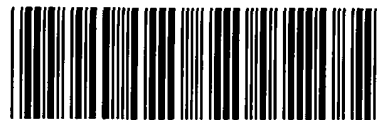

BAUER RADIO LIMITED

Annual Report and Financial Statements

For the Year Ended 31 December 2016

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BAUER RADIO LIMITED

Company Information

Directors	P Keenan D A Ford S Vickery
Company secretary	Bauer Group Secretariat Limited
Registered number	01394141
Registered office	Media House Peterborough Business Park Lynch Wood Peterborough PE2 6EA
Independent auditor	Grant Thornton UK LLP Statutory Auditor & Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

BAUER RADIO LIMITED

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BAUER RADIO LIMITED

Strategic Report For the Year Ended 31 December 2016

Introduction

The Company operates as an investment holding company and provides management services to other Group companies.

Through its UK subsidiaries, it operates 63 local and 18 national radio stations and has one of the largest digital radio networks in the UK and is the largest commercial digital radio provider on Freeview. With 28 stations, its Nordic subsidiaries are the market leader in Sweden, Denmark and Finland and rank number two in Norway.

Business review

The Company has developed from a pure radio business into a multimedia business which is taking opportunities to expand its brand onto the ever increasing number of platforms and devices that its audience is using. This expansion ensures that our consumers can access the product whenever and on whatever device or platform our consumers are choosing to use. The scale of audience and closeness of the brand to its consumers provide an excellent platform for customers to access their target audience through cost effective advertising campaigns.

On 5 May 2016 the Company allotted and issued 350,000,000 ordinary shares of £0.10 each at a subscription price of £0.10 per share.

On the same day the Company acquired the entire share capital of Orion Media Holdings Limited (see note 14).

No change in the nature of the Company's activities is anticipated to occur in the future.

Principal risks and uncertainties

The Company, along with other businesses in the advertising sector, is exposed to cyclical advertising markets.

The Company's credit risk is primarily attributable to its own trade debtors. It does not bear the risk of its subsidiaries' trade debtors which continue to be held centrally by the Company. Credit risk is managed by obtaining prepayments from new customers, and running credit checks on existing customers. Liquidity and cashflow risks are managed through support from the Company's parent.

Other key risks include a loss of key personnel and increased competition in the marketplace.

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

Financial key performance indicators

The Company reviews the financial performance of its investments on a regular basis to monitor and manage the business effectively. The Company's operating profit of £1,395,000 (2015: £907,000) and dividend income of £28,724,000 (2015: £20,589,000) provides management with its main performance indicator.


Other key performance indicators

The key non-financial performance indicators include advertising and audience market share, the latter as independently measured by RAJAR on a quarterly basis.

BAUER RADIO LIMITED

**Strategic Report
For the Year Ended 31 December 2016**

This report was approved by the board on 12 July 2017 and signed on its behalf.


.....
S Vickery
Director

BAUER RADIO LIMITED

Directors' Report For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation, amounted to £30,218,000 (2015 - £21,927,000).

An interim dividend of £36m was paid during the year (2015: £13m). The directors do not recommend the payment of a final dividend (2015: £NIL).

Directors

The directors who served during the year were:

P Keenan
D A Ford
D P Goodchild (resigned 11 May 2016)
G M Beddard (resigned 19 May 2017)
S Vickery

BAUER RADIO LIMITED

Directors' Report (continued) For the Year Ended 31 December 2016

Going concern

Notwithstanding the fact that the Company has net current liabilities, the directors have prepared the financial statements on the going concern basis. The directors have received confirmation from its immediate parent company, of its intention to financially support the Company such that they can meet their obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

Future developments

The Company will continue to operate as an investment holding company and to expand the Radio Group. It will also continue to provide management services to other Group companies.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There were no significant post balance sheet date events.

Auditor

The auditor, Grant Thornton UK LLP, has indicated its willingness to continue in office. The Company has elected under section 487 of the Companies Act 2006 not to re-appoint the auditor annually. Therefore the auditor, Grant Thornton UK LLP, is deemed to be re-appointed for the next financial year.

This report was approved by the board on 12 July 2017 and signed on its behalf.


S Vickery
Director

BAUER RADIO LIMITED

Independent Auditor's Report to the Members of Bauer Radio Limited

We have audited the financial statements of Bauer Radio Limited for the year ended 31 December 2016, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Changes in Equity and the related notes. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

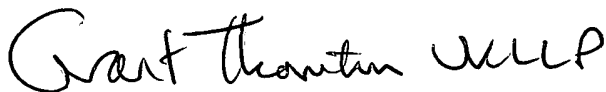
BAUER RADIO LIMITED

Independent Auditor's Report to the Members of Bauer Radio Limited

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Steven Leith (Senior Statutory Auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

London

12 July 2017

BAUER RADIO LIMITED

**Statement of Income and Retained Earnings
For the Year Ended 31 December 2016**

	Note	2016 £000	2015 £000
Turnover	4	7,732	9,931
Cost of sales		(2,837)	(4,987)
Gross profit		4,895	4,944
Administrative expenses		(5,398)	(6,299)
Other operating income	5	923	631
Gain from changes in fair value of investment property	15	975	1,631
Operating profit	6	1,395	907
Income from shares in group undertakings		28,150	19,350
Income from participating interests		574	1,239
Interest receivable and similar income	10	150	106
Profit before tax		30,269	21,602
Tax (credit)/charge on profit	11	(51)	325
Profit after tax		30,218	21,927
Retained earnings at the beginning of the year		67,403	58,476
Profit for the year		30,218	21,927
Dividends declared and paid		(36,000)	(13,000)
Retained earnings at the end of the year		61,621	67,403

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of income and retained earnings.

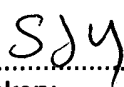
The notes on pages 10 to 29 form part of these financial statements.

BAUER RADIO LIMITED
Registered number:01394141

Balance Sheet
As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	13	7	11
Investments	14	286,444	276,200
Investment property	15	22,125	21,150
		<u>308,576</u>	<u>297,361</u>
Current assets			
Debtors: amounts falling due within one year	16	39,775	32,293
Cash at bank and in hand		3,287	7,005
		<u>43,062</u>	<u>39,298</u>
Creditors: amounts falling due within one year	17	(175,092)	(189,534)
Net current liabilities		<u>(132,030)</u>	<u>(150,236)</u>
Total assets less current liabilities		<u>176,546</u>	<u>147,125</u>
Provisions for liabilities			
Deferred tax	18	(471)	(268)
		<u>(471)</u>	<u>(268)</u>
Net assets		<u><u>176,075</u></u>	<u><u>146,857</u></u>
Capital and reserves			
Called up share capital	19	80,507	45,507
Share premium account		33,947	33,947
Profit and loss account		61,621	67,403
		<u>176,075</u>	<u>146,857</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 July 2017.



S Vickery
 Director

The notes on pages 10 to 29 form part of these financial statements.

BAUER RADIO LIMITED

**Statement of Changes in Equity
For the Year Ended 31 December 2016**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2015	12,507	33,947	58,476	104,930
Comprehensive income for the year				
Profit for the year	-	-	21,927	21,927
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	21,927	21,927
Dividends: Equity capital	-	-	(13,000)	(13,000)
Shares issued during the year	33,000	-	-	33,000
Total transactions with owners	33,000	-	(13,000)	20,000
At 1 January 2016	45,507	33,947	67,403	146,857
Comprehensive income for the year				
Profit for the year	-	-	30,218	30,218
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	30,218	30,218
Dividends: Equity capital	-	-	(36,000)	(36,000)
Shares issued during the year	35,000	-	-	35,000
Total transactions with owners	35,000	-	(36,000)	(1,000)
At 31 December 2016	80,507	33,947	61,621	176,075

BAUER RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

1. General information

The Company is a private limited company, incorporated in England.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Heinrich Bauer Verlag KG as at 31 December 2016 and these financial statements may be obtained from Burchardstraße 11, 20077 Hamburg, Germany.

2.3 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.4 Going concern

The Company is dependent on continuing financial support made available by its immediate parent undertaking. Continuing financial support is required both to enable the Company to meet its liabilities as they fall due and to continue operating without immediate realisation of all its assets. The Company's immediate parent has confirmed its intention to maintain its financial support for the foreseeable future and consequently these accounts have been prepared on a going concern basis.

BAUER RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Radio advertising revenue is recognised on the date of broadcast.

Event income is recognised when the event has taken place.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment and vehicles - 3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

BAUER RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.7 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Income and Retained Earnings.

2.8 Valuation of investments

Investments in subsidiaries, associates and joint ventures are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.10 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.12 Operating leases: the Company as lessor

Rentals income from operating leases is credited to the Statement of Income and Retained Earnings on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

BAUER RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on:

- the differences between the fair values of assets acquired and the future tax deductions available for them; and
- the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

BAUER RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments and estimates. These are continually evaluated, based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances that would have a major impact on applying the above accounting policies.

The following judgments and estimates have had the most significant effect on the amounts recognised in the financial statements:

(a) Investments

The Company assesses at each reporting date whether there is an indication that an investments may be impaired. When testing for impairment, recoverable amounts are measured at their value in use by discounting the future expected cash flow from the investments.

(b) Revaluation of investment properties

Since the introduction of FRS102 in prior year, the Company carries its investment property at fair value, with changes in fair value being recognised in the profit and loss. The Company engaged an independent valuation specialist to determine the fair value at 31 December 2016. The valuer has used the market value prevailing at the time of the valuation and based on the assumption that a lease would be in place at an arm's length agreement between unrelated organisations.

(c) Impairment of debtors

The Company makes an estimate of the recoverable values of trade and other debtors. The current credit rating of the debtor, the ageing of the debt and the historical experience of debtors are used by management in assessing impairment of trade and other debtors.

(d) Turnover

Revenue is recognised when the significant risks and rewards of ownership have been transferred to a third party, or services provided at the point when it is probable that the economic benefits will flow to the Company and when the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration.

Radio advertising revenue is recognised on the date of broadcast.

4. Turnover

The whole of the turnover is attributable to services.

All turnover is substantially derived from sales in the United Kingdom.

5. Other operating income

	2016 £000	2015 £000
Net rents receivable	919	630
Royalty receivable	4	1
	<u>923</u>	<u>631</u>

BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

6. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	4	3
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	108	102
Other operating lease rentals	66	59
Defined contribution pension cost	167	181
	<u> </u>	<u> </u>

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

7. Auditor's remuneration

	2016 £000	2015 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	103	102
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	2	15
All other services	3	-
	<u> </u>	<u> </u>

The audit fee for both years represents fees payable in respect of the audit of Bauer Radio Limited and its subsidiaries.

BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £000	2015 £000
Wages and salaries	4,626	5,036
Social security costs	504	536
Cost of defined contribution scheme	167	181
	<u>5,297</u>	<u>5,753</u>

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

	2016 No.	2015 No.
UK full-time employees	<u>101</u>	<u>115</u>

9. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	<u>550</u>	<u>525</u>

The highest paid director received remuneration of £550,000 (2015 - £525,000).

The directors of the Company are considered its key management personnel.

10. Interest receivable

	2016 £000	2015 £000
Interest receivable from group companies	90	22
Other interest receivable	60	84
	<u>150</u>	<u>106</u>

BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

11. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	(153)	(700)
Adjustments in respect of previous periods	1	26
	<u>(152)</u>	<u>(674)</u>
Total current tax	<u>(152)</u>	<u>(674)</u>
Deferred tax		
Origination and reversal of timing differences	218	341
Changes to tax rates	(15)	8
Total deferred tax	<u>203</u>	<u>349</u>
Taxation on profit/(loss) on ordinary activities	<u>51</u>	<u>(325)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>30,269</u>	<u>21,602</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	6,054	4,374
Effects of:		
Expenses not deductible for tax purposes	217	7
Adjustments to tax charge in respect of prior periods	26	53
Dividends from UK companies	(5,745)	(4,169)
Tax rate changes	(49)	(31)
Transfer pricing adjustments	(452)	(559)
Total tax charge for the year	<u>51</u>	<u>(325)</u>

BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

11. Taxation (continued)**Factors that may affect future tax charges**

The standard rate of Corporation Tax in the UK reduced from 21% to 20% with effect from 1 April 2015. Accordingly the Company's profits for the current period are taxed at an effective rate of 20.00%.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill (No 2) 2015 on 18 November 2015. This reduced the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

A number of changes to the UK corporation tax system were announced in the Chancellor's Budget on 16 March 2016. These include reductions to the main rate of UK corporation tax to 17% from 1 April 2020 (previously substantively enacted 8 July 2015 to 18%). These changes were fully enacted by the balance sheet date. As a result of these changes the deferred tax balances have been re-measured to 17%, the expected rate for when they will reverse.

12. Dividends

	2016 £000	2015 £000
Interim dividend	36,000	13,000
	<u>36,000</u>	<u>13,000</u>

BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

13. Tangible fixed assets

	Equipment and vehicles £000
Cost	
At 1 January 2016	17
	<hr/>
At 31 December 2016	17
	<hr/>
Depreciation	
At 1 January 2016	6
Charge for the period on owned assets	4
	<hr/>
At 31 December 2016	10
	<hr/>
Net book value	
At 31 December 2016	7
	<hr/>
At 31 December 2015	11
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BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

14. Fixed asset investments

	Investments in subsidiary companies £000	Investments in associates £000	Total £000
Cost or valuation			
At 1 January 2016	540,052	233	540,285
Additions	10,244	-	10,244
At 31 December 2016	550,296	233	550,529
Impairment			
At 1 January 2016	264,085	-	264,085
At 31 December 2016	264,085	-	264,085
Net book value			
At 31 December 2016	286,211	233	286,444
At 31 December 2015	275,967	233	276,200

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Bauer Golden Square Limited	Ordinary	100 %	Investment holding
Bauer Digital Radio Limited	Ordinary	100 %	Digital Radio
Bauer Group Secretariat Limited	Ordinary	100 %	Dormant
Bauer Media Group Sweden Holding AB	Ordinary	100 %	Radio broadcasting
Bauer Media Holding Oy	Ordinary	100 %	Radio broadcasting
Bauer Media As	Ordinary	100 %	Radio broadcasting
Bauer Media ApS	Ordinary	100 %	Radio broadcasting
Bauer Radio (West Midlands) Limited	Ordinary	100 %	Radio broadcasting
Kiss FM Radio Limited	Ordinary	100 %	Radio broadcasting
Magic 105.4 Limited	Ordinary	100 %	Radio broadcasting
Metro Radio Limited	Ordinary	100 %	Radio broadcasting
Key 103 Limited	Ordinary	100 %	Radio broadcasting
Piccadilly Radio Limited	Ordinary	100 %	Dormant

BAUER RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

14. Fixed asset investments (continued)

Planet Rock Limited	Ordinary	100 %	Radio broadcasting
Radio Aire Limited	Ordinary	100 %	Radio broadcasting
Radio City (Sound of Merseyside) Limited	Ordinary	100 %	Radio broadcasting
Radio Hallam Limited	Ordinary	100 %	Radio broadcasting
Red Rose Radio Limited	Ordinary	100 %	Radio broadcasting
Scottish Radio Holdings Limited	Ordinary	100 %	Investment holding
TFM Radio Limited	Ordinary	100 %	Radio broadcasting
Viking Radio Limited	Ordinary	100 %	Radio broadcasting
Orion Media Holdings Limited	Ordinary	100 %	Investment holding

On 5 May 2016 the company acquired the entire share capital of Orion Media Holdings Limited for £9.9m, including all cash balances in the business.

The carrying value of the Company's investments are reviewed for impairment when there are indications that the asset may be impaired. When testing for impairment, recoverable amounts are measured at their value in use by discounting the future expected cash flows from the investments.

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

BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

14. Fixed asset investments (continued)**Indirect Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Bauer AR Holdings Ltd	Ordinary	100 %	Investment holding
Absolute Radio Ltd	Ordinary	100 %	Radio broadcasting
Bauer AR Digital Radio Ltd	Ordinary	100 %	Holding company Exploitation of rights in music and digital applications
One Golden Square Creative Ltd	Ordinary	100 %	Digital radio services
EG Digital Ltd	Ordinary	51 %	Radio broadcasting
Carlisle Radio Ltd	Ordinary	100 %	Radio broadcasting
Downtown Radio Ltd	Ordinary	100 %	Radio broadcasting
Moray Firth Radio Ltd	Ordinary	100 %	Radio broadcasting
Northsound Radio Ltd	Ordinary	100 %	Radio broadcasting
Radio Borders Ltd	Ordinary	100 %	Radio broadcasting
Radio Clyde Ltd	Ordinary	100 %	Radio broadcasting
Radio Forth Ltd	Ordinary	100 %	Radio broadcasting
Radio Tay Ltd	Ordinary	100 %	Radio broadcasting
South West Sound Ltd	Ordinary	100 %	Radio broadcasting
Vibe Radio Services Ltd	Ordinary	100 %	Investment holding
Kiss 101 Ltd	Ordinary	100 %	Radio broadcasting
Kiss 105-108 Ltd	Ordinary	100 %	Radio broadcasting
Wave 105 FM Ltd	Ordinary	100 %	Radio broadcasting
West Sound Radio Ltd	Ordinary	100 %	Radio broadcasting
Bauer Media Group Sweden AB	Ordinary	100 %	Radio broadcasting
Mix Megapol.se AB	Ordinary	100 %	Radio broadcasting
Radio Match AB	Ordinary	100 %	Radio broadcasting
Eskilstuna SBS Radio AB	Ordinary	70 %	Radio broadcasting
Radio Daltid SBS AB	Ordinary	51 %	Radio broadcasting
Bauer Media Group HNV AB	Ordinary	100 %	Radio broadcasting
HNV Radio AB	Ordinary	100 %	Radio broadcasting
Svensk Radioutveckling KB	Ordinary	88 %	Radio broadcasting
Radioutveckling i Sverige KB	Ordinary	88 %	Radio broadcasting
SRU Svensk Radioutveckling AB	Ordinary	83 %	Radio broadcasting
Bauer Media AB	Ordinary	100 %	Radio broadcasting
Bauer Publishing AB	Ordinary	100 %	Publishing
Radiobranschen RAB AB	Ordinary	58 %	Radio broadcasting
Radio City AB	Ordinary	100 %	Radio broadcasting
Vinyl AB	Ordinary	100 %	Radio broadcasting
Radio Licence Startup Halland AB	Ordinary	100 %	Radio broadcasting
Radio License Startup Orebro AB	Ordinary	100 %	Radio broadcasting

BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

14. Fixed asset investments (continued)

Radio License Startup Vasteras AB	Ordinary	100 %	Radio broadcasting
RIS Vinyl Skane AB	Ordinary	100 %	Radio broadcasting
Rockklassiker Sverige AB	Ordinary	100 %	Radio broadcasting
Euradio I Sverige AB	Ordinary	100 %	Radio broadcasting
E-FM Sverige AB	Ordinary	100 %	Radio broadcasting
Bauer Media Oy	Ordinary	100 %	Radio broadcasting
Kaimax Media Oy	Ordinary	100 %	Radio broadcasting
3N Radiot Oy	Ordinary	100 %	Radio broadcasting
Miracle Sound Oy	Ordinary	51 %	Radio broadcasting
Miracle Sound Oulu Oy	Ordinary	51 %	Radio broadcasting
Bauer Media Digital ApS	Ordinary	100 %	Digital radio services
Orion Media Limited	Ordinary	100 %	Investment holding
Mercia Sound Limited	Ordinary	100 %	Radio broadcasting
Radio Wyvern Limited	Ordinary	100 %	Radio broadcasting
Beacon Broadcasting Limited	Ordinary	100 %	Radio broadcasting
Orion Media (East Midlands) Limited	Ordinary	100 %	Radio broadcasting
Orion Trustee Limited	Ordinary	100 %	Dormant
Midlands Radio Limited	Ordinary	100 %	Dormant
Capital Radio North East Limited	Ordinary	100 %	Dormant
BRMB Limited	Ordinary	100 %	Dormant
Capital Radio Fun Limited	Ordinary	100 %	Dormant
Border Radio Holdings Limited	Ordinary	100 %	Dormant
Birmingham Broadcasting Limited	Ordinary	100 %	Radio broadcasting
Capital Gold Birmingham Limited	Ordinary	100 %	Dormant

Name	Registered office
Bauer Golden Square Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, United Kingdom, PE2 6EA
Bauer Digital Radio Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, United Kingdom, PE2 6EA
Bauer Group Secretariat Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Bauer Media Group Sweden Holding AB	Box 34108100 26 Stockholm, Sweden
Bauer Media Holding Oy	Tallberginkatu 1 C. 00180 Helsinki, Uusimaa, Finland
Bauer Media As	Christian Michelsens gate 2A, 5012 Bergen, Norway
Bauer Media Digital ApS	Mileparken 20A, DK-2740 Skovlunde, Denmark
Bauer Media ApS	Mileparken 20A, DK-2740 Skovlunde, Denmark
Bauer Radio (West Midlands) Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Kiss FM Radio Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA

BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

14. Fixed asset investments (continued)

Magic 105.4 Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Metro Radio Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Key 103 Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Piccadilly Radio Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Planet Rock Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Radio Aire Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Radio City (Sound of Merseyside) Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Radio Hallam Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Red Rose Radio Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Scottish Radio Holdings Limited	Clydebank Business Park, Clydebank, G81 2RX
TFM Radio Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Viking Radio Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Orion Media Holdings Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Bauer AR Holdings Ltd	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Absolute Radio Ltd	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Bauer AR Digital Radio Ltd	Clydebank Business Park, Clydebank Business Park, Clydebank, G81 2RX
One Golden Square Creative Ltd	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
EG Digital Ltd	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Carlisle Radio Ltd	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Downtown Radio Ltd	Kiltonga Industrial Estate, Newtownards, Co Down, BT23 4ES
Moray Firth Radio Ltd	Clydebank Business Park, Clydebank, Glasgow, G81 2RX
Northsound Radio Ltd	Clydebank Business Park, Clydebank, Glasgow, G81 2RX
Radio Borders Ltd	Clydebank Business Park, Clydebank, Glasgow, G81 2RX
Radio Clyde Ltd	Clydebank Business Park, Clydebank, Glasgow, G81 2RX
Radio Forth Ltd	Clydebank Business Park, Clydebank, Glasgow, G81 2RX
Radio Tay Ltd	Clydebank Business Park, Clydebank, Glasgow, G81 2RX
South West Sound Ltd	Clydebank Business Park, Clydebank, Glasgow, G81 2RX
Vibe Radio Services Ltd	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Kiss 101 Ltd	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Kiss 105-108 Ltd	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA

BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

14. Fixed asset investments (continued)

Wave 105 FM Ltd	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
West Sound Radio Ltd	Clydebank Business Park, Clydebank, Glasgow, G81 2RX
Bauer Media Group Sweden AB	Box 34108 100 26 Stockholm, Sweden
Bauer MediaAB	Box 34108 100 26 Stockholm, Sweden
Mix Megapol.se AB	Box 34108 100 26 Stockholm, Sweden
Radio Match AB	Box 34108 100 26 Stockholm, Sweden
Eskilstuna SBS Radio AB	Box 34108 100 26 Stockholm, Sweden
Radio Daltid SBS AB	Box 34108 100 26 Stockholm, Sweden
Bauer Publishing AB	Box 34108 100 26 Stockholm, Sweden
Bauer Media Group HNV AB	Box 34108 100 26 Stockholm, Sweden
HNV Radio AB	Box 34108 100 26 Stockholm, Sweden
Svensk Radioutveckling KB	Box 34108 100 26 Stockholm, Sweden
Radioutveckling i Sverige KB	Box 34108 100 26 Stockholm, Sweden
SRU Svensk Radioutveckling AB	Box 34108 100 26 Stockholm, Sweden
Radiobranchen RAB AB	Box 34108 100 26 Stockholm, Sweden
Radio City AB	Box 34108 100 26 Stockholm, Sweden
Vinyl AB	Box 34108 100 26 Stockholm, Sweden
Radio Licence Startup Halland AB	Box 34108 100 26 Stockholm, Sweden
Radio License Startup Orebro AB	Box 34108 100 26 Stockholm, Sweden
Radio License Startup Vasteras AB	Box 34108 100 26 Stockholm, Sweden
RIS Vinyl Skane AB	Box 34108 100 26 Stockholm, Sweden
Rockklassiker Sverige AB	Box 34108 100 26 Stockholm, Sweden
Euradio I Sverige AB	Box 34108 100 26 Stockholm, Sweden
E-FM Sverige AB	Box 34108 100 26 Stockholm, Sweden
Bauer Media Oy	Tallberginkatu 1, 00180 Helsinki, Finland
Kaimax Media Oy	Tallberginkatu 1, 00180 Helsinki, Finland
3N Radiot Oy	Tallberginkatu 1, 00180 Helsinki, Finland
Miracle Sound Oy	Tallberginkatu 1, 00180 Helsinki, Finland
Miracle Sound Oulu Oy	Asemakatu 25, 90100 Oulu, Finland
Orion Media Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Mercia Sound Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Radio Wyvern Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Beacon Broadcasting Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Orion Media (East Midlands) Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Orion Trustee Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Midlands Radio Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA

BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

14. Fixed asset investments (continued)

Capital Radio North East Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
BRMB Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Capital Radio Fun Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Border Radio Holdings Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Birmingham Broadcasting Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
Capital Gold Birmingham Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA

Participating interests

Fixed asset investments in the Joint Ventures and Associates are unlisted and their market value can not be reliably determined. For this reason they have been measured at cost less accumulated impairment.

Joint ventures

Name	Registered address	Class of shares	Holding	Principal activity
CE Digital Limited	30 Leicester Square, London, WC2H 7LA	Ordinary	50%	Digital Radio Services

Associates

Name	Registered office	Class of shares	Holding	Principal activity
Independent Radio News Limited	Academic House, 24-28 Oval Road, London, NW1 7DJ	Ordinary	22%	Radio broadcasting
Sound Digital Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA	Ordinary	30%	Digital Radio Services

BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

15. Investment property

	Freehold investment property £000
Valuation	
At 1 January 2016	21,150
Surplus on revaluation	975
At 31 December 2016	22,125

The 2016 valuations were made by GL Hearn Limited, on an open market value for existing use basis.

16. Debtors

	2016 £000	2015 £000
Trade debtors	29,722	26,899
Amounts owed by group undertakings	5,378	3,977
Other debtors	626	105
Prepayments and accrued income	4,049	1,312
	39,775	32,293

Amounts owed by other group undertakings are unsecured, interest at 3 month EURIBOR plus 2% and are repayable on demand.

17. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	616	241
Amounts owed to group undertakings	165,083	167,269
Other taxation and social security	7,481	6,928
Other creditors	321	233
Accruals and deferred income	1,591	14,863
	175,092	189,534

Amounts due to other group undertakings are unsecured, interest free and repayable on demand.

BAUER RADIO LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

18. Deferred taxation

	2016 £000	2015 £000
At beginning of year	(268)	81
Charged to profit or loss	(203)	(349)
At end of year	(471)	(268)

The provision for deferred taxation is made up as follows:

	2016 £000	2015 £000
Accelerated capital allowances	(28)	(9)
Short term timing differences	(443)	(259)
	(471)	(268)

The deferred tax liability is not expected to reverse in 2017.

19. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
805,065,938 (2015 - 455,065,938) Ordinary shares of £0.10 each	80,507	45,507

On 5 May 2016 the Company allotted and issued 350,000,000 ordinary shares of £0.10 each at a subscription price of £0.10 per share.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

BAUER RADIO LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

20. Related party transactions

At 31 December 2016 the Company owed to CE Digital Limited £178,000 (2015: £6,000). During the year, the Company received a dividend of £NIL (2015: £675,000) from its joint venture.

One of the Company's subsidiaries, Bauer Digital Radio Limited, owns 51% of the share capital of EG Digital Limited, a joint venture company. At 31 December 2016, EG Digital Limited owed the Company £6,316,000 (2015: £6,043,000).

The Company owns 22% of the share capital of Independent Radio News Limited and during the year received a dividend of £574,000 (2015: £564,000) and a rebate of £79,000 (2015: £108,000) from its associate. At 31 December 2016 the Company was owed £18,000 (2015: £29,000) by Independent Radio News Limited.

The Company owns 30% of the share capital of Sound Digital Ltd and at 31 December 2016 was owed £61,000 (2015: £81,000).

Bauer Consumer Media Limited, another fellow Group undertaking of the Company, owns 50% of the share capital of The Box Plus Network Limited, a joint venture Company registered in England and Wales. The Company had sales of £8,500 during the year (2015: £12,700 of sales) with The Box Plus Network Limited. At 31 December 2016 the Company was owed £900 (2015: £2,700) from The Box Plus Network Limited.

The Company has taken advantage of the exemption in Financial Reporting Standard 102 section 33.1A "Related party disclosures" and has not disclosed transactions with wholly owned group undertakings.

21. Controlling party

The immediate parent undertaking is HBVB.

Heinrich Bauer Verlag KG, established in Germany, is regarded by the directors as the Company's ultimate controlling party.

The only parent undertaking for which Group accounts are drawn up is Heinrich Bauer Verlag KG, registered in Germany. Copies of Heinrich Bauer Verlag KG accounts are publicly available.