was 50% of salary. The measures used to assess performance under the bonus plan in the year to 31 March 2010 were Group and divisional profitability compared to market expectations.

The remuneration of each of the directors for the year ended 31 March 2010 was as follows:

	Salary & fees £'000	Bonus £'000	Taxable benefits £'000	Pension contribution £'000	**2010 Total £'000**	2009* Total £'000
Executive						
S. A. Cole	164	1	1	5	**171**	295
J. P. Quinn (1)	–	–	–	–	–	313
G. D. Rigby (2)	–	–	–	–	–	94
J. C. Falcon	73	1	–	–	**74**	25
Non-executive						
P. H. B. Pascoe (Chairman)	29	–	–	–	**29**	20
J. Hodson (3)	–	–	–	–	–	26
T. J. Blackmore MBE	21	–	–	–	**21**	1
K. F. Harrison	18	–	–	–	**18**	20
Total	305	2	1	5	**313**	794

* included within S. A. Cole bonus column in 2009 is an amount of £102,000 relating to compensation for the signing of a personal two year non-compete agreement in relation to the sale of the Commercial Division to GTN, payable over the period the restriction impacts

(1) Resigned as a director on 2 March 2009

(2) Appointed as a director on 2 May 2008, resigned 23 January 2009

(3) Resigned as a director on 17 November 2008

New Long Term Incentive Scheme

During the year, the Remuneration Committee conducted a detailed review of the Company's long term incentive policy with help from MM & K, its remuneration advisers. After due consideration and discussions with some of the Company's key institutional investors, the Remuneration Committee adopted a new long term incentive scheme, structured to take advantage, to the extent possible, of the HMRC approved Enterprise Management Incentive legislation. The new scheme was designed to incentivise and reward key employees and to align more closely with the interests of those employees with shareholders. The scheme was drafted by MM & K and was approved by the Board on the 9 February 2010.

All employees (including executive directors) of the group are eligible to participate in the new plan. In practice, participants will be granted nil cost options entitling them to acquire ordinary shares in the Company after a specified vesting period and subject to the achievement of specified stretching performance conditions.

Executive directors Simon Cole and John Falcon were granted options under the new scheme on the 22 February 2010 which will become first exercisable on the date following the preliminary announcement of the final results of the Company for its financial year ending 31 March 2013, subject to the achievement of performance conditions.

The options granted to Messrs Cole and Falcon will only become exercisable in full if the aggregate adjusted earnings per share ("EPS") for the three financial years ending 31 March 2013 exceed 1.01pence. There is a staged vesting option if the EPS performance over the three years is lower than this target, with no vesting below a threshold level of EPS performance as set by the Remuneration committee.

Other members of the senior management team have also been granted options under the plan with different performance conditions linked directly to the performance of the divisions for which they are responsible.

Directors' interests in share options and share awards

The interests of the directors who have served during the year, in share options of the Company at the beginning and end of the financial year were as follows:

	Date of grant	At 1 Apr 09	Options granted during the year	Options lapsed during the year	Options cancelled during the year	Options exercised during the year	**At 31 Mar 2010**
Simon Cole	22-Feb-10	–	2,000,000*	–	–	–	**2,000,000**
John Falcon	22-Feb-10	–	2,000,000*	–	–	–	**2,000,000**

* These options were granted with a nil exercise price at a time when the market value of a share was 4.5 pence

The middle market price of the shares at 31 March 2010 was 3.75p and the range during the year was 3.00p to 5.64p.

Independent auditors' report to the members of UBC Media Group plc

We have audited the group financial statements of UBC Media Group plc for the year ended 31 March 2010 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors' 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 auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the group 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS regulation.

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 group 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:

- 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.

Other matters
We have reported separately on the parent company financial statements of UBC Media group plc for the year ended 31 March 2010 and on the information in the Directors' Remuneration Report that is described as having been audited.

Mark Lee-Amies
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London

4 June 2010

Consolidated statement of comprehensive income
As at 31 March 2010

	Notes	**2010** **£'000**	2009 (restated) (note 1) £'000
Continuing operations			
Revenue	2, 3	**4,940**	3,525
Cost of sales		**(3,563)**	(2,461)
Gross profit		**1,377**	1,064
Administrative expenses before impairment of fixed asset investment		**(1,913)**	(1,740)
Impairment of fixed asset investment		**–**	(150)
Total administrative expenses		**(1,913)**	(1,890)
Operating loss	3, 4	**(536)**	(826)
Investment income	7	**91**	121
Loss before tax		**(445)**	(705)
Taxation on continuing operations	8	**(99)**	(57)
Loss for the period from continuing operations		**(544)**	(762)
Discontinued operations:			
Profit for the period after taxation from discontinued operations	10	**758**	6,583
Profit for the period attributable to owners of the parent company and total comprehensive income		**214**	5,821
(Loss)/profit per share (pence)	9		
From continuing operations			
Basic		**(0.28)**	(0.40)
Diluted		**(0.28)**	(0.40)
From continuing and discontinued operations			
Basic		**0.11**	3.02
Diluted		**0.11**	2.89

Certain costs previously disclosed in administrative costs have been reclassified for the prior year as cost of sales to provide an equivalent comparison. There is no impact on operating loss or loss before tax as a result of this reclassification.

Consolidated statement of financial position

Year ended 31 March 2010

	Notes	2010 £'000	2009 £'000
Assets			
Non-current assets			
Goodwill	11	**4,707**	2,834
Intangible assets	12	**883**	–
Property, plant and equipment	13	**292**	128
Deferred tax asset	18	**191**	92
		6,073	3,054
Current assets			
Inventory: work-in-progress		**74**	94
Trade and other receivables	16	**1,517**	1,670
Derivative financial asset	27	**–**	811
Cash and cash equivalents		**8,414**	10,473
		10,005	13,048
Total assets		**16,078**	16,102
Current liabilities			
Trade and other payables	17	**(1,162)**	(1,666)
Provisions for liabilities and charges – current	19	**(1,970)**	(931)
		(3,132)	(2,597)
Net current assets		**6,873**	10,451
Liabilities			
Non-current liabilities			
Deferred tax liability	18	**(645)**	(447)
Provisions for liabilities and charges – non-current	19	**(2,406)**	(2,919)
		(3,051)	(3,366)
Total liabilities		**(6,183)**	(5,963)
Net assets		**9,895**	10,139
Equity			
Share capital	20	**1,953**	1,927
Share premium account		**2,587**	18,676
Retained earnings	21	**5,355**	(10,464)
Total equity		**9,895**	10,139

These financial statements for company registration number 3958483, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and related notes were approved by the Board of directors on 4 June 2010 and were signed on its behalf by:

J. C. Falcon
Director

Consolidated cash flow statement
Year ended 31 March 2010

	Notes	2010 £'000	2009 £'000
Cash flows from operating activities			
Cash used in continuing operations	22	**(155)**	(446)
Taxation rebate		**97**	123
Net cash used in operating activities		**(58)**	(323)
Investing activities			
Interest received	7	**46**	121
Dividends received	7	**45**	–
Purchase of property, plant and equipment	13	**(224)**	(35)
Acquisition of trade and assets	15	**(1,869)**	–
Net cash (used in)/generated from investing activities		**(2,002)**	86
Financing activities			
Dividends paid	21	**(499)**	–
Proceeds from issue of ordinary share capital	20	**41**	–
Net cash used in financing activities		**(458)**	–
Net cash flow from discontinued operations	10	**459**	6,791
Net (decrease)/increase in cash and cash equivalents		**(2,059)**	6,554
Cash and cash equivalents at beginning of period		**10,473**	3,919
Cash and cash equivalent at end of period		**8,414**	10,473

Consolidated statement of changes in equity

Year ended 31 March 2010

	Note	Share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	**Total £'000**
At 1 April 2009		1,927	18,676	–	(10,464)	**10,139**
Profit for the period		–	–	–	214	**214**
Share options exercised	20	26	15			**41**
Capital reduction		–	(16,104)	–	16,104	**–**
Dividends	21	–	–	–	(499)	**(499)**
At 31 March 2010		1,953	2,587	–	5,355	**9,895**

	Share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 April 2008	1,927	18,676	(801)	(15,484)	4,318
Profit for the period	–	–	–	5,821	5821
Reserves movement	–	–	801	(801)	–
At 31 March 2009	1,927	18,676	–	(10,464)	10,139

1. ACCOUNTING POLICIES

The Group prepares its consolidated financial statements in accordance with International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") in accordance with European Union regulations.

The principal accounting policies set out below have been consistently applied to all the periods presented in these financial statements; except as stated below.

Prior year reclassification
The consolidated statement of comprehensive income for the year ended 31 March 2009 has been restated to conform to current year presentation. £830,000 of costs previously disclosed in administrative costs have been reclassified to cost of sales.

Basis of preparation
These financial statements have been prepared in accordance with the recognition and measurement basis of IFRS. The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments.

New Standards and Interpretations
In the current financial year, the Group has adopted IAS 1 'Presentation of Financial statements' (revised 2007), Amendments to IFRS 7 'Financial Instruments' and IFRS 8 'Operating Segments'.

The main change affecting UBC Media Group plc as a result of adopting IAS 1 (revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, a consolidated statement of changes in equity has been included as a primary statement, showing changes in each component of equity for each period presented.

The amendment to IFRS 7 introduces a three level hierarchy for fair value measurement disclosures and requires entities to provide additional disclosures about the relative reliability of fair value measurements, to help improve comparability between entities about the effect of fair value measurements. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk. This is aimed at ensuring that the information disclosed enables users of an entity's financial statements to evaluate the nature and extent of liquidity risk arising from financial instruments and how the entity manages that risk. No comparative disclosures are required for the first year of application.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker, the Chief Executive to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 'Segment Reporting') required the Group to identify two sets of segments (business and geographical), using a risk and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. The adoption of this standard has resulted in no changes in the Group's reportable segments.

Standards not affecting the reported results or financial position
The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 23 (amended)	Borrowing costs
IAS 32/IAS 1 (amended)	Puttable Financial Instruments and obligations arising on Liquidation
IAS 39 (amended)	Eligible Hedged Items
IAS 40 (amended)	Investment Property
IFRIC 9/IAS 39 (amended)	Clarification regarding Assessment of Embedded Derivatives
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in Foreign Operation
IFRIC 18	Transfers of Assets from Customers

At the date of authorisation of these financial statements, a number of new IFRS Standards and IFRIC Interpretations have been issued which are not yet effective for the year ended 31 March 2010 and which have not been adopted early. These are listed below:

IFRS 1 (amended)/ IAS 27	Cost of an investment in a subsidiary, jointly controlled entity or associate.
IFRS	Improvements to IFRS (April 2009)
IFRS 2 (amended)	Group Cash-settled Share-based Payment Transactions
IFRS 3 (revised 2008)	Business Combination
IFRS 9	Financial Instruments: Classification and Measurement
IAS 24 (amended)	Related Party Disclosures
IAS 28 (amended)	Investment in Associates
IAS 32 (amended)	Classification of Rights Issues
IAS 38 (amended)	Intangible Assets
IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 17	Distribution of Non-cash Assets to Owners
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for; IFRS 3 (revised 2008) Business Combinations and IAS 27 (revised 2008) Consolidated and separate financial statements, which will apply to acquisitions made during the year ended 31 March 2011.

1. ACCOUNTING POLICIES (CONTINUED)

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Directors on pages 4 to 5. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on page 3. In addition note 27 to the financial statement includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of consolidation of subsidiaries
The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. Intra-group sales and profits are eliminated on consolidation. Where a consolidated company is less than 100% owned by the Group, the minority interest share of its results and net assets are recognised at each reporting date. Where a company has net liabilities, no asset is recorded within minority interests unless the minority shareholder has an obligation to make good its share of the net liabilities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate (details are given in Note 10).

Revenue
Revenue represents amounts receivable for goods and services provided in the normal course of business, and excludes intra-group sales, Value Added Tax and trade discounts. Revenue comprises:

- Sale of programmes and content: The value of goods and services supplied is recognised on delivery of content. Production costs are recognised on the same date as the relevant revenue.
- Sale of advertising time: Advertising revenue is recognised on the date the relevant advertisement appears. Advertising revenue is recognised gross where the Group is exposed to the majority of the risks and rewards of the transactions and, as such, acts as principal. Where the Group does not bear the majority of the risks and rewards of the transactions it assumes the role as agent and revenue is recognised net of associated costs.

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Goodwill
Goodwill represents the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired. Following initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill recognised under UK GAAP prior to the date of transition to IFRS is stated at net book value as at that date.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each Group's CGU expected to benefit from synergies on the combination.

Intangibles
Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method over the expected useful life of the customer relationship.

Property, plant and equipment
Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is charged to write off the cost of these fixed assets to their residual value over their expected useful lives, using the straight-line method, on the following basis:

	%
Technical equipment	50
Computer equipment	33 1/3
Office equipment	20

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Dividend and interest revenue
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Inventory – work-in-progress
Programmes in production are stated at the lower of cost and net realisable value and included in work in progress. Programme material is written off fully on first transmission or sale. Expenditure relating to programmes that have been commissioned for production is carried forward at cost.

Cash and cash equivalents
Cash and cash equivalents include cash at bank and in hand and deposits with an original maturity of three months or less, net of overdrafts.

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and more frequently if there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

Where broadcasting licences remain unutilised by the Group and have not been sublet, provision is made in full for the outstanding lease payments together with other outgoings for the remaining period of the licence. This provision takes into account any future sublet income reasonably expected. Future licence payments are charged against this provision in the period in which they are made.

Fixed asset investments
Fixed asset investments are shown at cost less provision, if appropriate, for any impairment.

Share capital
Ordinary shares are classified as equity instruments. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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

Research and development tax credits are recognised in the period when it becomes probable that an amount will be receivable or recoverable from Her Majesty's Customs and Excise.

Deferred taxation arises as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. The deferred tax liability that is the result of timing differences that are not permanent is recognised in full. Deferred tax assets are only recognised to the extent that, on the basis of all available evidence, they are recoverable. Deferred tax assets and liabilities recognised have not been discounted.

Employee benefits
The retirement benefits for employees are provided by a defined contribution scheme, which is funded by contributions by employees with a Group contribution for certain employees only. The amount charged to the income statement is the contribution payable in the year by Group companies.

Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease rentals are charged to the income statement over the lease term on a straight-line basis.

Share-based payment transactions
The Group has applied the requirements of IFRS 2 'Share-based payment'. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that remained unvested as of 1 January 2005.

Certain employees receive remuneration in the form of share-based payments, including shares or rights over shares. The cost of equity-settled transactions with employees is measured by reference to the fair value of the instruments concerned at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the vesting date on which the relevant employees become fully entitled to the award. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors at that date, will ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Foreign currencies
Transactions in foreign currencies are recorded at the exchange rate for sterling ruling at the date of the transaction. Upon settlement, monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange-rate ruling on the settlement date. Monetary assets and liabilities denominated in foreign currencies at the year-end are re-translated at the exchange rate ruling at the balance sheet date. Exchange differences arising from re-translation at the settlement date or balance sheet date are included in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not converted.

Discontinued operations
Where a component of the Group meets the criteria of an operating segment and has been disposed of or is classified as held-for-sale, the income of the discontinued operation is presented separately on the face of the Group's consolidated income statement. The liabilities and assets of operations held-for-sale are presented as a separate item on the balance sheet.

1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments
Financial assets are accounted for on the trade date. Financial assets and financial liabilities principally include the following:

Trade receivables

Trade receivables do not carry interest and are stated at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables

Trade payables are not interest-bearing and are stated at their fair value.

Derivative financial instruments

In the year ended 31 March 2009, the Group had a derivative financial instrument in respect of the deferred earn-out consideration on the sale of the Commercial division. Further details on this are disclosed in note 27 to the financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Critical accounting judgements and key areas of estimation uncertainty
Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the balance sheet date was £4.707 million. Details of the calculation are provided in note 11.

Valuation of intangible assets on acquisition

On acquiring a business the Group is required to consider the existence or otherwise of intangible assets. On identification of these assets, such as customer relationships, the Group considers the cash flows expected to arise from existing relationships which is a judgement.

Revenue recognition

Management considers the detailed criteria for the recognition of revenue from the sale of goods and services set out in IAS 18 Revenue, in particular whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods.

Deferred tax asset

Management believes that deferred tax assets recognised are justified by the ability of the company to continue to make profits.

Provisions and earnouts

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

2. REVENUE

An analysis of the Group's revenue is as follows:

	2010 £'000	2009 £'000
Continuing operations		
Sales of goods	**4,204**	2,881
Rendering of services	**736**	644
	4,940	3,525
Discontinued operations		
Sales of goods (see note 10)	**168**	9,417

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments
The Group has adopted IFRS 8 Operating segments with effect from 1 April 2009. The adoption has resulted in no changes in the Group's reportable segments.

For management purposes, the Group is organised into two continuing operating divisions – Content and Software and Interactive. These divisions comprise the Group's operating segments for the purposes of reporting to the Group's chief operating decision maker, the Chief Executive Officer.

Principal activities are as follows:

Content

The principal activity of the division is the production of audio and video programming for broadcasters and advertising to domestic markets.

Software and Interactive

The principal activity of the division is the development and sale of software and data services to the radio industry both in the UK and overseas markets.

The Group was also previously involved in Commercial Networking and Cliq; any income or expenditure arising in respect of these divisions is recognised in discontinued operations as described in note 10.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

Segment information about these businesses is presented below:

	Content		Software and Interactive		Unallocated		Total	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000
Revenue	**4,436**	2,946	**504**	579	**–**	–	**4,940**	3,525
Segment's result (gross profit)	**1,206**	796	**171**	268			**1,377**	1,064
Unallocated corporate expense					**(1,913)**	(1,890)	**(1,913)**	(1,890)
Operating profit/(loss)							**(536)**	(826)
Investment income							**91**	121
Income tax expense							**(99)**	(57)
Profit for the year from discontinued operations							**758**	6,583
Profit for the year							**214**	5,821
Segment assets	**6,966**	3,527	**276**	246	**8,836**	12,329	**16,078**	16,102
Segment liabilities	**1,719**	143	**99**	150	**1,130**	1,373	**2,948**	1,666
Discontinued operations*					**3,235**	4,297	**3,235**	4,297
	1,719	143	**99**	150	**4,365**	5,670	**6,183**	5,963
Other segment items:								
Capital additions	**102**	16	**1**	8	**171**	11	**274**	35
Depreciation	**40**	19	**6**	15	**64**	71	**110**	105
Amortisation	**116**	–	**–**	–	**–**	–	**116**	–

*The Group's unallocated assets and liabilities include central administrative tangible fixed assets, cash and working capital, Group tax deferred tax liability and deferred tax asset.

In the year ended 31 March 2010, revenues of £2,419,000 (2009: £2,330,000) are included within the Content revenues from sales to the Group's single largest customer. No other customer formed greater than 10% of external revenues within the years ended 31 March 2010 and 2009.

Geographical Information

The Group's operations and assets are located in the United Kingdom. The Group's sales outside the United Kingdom are predominantly made by the software and interactive division.

The Group's revenue from external customers and information about its segments by geographical location is detailed below:

	Revenue		Non-current assets	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
United Kingdom	**4,512**	3,121	**6,073**	3,054
Europe	**14**	–	**–**	–
Rest of the world	**414**	404	**–**	–
	4,940	3,525	**6,073**	3,054

4. OPERATING LOSS FOR THE YEAR

Operating loss for the year has been arrived at after charging:

	Continuing operations		Discontinued operations		Total	
	2010	2009	**2010**	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Net foreign exchange losses	**12**	32	**–**	–	**12**	32
Depreciation of property, plant and equipment	**110**	105	**–**	–	**110**	105
Amortisation of intangible assets – customer relationships	**110**	–	**–**	–	**110**	–
Operating lease payments – land and buildings	**108**	147	**–**	–	**108**	147
Licences' payments	**–**	–	**1,079**	1,068	**1,079**	1,068
Staff costs (see note 6)	**2,432**	2,298	**59**	1,375	**2,491**	3,673
Impairment of goodwill	**–**	–	**50**	–	**50**	–

5. AUDITORS' REMUNERATION

	2010 £'000	2009 £'000
Audit fees		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**30**	35
The audit of the Company's subsidiaries pursuant to legislation	**30**	32
Total audit fees	**60**	67
Non-audit fees		
– Tax services	**41**	53
– Other services	**5**	91
Total non-audit fees	**46**	144
Total fees paid to the Company's auditors	**106**	211

A description of the work of the Audit Committee is set out in the Corporate Governance Statement and includes an explanation of how auditors' objectivity is safeguarded when non-audit services are provided by the auditor.

6. STAFF COSTS

The average monthly number of persons employed by the Group during the year, including executive directors, was 65 (2009: 76). The majority of staff costs in the Group are presented in cost of sales.

	2010 No.	2009 No.
Staff numbers		
Management and administration	**18**	20
Production, editorial and sales	**47**	56
	65	76

	£'000	£'000
Wages and salaries	**2,231**	3,312
Social security costs	**237**	334
Pension costs	**23**	27
	2,491	3,673

7. INVESTMENT INCOME

	2010 £'000	2009 £'000
Bank interest	**46**	121
Dividends received	**45**	–
	91	121

8. TAX

	Continuing operations		Discontinued operations		Total	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000
Current tax	**–**	–	**–**	–	**–**	–
Prior year adjustment	**–**	–	**–**	–	**–**	–
Research and development tax credit	**–**	–	**(97)**	(64)	**(97)**	(64)
Deferred tax (see note 18)	**99**	57	**–**	–	**99**	57
	99	57	**(97)**	(64)	**2**	(7)

Corporation tax is calculated at 28% (2009: 28%) of the estimated assessable profit for the year. A £97,000 (2009: £64,000) research and development tax credit arose from Cliq Radio Limited. The charge for the year can be reconciled to the profit per statement of comprehensive income as follows:

	2010 £'000	**2010 %**	2009 £'000	2009 %
Loss before tax:				
Continuing operations	**(445)**	**(206)%**	(705)	(12)%
Discontinued operations	**661**	**306%**	6,519	112%
	216	**100%**	5,814	100%
Tax at the UK corporation tax rate of 28 % (2009: 28%)	**60**	**28%**	1,628	28%
Tax effect of expenses that are not deductible in determining taxable profit	**15**	**7%**	156	2%
Accelerated capital allowances	**(34)**	**(16)%**	25	0.4%
Non-taxable capital transactions	**(299)**	**(138)%**	(2,747)	(47)%
Tax effect of non-utilisation of tax losses	**357**	**165%**	1,087	19%
Deferred tax asset recognised	**–**	**–**	(92)	(1.6)%
Research and development tax credit	**(97)**	**(45)%**	(64)	(1)%
Tax charge/(credit) and effective tax rate for the year	**2**	**1%**	(7)	(0.2)%

9. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share is calculated by dividing the profit/(loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share. For a loss-making company with outstanding share options, net loss per share would only be increased by the exercise of out-of-the-money options.

Reconciliation of the profit and weighted average number of shares used in the calculation are set out below:

	Profit/(loss) 2010 £'000	**Weighted average number of shares 2010 Million**	**Per share amount 2010 Pence**	Loss 2009 £'000	Weighted average number of shares 2009 Million	Per share amount 2009 Pence
Basic EPS						
Profit/(loss) attributable to shareholders:						
Continuing and discontinued operations	**214**	**194**	**0.11**	5,821	193	3.02
Continuing operations	**(544)**	**194**	**(0.28)**	(762)	193	(0.40)
Discontinued operations	**758**	**194**	**0.39**	6,583	193	3.42
Diluted EPS						
Profit/(loss) attributable to shareholders:						
Continuing and discontinued operations	**214**	**202**	**0.11**	5,821	201	2.89
Continuing operations	**(544)**	**194**	**(0.28)**	(762)	193	(0.40)
Discontinued operations	**758**	**202**	**0.37**	6,583	201	3.27

10. DISCONTINUED OPERATIONS

Shown below is a summary of discontinued operations:

Net profit/(loss) attributable to discontinued operations	Notes	**2010 £'000**	2009 £'000
Commercial Division	(i)	**938**	9,148
Cliq music downloading service	(ii)	**234**	(2,023)
Classic Gold Digital	(iii)	**(414)**	(542)
Profit in the period from discontinued operations		**758**	6,583

Net cash flow from discontinued operations was £459,000 (2009: £6,791,000), included within this was cash received in investing activities of £1,813,000 (2009: £8,212,000), the other cashflows relate to cash used in operating activities.

(i) Commercial division

On 2 March 2009 the entire share capital of The Unique Broadcasting Company Limited was purchased by Global Traffic Network (UK) Limited, a subsidiary of Global Traffic Network Inc, a US registrant. The assets of Programme Production and Data and Interactive businesses were not included in the sale and were transferred out of the company to The New Unique Broadcasting Company Limited a newly incorporated and wholly owned subsidiary of UBC Media Group plc. The sale was for an initial cash consideration of £9,000,000 and contingent consideration based on revenue achieved by the Commercial division in the years ending December 2009, 2010 and 2011 which is discussed in further detail in note 27. This resulted in a gain on disposal of £9,023,000 as shown below. Direct disposal costs amounted to £785,000.

On 24 July 2009, UBC announced the settlement of the earnout on the sale of the Commercial Division to Global Traffic Network for £1,950,000. As at 31 March 2009 this was fair valued at £811,000. On that date, UBC also announced the acquisition of the assets of the part of the Commercial Division responsible for Sponsorship, Promotions and Interactive Marketing (trading as 'IntaMedia') from Global Traffic Network Inc ("GTN") for a cash consideration of £50,000.

At 31 December 2009, it was decided to discontinue IntaMedia and the £50,000 goodwill along with the trading losses for the period from acquisition to 31 December 2009 were written off. Disposal costs incurred amounted to £137,000. Included within discontinued operations is also the trade performance of the disposed assets which amounted to a loss of £14,000 (2009: profit £125,000).

10. DISCONTINUED OPERATIONS (CONTINUED)

	2010 £'000	2009 £'000
Revenue	**168**	9,417
Expenses	**(182)**	(9,292)
(Loss)/profit before tax	**(14)**	125
Attributable tax expense	**–**	–
(Loss)/profit after tax	**(14)**	125
Gain on disposal of discontinued operations	**952**	9,023
Profit attributable to discontinued operations	**938**	9,148

	2010 £'000	2009 £'000
Initial cash consideration	**–**	9,000
Fair value of contingent consideration (see note 27)	**–**	811
Unwinding of fair value consideration	**(811)**	–
Cost of disposal	**(137)**	(785)
Actual deferred cash consideration	**1,950**	–
Net assets cash disposed	**–**	(3)
Goodwill impairment	**(50)**	–
Gain on disposal	**952**	9,023

(ii) Cliq Music Downloading Service

On 11 June 2008 the directors decided to close the Cliq music downloading service. Consumer uptake was not as anticipated and the Java application was beset with difficulties relating to compatibility with mobile phones in the market place. Further costly development of the Java application was required and along with not having the co-operation of the mobile telecoms industry, the directors decided to close the consumer facing side of the Cliq music downloading service and instead concentrate on providing a business-to-business solution to manufacturers of connected devices. After accounting for all closure costs of the division the profit attributed to Cliq in the year was £ 234,000 (2009: Loss £2,023,000). The licence credit in the current year is the revaluation of a digital license provision of the ongoing commitment attributable to non-cancellable licences which run to 2015 (see note19).

	2010 £'000	2009 £'000
Revenue	**–**	–
Expenses	**(30)**	(1,172)
Loss before tax	**(30)**	(1,172)
Attributable tax credit	**97**	64
Profit/(loss) after tax	**67**	(1,108)
Licence credit/(cost)	**167**	(915)
Profit/(loss) attributable to discontinued operations	**234**	(2,023)

10. DISCONTINUED OPERATIONS (CONTINUED)

(iii) Classic Gold Digital

On 30 June 2007 the business and assets, including licences, of Classic Gold Digital Limited, were sold to GCap Media (AM) Limited, a wholly-owned subsidiary of GCap Media plc. On 30 June 2007 the 20% shareholding in Classic Gold Digital Limited held by GCap Media Services Limited (formerly GWR Radio Services Limited) was transferred to UBC Media Group plc and Classic Gold Digital Limited became a wholly-owned subsidiary of UBC Media Group plc and Classic Gold Digital Limited changed its name to Lisson Street (Properties) Limited.

The licence cost in the current year is the revaluation of a digital license provision for the ongoing commitment attributable to non-cancellable licences which runs to 2015. These licences were used to broadcast the Classic Gold Digital service.

	2010 £'000	2009 £'000
Revenue		–
Expenses	**(3)**	–
(Loss)/profit before tax	**(3)**	–
Attributable tax expense	**–**	–
(Loss)/profit after tax	**(3)**	–
Licence costs	**(411)**	(542)
Loss attributable to discontinued operations	**(414)**	(542)

11. GOODWILL

	2010 £'000
Cost	
As at 1 April 2009	**2,834**
Additions recognised on acquisition (note 15)	**1,923**
As at 31 March 2010	**4,757**
Accumulated Impairment losses	
As at 1 April 2009	**–**
Impairment losses for the year	**50**
As at 31 March 2010	**50**
Carrying value	
At 31 March 2010	**4,707**
At 1 April 2009	**2,834**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGU) that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:

	2010 £'000	2009 £'000
Content		
Smooth Operations (Productions) Limited	**2,834**	2,834
The New Unique Broadcasting Company Limited	**1,426**	–
Above The Title Limited	**447**	–
	4,707	2,834

The £50,000 impairment in the year relates to IntaMedia which was discontinued at 31 December 2009.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGU are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using benchmark cost of capitals for the sector along with the cost of capital of the Group. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

11. GOODWILL (CONTINUED)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year, applies industry growth rates and extrapolates cash flows into perpetuity. The Group then prepares sensitivity analysis on the variables to ensure robustness of the carrying value

The key assumptions used in these calculations are:

- FY 2010-11 budgeted earnings before interest, tax, depreciation and amortisation ("EBITDA").
- Discount rate 7.70% based on company WACC.
- Growth rate of 2.00% as per the long-term growth rate of the U.K.
- Sensitivity analysis applied of 10% reduction in budgeted EBITDA and 0% EBITDA growth.
- The Group projects cash flow derived from the most recent financial information used by management for the next year based on growth as stated above.

An increase in the discount rate by the following percentage points would result in the carrying amount of goodwill being reduced to its recoverable amount:

	%
Smooth Operations (Productions) Limited	3.1
The New Unique Broadcasting Company Ltd	41.3
Above The Title Ltd	12.3

12. INTANGIBLE ASSETS

	Customer relationships £'000	Other £'000	Total £'000
Cost			
At 1 April 2009	–	–	–
Additions	948	51	999
At 31 March 2010	**948**	**51**	**999**
Amortisation			
At 1 April 2009	–	–	–
Charge for the year	110	6	116
At 31 March 2010	**110**	**6**	**116**
Carrying amount			
At 31 March 2010	**838**	**45**	**883**
At 1 April 2009	–	–	–

The above were capitalised in accordance with IAS 38 "Intangible assets" on acquisition of the trade and assets of RadioLynx (note 15). Customer relationships and other intangible assets are amortised over their estimated useful lives, which is on average five years.

13. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £'000	Office equipment £'000	Technical equipment £'000	Total £'000
Cost				
At 1 April 2008	218	228	132	578
Additions	23	–	12	35
Disposals	(107)	(37)	(100)	(244)
At 1 April 2009	134	191	44	369
Adjustments	(64)	(111)	(11)	(186)
At 1 April 2009 (restated)	70	80	33	183
Additions	34	124	66	224
Additions through acquisitions	14	–	36	50
Disposals	(11)	(2)	(2)	(15)
At 31 March 2010	**107**	**202**	**133**	**442**
Depreciation				
At 1 April 2008	131	116	112	359
Charge for year	56	36	13	105
Disposals	(86)	(37)	(100)	(223)
At 1 April 2009	101	115	25	241
Adjustments	(64)	(111)	(11)	(186)
At 1 April 2009 (restated)	37	4	14	55
Charge for the year	29	52	29	110
Disposals	(11)	(2)	(2)	(15)
At 31 March 2010	**55**	**54**	**41**	**150**
Net book value				
At 31 March 2009	33	76	19	128
At 31 March 2010	**52**	**148**	**92**	**292**

14. SUBSIDIARIES

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note B to the Company's separate financial statements.

15. ACQUISITIONS

On 20 August 2009, UBC announced the acquisition of the trade and assets of Radio Lynx, a key player in the growing business of marketing through content. The purchase was satisfied by an initial cash consideration of £1,600,000 and a deferred contingent cash earnout of up to £800,000 based on the operating profit generated by Radio Lynx in the 12 full months immediately following completion.

On 15 February 2010, UBC acquired the assets of Above The Title, a respected producer of content for a range of broadcasters including the BBC. The purchase was satisfied by an initial cash consideration of £85,000 and a deferred earnout to be paid in a mixture of cash and shares which, based on the current share price, would lead to a maximum earnout of £1,000,000, which will become payable if an annualised operating profit of £333,333 is achieved in the 24 months immediately following completion.

On 24 July 2009, UBC also announced the acquisition of the trade and assets of the part of the Commercial Division responsible for Sponsorship, Promotions and Interactive Marketing (trading as "IntaMedia") from Global Traffic Network Inc (GTN) for a cash consideration of £50,000. At 31 December 2009, it was decided to discontinue IntaMedia. The goodwill and trading losses in the period to 31 December 2009 were written off and included in discontinued operations (see note 10).

These transactions have been accounted for by the purchase method of accounting.

15. ACQUISITIONS (CONTINUED)

	Radio Lynx		Above The Title		IntaMedia	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Net assets acquired	36	36	88	14	–	–
Goodwill (note 11)		1,426		447		50
Intangibles (note 12)		999		–		–
Total consideration		2,461		461		50
Satisfied by:						
Initial upfront cash		1,600		85		50
Deferred consideration		800		303		–
Acquisition fees		61		73		–
		2,461		461		50
Net cash outflow arising on acquisition						
Cash consideration		(1,661)		(158)		(50)
Cash and cash equivalents acquired		–		–		–
		(1,661)		(158)		(50)

Radio Lynx contributed £1,421,000 to revenue and £357,000 to gross profit for the period between the period of acquisition and the end of the reporting period.

Above The Title contributed £131,000 to revenue and £33,000 to gross profit for the period between the period of acquisition and the end of the reporting period.

Had these business combinations been effected as at 1 April 2009, the revenue of the Group from continuing operations would have been increased by £1,049,000 and profit before tax would have increased by £89,000. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

16. TRADE AND OTHER RECEIVABLES

	2010 £'000	2009 £'000
Amount receivable for the sale of goods	**1,223**	1,044
Allowance for doubtful debts	**(1)**	(135)
	1,222	909
Other debtors	**33**	392
Accrued income	**111**	203
Prepayments	**151**	166
	1,517	1,670

The average credit period taken on sales of goods and services is 34 days (2009: 50 days). No interest is charged on receivables. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience and likelihood of recovery as assessed by the directors.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The directors believe that the majority of the trade receivables that are past due but not impaired are of a good credit quality.

Included in the Group's trade receivable balance are debtors with a carrying amount of £ 620,000 (2009: £464,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 71 days (2009: 91 days).

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Customers that represent more than 5% of the total balance of trade receivables are:

	2010 £'000	2009 £'000
Customer A	**279**	374
Customer B	**197**	–
Customer C	**120**	–
Customer D	**101**	202
Customer E	**84**	–
Customer F	**–**	116
Customer G	**–**	54

Ageing of past due but not impaired receivables

	2010 £'000	2009 £'000
30-60 days	**312**	171
60-90 days	**234**	149
90-120 days	**8**	10
120+ days	**66**	134
Total	**620**	464

Movement in the allowance for doubtful debts

	2010 £'000	2009 £'000
Balance at the beginning of the period	**135**	137
Amounts recovered during the year	**(134)**	(2)
Balance at the end of the period	**1**	135

In determining the recoverability of trade receivables the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Included in the allowance for doubtful debts there are no individually impaired trade receivables which have been placed under liquidation (2009: £Nil). Any impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables

	2010 £'000	2009 £'000
120+ days	**1**	135
Total	**1**	135

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

17. TRADE AND OTHER PAYABLES

	2010 £'000	2009 £'000
Trade payables	**502**	779
Other taxes and social security	**113**	45
Accrued costs	**409**	667
Deferred income	**138**	175
	1,162	1,666

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 41 days (2009: 38 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The directors consider that the carrying amount of trade payables approximates to their fair value.

18. DEFERRED TAX

Deferred tax liability

	Accelerated tax depreciation £'000	Total £'000
At 1 April 2008	298	298
Charge to income	149	149
At 1 April 2009	447	447
Charge to income	198	198
At 31 March 2010	**645**	**645**

Deferred tax asset

	Trading tax losses £'000	Total £'000
At 1 April 2008	–	–
Credit	92	92
At 1 April 2009	92	92
Credit	99	99
At 31 March 2010	**191**	**191**

At the balance sheet date, the Group has unrecognised deferred tax assets of approximately £3,489,000 (2009: £3,143,000) in respect of unused trading tax losses and £70,000 (2009: £104,000) of accelerated capital allowances which have not been recognised on the grounds that there is insufficient evidence that these will be recoverable. These assets will be recovered when future tax charges are sufficient to absorb these tax benefits.

19. PROVISIONS

	Earnout (Lynx) £'000	Earnout (ATT) £'000	Property Lease Provision £'000	Digital licences provision £'000	Total £'000
At 1 April 2009	–	–	–	3,850	3,850
Additional provision in the year	800	304	79	–	1,183
Unwinding of discount				244	244
Utilisation of provision				(901)	(901)
At 31 March 2010	**800**	**304**	**79**	**3,193**	**4,376**
Included in current liabilities					1,970
Included in non-current liabilities					2,406
					4,376

The ATT and Lynx earnout provisions relate to deferred consideration on the acquisition of Above The Title and Radio Lynx. The earnouts are contingent on the performance of the business and assets acquired and will be paid out in cash (Radio Lynx) or a combination of cash and shares (ATT) according to the terms of the sale and purchase agreement.

During the year under review the Company acquired the trade and assets of Above The Title including two onerous property leases. The property is in the process of being sublet but prevailing market conditions meant that part of the lease as reflected above remained onerous.

The digital licenses provisions relate to discontinued operations. The Company has provided for the costs attributable to non-cancellable licences which run to 2015 on the basis of the discounted present value of future payments (2009: £3,850,000).

During the year two of the five MXR digital license contracts were re-assigned to third parties which resulted in a credit to the Cliq line in discontinued operations of £167,000 (see note 10).

Management are in discussions with the holders of the remaining licences and are confident that these amounts will be settled for less than the contracted amount but, because the outcome of these discussions is uncertain, management have provided based on their contractual obligations.

During the year payments of £166,000 (2009: £181,000) made to MXR.

20. SHARE CAPITAL

Group	2010 £'000	2009 £'000
Authorised		
400,000,000 ordinary shares of 1p each	**4,000**	4,000
Allotted, called up and fully paid		
195,286,212 ordinary shares of 1p each (2009: 192,736,212)	**1,953**	1,927

Issued share capital
The Group has one class of ordinary shares which carry no right to fixed income.

During the year ended 31 March 2010, 2,550,000 ordinary shares of 1p each were issued following the exercise of options held by a former employee of the Company. This resulted in cash proceeds of £41,000.

21. RETAINED EARNINGS AND DIVIDENDS

	2010 £'000	2009 £'000
Retained earnings	**5,355**	(10,464)
Balance at beginning of year	**(10,464)**	(15,484)
Net profit attributable to members of the Company	**214**	5,821
Capital reduction	**16,104**	-
Payment of dividends	**(499)**	-
Reserves movement	**-**	(801)
Balance at end of year	**5,355**	(10,464)

On 17 December 2009 a dividend of 0.102 pence per share (total dividend £199,000) was paid to holders of fully paid ordinary shares.

On 19 March 2010 a dividend of 0.154 pence per share (total dividend £300,000) was paid to holders of fully paid ordinary shares.

The Board has not recommended the payment of a final dividend.

22. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

Continuing operations	2010 £'000	2009 £'000
(Loss)/profit before interest and tax	**(536)**	(826)
Loss on sale of fixed assets	**–**	18
Impairment of intangible assets	**–**	150
Amortisation of intangible assets	**116**	–
Depreciation of tangible fixed assets	**110**	105
Decrease/(increase) in work in progress	**20**	(36)
Decrease/(increase) in trade and other receivables	**153**	(270)
(Decrease)/increase in trade and other payables	**(97)**	413
(Decrease)/increase in provisions	**79**	–
Net cash outflow from operating activities	**(155)**	(446)

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23. OPERATING LEASE ARRANGEMENTS

The Group as lessee	2010 £'000	2009 £'000
Minimum lease payments under operating leases recognised as an expense in the year	**1,218**	1,261

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2010 £'000	2009 £'000
Within one year	**1,263**	1,111
In the second to fifth year inclusive	**2,888**	3,922
After five years	**479**	89
	4,630	5,122

Operating lease payments represent rentals payable by the Group for licence fees on certain of its office properties, equipment and digital licences. Property leases are negotiated for an average term of 5 years and equipment for an average term of 1 year. Included within operating leases are the Groups commitment to digital licence costs (see note 19).

24. SHARE-BASED PAYMENTS

Certain members of staff and the Employee Benefit Trust hold options to subscribe for shares in the Company at prices ranging from 0p to 27.5p per share under (i) the unapproved share option scheme (approved on 6 June 2000), (ii) the UBC Media Group plc employees' share option scheme (approved on 20 October 2000); and (iii) the UBC Media Group Plc enterprise management incentive scheme (approved by the Board on 09 February 2010).

	2010 Options	Weighted average exercise price	2009 (restated) Options	Weighted average exercise price
Outstanding at beginning of period	**7,396,530**	**9.5p**	11,782,264	20.26p
Granted during the period	**7,250,000**	**4.5p**	–	–
Forfeited during the period	**(3,676,530)**	**9.5p**	(4,385,734)	38.41p
Exercised during the period	**(2,550,000)**	**1.59p**	–	–
Outstanding at end of period	**8,420,000**	**1.171p**	7,396,530	9.5p
Exercisable at end of period	**1,170,000**	**12.33p**	7,396,530	9.5p

The weighted average share price at the date of exercise for share options exercised during the period was 4.5p. The options outstanding at 31 March 2010 had a weighted average exercise price of 1.171p (2009: 12.3p) and a weighted average remaining contract life of 3 years (2009: 3 years). In 2010, options were granted on 22 February 2010. The aggregate of the estimated fair values of the options granted during the year is £326,250.

The inputs to the Black Scholes model are as follows:

	2010	2009
Market value at date of grant	**4.5p**	–
Number of share options outstanding	**7,250,000**	–
Term of option (years)	**10**	–
Period of vesting (years)	**3**	–
Exercise price	**0p**	–
Risk-free rate	**3.0%**	–
Expected dividend yield	**0.0%**	–
Expected volatility	**50.0%**	–
Fair value option	**4.5p**	–

The expected volatility is based on the Group's historical share price averaged over a period equal to expected life. The expected life is the average expected period to exercise. The risk free rate of return is based on the UK Government gilts. The share options outstanding at the year end have exercise values between 0.5p and 27.5p per share.

The Group has not recognised a share-based payment charge for the current or previous year.

25. RETIREMENT BENEFIT SCHEMES

Defined contribution schemes
The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The total cost charged to income of £23,000 (2009: £27,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 March 2010, no contributions due in respect of the current reporting period had not been paid over to the schemes (2009: £Nil).

26. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Trading transactions
During the year, Group companies entered into no transactions with related parties who were not members of the Group (2009: Nil). Also refer to note 19.

Remuneration of key management personnel
The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual directors is provided in the audited part of the Directors' Remuneration Report on pages 10 to 11.

	2010 £'000	2009 £'000
Short-term employment benefits	**305**	866
Post-employment benefits	**8**	11
Termination benefits	**–**	–
Gains made on exercise of share options	**–**	–
	313	877

There are no other transactions with directors during the year.

The CEO of UBC Media Group plc is also the chairman of MXR. Dealings remain on an arms-length basis.

27. FINANCIAL INSTRUMENTS

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to meet their financial obligations as they arise while maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 20 to 21.

The Group does not have any external borrowings. At 31 March 2010, there were no loan notes included in liabilities held for sale (2009: £Nil).

Analysis of net funds

	As at 1 April 2009 £'000	Cash flow £'000	**As at 31 March 2010 £'000**
Cash in hand and at bank	10,473	(2,059)	**8,414**

The Group does not have access to committed borrowing facilities.

Externally imposed capital requirement
The Group is not subject to externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS (CONTINUED)

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Categories of financial instruments

	2010 £'000	2009 restated £'000
Financial assets		
Cash and cash equivalents	**8,414**	10,473
Receivables	**1,222**	908
Other receivables	**144**	595
Derivative financial asset	**–**	811
Financial liabilities		
Trade	**(502)**	(779)
Accrued costs	**(409)**	(645)
Other payables	**(113)**	–

The carrying amounts of financial assets and financial liabilities recorded at amortised cost approximates their fair values.

Financial risk management objectives

It is, and has been throughout the year under review, the Group's policy not to use or trade in derivative financial instruments.

The Group's financial instruments comprise its cash and cash equivalents, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of the financial assets and liabilities is to provide finance for the Group's operations in the year.

The Group has limited exposure to foreign currency risk; thus the main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing these risks and they are summarised below. These policies have remained unchanged throughout the year under review.

Interest rate risk management

The Group's policy is to ensure that it maximises the interest income on surplus cash. This involves placing cash in a mix of fixed rate and floating rate short-term deposits. There is no prescribed ratio of fixed to floating rate.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date. For floating rate cash deposits, the analysis is prepared using the average of the amount of cash at each month-end throughout the year.

If interest rates had been 0.5% lower and all other variables were held constant, the Group's loss for the year ended 31 March 2010 would increase by £31,000 (2009: £15,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate deposits.

The Group's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate deposits.

Other price risks

The Group is not exposed to equity price risks arising from equity investments. The shares included above represent investments in unlisted equity securities that present the Group with an opportunity for return through dividend income and trading gains. Equity investments designated as available for sale are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Equity price sensitivity analysis

The Group was not exposed to equity price risk in the current or prior year.

27. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial asset – contingent consideration
The derivative financial asset in the prior year related to the contingent consideration due under the sale and purchase agreement of the commercial division as discussed in note 10.

The earn out was based on revenue targets for the calendar years ending December 2009, 2010 and 2011. The year one earn out was based on a stepped model with the bottom level target of £11,000,000 resulting in a £1,000,000 earn out. This then stepped up in ratchets with the top level earn out of £5,500,000 being paid out if turnover of £13,600,000 was met. The year two and three earn outs were based on 50% of all revenue above the target levels of £12,000,000 and £12,500,000 respectively. The earn out was to be paid three months after calendar year end.

A discounted cash flow analysis was performed in the prior year using probability weighting for best, mid and worst case scenarios. The Company's prior year standard base discount rate of 8.9% was used as a base but was then increased to take into account market uncertainty, lack of visibility of performance and counterparty risk. The fair value of this derivative financial asset was to be re-measured at each balance sheet date. It should be noted that there is no applicable observable market data on which to develop a fair value and that this is therefore an internally-generated value.

Management calculated the fair value of this contingent consideration to be £811,000 as at 31 March 2009. This consideration was settled during the year for £1,950,000 resulting in a profit of £1,139,000 (see note 10).

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities after assessing credit quality using independent rating agencies and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits.

Trade receivables consist principally of publicly funded and commercial broadcast companies as well as advertising agencies and corporate advertisers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	Minimum credit risk	
	2010	2009
	£'000	£'000
Trade and other receivables	**1,366**	1,504

The table below shows the credit limit and balance of five major counterparties at the balance sheet date:

	2010		2009	
Counterparty	**Credit limit £'000**	**Carrying amount £'000**	Credit limit £'000	Carrying amount £'000
Customer A	**500**	**279**	500	374
Customer B	**500**	**197**	–	–
Customer C	**500**	**120**	–	–
Customer D	**500**	**101**	500	202
Customer E	**500**	**84**	–	–

Customer A represents a significant proportion of the Group's turnover and the debtor's balance of £279,000 represents 23% of the total receivables at the balance sheet date. The companies relationship with the customer is strong with long-running established contracts.

A number of the Group's largest customers by debtor balance in the prior year are no longer customers of the Group subsequent to the sale of the Commercial Division.

Liquidity risk management
The Group's policy throughout the year has been to ensure continuity of funds. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables
The following table details the Group's expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial asset including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2010							
Non-interest bearing	–	1,366	–	–	–	–	**1,366**
Variable interest rate instruments	0.7	8,414	–	–	–	–	**8,414**
	–	9,780	–	–	–	–	**9,780**
2009							
Non-interest bearing	–	1,504	–	–	–	–	1,504
Variable interest rate instruments	1.0	10,473	–	–	–	–	10,473
	–	11,977	–	–	–	–	11,977

The Group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

All financial liabilities are non-interest bearing and fall due within one month.

Fair value of financial instruments
The fair value of other non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

28. POST BALANCE SHEET EVENTS

On 28 May 2010 the Group concluded an agreement with the seller of Radio Lynx, Music Marketing Services Limited, to advance £500,000 of the deferred cash consideration in exchange for the deferred consideration cap being reduced from £800,000 to £700,000.

Independent auditors' report to the members of UBC Media Group plc

We have audited the parent company financial statements of UBC Media Group plc for the year ended 31 March 2010 which comprise the parent company balance sheet, the parent company reconciliation of shareholders' funds and the related notes A to E. 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 auditors' 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 auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 31 March 2010;
- 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 parent company 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.

Other matters
We have reported separately on the Group financial statements of UBC Media Group plc for the year ended 31 March 2010.

Mark Lee-Amies
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London

4 June 2010

Parent company balance sheet
As at 31 March 2010

	Notes	2010 £'000	2009 £'000
Fixed asset investments	B	**1,360**	1,360
Current assets			
Debtors	C	**3,250**	1,522
Derivative financial asset		**–**	811
Cash at bank and in hand		**8,171**	10,153
		11,421	12,486
Creditors: amounts falling due within one year	D	**(142)**	(497)
Provisions for liabilities and charges – current	E	**(1,132)**	(931)
Net current assets		**10,147**	11,058
Total assets less current liabilities		**11,507**	12,418
Provisions for liabilities and charges – non-current	E	**(2,061)**	(2,919)
Net assets		**9,446**	9,499
Capital and reserves			
Called up share capital		**1,953**	1,927
Share premium account		**2,587**	18,676
Profit and loss account		**4,906**	(11,104)
Shareholders' funds		**9,446**	9,499

These Company balance sheet and related notes for company registration number 3958483 were approved by the Board of directors on 4 June 2010 and were signed on its behalf by:

J. C. Falcon
Director

Parent company reconciliation of shareholders' funds
Year ended 31 March 2010

	Share capital £'000	Share premium account £'000	Accumulated losses £'000	Total £'000
At 1 April 2009	1,927	18,676	(11,104)	9,499
Profit for the period			405	405
Dividends paid			(499)	(499)
Share options exercised	26	15		41
Capital reduction		(16,104)	16,104	–
At 31 March 2010	**1,953**	**2,587**	**4,906**	**9,446**

A. PRINCIPAL ACCOUNTING POLICIES

The parent company financial statements are presented as required by the Companies Act 2006. They have been prepared in accordance with applicable law and accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied throughout the current and prior year except as noted, is set out below.

The results, assets and liabilities of the Company are included in the consolidated financial statements of UBC Media Group plc, which are publicly available. Consequently, the Company has taken exemption from preparing a cash flow statement under the terms of FRS 1 (revised) 'Cash Flow Statements'. The Company is also exempt under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the Group. The Company has also taken the exemption available in respect of the requirement of FRS 29 'Financial Instruments: disclosures'.

Profit for the year
As permitted by section 408 of the Companies Act 2006 the Company has not elected to present its own profit and loss account for the year. UBC Media Group plc reported a profit for the financial year ended 31 March 2010 of £405,000 (2009: loss of £2,587,000).

The average number of employees throughout 2010 was two (2009: two). Staff costs amounted to £0.2m (2009: £0.2m). Information about the remuneration of directors is provided in the audited part of the directors' remuneration report on page 10 of the consolidated financial statements.

The audit fee for the Company in 2010 was £7,500 (2009: £7,500).

Fixed asset investments
Fixed asset investments are shown at cost less provision, if appropriate, for any impairment.

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

Deferred taxation arises as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. The deferred tax liability that is the result of timing differences that are not permanent is recognised in full. Deferred tax assets are only recognised to the extent that, on the basis of all available evidence, they are recoverable. Deferred tax assets and liabilities recognised have not been discounted.

Costs of share options schemes
As a result of the grant of share options under an unapproved share option scheme since 6 April 1999, the Group will be obliged to pay National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised. The liability is estimated using the market value of the Company's shares at each balance sheet date. The movement in the provision is charged or credited to the profit and loss account as a staff cost.

The Group is also obliged to pay National Insurance contributions on the difference between the market value at the date of the grant (or the market value at each balance sheet date, if lower) and the option price for share options issued under the Enterprise Management Incentive Scheme.

B. FIXED ASSET INVESTMENTS

	2010 £'000	2009 £'000
Cost		
At 1 April	**1,360**	2,516
Additions	**–**	–
Disposals	**–**	(1,006)
At 31 March	**1,360**	1,510
Provisions for impairment		
At 1 April	**–**	–
Written off	**–**	150
At 31 March	**–**	150
Net book value	**1,360**	1,360

Principal subsidiaries, joint ventures and associates

	Ordinary shares held 2010 %	Ordinary shares held 2009 %	Principal activity
Subsidiaries: immediate holding company UBC Media Group plc			
The New Unique Broadcasting Company Limited	**100**	100	Radio production and software development
Lisson Street (Properties) Limited (formerly Classic Gold Digital Limited)	**100**	100	Radio broadcasting
Smooth Operations (Productions) Limited	**100**	100	Radio production
Above The Title Limited	**100**	–	Radio production
Cliq Radio Limited	**100**	100	Music Downloading Service
UBC Digital Limited	**100**	100	Dormant
UBC Media Group Trustees Limited	**100**	100	Dormant
Joint venture of UBC Media Group plc			
The Digizone Limited	**–**	50	Dormant
Subsidiary (formerly joint venture) of The New Unique Broadcasting Company Limited			
Oneword Radio Limited	**100**	100	Radio broadcasting

All joint ventures companies are registered in England and Wales as private companies limited by shares. On 10 March 2009 The Digizone Limited was dissolved.

All companies listed above are incorporated in Great Britain and registered in England and Wales.

Principal subsidiaries and associates
In February 2009 the assets and related liabilities of the Programme Production and Data and Interactive businesses that were held in The Unique Broadcasting Company Limited were transferred at their carrying value to The New Unique Broadcasting Company Limited, a newly incorporated wholly owned subsidiary of UBC Media Group plc. This was a prerequisite to the disposal of The Unique Broadcasting Company Limited to Global Traffic Network (UK) Limited on 2 March 2009 at which date it was only the assets and liabilities of the Commercial Division which remained in The Unique Broadcasting Company Limited.

Above The Title Limited is a wholly owned subsidiary formed solely to acquire the assets and liabilities of Above The Title Productions Limited.

C. DEBTORS

Due within one year:

	2010 £'000	2009 £'000
Trade debtors	**–**	–
Amounts owed by Group undertakings	**3,218**	1,118
Other debtors	**27**	402
Prepayments and accrued income	**5**	2
	3,250	1,522

D. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £'000	2009 £'000
Trade creditors	**98**	278
Accruals and deferred income	**44**	219
	142	497

E. PROVISIONS FOR LIABILITIES AND CHARGES

	Digital licences provision £'000	Total £'000
At 1 April 2009	3,850	3,850
Utilisation of provision	(657)	(657)
At 31 March 2010	**3,193**	**3,194**
Included in current liabilities	1,132	1,132
Included in non-current liabilities	2,061	2.061
	3,193	3,193

The Company has provided for the costs attributable to non-cancellable licences which run to 2015 on the basis of the discounted present value of future payments (2009: £3,850,000).

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the tenth Annual General Meeting ("AGM") of the Company will be held at the offices of Pinsent Masons LLP at City Point, One Ropemaker Street, London EC2Y 9AH on 21 July 2010 at 11.00am for the following purposes:

Ordinary Business:

1. To receive the report of the directors and the financial statements of the Company for the year ended 31 March 2010.
2. To re-appoint Deloitte LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be fixed by the directors.
3. To re-elect Kelvin Harrison who retires by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
4. To re-elect Tim Blackmore who retires by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
5. To approve the Directors' Remuneration Report for the year ended 31 March 2010.

Special Business:

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   THAT the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company up to a maximum nominal amount of £650,954.04 provided that this authority shall expire fifteen months from the date of this resolution or, if earlier, on the date of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired,

   and further,

   THAT the directors be and they are hereby generally and unconditionally authorised to exercise all powers of the company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company in connection with a rights issue or other offer in favour of ordinary shareholders where the shares or rights respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to their holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, directions from any holders of shares to deal in some other manner with their respective entitlements, legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange) up to an aggregate nominal amount of an additional £650,954.04 provided that this authority shall expire fifteen months from the date of this resolution or, if earlier, on the date of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the board may allot securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

7. To consider and, if thought fit, to pass the following resolutions as Special Resolutions:

   THAT, subject to and conditionally upon the passing of resolution 6 above, the directors be and they are hereby empowered pursuant to section 571 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by that resolution as if section 561 of the Act did not apply to such allotment, PROVIDED that the power hereby conferred shall be limited:

   (i) to the allotment of equity securities in connection with a rights issue or other offer in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to their holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, directions from any holders of shares to deal in some other manner with their respective entitlements, legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange); and

   (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £195,286.21,

   and shall expire fifteen months from the date of this resolution or, if earlier, at the date of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

8. THAT the Company be and it is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of any of its ordinary shares of 1 pence each (the "ordinary shares"), provided that:

   (i) the maximum number of ordinary shares of 1 pence each hereby authorised to be purchased is 19,528,621, being approximately ten per cent of the issued ordinary shares;

   (ii) the minimum price which may be paid for each ordinary share is 1 pence, exclusive of the expenses of purchase;

   (iii) the maximum price which may be paid for each ordinary share is an amount equal to 105% of the average of the middle market quotations of the ordinary shares derived from the AIM section of the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary shares are contracted to be purchased;

   (iv) the authority conferred under this resolution, unless renewed, varied or revoked, shall expire at the conclusion of the next annual general meeting of the Company or 21 October 2011 (whichever is the earlier); and

   (v) the Company may before the expiry of this authority conclude a contract to purchase ordinary shares pursuant to the authority conferred hereunder which will or may be executed wholly or partly after such expiry and may make such purchase of ordinary shares pursuant to any such contract as if such authority had not expired.

By Order of the Board,

J. C. Falcon
Company Secretary

Registered office:
50 Lisson Street, London NW1 5DF

18 June 2010

Notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the annual general meeting of the Company ("AGM"). A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.

2. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact contacting the Registrars helpline on 0871 664 0300 (calls cost 10p per minute; lines are open 8.30am to 5.30pm, Monday-Friday) or (from overseas) +44 208 639 3399.

3. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU not less than 48 hours before the time for holding the meeting.

4. The return of a completed proxy form or other such instrument will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

5. The Register of Directors' Interests in shares of the Company and copies of the service agreements between the Company and its directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) until the date of the AGM and also on the date and at the place of the AGM from fifteen minutes prior to its commencement until the conclusion of the AGM.

6. The Company specifies that only shareholders registered in the register of members of the Company at close of business on 19 July 2010 shall be entitled to attend or vote at the aforesaid annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

7. As at 17 June 2010 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 195,286,212 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that time there were 195,286,212.

8. Persons who are not shareholders in the Company will not be admitted to the AGM unless prior arrangements are made with the Company.

9. Except as provided above, members who have general queries about the AGM should contact the Company Secretary at the Company's registered office (no other methods of communication will be accepted). You may not use any electronic address to communicate with the Company for any purposes other than those expressly stated (i) in this notice of general meeting; or (ii) in any related documents (including the proxy form).

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