Company Registration No. 03958483

UBC Media Group plc

Report and Financial Statements

Year to 31 March 2013

UBC Media Group plc

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UBC Media Group plc

Chairman's Statement

A year ago the Group announced its new strategy. This was based on strategic growth of the Interactive business through investment, acquisition and development whilst managing the heritage content production businesses for their reliable revenues. I am pleased to report progress on both fronts.

The Content businesses have performed satisfactorily in an extremely competitive and structurally challenged market. Gross margin is broadly flat, although good progress has been made in reducing reliance on our largest client, with revenues from the BBC as a proportion of Group revenues having reduced from 64% in 2012 to 52% in 2013. Progress was also made during the period in generating a larger proportion of revenues from digital video content - 2013: £685,000; 2012; £127,000. Of particular note are the first cash sales of retained intellectual property rights from commissioned audio content and the first profits from Yahoo! for video content provided on a revenue share basis, further details of which can be found in the Chief Executive's Review. These initiatives are indicative of how the content businesses can, and need to, evolve to meet the challenges of squeezed margins and increased competition in the sector.

The progress, during the period, within the Interactive business is more strategic and less notable in financial terms. Imagination Technologies Group plc ("Imagination") took an initial shareholding of 9.8% in the Group on 8 June 2012 and increased its shareholding to 13.7% on 22 April 2013. This is intended to engender a close relationship through which benefits for trading and investments and acquisitions can develop. The Board is pleased with the development of the relationship to date and the quality of ideas and opportunities it has produced for potentially transformative progress of the Group. There are a number of exciting, tangible strategic opportunities which are actively being progressed, and the Group looks forward to updating on these opportunities as and when they develop.

An example of the scale of ambition in this area is the progress with both Audioboo and Radioplayer as covered in the Chief Executive's Review - two projects in which Imagination and UBC have a shared interest. During the year, as part of the interactive strategy, the Group increased its stake in Audioboo from 8% to 36.5% (fully diluted share capital including share options) with an additional investment of £496,000. Whilst this type of investment carries significantly greater risk than the traditional content businesses, the potential for transforming the Group and shareholder value is likewise significant. Similarly the value which the Group can add through its experience, credentials and relationships is substantial. Audioboo's progress during the period has been auspicious with key metrics showing very strong growth. Whilst these metrics are impressive, and justify the Board's enthusiasm, there is still much to do to ensure Audioboo becomes a widely adopted and truly global platform in a cluttered and rapidly changing sector. As reported previously this requires further funding on the part of Audioboo which is currently being sought. It is too early to say how successful the fundraise will be.

During the period Unique Interactive continued to be an important supplier of software for Radioplayer but also became a sales house of Radioplayer Intellectual property and know-how overseas. Having secured its first sale to Norway in the period, and with others in the pipeline, it is hoped the Radioplayer relationship will be meaningful both from an operational and strategic perspective in coming years.

The Group continues to implement its strategy as announced last year, and, as ever, relies on the committed and loyal management and staff, to whom I once again extend the thanks and appreciation of the Board for their ingenuity, tenacity and sheer graft during the year.

Paul Pascoe
Chairman
19 June 2013

UBC Media Group plc

Chief Executive's Review

Overview and strategic direction

UBC continues to conserve, as far as possible, its cash and move the existing businesses in the identified strategic direction whilst looking for the opportunity to use our balance sheet for a step change.

Having recognised the importance of technology and content designed for the 'connected' world to the future of our business, we have deepened our relationship with Imagination which has become a 13.7% shareholder, over the course of the year. We are now working with Imagination actively in a number of areas, which we expect to create both revenue and strategic opportunities for us in the medium term.

Revenues from delivery of new media and, in particular, video content have risen sharply: our supply deal with Yahoo! Europe is now delivering regular revenues and we announced on 20 June 2013 a deal to supply online video to a selection of YouTube premium channels through Rightster who will share advertising revenues with UBC and have paid an advance against these revenues to secure our content.

Our reliance on our heritage content revenue streams, notably the BBC, is reducing. The BBC now represents 52% of our content revenues, down from 64% of continuing business the previous year.

Meanwhile, our involvement in the technology behind the platforms driving the change in consumption of content continues, with revenues from mobile software development growing by 24% and the start of income from our contract announced last year to represent the UK Radioplayer technology globally.

Divisional reports

Content

The content marketplace is moving rapidly in the direction that we have identified and have evolved our strategy. Increasingly multimedia content is now available on a variety of platforms and the importance of live, linear broadcasting is diminishing.

Whilst our heritage revenues from the BBC and UK commercial radio continue to provide a solid foundation to the content businesses, we are successfully using this as a base from which to develop into new areas of revenue generation. A good example of this is our Entertainment News service, developed originally to service the 160 commercial radio stations who still take interviews, stories and bulletins from us every day in exchange for advertising inventory which is sold by our partners at GTN. This same service is now provided in video to Yahoo! in a deal announced earlier this year, with UBC and Yahoo! sharing advertising revenues. In addition, we are announcing today a deal with online video distribution company Rightster who are creating premium YouTube channels and placing our content on other web based platforms. We will share advertising revenues with Rightster and have been paid an advance. The same content now has multiple revenue streams attached to it and we see this as the strategy for the future. In this period, we also negotiated a ground-breaking deal with the BBC which saw one of our radio programmes – The People's Songs on BBC Radio 2 – made available for sale after transmission via the BBC's website. The sale of premium audio content will, we believe, become an important revenue source in the future and we are now preparing our major radio comedy strands for the BBC to be made available online.

Taken individually, none of these revenue streams represent significant income at the moment. However, the revenues have no incremental cost attached and we expect them to grow over time.

In this period, our revenues from Sky Arts television more than tripled to over £600,000, as we produced 15 hours of live music television for them from the Cambridge Folk Festival. Whilst the relationship between revenue and margin is highly dependent on the type of project undertaken and we do not expect it to continue to increase at this level, we are in discussion with Sky Arts about a number of projects for this year and next. We continue to retain the right to exploit our live music, in video and audio and now own a reasonably substantial library of recordings. We are beginning to monetise these recordings both through iTunes and through a new dedicated portal, Delphonic, (www.delphonicmusic.com) which we have created to provide a focus for online purchase of folk and acoustic music. Currently we have nearly 300 exclusive tracks cleared for sale and have a further library of 9,000 tracks, which we are gradually adding to Delphonic.

Interactive

A year ago, we identified the importance to our business of 'connected services'. Our involvement in this area embraces both the Interactive division of UBC, our strategic investment in Audioboo, a fast growing audio social network, and our relationship with Imagination Technologies who, during the year have become a significant (13.7%) shareholder in UBC.

We are very pleased to have made important strategic steps in all of these areas during the year.

Whilst revenues in Interactive have been flat, the composition of the revenue shows a move towards large, strategically important international clients and an increase in revenues from mobile software and services – a growth area for the future. Working jointly with Imagination, we have been working to globally license the technology behind the UK Radioplayer – which delivers a rich listening experience on web browsers and mobiles. Many of the key software components behind Radioplayer

Chief Executive's Review

were developed by UBC and are attractive to broadcasters around the world who are seeing a rapid migration of listening from traditional broadcast platforms to Internet streaming models. The Radioplayer software delivers both live and 'listen again' content in a fully searchable environment, which can be controlled by the stations, including the placement of geo-located advertising. The recent announcement of the launch of Apple's iRadio service shows how global brands, delivered online and giving stations and consumers the ability to customise services, are emerging in the industry. In this environment we believe that software tools enabling the manipulation of live audio streams and controlling the delivery of advertising will be important.

The delivery of online services via mobile is also increasing rapidly. In the latest survey of UK listening (RAJAR Quarter 1, 2013) more than 20% of adults claimed to listen to radio on a mobile device. Our revenues from mobile have risen by 24% to £141,000 (2012: £114,000), a combination both of revenues from Radioplayer, licensing of our mobile apps in Canada, where today we are releasing 9 apps on Android for Astral Media, and sales from our mobile music game, Name This, which we released first in the UK in November 2011.

The make-up of our Interactive revenues has also changed to focus on major international clients with whom we can develop longer-term relationships. 82% of revenues in the division now come from major national and international broadcasters like Sirius XM in the US, Astral Media in Canada, SBS in Sweden and the BBC.

This year, we increased our shareholding in Audioboo, which allows the creation and distribution of audio on social networks, to 36.5% via a share swap with Imagination and a fundraise, making Audioboo an associate company. Rapid growth in the company has followed and we see Audioboo as another important tool in the developing market for online content.

Whether it is a community group in a small Australian settlement creating local news or one of America's leading national breakfast show presenters distributing his Hollywood interviews, Audioboo is becoming an important part of the daily consumption on the Internet of millions of hours of content. At the half year, Audioboo had 600,000 registered users and boasted 4 million listens a month to audio on the platform. By May this year, those numbers had more than doubled to 1.4 million users and 10 million listens each month. Major content partners like the BBC, ESPN, the Sundance Film Festival, and The Guardian and Daily Telegraph newspapers now use Audioboo daily to distribute their content and thousands of smaller content creators, right down to individual audio bloggers join them. More than 100 pieces of content are uploaded every hour to the platform and recently half a million listens on a single day were achieved.

To begin to monetise this rapidly increasing traffic, Audioboo has now implemented an audio advertising model, powered by technology from Adswizz and will launch a micro-payment system this month with the release of over 200 audio books from AudioGo.

The rapid growth at Audioboo, the changes in the make-up of our Interactive and Content revenues and the international partnership to license Radioplayer with Imagination all show how we are changing the business. Some of these changes increase risk; however, they also expose us to the growth opportunities in a rapidly changing industry.

Simon Cole
Chief Executive
19 June 2013

UBC Media Group plc

Finance Director's Review

In the year to 31 March 2013 Group revenues from continuing operations increased by 16.6% to £3.76m (2012: £3.23m), driven by our work on the Cambridge Folk Festival for Sky Arts. The Content division reported revenues up by 18.8% to £3.07m (2012: £2.59m) and the Software and Interactive division revenues were flat at £0.64m (2012: £0.64m). Gross profit decreased by 1.7% to £0.52m (2012: £0.53m), as the BBC continues to squeeze margins within the industry, and administrative expenses decreased by 2.0% to £1.10m (2012: £1.12m) mainly due to falling levels of depreciation.

Pre-exceptional results

Pre-exceptional EBITDA (which excludes return on investments, taxation, share of the results of associates, depreciation of tangible assets, amortisation of intangible assets and exceptional items) was a £503,000 loss (2012: loss £472,000). The pre-exceptional operating loss decreased by 2.2% to £578,000 (2012: loss £591,000). After the share of the result of associate loss of £401,000 (2012: £nil) and interest income of £42,000 (2012: £13,000), the Group's pre-exceptional loss from continuing operations before tax was £937,000 (2012: loss £578,000). After a tax credit of £47,000 (2012: £nil), the Group's pre-exceptional loss for the period was £890,000 (2012: loss: £578,000).

Exceptional items

There were no exceptional items in the year to 31 March 2013. In the year to 31 March 2012, following the annual impairment review, management impaired the goodwill and intangibles relating to both our commissioned content and ad funded CGUs. This impairment was offset by the release of the related deferred tax liabilities.

Discontinued operations

On 9 September 2012 the Group disposed of its interest in Lynx Content, the ad funded CGU of the business, and the results of this business have therefore been reclassified as discontinued operations. The loss on disposal for the business was £48,000. Prior to the sale the result of the business was a loss of £144,000 (2012: loss of £1,415,000).

Statutory result

A reconciliation of the statutory loss for the period of £1.08m (2012: loss £3.62m) to the pre-exceptional operating profit and pre-exceptional EBITDA is shown below:

	2013 £'000	**2012 £'000**
Statutory loss for the period	(1,082)	(3,618)
Discontinued operations	192	1,415
Exceptionals		
Goodwill write down (net)	-	1,755
Acquisition costs	-	39
Taxation	(47)	(169)
Investment Income	(42)	(13)
Share of result of associate	401	-
Pre-exceptional operating loss	(578)	(591)
Depreciation	75	119
Pre-exceptional EBITDA	(503)	(472)

Reported earnings per share, including the profit from discontinued operations, was a loss of 0.56 pence per share (2012: loss of 2.02 pence).

Cash and cash flow

In the year to 31 March 2013 the Group had a cash outflow of £928,000 (2012: £785,000 outflow) including a cash outflow of £612,000 from operating activities (2012: £321,000 outflow). £258,000 was spent on investing activities (2012: £57,000). £139,000 was distributed as a dividend (2012: £407,000), £60,000 was spent on purchasing ordinary shares held in Treasury (2012: £nil), and the Group received £141,000 from the sale of shares (2012: £nil). At 31 March 2013, the Group had cash in the bank of £2.57m (2012: £3.49m).

Dividend

During the year the Group paid the final 2012 dividend of 0.07 pence per share (total dividend £139,000). The Group did not pay an interim dividend. The Board of Directors is not proposing a final dividend in the current year in order that the Group's cash may be conserved for corporate activity.

Chris Dent
Finance Director
19 June 2013

UBC Media Group plc

Board of Directors

Paul Pascoe (52)
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 (55)
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. Simon is also a non-executive director of Audioboo Ltd.

Chris Dent (32)
Finance Director and Company Secretary

Chris Dent was appointed as Finance Director in May 2012. Chris is a member of the Institute of Chartered Accountants, having qualified with Deloitte in 2005. Chris is also acting Finance Director of Audioboo Ltd.

Tim Blackmore MBE (68)
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 1 and Capital Radio. In 2004 Tim was appointed as a non-executive director. Tim was awarded an MBE for services to independent radio production. Tim has also been awarded a fellowship of the Radio Academy and was Chairman of the Sony Radio Academy Awards for many years. Tim is a member of the Remuneration Committee and Audit Committee.

Kelvin Harrison (58)
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 Chairman of the Remuneration Committee and the Audit Committee.

General Information and Advisers

Registered office

50 Lisson Street
London NW1 5DF

Country of Incorporation

United Kingdom

Registered number

03958483

Nominated adviser and broker

finnCap
60 New Broad Street
London
EC2M 1JJ

Solicitors

Beachcroft LLP
3 Hardman Street
Manchester
M3 3HF

Principal bankers

Barclays Bank plc
United Kingdom House
180 Oxford Street
London
W1D 1EA

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Auditor

Hazlewoods LLP
Chartered Accountants
Cheltenham
GL50 3AT

UBC Media Group plc

Directors' Report

The Board of Directors present their annual report and the audited financial statements for the year ended 31 March 2013. The Corporate Governance Statement on pages 10 to 12 forms part of this report.

Business review and principal activities
The Chief Executive's Review is contained on pages 2 to 3 and the Finance Director's Review is contained on page 4; these reviews, together with the information contained within the Directors' Report constitute the Business Review required as per s417 of Companies Act 2006. The Business Review has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for these strategies to succeed.

The Business Review contains certain forward looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

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.

Results and dividends
The Group's financial results for the year are shown in the Consolidated Statement of Comprehensive Income on page 16. During the year the Group paid the final 2012 dividend of 0.07 pence per share (total dividend £139,000). The Board of Directors is not proposing a final dividend in the current year.

Directors and their interests
The names of the directors serving throughout the year and their interests at 31 March 2013 were as follows:

	Number of ordinary shares	**Ordinary shares under option**
S A Cole	21,275,064	-
T J Blackmore	20,080,857	-
K F Harrison	123,118	-
P H B Pascoe	9,676,919	-
J C S Dent	-	-

At 31 March 2013, the following directors' interests were also noted:

1. Of the ordinary shares shown as beneficially held by S A Cole, 18,270,064 are registered under the name of HSBC Global Custody Nominee (UK) Limited and 2,440,000 are registered under the name Brewin 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 8,548,714 are registered under the name of Huntress (CI) 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 19 June 2013, notification of beneficial interests in 3% or more of the company's issued share capital are as follows:

	Number of shares	% of issued share capital	% of voting right
D C Thomson & Company Limited	33,207,838	16.07	16.30
Imagination Technologies Limited	27,857,373	13.48	13.68
S A Cole	21,575,064	10.30	10.45
T J Blackmore	20,080,857	9.72	9.86
Liontrust Asset Management	15,523,756	7.51	7.62
The Diverse Income Trust plc	9,925,000	4.80	4.87
P H B Pascoe	9,676,919	4.68	4.75
Herald Investment Management Limited	6,345,306	3.07	3.12

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

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 22. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 28.

No person has any special right of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Combined Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of directors are described in the Main Board Terms of Reference, copies of which are available on request, and the Corporate Governance Statement on pages 10 to 12.

Under its Articles of Association, the Company has authority to issue ordinary shares or make market purchases to an aggregate nominal value equal to ten per cent of the aggregate nominal ordinary share capital as shown in the audited accounts.

Re-election of directors
In accordance with the Articles of Association, P H B Pascoe, T J Blackmore 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 role, the Board and the Group. Brief particulars of all directors can be found on page 5.

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 2010 Corporate Governance 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 10 to 12. The Directors' Remuneration Report is given on page 14.

Acquisition of the Company's own shares
Further to the shareholders' resolutions of 26 July 2012, in the year to 31 March 2013 the Company purchased 2,946,004 ordinary shares with a nominal value of £29,460, and representing 1.49% of the Company's called up ordinary share capital, for a consideration of £59,510.29. No share purchases were made during the year ended 31 March 2012.

Principal risks and uncertainties
The Group's principal risk is the continued reliance on the BBC at a time when the BBC is coming under increasing pressure to cut budgets. Therefore this means that there is a continued margin pressure on work from the BBC. This is exacerbated by the 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 Group has made investments in Audioboo, a start-up audio social network. Audioboo is currently in a pre-revenue stage, and therefore requires regular funding from its investors. Although the operational results of the business are impressive, there is a risk that the Group will not be able to recoup the investment in Audioboo if the business is not able to achieve profitability in the medium term and /or the appropriate funding.

The other main risk to the Group is the retention of 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 pages 14 and 32. Financing of the Group's activities is covered in the Finance Director's Review on page 4.

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 29 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 2013 show that the Group realised an operating loss for the period of £578,000 (2012: £591,000), and with cash used in operating activities of £612,000 (2012: £321,000) and a net decrease in cash and cash equivalents of £928,000 in the year (2012: £785,000). The Group balance sheet showed cash reserves at 31 March 2013 of £2,566,000 (2012: £3,494,000), 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, including due consideration of the continued operating losses of the group, 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, and longer term strategic objectives, successfully despite the current uncertain economic outlook.

Accordingly, having made the requisite enquiries, the directors have a reasonable expectation that the Company and the Group will have adequate resources to continue their operations for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the report and financial statements.

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.

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 become 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.

UBC Media Group plc

Directors' Report

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 Group at 31 March 2013 represented 42 days of purchases (31 March 2012: 45 days of purchases).

Directors' statement as to the disclosure of information to the auditor
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 auditor is 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 auditor is aware of that information.

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

Auditor
During the year the Board of Directors put the audit out to tender. As a result of this competitive tender process Hazlewoods LLP were appointed as the Group's and Company's external auditors commencing with the 2013 financial year. Hazlewoods LLP have expressed their willingness to continue in office as auditor 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,

Chris Dent
Company Secretary

50 Lisson Street
London NW1 5DF
19 June 2013

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.

During 2012 there were a number of enhancements to good governance, including:

- An update to the Code, published by the Financial Reporting Council ('FRC') in September 2012 (the 'New Code');
- An update to the Stewardship Code, published by the FRC;
- Draft proposals from the Department of Business, Innovation and Skills ('BIS') to clarify and improve the reporting of executive pay; and
- The Kay Review of the performance of the UK equity markets in enhancing company performance and investor returns.

The Board welcome these proposals, and will adopt and embrace, as appropriate, many of the New Code provisions and BIS proposals in this year's reporting in advance of their formal introduction.

The Board
The Company is controlled through a Board of Directors, which at 31 March 2013 comprised two executive directors and three non-executive directors. Short biographies of each director are set out on page 5. The role of the Chairman and that of the Chief Executive are separate and have been so since the Company's formation. The senior independent 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. An externally facilitated review was done in 2011 and has not been completed in the current financial year, as there has been little change in the role of the Board.

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

- the monthly management accounts, including budgets and prior year comparatives, are 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 both of his length of service as a non-executive director of 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. It is noted that K F Harrison has served on the Board for nine years. Notwithstanding this, he is considered by the Board to remain 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. Details of directors submitted for re-election at the forthcoming AGM are provided on page 7.

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 wilful negligence. Cover with an annual limit of £2 million is maintained.

Corporate Governance Statement

The Board of Directors meets formally at regular intervals. During the year the total number of formal meetings of the Board was 10. The attendance at formal meetings of the Board was as follows:

	Number of Board Meetings attended
P H B Pascoe	10
S A Cole	10
J C S Dent	10
T J Blackmore	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 subcommittee 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 Statement of Directors' Responsibility in respect of the preparation of financial statements is set out on page 13 and the auditor's statement on the respective responsibilities of directors and the auditor is included within their report on page 15.

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 performed a review of the Group's 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 operates 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. 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 auditor 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 auditor. The Audit Committee met formally twice 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.

Corporate Governance Statement

The Audit Committee recommends to the Board the appointment, re-appointment or removal of the external auditor. During the year the Audit Committee made the decision to put the audit of the Group out to competitive tender. The tender process was led by the Chairman of the Audit Committee, with relevant assistant from the Finance Director. The tender process resulted in the appointment of a new audit firm to conduct the annual audit.

The Committee considers all proposals for non-audit services and ensures that these do not impact on the objectivity and independence of the auditor. The Audit Committee in its meetings with the external auditor reviews the safeguards and procedures developed by the auditor to counter threats or perceived threats to their objectivity and independence and assess the effectiveness of the external audit. The Group's policy on non-audit services performed by the external auditor is to address any issues on a case by case basis.

The Group has no internal audit function. The Audit Committee believes that the controls of the Group, considering its size and complexity, are sufficient as to not to require the extra administration and expense of an internal audit function.

Remuneration Committee
The Remuneration Committee consists of K F Harrison as chairman, P H B Pascoe and T J Blackmore. Further details of the Committee's remit are contained in the Directors' Remuneration Report on page 14. The Remuneration Committee formally met once 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 met once during the year for the purpose of appointing J C S Dent to the Board as an executive director. 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 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 AGM is undertaken, the Chairman invites shareholders' questions to the Board.

UBC Media Group plc

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare Group and Parent Company 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 (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and 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. 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 to continue as a going concern.

In preparing the Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board,

Chris Dent
Finance Director
19 June 2013

UBC Media Group plc

Directors' Remuneration Report

Unaudited information

As an AIM-listed company, UBC Media Group plc is not required to disclose a Directors' Remuneration Report, however the Company has opted to make a voluntary disclosure.

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 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 S Dent has a 3-month rolling service agreement with the Company. On 2 June 2012 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 1 June 2013. 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 immediate notice. The remuneration of each of the directors for the year ended 31 March 2013 was as follows:

	Salary and fees £'000	**Bonus £'000**	**Taxable benefits £'000**	**Pension contri-bution £'000**	**2013 Total £'000**	2012 Total £'000
Executive						
S A Cole	139	-	2	4	**145**	145
J Donald	8	3	-	-	**11**	70
J C S Dent	66	-	-	-	**66**	-
Non-executive						
P H B Pascoe (Chairman)	25	-	-	-	**25**	35
T J Blackmore	22	-	-	-	**22**	24
K F Harrison	20	-	-	-	**20**	20
Total	279	3	2	3	**288**	314

(This information is audited)

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 April 2011**	**Options granted during the year**	**Options lapsed during the year**	**Options cancelled during the year**	**Options exercised during the year**	**At 31 March 2013**
S A Cole	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

Independent Auditor's 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 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 29. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of its loss 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.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the Group 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 2013 and on the information in the Directors' Remuneration Report that is described as having been audited.

Scott Lawrence (Senior Statutory Auditor)
for and on behalf of Hazlewoods LLP
Chartered Accountants and Statutory Auditor
Cheltenham

19 June 2013

UBC Media Group plc

Consolidated Statement of Comprehensive Income
Year ended 31 March 2013

	Notes	**Before Exceptional items** £'000	**Exceptional items (note 4)** £'000	**2013** £'000	Before Exceptional items £'000	Exceptional items (note 4) £'000	2012 £'000
Continuing operations							
Revenue	2,3	**3,761**	**-**	**3,761**	3,225	-	3,225
Cost of sales		**(3,239)**		**(3,239)**	(2,694)		(2,694)
Gross profit		**522**	**-**	**522**	531	-	531
Administrative expenses		**(1,025)**	**-**	**(1,025)**	(1,003)	(1,794)	(2,797)
Depreciation		**(75)**	**-**	**(75)**	(119)	-	(119)
Operating loss	3,5	**(578)**	**-**	**(578)**	(591)	(1,794)	(2,385)
Share of results of associate		**(401)**	**-**	**(401)**	-	-	-
Investment income	8	**42**	**-**	**42**	13	-	13
Loss before tax		**(937)**	**-**	**(937)**	(578)	(1,794)	(2,372)
Taxation on continuing operations	9	**47**	**-**	**47**	-	169	169
Loss from continuing operations		**(890)**	**-**	**(890)**	(578)	(1,625)	(2,203)
Discontinued operations:							
Loss from discontinued operations	10	**(192)**	**-**	**(192)**	(79)	(1,336)	(1,415)
Loss for the year attributable to owners of the parent company and total comprehensive income		**(1,082)**	**-**	**(1,082)**	(657)	(2,961)	(3,618)

UBC Media Group plc

Consolidated Statement of Financial Position
31 March 2013

	Notes	2013 £'000	2012 £'000
Assets			
Non-current assets			
Goodwill	12	**1,173**	1,173
Intangible assets	12	**-**	300
Property, plant and equipment	13	**112**	201
Investments in associate	15	**324**	229
Derivative financial instrument	15	**109**	-
		1,717	1,903
Current assets			
Inventory: work-in-progress	16	**136**	142
Trade and other receivables	17	**1,085**	1,135
Cash and cash equivalents		**2,566**	3,494
		3,787	4,771
Total assets		**5,504**	6,674
Current liabilities			
Trade and other payables	18	**(821)**	(1,039)
Provisions for liabilities and charges - current	20	**(29)**	(57)
		(850)	(1,096)
Net current assets		**2,937**	3,675
Non-current liabilities			
Provisions for liabilities and charges - non-current	20	**(12)**	-
Deferred tax liability	21	**(235)**	(282)
		(246)	(282)
Total liabilities		**(1,096)**	(1,378)
Net assets		**4,408**	5,296
Equity			
Share capital	22	**1,983**	1,953
Share premium		**2,617**	2,587
Treasury reserve	23	**(60)**	(454)
Retained earnings	24	**(132)**	1,210
Total Equity		**4,408**	5,296

These financial statements for company registration number 03958483, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Equity and related Notes 1 to 29 were approved by the Board of Directors on 19 June 2013 and were signed on its behalf by:

Chris Dent
Director

UBC Media Group plc

Consolidated Cash Flow Statement
Year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Loss from continuing operations		**(890)**	(2,203)
Loss from discontinued operations		**(192)**	(1,415)
Loss for the year		**(1,082)**	(3,618)
Adjustments for:			
Taxation		**(47)**	(169)
Interest		**(42)**	(13)
Share of loss of associates		**401**	-
Loss on disposal of fixed asset		**230**	-
Amortisation of intangible assets		**79**	200
Impairment of goodwill and intangible assets		**-**	3,091
Depreciation of fixed assets		**90**	119
Share option valuation adjustment		**(19)**	-
Decrease in inventories		**6**	15
Decrease/(increase) in trade and other receivables		**14**	(43)
(Decrease)/increase in trade and other payables		**(225)**	178
Decrease in provisions		**(17)**	(80)
Cash flows from operating activities		**(612)**	(320)
Taxation		**-**	-
Net cash used in operating activities		**(612)**	(320)
Investing activities			
Interest received	8	**27**	13
Disposal of business	10	**(48)**	-
Loan repayment received		**107**	-
Purchase of property, plant and equipment	13	**(10)**	(71)
Investment in associate	15	**(334)**	-
Net cash used in investing activities		**(258)**	(58)
Financing activities			
Dividends paid	24	**(139)**	(407)
Purchase of treasury shares	23	**(60)**	-
Proceeds from issue of ordinary share capital		**141**	-
Net cash used in financing activities		**(58)**	(407)
Net decrease in cash and cash equivalents		**(928)**	(785)
Cash and cash equivalents at beginning of period		**3,494**	4,279
Cash and cash equivalents at end of period		**2,566**	3,494

UBC Media Group plc

Consolidated Statement Changes in Equity
Year ended 31 March 2013

	Notes	Share capital	Share premium account	Treasury reserves	Retained earnings	**Total**
		£'000	£'000	£'000	£'000	**£'000**
At 1 April 2012		**1,953**	**2,587**	**(454)**	**1,210**	**5,296**
Loss for the period		-	-	-	(1,082)	**(1,082)**
Proceeds from share issue	22	30	30	454	(102)	**412**
Purchase of treasury shares	23	-	-	(60)	-	**(60)**
Share based payment	28	-	-	-	(19)	**(19)**
Dividends	24	-	-	-	(139)	**(139)**
At 31 March 2013		**1,983**	**2,617**	**(60)**	**(132)**	**4,408**

		Share capital	Share premium account	Treasury reserves	Retained earnings	**Total**
		£'000	£'000	£'000	£'000	**£'000**
At 1 April 2011		1,953	2,587	(454)	5,235	**9,321**
Loss for the period		-	-	-	(3,618)	**(3,618)**
Dividends	24	-	-	-	(407)	**(407)**
At 31 March 2012		1,953	2,587	(454)	1,210	**5,296**

Notes to the financial statements
Year ended 31 March 2013

1. Accounting policies

General information
UBC Media Group plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 5.

The Group prepares its consolidated financial statements in accordance with International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") as adopted by the EU.

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

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

New standards and interpretations
There were no material changes in the accounts as a result of adopting new or revised accounting standards during the year.

A complete list of the standards that are in issue but not yet effective is included on our website along with a complete list of our accounting policies.

Key accounting policies

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 Directors' Report on pages 6 to 9. The financial position of the Group, its cash flows and liquidity position are described in the Finance Director's Review on page 4. In addition Note 29 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 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 2013 show that the Group realised an operating loss for the period of £578,000 (2012: £591,000), with cash used in operating activities of £612,000 (2012: £321,000) and a net decrease in cash and cash equivalents of £928,000 in the year (2012: £785,000). The Group balance sheet showed cash reserves at 31 March 2013 of £2,566,000 (2012: £3,494,000), 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, including due consideration of the continued operating losses of the group, 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, and longer term strategic objectives, successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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 software: The value of goods and services supplied is recognised on delivery.
- Sale of radio promotions: promotional revenue is recognised on the date the relevant promotion runs. Promotional 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.

1. Accounting policies (continued)

Exceptional items

Exceptional items are those items the Group considers to be non-recurring or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

Critical accounting judgements and key areas of estimation uncertainty

Impairment of goodwill and intangibles

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 £1.17 million. Details of the calculation are provided in note 12.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

Fixed asset investments

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

2. Revenue

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

	2013	2012
Continuing Operations	**£'000**	£'000
Sales of goods	**2,993**	2,516
Rendering of services	**768**	708
	3,761	3,224
Discontinued Operations		
Sales of goods	**239**	1,022
Rendering of services	**-**	-
	239	1,022

Notes to the financial statements
Year ended 31 March 2013

3. Business and geographical segments

Business segments

For management purposes, the Group is organised into two continuing operating divisions – Content, and Software and Interactive. The principal activity of the Content division is the production of audio and video programming for broadcasters and advertising to domestic markets. The principal activity of the Interactive division is the development and sale of software and data services to the radio industry both in the UK and overseas markets. 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.

	Content		Software and Interactive		Unallocated		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Revenue	**3,072**	2,586	**635**	639	**54**	-	**3,761**	3,225
Segment's result (gross profit)	**368**	397	**100**	134	**54**		**522**	531
Corporate expense	**-**	(1,794)	**-**		**(1,100)**	(1,122)	**(1,100)**	(2,916)
Operating profit/(loss)	**368**	(1,397)	**100**	134	**(1,046)**	(1,122)	**(578)**	(2,385)
Share of associate loss							**(401)**	-
Investment income							**42**	13
Income tax credit / (expense)							**47**	169
Loss for the period from discontinued operations							**(192)**	(1,415)
Loss for the year							**(1,082)**	(3,618)
Other segment items:								
Capital additions	**4**	23	**3**	17	**2**	31	**9**	71
Depreciation	**30**	56	**7**	6	**53**	58	**90**	120
Impairment	**-**	1,794	**-**	-	**-**	-	**-**	1,794

In the year ended 31 March 2013, revenues of £1,878,481 (2012: £2,132,624) 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 2013 and 2012.

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	
	2013	2012	**2012**	2011
Continuing Operations	**£'000**	£'000	**£'000**	£'000
United Kingdom	**3,369**	2,864	**1,717**	1,603
Europe	**45**	49	**-**	-
Rest of World	**347**	313	**-**	-
	3,761	3,225	**1,717**	1,603

4. Exceptional items

	2013	2012
	£'000	£'000
Goodwill and intangibles impairment	-	(3,091)
Tax credit in relation to goodwill impairment	-	169
Acquisition costs	-	(39)
	-	(2,961)

During the year ending 31 March 2012 the Directors wrote down the carrying value of goodwill and intangible assets in both the commissioned content and ad funded content CGUs of the Content segment of the business.

5. Operating loss for the year

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

	Continuing Operations		Discontinued Operations		Total	
	2013	2012	**2013**	2012	**2013**	2012
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Net foreign exchange (profit)/loss	**(4)**	2	**-**	-	**(4)**	2
Depreciation of property, plant & equipment	**90**	120	**-**	-	**90**	120
Amortisation of intangible assets - Customer relationships	**-**	-	**80**	120	**80**	120
Operating lease payments - land and buildings	**84**	84	**-**	-	**84**	84
Staff costs	**2,014**	2,294	**-**	-	**2,014**	2,294
Impairment of goodwill/intangible	**-**	1,755	**-**	1,336	**-**	3,091

6. Auditor's remuneration

	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**20**	23
Fees payable to the Company's auditor for other services to the Group		
The audit of the Company's subsidiaries persuant to legislation	**8**	15
Total audit fees	**28**	38
Non-audit fees:		
Total non-audit fees	**-**	-
Total fees paid to Company's auditor	**28**	38

A description of the work of the Audit Committee is set out in the Corporate Governance Statement and includes an explanation of how auditor's objectivity is safeguarded when non-audit services are provided by the auditor. In the prior year the figures relate to the previous auditor Deloitte LLP.

7. Staff costs

The average monthly number of persons employed by the Group during the year, including executive directors, was 47 (2012: 58). The majority of staff costs in the group are presented in cost of sales.

	2013	2012
	No.	No.
Number of production, editorial and sales staff	**35**	42
Number of management and administrative staff	**12**	16
	47	58

7. Staff costs (continued)

	2013	2012
	£	£
Wages and salaries	1,804	2,051
Social security costs	196	223
Other pension costs	14	20
	2,014	2,294

8. Investment income

	2013	2012
	£'000	£'000
Bank interest	27	13
Interest on unwind of discount	16	-
	43	13

9. Tax

Corporation tax is calculated at 24% (2012: 26%) of the estimated assessable profit for the year.

	Continuing Operations		Discontinued Operations		Total	
	2013	2012	2013	2012	2013	2012
	£'000	£'000	£'000	£'000	£'000	£'000
Current tax	-	-	-	-	-	-
Deferred tax (see note 21)	(47)	(169)	-	-	(47)	(169)
	(47)	(169)	-	-	(47)	(169)

The Company has re-measured its deferred tax liabilities following the reduction in future rates of corporation tax to 20%, for the year ended 31 March 2013, which has increased the deferred tax income by £47,000.

The charge for the year can be reconciled to the profit per statement of comprehensive income as follows

	2013	2012
	£'000	£'000
Loss before tax:		
Continuing operations	(937)	(2,372)
Discontinued operations	(192)	(1,415)
	(1,129)	(3,787)
Tax at UK corporation tax rate of 24% (2012: 26%)	(271)	(985)
Tax effect of expenses that are not deductible in determining taxable profit	102	509
Accelerated capital allowances	(2)	(20)
Net movement on deferred tax recognition	171	496
Re-measurement in deferred tax assets and liabilities	(47)	(169)
Tax credit and effective tax rate for the year	(47)	(169)

10. Discontinued operations

On 9 September 2012, the Group signed an agreement to dispose of its ad-funded content division, Lynx Content. The results of the discontinued operations, which have been included in the Consolidated Statement of Comprehensive Income, were as follows:

	2013	2012
	£'000	£'000
Revenue	**239**	1,022
Expenses	**(382)**	(2,437)
Profit before tax	**(144)**	(1,415)
Loss on disposal of discontinued operations	**(48)**	-
Net loss attributable to discontinued operations (attributable to owners of the Company)	**(192)**	(1,415)

During the year, the ad-funded division had a net cash outflow of £43,000 (2012: 121,000 inflow) from operating activities and a net cash inflow of £22,000 from investing activities (2012: nil)

Loss on disposal

	2013
	£
Consideration	261
Disposal costs	(79)
Intangible assets disposed	(221)
Tangible assets disposed	(9)
At 31 March 2013	**(48)**

11. Earnings per share

Basic earnings per share is calculated by dividing the 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, or increase the loss per share. For a loss-making company with outstanding share options, net loss per share would be decreased by the exercise of options. Therefore, as per IAS33:36 the antidilutative potential ordinary shares are disregarded in the calculation of diluted EPS.

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

		2013			2012	
	Loss	**Weighted average number of shares**	**Per share amount**	Loss	Weighted average number of shares	Per share amount
Basic EPS	**£'000**	**Million**	**Pence**	£'000	Million	Pence
Profit/(Loss) attributable to shareholders:						
- Continuing and discontinued operations	**(1,082)**	**194**	**(0.56)**	(3,618)	179	(2.02)
- Continuing operations	**(890)**	**194**	**(0.46)**	(2,203)	179	(1.23)
- Discontinued operations	**(192)**	**194**	**(0.10)**	(1,415)	179	(0.79)
Diluted EPS						
Profit/(Loss) attributable to shareholders:						
- Continuing and discontinued operations	**(1,082)**	**194**	**(0.56)**	(3,618)	179	(2.02)
- Continuing operations	**(890)**	**194**	**(0.46)**	(2,203)	179	(1.23)
- Discontinued operations	**(192)**	**194**	**(0.10)**	(1,415)	179	(0.79)

12. Goodwill and other intangibles

	Goodwill £'000	Customer relationships £'000	Other £'000	**Total £'000**
Cost				
As at 1 April 2011	4,081	948	51	5,080
Impairment	(2,908)	-	-	(2,908)
As at 1 April 2012	1,173	948	51	2,172
Disposal	-	(948)	(51)	(999)
As at 31 March 2013	1,173	-	-	1,173
Amortisation				
At 1 April 2011	-	300	16	316
Charge for the year	-	190	10	200
Impairment	-	158	25	183
At 1 April 2012	-	648	51	699
Charge for the year	-	80	-	80
Disposal	-	(728)	(51)	(779)
At 31 March 2013	-	-	-	-
Carrying amount				
At 31 March 2013	**1,173**	**-**	**-**	**1,173**
At 31 March 2012	1,173	300	-	1,473

The carrying amount of goodwill is all allocated to the Content division of the Group. The Content division is a leading producer of audio for broadcasters, which for 20 years has been one of the largest suppliers of radio programming to the BBC and has more recently become a supplier of music television to BSkyB.

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. Management has assessed the appropriateness of the discount rate for the different CGU and determined it is appropriate to the nature of each business. 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.

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 a sensitivity analysis on the variables to ensure robustness of the carrying value.

The key assumptions used in these calculations are:

- FY 2013-14 budgeted earnings before interest, tax, depreciation and amortisation ("EBITDA"),
- Pre Tax Discount rate 12% (2012: 12%),
- Growth rate of 1% as per the long-term growth rate of the U.K.,
- Sensitivity analysis applied of 10% reduction in budgeted EBITDA and nil% 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.

These assumptions have not resulted in impairment losses being recognised. In the sensitivity analysis a 10% reduction in budgeted EBITDA, with no EBITDA growth would result in an impairment of £104,000. The discount rate would need to move to 13.0% before any impairment would be recognised.

13. Property, plant and equipment

	Computer equipment £'000	Office equipment £'000	Technical equipment £'000	Total £'000
Cost				
At 1 April 2011	88	246	142	476
Additions	58	7	6	71
At 1 April 2012	146	253	148	547
Additions	8	2	-	10
Disposals	(17)	-	(19)	(36)
At 31 March 2013	**137**	**255**	**129**	**521**
Depreciation				
At 1 April 2011	42	104	80	226
Charge for year	38	45	37	120
At 1 April 2012	80	149	117	346
Charge for year	37	38	15	90
Disposals	(9)	-	(18)	(27)
At 31 March 2013	**108**	**187**	**114**	**409**
Net book value				
At 31 March 2013	**29**	**68**	**15**	**112**
At 31 March 2012	66	104	31	201

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 Parent Company financial statements.

15. Investment in associate

	£'000
Cost and net book value	
At 1 April 2012	229
Investment in the year	496
Share of associate loss	(401)
At 31 March 2013	**324**

The amounts included above represent investments in Audioboo Ltd, an audio content social media company incorporated in Great Britain and registered in England and Wales. The Group holds a strategic controlling interest of 36.50% in Audioboo Ltd and is now recognised as an associate.

In addition to the investments in ordinary A shares in Audioboo Ltd, the Group also has an option to convert loans into an extra 70,381 ordinary A shares. This option is held within the accounts at cost of £109,088 (2012: nil).

16. Inventories

	2013	2012
	£'000	£'000
Work-in-progress	85	71
Patents	51	31
Content rights acquired	-	40
	136	142

17. Trade and other receivables

	2013	2012
	£'000	£'000
Amount receivable for the sale of goods	146	481
Allowance for doubtful debts	(19)	(32)
Net receivables	127	450
Other debtors	666	406
Accrued income	197	242
Prepayments	95	38
	1,085	1,135

In other debtors, £365,000 represents amounts due from Broadchart International Limited with an interest rate of 26%. The loan agreement is secured by a fixed and floating debenture over the business and allows the Group to exploit commercial opportunities with Broadchart International Limited in the areas of content and software. The loan was due for repayment over the course of the next year but Broadchart International Limited fully repaid the loan on 23 April 2013.

Other debtors also contain £205,000 owing from Beyond Content Limited for the purchase of the ad-funded business in September 2012. The loan agreement is secured by a fixed charge over the owners' residential property. This loan is due for repayment over the course of the next 2 years.

The average credit period taken on sales of goods and services is 44 days (2012: 36 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 material 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 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 £59,000 (2012: £113,000) 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 75 days (2012: 70 days).

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

	2013	2012
	£'000	£'000
Customer A	35	-
Customer B	27	2
Customer C	14	-
Customer D	14	-
Customer E	14	10
Customer F	-	189
Customer G	-	90

17. Trade and other receivables (continued)

Ageing of past due but not impaired receivables

	2013	2012
	£'000	£'000
30-60 days	**34**	50
60-90 days	**1**	5
90-120 days	**0**	6
120+ days	**6**	20
Total	**40**	81

Movement in the allowance for doubtful debts

	2013	2012
	£'000	£'000
Balance at the beginning of the period	**32**	3
Impairment losses recognised	**25**	31
Written off as bad debt	**(36)**	(2)
Amounts recovered during the period	**(2)**	-
Balance at the end of the period	**19**	32

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 (2012: £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

	2013	2012
	£'000	£'000
120+	**19**	32
Total	**19**	32

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

18. Trade and other payables

	2013	2012
	£'000	£'000
Trade payables	**209**	268
Other taxes and social security	**157**	150
Accrued costs	**161**	339
Deferred income	**294**	282
	821	1,039

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 25 days (2012: 25 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.

19. Contingent liabilities

On 27 March 2013, the Group secured an overdraft facility for its associate, Audioboo Ltd. At this time, the likelihood of Audioboo defaulting and therefore making the Group liable is regarded as not probable and therefore has not been recognised in the Consolidated Statement of Financial Position. The maximum potential exposure of the contingent liability to the Group is £400,000.

20. Provisions

	Acquisition related provisions	Onerous property provision	**Total**
	£'000	£'000	**£'000**
At 1 April 2012	57	-	**57**
Increase in provision	13	55	**68**
Utilisation of provision	(27)	(14)	**(41)**
Release of provision	(43)	-	**(43)**
	-	41	**41**
Of which is: current	-	29	**29**
Of which is: non-current	-	12	**12**

21. Deferred tax

	Accelerated tax depreciation	**Total**
Deferred tax liability	£'000	**£'000**
At 1 April 2011	795	**795**
Credit to income	(514)	**(514)**
At 1 April 2012	282	**282**
Credit to income	(47)	**(47)**
At 31 March 2013	235	**235**

	Trading tax loss	**Total**
Deferred tax asset	£'000	**£'000**
At 1 April 2011	345	**345**
Charge to income	(345)	**(345)**
At 1 April 2012	-	**-**
Charge to income	-	**-**
At 31 March 2013	-	**-**

On 17 July 2012, Royal Assent was granted to the Finance Act 2012 which enacted a reduction in the UK corporate income tax rate to 23% with effect from 1 April 2013. However, the Group believes that future profits of the Group are likely to be taxed at the small profits rate, 20%, rather than the main rate of UK corporation tax of 23%. This change has resulted in a decrease to the deferred tax liability £47,000 (note 9). At the balance sheet date, the Group has unrecognised deferred tax assets of £3,283,000 at a rate of 20% (2012: £3,756,000 (24%)) in respect of unused trading tax losses and £81,792 at a rate of 20% (2012: £66,400(24%)) 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.

22. Share capital

	2013	2012
Authorised:	**£'000**	£'000
400,000,000 ordinary share of 1p each	**4,000**	4,000
Allotted, called up and fully paid:		
198,286,212 ordinary shares of 1p each (2012: 195,286,212)	**1,983**	1,953

The Group has one class of ordinary shares which carry no right to fixed income. On 8 June 2012 the company issued 3,000,000 of its ordinary shares at 2p each.

23. Own shares

The own shares reserve represents the cost of shares in UBC Media Group plc purchased in the market and held by UBC Media Group plc in treasury. The number of shares held in treasury at 31 March 2013 was 2,946,004 (2012: 16,524,040), and were valued at £59,510 (2012: £454,000).

24. Retained earnings and dividends

	2013	2012
	£'000	£'000
Retained earnings	**(132)**	1,210
Balance at the beginning of the year	**1,210**	5,236
Net profit/(loss) attributable to members of the Company	**(1,082)**	(3,618)
Debit to equity for equity-settled share-based payments	**(19)**	-
Loss on share swap	**(102)**	-
Payment of dividends	**(139)**	(407)
Balance at end of year	**(132)**	1,210

On 27 July 2012 a dividend of 0.07 pence per share (total dividend £138,801) was paid to holders of fully paid ordinary shares.

25. Operating lease arrangements

The Group as lessee	2013	2012
	£'000	£'000
Minimum lease payments under operating leases recognised as an expense in the year	**121**	129

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:

	2013	2012
	£'000	£'000
Within one year	**118**	123
In the second to fifth year inclusive	**62**	144
	180	267

Operating lease payments represent rentals payable by the Group for its office properties and equipment. Property leases are negotiated for an average term of five years and equipment for an average term of one year.

26. Retirement benefit schemes

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for 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 £18,000 (2012: £26,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 March 2013, all contributions due in respect of the current reporting period have been paid over to the schemes (2012: £nil).

27. 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.

During the year, Group companies charged £10,000 (2012: £nil) to Audioboo Ltd, an associate of the Group. Transactions were in respect to the provision of accounting work.

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 page 14.

	2013	2012
	£'000	£'000
Short- term employment benefits	**284**	305
Post-employment benefits	**4**	8
	288	313

There are no other transactions with directors during the year.

28. Share-based payments

One member of staff holds options to subscribe for shares in the Company at nil price under the UBC Media Group plc enterprise management incentive scheme (approved by the Board on 09 February 2010).

	2013 Options	**Weighted average exercise price**	2012 Options	Weighted average exercise price
Outstanding at the beginning of the period	**6,000,000**	**1.22p**	8,170,000	1.47p
Granted during the period	**-**	**-**	-	-
Forfeited during the period	**(5,750,000)**	**2.66p**	(2,170,000)	2.15p
Exercised during the period	**-**	**-**	-	-
Outstanding at the end of the period	**250,000**	**0.00p**	6,000,000	1.22p
Exercisable at the end of the period	**250,000**	**0.00p**	750,000	9.75p

No options were exercised during the period (2012: £nil). The options outstanding at 31 March 2013 had a weighted average exercise price of 0.00p (2011: 1.22p) and a weighted average remaining contract life of ten years (2011: eight years).

No share options were granted in the current year or prior year. The Group has recognised a share-based payment credit for the current year of £19,787 (2011: £nil).

28. Share-based payments (continued)

The inputs to the Black Scholes model for the issue in the prior year are as below. As the options are equity settled the same assumptions have been used for the current year calculation.

	2011
Date of grant	22 Feb 10
Market value at date of grant (p)	4.5
Number of share options outstanding	7,250,000
Term of options (years)	10
Period of vesting (years)	2 and 3
Exercise price (p)	-
Risk-free rate	3%
Expected dividend yield	nil%
Expected volatility	50%
Fair value option (p)	4.5

The expected volatility is based on the Group's historical share price averaged over a period equal to the 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 of 0.0p per share.

29. 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 22 to 24. The Group does not have any external borrowings, does not have access to committed borrowing facilities, and is not subject to externally imposed capital requirements.

Categories of financial instruments

	2013	2012
Financial assets	**£'000**	£'000
Cash and cash equivalents	**2,566**	3,494
Loan and receivables	**990**	1,097
Derivative financial instrument held at cost	**109**	-
Financial liabilities		
Amortised cost	**(527)**	(1,224)

The carrying amounts of financial assets and financial liabilities recorded at amortised cost approximates their fair values. The derivative financial instrument held at cost represents an embedded derivative being the rights to convert a loan to Audioboo Ltd into 70,381 ordinary A shares. The Group is taking advantage of the exemption from the requirement to measure derivatives at fair value after initial recognition which is given in IAS 39:46(C) which addresses unquoted equity investments.

Financial and market 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.

29. Financial instruments (continued)

Currency risk management

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 and impact on equity for the year ended 31 March 2013 would increase by £14,000 (2012: £6,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate deposits. Management consider the sensitivity to be reasonable.

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

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. 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.

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

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.

Independent auditor's report to the members of UBC Media plc

We have audited the Parent Company financial statements of UBC Media Group plc for the year ended 31 March 2013 which comprise the Parent Company Balance Sheet, the Parent Company Reconciliation of Shareholders' Funds and the related Notes A to F. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibility, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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 2013.

Scott Lawrence (Senior Statutory Auditor)
for and on behalf of Hazlewoods LLP
Chartered Accountants and Statutory Auditor
Cheltenham

19 June 2013

UBC Media Group plc

Parent Company Balance Sheet
For the year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Fixed asset investments	B	**1,384**	1,173
Current assets			
Debtors			
- due after more than one year	C	**-**	37
- due within one year	C	**867**	601
Cash at bank and in hand		**2,504**	3,340
		3,371	3,978
Creditors: amounts falling due within one year	E	**(202)**	(563)
Provisions for liabilities and charges - current		**-**	-
Net current assets		**3,169**	3,415
Total assets less current liabilities		**4,553**	4,588
Provisions for liabilities and charges - non-current		**-**	-
Net assets		**4,553**	4,588
Capital and reserves			
Called up share capital	F	**1,983**	1,953
Share premium account		**2,617**	2,587
Own shares		**(60)**	(454)
Profit and loss account		**13**	502
Shareholders' funds		**4,553**	4,588

This Company Balance Sheet and related notes for company registration number 03958483 were approved by the Board of Directors on 19 June 2013 and were signed on its behalf by

Chris Dent
Director

UBC Media Group plc

Parent Company Reconciliation of Shareholder’s Funds
For the year ended 31 March 2013

	Share capital	Share premium account	Own shares	Accumulated profits	**Total**
	£'000	£'000	£'000	£'000	**£'000**
At 1 April 2012	**1,953**	**2,587**	**(454)**	**502**	**4,588**
Loss for the period	-	-	-	(229)	**(229)**
Proceeds from share issue	30	30	454	(102)	**412**
Purchase of treasury shares	-	-	(60)	-	**(60)**
Share based payments	-	-	-	(19)	**(19)**
Dividends	-	-	-	(139)	**(139)**
At 31 March 2013	**1,983**	**2,617**	**(60)**	**13**	**4,553**

Notes to the Parent Company financial statements
For the year ended 31 March 2013

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'

Result 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 loss for the financial year ended 31 March 2013 of £229,000 (2012: £4,305,000).

The average number of employees throughout 2013 was two (2012: two). Staff costs amounted to £0.2m (2012: £0.2m). Information about the remuneration of directors is provided in the audited part of the Directors' Remuneration Report on page 14 of the consolidated financial statements.

Fixed asset investments

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

B. Fixed asset investments

	2013	2012
	£'000	£'000
Cost		
At 1 April	**1,360**	1,360
Additions in year	**834**	-
At 31 March	**2,194**	1,360
Provision for impairment		
At 1 April	**(187)**	-
Impairment	**(623)**	(187)
At 31 March	**(810)**	(187)
Net book value at 31 March	**1,384**	1,173

Notes to the Parent Company financial statements
For the year ended 31 March 2013

Principal subsidiaries, joint ventures and associates

	Ordinary shares held at 31 March 2013 %	Ordinary shares held at 31 March 2012 %	Principal activity
Subsidiaries			
The New Unique Broadcasting Company Limited	**100**	100	Radio production and software development
Smooth Operations (Productions) Limited	**100**	100	Radio production
Unique Interactive Limited	**100**	100	Software development
Associates			
Audioboo Ltd	**36.50**	8.06	Audio sharing social network

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

C. Debtors

Due within one year:

	2013 £'000	2012 £'000
Trade debtors	**-**	-
Other debtors	**867**	596
Prepayments and accrued income	**-**	5
	867	601

Due after one year:

	2013 £'000	2012 £'000
Amounts owed by Group undertakings	**-**	37

D. Contingent liability

On 27 March 2013, the Company secured an overdraft facility for its associate, Audioboo Ltd. At this time, the likelihood of Audioboo defaulting and therefore making the Company liable is regarded as not probable and therefore has not been recognised in the Balance Sheet. The maximum potential exposure of the contingent liability to the Company is £400,000.

E. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	**9**	21
Other creditors	**131**	475
Accruals and deferred income	**62**	67
	202	563

Notes to the Parent Company financial statements
For the year ended 31 March 2013

F. Share capital

	2013	2012
Authorised:	**£'000**	£'000
400,000,000 ordinary share of 1p each	**4,000**	4,000
Allotted, called up and fully paid:		
198,286,212 ordinary shares of 1p each (2012: 195,286,212)	**1,983**	1,953

Issued share capital

The Company has one class of ordinary shares which carry no right to fixed income. On 8 June 2012 the company issued 3,000,000 of its ordinary shares at 2p each.