

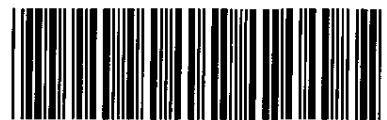
Global Media & Entertainment Limited

(formerly This is Global Limited)

**Annual Report and Financial Statements
Year ended 31 March 2017**

Company number 06251684

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Global Media & Entertainment Limited

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Global Media & Entertainment Limited

Directors and Advisers

Directors

Lord Allen of Kensington CBE (Chairman)
A.D. Tabor OBE
S.G. Miron
R.F.J. Park
M. Gordon
W. Harding
I.L. Hanson
D.D. Singer

Company secretary

J. Beak

Registered office

30 Leicester Square
London
WC2H 7LA

Company number

06251684

Auditor

Deloitte LLP
Abbotts House
Abbey Street
Reading
RG1 3BD

Global Media & Entertainment Limited

Group Strategic Report

The directors present their strategic report for Global Media & Entertainment Limited (formerly This is Global Limited) and its subsidiaries (the "Group") for the year ended 31 March 2017.

Principal activity

The Group's principal activity during the year was the operation of commercial radio stations in the United Kingdom.

Business review

This business review gives greater emphasis to those matters which are significant to Global Media & Entertainment Limited (the "Company") and its subsidiary undertakings (i.e. the Group) when viewed as a whole.

The year ended 31 March 2017 was the eighth consecutive year of growth for the Group with adjusted EBITDA of £77.8m (as defined in note 2 below), showing an increase of 4.4% on the prior year's figure of £74.5m. Adjusted EBITDA margin fell from 27% to 26%. The Group continues to make a statutory loss.

The main reason for the increase in profitability was the 4.8% growth in our commercial revenues in the year. For the year ended 31 March 2017 our commercial revenues increased by 3.5% on a like for like basis, in line with the market which also increased by 3.5% in that same period (source: Radiocentre website).

During the year, Global's radio stations achieved an average weekly audience of 24.4 million listeners (source: RAJAR Q2 2016 – Q1 2017 average). This compares to last year's audience of 23.8 million listeners and reflects the continuing quality and popularity of our stations. Our stations reached 45% of the UK population on a weekly basis.

In March 2017 Global launched a third national Heart station, as Heart 80s joined Heart and Heart extra. Heart 80s is focused on bringing feel good 80s hits to the UK market.

Global's Make Some Noise charity continued to raise money for disadvantaged children and young people and to give a voice to smaller charities that find it hard to get heard. Global's Make Some Noise raised over £3.4m (2016: £2.6m) in the year, and awarded grants to more than 34 charities and projects across the UK.

In September 2016, the new Global Academy, a university technical college to provide academic and vocational training for students who want to work in the broadcast and digital media industries, opened its doors for the first intake of students for the start of the academic year. The Global Academy was formally opened by their Royal Highnesses the Duke and Duchess of Cambridge and Prince Harry.

We have continued to expand our Digital Audio Exchange ("DAX") following the success of its launch two years ago. DAX gives advertisers a single buying point to access the digital audio market. We have now expanded the service and more than 180 audio platforms are offering their advertising via DAX and in excess of 350 brand campaigns a month are now broadcast using the DAX platform.

The Group has acquired a number of entities which operate music festivals. This is part of the Group's strategy to expand into the festival sector. The full financial impact of these acquisitions will be reflected in the Group's 2017/18 financial results, because the majority of the acquired festivals took place before the Group had acquired the festival entities.

The directors noted that the strong commercial financial performance, combined with the continued high quality programming output of our stations and successful entry into the festival sector, represented an extremely successful year for the Group.

During the year £114,383,383 of loans were converted to 114,383,383 ordinary £1 shares which were issued, called up and fully paid.

Financial performance

The consolidated income statement is set out on page 9 and shows revenue for the year ended 31 March 2017 of £302.6m, an increase of 9.6% on last year's figure of £276.2m. Operating profit of £51.6m decreased by £8.5m compared to last year's figure of £60.1m. There has been an increase in amortisation from £5.4m to £12.9m, which is largely attributable to the acquisition of festivals in the year. Operating profit is stated after charging depreciation of £4.3m (2016: £4.1m) and amortisation of £12.9m (2016: £5.4m). The loss before taxation of £3.1m (2016: £9.9m) has decreased mainly due to movements in the fair value of the loans and interest on shareholder and other loans.

The directors consider that adjusted EBITDA (as defined in note 2 below) represents a key measure of the business performance as it demonstrates the underlying trading performance. The results for the year set out below show growth of £3.3m (4.4%) in adjusted EBITDA from £74.5m in 2016 to £77.8m for the year ended 31 March 2017.

Global Media & Entertainment Limited

Group Strategic Report (continued)

Financial performance (continued)

	Year ended 31 March 2017 £m	Year ended 31 March 2016 £m
Radio broadcasting	267.1	254.7
Other revenue	23.8	21.5
Music festivals	11.7	-
Total revenue	302.6	276.2
Direct costs (note 1)	66.7	49.7
Gross profit	235.9	226.5
Other operating costs	158.1	152.0
Adjusted EBITDA (note 2)	77.8	74.5

Note 1: Direct costs exclude depreciation, amortisation and charges or credits relating to non-recurring items including restructuring and integration costs such as launch costs including rebranding, redundancy costs and vacant property provisions. This is consistent with prior year.

Note 2: Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation and is stated before any charges or credits relating to non-recurring items including restructuring and integration costs such as launch costs including rebranding, redundancy costs and vacant property provisions. This is consistent with prior year.

Going concern

At 31 March 2017 the Group had net liabilities of £347.0m (2016: £455.6m). The directors confirm that, after making enquiries, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis of accounting in preparing these financial statements. Further information around the assessment of going concern can be found in note 1 of the financial statements.

Future developments

The directors believe that the current level of activity will continue for the foreseeable future although the outlook for the UK market is uncertain. The directors continue to explore a number of opportunities to grow and expand the existing business.

Principal risks and uncertainties

The principal risks faced by the business can be divided into operational, commercial, financial and credit risks. The risks are monitored and managed at a Group level and by local management teams.

Operational risk

Audience levels at the Group's stations could erode the Group's position, both in local markets and in the national marketplace if they were to decline. To address this, the Group markets its radio brands regularly and continually strives to improve programming standards to increase audiences. The Group carries out research on its listeners, building profiles of their likes and dislikes, and uses this to develop both the sound of the stations, and the music they play.

The performance of festivals could be negatively impacted by poor weather which could result in less festival day revenues, due to lower attendance at the festival and festival attendees spending less time at the festival. The Group has tried to mitigate this risk by acquiring a portfolio of festivals which occur across a number of different dates.

Commercial risk

There is a risk that weakness in the advertising market could put pressure on traditional revenue streams. To address this, the Group has been developing its relationship with advertisers and agencies to ensure that the value of its brands is fully realised. This includes offering tailored solutions to advertisers and highlighting the breadth of our products, which was enhanced during the year with the addition of a number of music festivals. The development of new media opportunities is at the heart of the Group's strategy, which over time will reduce the pressure on our traditional revenue generators.

Global Media & Entertainment Limited

Group Strategic Report (continued)

Commercial risk (continued)

Whilst the impact of the United Kingdom leaving the European Union is uncertain and hard to assess, based on current UK growth forecasts there is a risk that our revenues will be lower than forecast. In addition, there are other related factors which affect the Group, for example, the impact of a tougher UK business environment on interest rates and therefore long-term bond yields and the group pension liabilities.

Financial risk

The Group is primarily funded by both related party and bank debt. Bank debt has been reduced in the year. The Group's operations are cash-generative, and general exposure to liquidity risk is considered to be low. The Group monitors performance against its banking covenants on a quarterly basis.

Credit risk

The Group actively mitigates the risk of payment default by its customers by the use of trade credit insurance and by reviewing outstanding payments and provisions for payment default regularly.

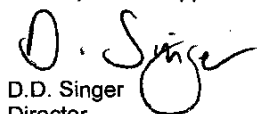
Financial instruments

The Group's risk management process and the policies for mitigating certain type of risks are set out in note 20. Details of the financial instruments used for these purposes are in note 16 to the consolidated financial statements.

Key performance indicators

The business uses key performance indicators which are monitored on a regular basis and include audience trends such as weekly reach, listening hours, share of the market and demographic mix, festival ticket sales, as well as financial indicators such as revenue, adjusted EBITDA and operating margins. Variance analysis is performed monthly and variances are monitored and discussed within a formal meeting structure.

This report was approved by the Board and signed on its behalf by



D.D. Singer
Director
31 July 2017

Global Media & Entertainment Limited

Directors' Report

The directors present the directors' report and the financial statements of the Group and the Company for the year ended 31 March 2017.

Results and dividends

The loss for the year, after taxation and non-controlling interests, amounted to £0.8m (2016: loss of £7.9m). The directors do not recommend the payment of a dividend (2016: £nil).

Directors

The directors who served during the year and to the date of this report were:

Lord Allen of Kensington CBE (Chairman)
A.D. Tabor OBE
S.G. Miron
R.F.J. Park
M. Gordon
W. Harding
I.L. Hanson
D.D. Singer

Political and charitable contributions

The Group is involved with a number of charities that are linked to its radio operations and during the course of the financial year, the Group's charities were involved in fundraising activities which generated £3.4m (2016: £2.6m) for its own and many other third-party causes. The Group's charities also received funding of £2.8m (2016: £0.6m) for charitable initiatives.

As well as providing significant radio airtime to promote the activities and events of its charities, the Group provides a number of services to these charities, including the use of offices and administration services, free of charge.

The Group's donations to charities amounted to £377,600 (2016: £50,124). No contributions were made to political organisations. The charitable and political donations of the Company amounted to £nil (2016: £nil).

Future developments

The directors believe that the current level of activity will continue for the foreseeable future and they look forward to a return to stable growth in the wider UK advertising market, notwithstanding the uncertain impact of the UK exiting the European Union. The directors continue to explore a number of opportunities to grow and expand the existing business.

Financial instruments

The Group's risk management process and the policies for mitigating certain type of risks are set out in note 20. Details of the financial instruments used for these purposes are in note 16 to the consolidated financial statements.

Employee involvement

The Group places considerable value on the involvement of its people and has continued to keep them informed on matters affecting their employment and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Disabled employees

Applications for employment from disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. As a people focused business we make sure that we recruit the right person for the job every time, whatever their background.

In the event of a member of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate adjustments are made. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Global Media & Entertainment Limited

Directors' Report (continued)

Qualifying third party indemnity provisions

The directors benefit from qualifying third party indemnity provisions in place. The Group also provided qualifying third party indemnity provisions to certain directors of associated companies during the financial year.

Matters covered in the strategic report

Details of the principal risks faced by the Group, including operational risk, credit risk and liquidity risk are discussed in the Group Strategic Report.

Provision of information to the auditor

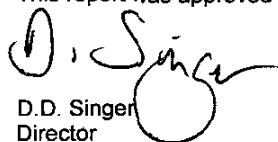
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that each director is aware, there is no relevant audit information of which the Group and the Company's auditor is unaware; and
- that each 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 Group and the Company's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by



D.D. Singer
Director
31 July 2017

Global Media & Entertainment Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

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.

Global Media & Entertainment Limited

Independent Auditor's Report to the Members of Global Media & Entertainment Limited

We have audited the financial statements of Global Media & Entertainment Limited for the year ended 31 March 2017 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Position, the Group and Parent Statement of Changes in Equity and the Group Statement of Cash Flows and the related notes 1 to 39. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

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 and 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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:

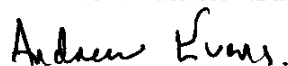
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 the Directors' Report.

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.



Andrew Evans (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

31 July 2017

Global Media & Entertainment Limited

Group Income Statement

For the year ended 31 March 2017

	<i>Note</i>	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Revenue	2	302,634	276,247
Direct costs		(66,679)	(49,714)
Gross profit		235,955	226,533
Administrative expenses		(184,392)	(166,410)
Operating profit	4	51,563	60,123
Finance income	7	15,713	1,637
Finance expense	8	(70,962)	(72,301)
Net finance costs		(55,249)	(70,664)
Share of profit of equity-accounted investees, net of tax	12	605	672
Loss before taxation		(3,081)	(9,869)
Income tax credit	9	2,279	1,943
Loss for the year		(802)	(7,926)
Arributable to:			
Owners of the Company		(1,578)	(9,103)
Non-controlling interests		776	1,177
		(802)	(7,926)

The notes on pages 14 to 43 form part of these financial statements.

Global Media & Entertainment Limited

Group Statement of Comprehensive Income

For the year ended 31 March 2017

	Note	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Loss for the year		(802)	(7,926)
Items that will not be reclassified to profit or loss:			
Actuarial loss related to the pension scheme	26	(2,285)	(1,135)
Deferred tax on actuarial loss	18	447	204
Other comprehensive loss for the year, net of tax		<u>(2,640)</u>	<u>(8,857)</u>
Total comprehensive loss for the year		<u><u>(2,640)</u></u>	<u><u>(8,857)</u></u>
Attributable to			
Owners of the Company		(3,416)	(10,034)
Non-controlling interests		776	1,177
		<u><u>(2,640)</u></u>	<u><u>(8,857)</u></u>

The notes on pages 14 to 43 form part of these financial statements.

Global Media & Entertainment Limited

Group Statement of Financial Position

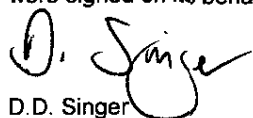
At 31 March 2017

Registered number: 06251684

		31 March 2017	31 March 2016
	Note	£'000	£'000
ASSETS			
Non-current assets			
Intangible assets	10	417,939	337,953
Property, plant and equipment	11	25,117	24,107
Equity accounted investments	12	1,797	756
Investments	13	5,780	5,780
Surplus on defined benefit pension scheme	26	1,392	3,524
Deferred tax asset	18	-	5,285
		452,025	377,405
Current assets			
Current tax assets		111	379
Trade and other receivables	14	64,118	46,147
Cash and cash equivalents		41,338	35,722
		105,567	82,248
Total assets		557,592	459,653
LIABILITIES			
Current liabilities			
Trade and other payables	15	95,309	49,548
Borrowings	16	46,978	42,297
Provisions	17	1,519	1,221
		143,806	93,066
Non-current liabilities			
Trade and other payables	15	16,679	-
Borrowings	16	742,047	820,872
Provisions	17	1,202	1,336
Deferred tax liabilities	18	2,517	-
		762,445	822,208
Total liabilities		906,251	915,274
Net liabilities		(348,659)	(455,621)
EQUITY			
Share capital	19	165,310	49,167
Retained deficit		(513,969)	(504,788)
		(348,659)	(455,621)
Attributable to:			
Shareholders funds		(360,787)	(456,835)
Non-controlling interests		12,128	1,214
Total equity		(348,659)	(455,621)

The notes on pages 14 to 43 form part of these financial statements.

The financial statements were approved and authorised for issue by the board of directors on 31 July 2017 and were signed on its behalf by:



D.D. Singer
Director
31 July 2017

Global Media & Entertainment Limited

Group Statement of Changes in Equity For the year ended 31 March 2017

		Share capital	Put option reserve	Retained deficit	Total	Non- controlling interests	Total equity
	Note	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2015		-	-	(495,967)	(495,967)	1,180	(494,787)
Loss for the year		-	-	(9,103)	(9,103)	-	(9,103)
Non-controlling interest share of profit		-	-	-	-	1,177	1,177
Shares issued in the year	19	49,167	-	-	49,167	-	49,167
Actuarial loss related to the pension scheme	26	-	-	(1,136)	(1,136)	-	(1,136)
Deferred tax on actuarial loss	18	-	-	204	204	-	204
Dividends paid to non-controlling interests		-	-	-	-	(1,143)	(1,143)
At 31 March 2016		49,167	-	(506,002)	(456,835)	1,214	(455,621)
At 1 April 2016		49,167	-	(506,002)	(456,835)	1,214	(455,621)
Shares issued in the year	19	116,143	-	-	116,143	-	116,143
Loss for the year		-	-	(1,578)	(1,578)	-	(1,578)
Non-controlling interest share of profit		-	-	-	-	776	776
Dividends paid to non-controlling interests		-	-	-	-	(1,395)	(1,395)
Non-controlling interests acquired during the year		-	-	-	-	11,533	11,533
Actuarial loss related to the pension scheme	26	-	-	(2,285)	(2,285)	-	(2,285)
Fair value of put option payments		-	(16,679)	-	(16,679)	-	(16,679)
Deferred tax on actuarial loss	18	-	-	447	447	-	447
At 31 March 2017		165,310	(16,679)	(509,418)	(360,787)	12,128	(348,659)

The notes on pages 14 to 43 form part of these financial statements.

Global Media & Entertainment Limited

Group Statement of Cash Flows

For the year ended 31 March 2017

	Note	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Cash flows from operating activities			
Loss for the year		(802)	(7,926)
Adjustments for:			
Depreciation	11	4,269	4,141
Amortisation	10	12,881	5,365
Loss on disposal of property, plant and equipment	11	96	–
Net finance costs		55,249	70,664
Share of profits of equity accounted investments	12	(605)	(672)
Movement in retirement benefit obligations		427	(74)
Profit on disposal of equity accounted investments		(1,712)	–
Income tax credit		(2,279)	(1,943)
		67,524	69,555
Changes in:			
Trade and other receivables		(5,106)	(3,729)
Trade and other payables		20,280	(2,755)
Provisions		164	(1,203)
Cash generated from operating activities		82,862	61,868
Interest paid		(4,284)	(5,655)
Income taxes paid		(194)	(375)
Net cash from operating activities		78,384	55,838
Cash flows from investing activities			
Interest received		28	80
Dividends received from associates	12	186	757
Acquisition of subsidiaries, net of cash acquired		(30,164)	(4,825)
Acquisition of investments		–	(5,600)
Acquisition of property, plant and equipment	11	(4,536)	(9,031)
Acquisition of intangible assets	10	(26,750)	(6,223)
Acquisition of non-controlling interests in subsidiaries		(1,250)	–
Proceeds from disposal of equity accounted investments		873	–
Investments in equity accounted investments	12	(679)	–
		(62,292)	(24,842)
Cash flows from financing activities			
Proceeds from borrowings		19,336	–
Repayments of loans and borrowings		(29,732)	(37,228)
Payment of debt issue costs		(443)	–
Dividends paid to non-controlling interests	21	(1,395)	(1,143)
New shares issued during the year	19	1,758	–
		(10,476)	(38,371)
Increase/(decrease) in cash and cash equivalents		5,616	(7,375)
Cash and cash equivalents at the start of the year		35,722	43,097
Cash and cash equivalents at the end of the year		41,338	35,722

The notes on pages 14 to 43 form part of these financial statements.

Global Media & Entertainment Limited

Notes to the Group Financial Statements

1. Accounting policies

a) Reporting entity

Global Media & Entertainment Limited (the "Company") is an incorporated company limited by shares and domiciled in the United Kingdom. Its registered address is 30 Leicester Square, London, WC2H 7LA.

These consolidated financial statements are for the Global Media & Entertainment Limited group (the "Group") and they comprise the Company and its subsidiaries which are listed in full in note 37 of the Company financial statements.

The Group's principal activity during the year was the operation of commercial radio stations in the United Kingdom.

The Group financial statements were approved by the Board of Directors on 31 July 2017.

b) Statement of compliance

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and the Companies Act 2006.

c) Functional and presentational currency

These financial statements are presented in pounds Sterling (£), which is the Group and the Company's functional and presentational currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Basis of preparation

The financial statements have been prepared on a historical cost basis. The accounting policies set out below have been applied consistently to the Group to all periods presented in these financial statements.

e) Basis of consolidation

The Group financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

A subsidiary is an entity controlled, either directly or indirectly, by the Company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of a subsidiary acquired during the period are included in the Group's results from the effective date on which control is transferred to the Group. All intercompany balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of transition.

f) Interests in equity-accounted investments

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

g) Call and put options

Valuation of call and put options

When the Group enters in to call or put options to purchase equity, the fair value of the option is recorded on the statement of financial position. Any subsequent movement in the fair value of the option is taken to profit and loss.

Put option reserve

The put option reserve is the estimated cost of settling the Group's put options for non-controlling interest shareholdings.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

1. Accounting policies (continued)

h) New accounting standards and interpretations not yet effective

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board ("IASB") became effective during the year ended 31 March 2017. The accounting policies adopted in the presentation of these financial statements reflect the adoption of the following new standards, amendments to standards and interpretations as of 1 April 2016. These have not has any material impact on the financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception (effective date 1 January 2016)

Standards effective in future periods

Certain new standards, amendments and interpretations to existing standards have been published that are relevant to the Group's activities and are mandatory for the Group's accounting periods beginning after 31 January 2016 or later and which the Group has decided not to adopt early.

- IFRS 9 *Financial Instruments* (will become effective for accounting periods starting on or after 1 January 2018)
- IFRS 15 *Revenue from contracts with customers* (will become effective for accounting periods starting on or after 1 January 2018)

The Group has completed an initial review of these standards and the introduction of these standards is not expected to have a significant impact on the Group.

i) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Impairment of goodwill, intangible assets and property, plant and equipment

These assets are reviewed annually for impairment or more frequently if there is an indication of impairment to ensure that they are not carried above their estimated recoverable amounts. To assess if any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual outcomes could vary from such estimates of discounted future cash flows.

Onerous lease provision

Where a leased property is no longer expected to be fully occupied or where the costs exceed the future expected benefits, an onerous lease provision will be recognised for that portion of the lease that is in excess to the Group's requirements and not fully recovered through sub-leasing, or through value in use. The actual future expected costs could vary from the estimated provision.

Income taxes

Estimates may be required in determining the level of current and deferred income tax assets and liabilities, which the directors believe are reasonable and adequately recognise any income tax related uncertainties. Various factors may have favourable or adverse effects on the income tax assets or liabilities. These include changes in tax legislation, tax rates and allowances, future levels of spending, the Group's level of future earnings and estimated future taxable profits.

BEPs legislation is expected to be substantively enacted for the 2017/18 tax year, this is expected to reduce the level of the Group's interest deductible for tax purposes.

The Group had an Advanced Thin Capitalisation Agreement ("ATCA") with HMRC which expired on 31 March 2016. As the Group and HMRC have not agreed a new ATCA the tax expense has been calculated using management's best judgement based on the principles underlying the previous agreement.

Impairment of trade receivables

The Group is required to make an estimate of the recoverable value of trade receivables. When assessing known impairment of trade receivables, management considers the age profile of receivables as well as any specific known problems or risks.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

1. Accounting policies (continued)

i) Critical accounting judgements and key sources of estimation uncertainty (continued)

Useful economic life of assets

The Group's policy for applying useful economic lives and residual values of assets has been determined through applying historical experience and taking into consideration the nature of assets and their intended use.

Control over the Group's subsidiaries

The Group must assess whether it controls its subsidiaries when determining whether to consolidate the subsidiaries.

The Group's influence over associates

The Group must assess whether it has significant influence over its associates when determining whether it should equity account for the associates.

Adjusted EBITDA

Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation and is stated before any charges or credits relating to non-recurring items including restructuring and integration costs such as launch costs including rebranding, redundancy costs and vacant property provisions. This is consistent with prior year.

j) Going concern

At 31 March 2017 the Group had net liabilities of £348.7m (2016: £455.6m).

The Group has prepared forecasts of expected future cash flows for the three years ending 31 March 2020 ("the forecasts"). The Board considers the forecasts have been prepared on a prudent basis taking into account current consensus forecasts of the radio advertising market. However, the Group has also prepared a worse than expected downside scenario. Even under this sensitised scenario, the forecasts indicate that the Group can continue to trade for the foreseeable future and operate within its facility and the associated financial covenants.

The directors consider it appropriate to prepare the financial statements on a going concern basis. The directors' forecasts show sufficient cash will be generated from the Group's operations to be able to repay the bank loan and other obligations as they fall due.

k) Segment reporting

A segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's board of directors to make decisions about resources to be allocated to a segment and assess its performance, and for which discrete financial information is available (see note 2).

l) Foreign currency translation

Foreign currency transactions are translated into pound Sterling, the Group's functional currency, using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Foreign currency translation gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within finance income or finance expense. All other foreign currency translation gains and losses are presented in the Income Statement within direct costs and administrative expenses.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's functional currency, Sterling, at foreign currency exchange rates ruling at the reporting date.

The revenues and expenses of foreign operations are translated at an average rate for the period, which approximates the foreign currency exchange rates ruling at the dates of the transactions. Exchange differences arising from the translation of foreign operations are reported in other comprehensive income.

m) Investments

Investments are included in the Statement of Financial Position (or Balance Sheet) at cost less amounts written-off, representing impairment in value. Impairment charges are recorded if events or changes in circumstances indicate that the carrying value may not be recoverable.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

1. Accounting policies (continued)

n) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses. Cost includes the original purchase price of the assets and costs attributable to bringing the asset to its working condition for its intended use.

Property, plant and equipment is depreciated at rates calculated to write off the cost less residual value of each asset over its useful economic life on a straight line basis over the following periods:

Freehold property	25 to 50 years
Capitalised leasehold costs	Over the term of the lease
Fixtures, fittings and technical equipment	3 to 10 years
Transmitters	10 years

Gains and losses on disposals of assets are calculated as the difference between the proceeds received and the carrying value of the asset at the time of disposal and are recognised in profit or loss.

Impairment of property, plant and equipment

Impairment reviews of property, plant and equipment are undertaken whenever events or changes in circumstances indicate their carrying value may not be recoverable. If the fair value of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate, but restricted so that the increased amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Any impairment losses or reversals are recognised immediately in the income statement.

o) Intangible assets

Software costs

Purchased software costs are stated at cost, net of accumulated depreciation and impairment losses. Costs associated with maintaining computer software are recognised as an expense as incurred.

Software development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Software costs recognised as assets are amortised over their estimated useful lives of three years. Acquired domain names are amortised over seven years.

Radio licences

Radio licences are valued at cost less accumulated amortisation and any accumulated impairment losses. Radio licences are amortised over the period of the licence.

Festival brands

The Group's festival brands are amortised on a straight line basis over their useful economic lives of seven years.

Impairment of intangible assets (excluding goodwill)

Impairment reviews are undertaken whenever events or changes in circumstances indicate their carrying value may not be recoverable. If the fair value of an intangible asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate, but restricted so that the increased amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Any impairment losses or reversals are recognised immediately in the Income Statement.

p) Goodwill

Business combinations are accounted for using the acquisition method. The costs of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Subsequent changes to the fair value will be recognised either within the Income Statement or in other comprehensive income.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

1) Accounting policies (continued)

p) Goodwill (continued)

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Identifiable intangible assets, meeting either the contractual-legal or separability criterion are recognised separately from goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill in respect of an acquired subsidiary is recognised as an intangible asset. Goodwill in respect of an acquired associate or joint venture is included within investments accounted for using the equity method.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Where the fair value of the interest acquired in an entity's assets, liabilities and contingent liabilities exceeds the consideration paid, the excess is recognised immediately as a gain in the Income Statement.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash generating unit, to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

q) Trade and other receivables

Trade and other receivables are recognised initially at fair value, which is deemed to be the transaction price. Subsequently, trade and other receivables are measured at amortised cost using the effective interest method, less any provision for impairment.

r) Cash

Cash and cash equivalents comprises cash balances and money market deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

s) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Share premium

The share premium account represents the amount subscribed for share capital in excess of nominal value, less any costs directly attributable to the issue of new shares.

Retained deficit

The retained deficit represents the cumulative net gains and losses recognised in the Income Statement.

Dividends

Dividends on ordinary share capital are recognised as a liability in the Group's financial statements in the period in which they are declared. In the case of interim dividends, these are considered to be declared when they are paid and in the case of final dividends these are declared when authorised by the shareholders.

t) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost. Trade payables are classified as current liabilities if payment is due within one year or less, otherwise they are presented as non-current liabilities.

u) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

1) Accounting policies (continued)

v) Finance income and expense

Finance income comprises interest received on cash balances.

Finance expense comprises interest payable on borrowings, amortisation and write off of debt issuance costs and the unwinding of the discount on non-current provisions.

Interest is recognised in profit or loss as it accrues, using the effective interest rate. Interest payable on borrowings includes a charge in respect of attributable transaction costs, which are recognised in profit or loss over the period of the borrowings on an effective interest basis.

w) Financial instruments

A financial instrument is initially recognised at fair value on the Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument. A financial instrument is derecognised when the contractual rights to the cash flows expire or substantively all risks and rewards of ownership are transferred. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Subsequent to initial recognition, all financial liabilities are stated at amortised cost using the effective interest method.

x) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Statement of Financial Position. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

y) Employee benefits

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 *Provisions, contingent liabilities and contingent assets* ("IAS 37") and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 1 year after the end of the reporting period are discounted to their present value.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

1. Accounting policies (continued)

y) Employee benefits (continued)

Defined contribution pension scheme

The Group operates employee optional stakeholder retirement and death benefit schemes. Both employee and employers are required to make contributions with the employers' contributions for each employee determined by the level of contribution made by the employee and the employee's length of service within the Group or subsidiary company. The employer's contributions are charged to profit and loss in the year in which the contributions are due.

Defined benefit pension scheme

The Group operates a defined benefit pension scheme which requires contributions to be made to separately administered funds. The cost of providing benefits under the plan is determined using an independent actuarial valuation. This is based on the projected unit credit method and is recognised in accordance with the advice of a qualified actuary. Past service costs resulting from enhanced benefits are recognised on a straight-line basis over the vesting period or immediately if the benefits have vested.

Re-measurement gains and losses, and taxation thereon, are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. Re-measurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest) and changes in the amount of any asset restrictions. Actuarial gains and losses may result from differences between the actuarial assumptions underlying the plan liabilities and actual experience during the year or changes in the assumptions used in the valuation of the plan liabilities.

The defined benefit liability or asset recognised in the Statement of Financial Position (or Balance Sheet) comprises the present value of the benefit obligation using a discount rate based on appropriate high quality corporate bonds, at the reporting date, minus any past service costs not yet recognised, minus the fair value of the plan assets, if any, at the reporting date. Where the plan is in surplus, the asset recognised is limited to the amount which the Group expects to recover by way of refunds or reduction in future contributions.

z) Share based payments

The Group has a long term incentive share scheme under which it makes equity-settled share-based payments to eligible employees. The cost of equity-settled share-based payments are measured at fair value at the date of grant and recognised as an expense over the vesting period, which ends on the date on which the employees become fully entitled to the reward.

Fair value is estimated using appropriate models for the particular awards under consideration. In valuing equity settled transactions, no account is taken of any vesting conditions, other than the performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. These are also taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of the achievement or otherwise of non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting. The movement in cumulative expense since the previous reporting date is recognised in the Income Statement, with a corresponding entry in equity.

Where the terms of an equity-settled payments award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of the modification, based on the difference between the fair value of original award and the fair value of the modified award, both as measured at the date of modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (where non-vesting conditions within the control of either the entity or the employee are not met), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Income Statement.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

1. Accounting policies (continued)

aa) Provisions

Provisions for onerous leases, restructuring costs, legal claims and other future costs are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated

Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

bb) Revenue recognition

Revenue is stated excluding any value added tax, agency commissions and trade discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Key classes of revenue are recognised on the following basis:

Radio advertising	Date of broadcast
Sponsorship	Over the term of the contract
Internet revenue	Over the term of the contract
Transmission fees	Over the term of the contract
Production of adverts	On date of release to clients
Enterprise revenue	On agreed settlement with all parties
CD revenue	On sale of CD
Festival ticket revenue	On the day of the festival
Festival non-ticket sales	At the point of sale

Revenue on barter transactions is recognised only when the goods or services being exchanged are of a similar nature.

cc) Leases

The Group is both a lessor and lessee of property, plant and equipment.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rental expenditure/income is charged to the Income Statement on a straight-line basis over the lease term.

Lease incentives are recorded as a liability and then recognised over the lease term on straight-line basis in the Income Statement as a reduction of rental expense.

dd) Fair value measurement

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Set out below is an analysis of the valuation method of the Group's financial instruments:

The different levels in the fair value hierarchy have been defined as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable, for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Group has no assets or liabilities where fair values have been determined for measurement purposes.

Borrowings (level 3)

Borrowings, as disclosed in note 16 and note 20, is calculated as the present value of the estimated future cash flows based on the terms and maturity the loan and using market interest rates as applicable for a similar instrument at the measurement date.

ee) Financial guarantee contracts

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Group considers these to be insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until as such time as it becomes probable that the Group will be required to make a payment under the guarantee.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

2. Operating segments

The Group's chief operating decision maker has been identified as the Board of directors. The Board of directors review the Group's internal reporting on a monthly basis in order to assess performance and allocate resources.

Management has determined the operating segments based on the reports used by the Board. The Board mainly assesses performance based on adjusted EBITDA.

The Group has two reportable segments being commercial radio broadcasting in the United Kingdom and music festivals. Other operations includes events, advertising commission, television and cd sales. None of these segments met the quantitative thresholds for reportable segments in the 2016 or 2017 financial years.

The Group's operations are virtually all completed in the United Kingdom, the Group's operations outside the United Kingdom are not significant.

All transactions between segments are completed on an arms-length basis.

The Group is not reliant on any major customers and no single customer provides more than 10% of Group revenue.

	Commercial radio broadcasting		Music festivals		Other operations		Total	
	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2017	Year ended 31 March 2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total revenue	267,117	254,698	11,701	-	23,816	21,549	302,634	276,247
less inter-segment revenue	-	-	-	-	-	-	-	-
Revenue from external customers	267,117	254,698	11,701	-	23,816	21,549	302,634	276,247
Direct costs	-	-	-	-	-	-	(66,679)	(49,714)
Gross profit	-	-	-	-	-	-	235,955	226,533
Operating expenses	-	-	-	-	-	-	(108,108)	(151,966)
Adjusted EBITDA	-	-	-	-	-	-	77,862	74,537
Other expenses	-	-	-	-	-	-	(26,269)	(14,414)
Operating profit	-	-	-	-	-	-	51,593	60,123
Net finance expense	-	-	-	-	-	-	(66,248)	(70,894)
Share of profit of equity-accounted investees, net of tax	-	-	-	-	-	-	605	672
Loss before taxation	-	-	-	-	-	-	(9,989)	(9,999)

3. Adjusted EBITDA

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Operating profit	51,563	60,123
Depreciation of property, plant and equipment	4,269	4,141
Amortisation of intangibles	12,881	5,365
Other operating expenses	9,139	4,908
Adjusted EBITDA	77,852	74,537

Other operating expenses comprises any charges or credits relating to non-recurring items including restructuring and integration costs such as launch costs including rebranding, redundancy costs and vacant property provisions. Management's interpretation of other operating expenses remains consistent with prior year.

4. Operating profit

Operating profit is stated after charging/(crediting):

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Amortisation of intangible assets	12,881	5,365
Depreciation of property, plant and equipment	4,269	4,141
Loss on disposal of property, plant and equipment	96	-
Profit on disposal of equity accounted investments	(1,713)	-
Operating lease rentals:		
- land and buildings	5,993	5,516
- motor vehicles and other leases	1,155	1,296
Lease income received	(66)	(111)

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

4. Operating profit (continued)

Auditors' remuneration for audit and non-audit services during the year was:

	£'000	£'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	100	89
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of financial statements of associates of the Group pursuant to legislation	165	96
Other services pursuant to legislation	13	17
Taxation compliance services	-	2
All taxation advisory services not included above	179	68
Corporate finance services	882	33

5. Employees

The average number of people employed by the Group (including directors) during the year was as follows:

	Year ended 31 March 2017 Number	Year ended 31 March 2016 Number
Sales	654	634
Programming	377	382
Administration	240	233
	1,271	1,249

The aggregate remuneration costs of these employees were as follows:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Wages and salaries	67,722	62,895
Social security costs	7,187	6,708
Contributions to defined benefit pension schemes	249	333
Contributions to defined contribution pension schemes	1,499	1,462
	76,657	71,398

6. Directors

The remuneration costs of the Group's directors were:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Remuneration	6,168	10,515
Contributions to defined contribution pension schemes	-	88
	6,168	10,603
	Number	Number
Number of directors to whom retirement benefits accrue	3	3

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Notes to the Group Financial Statements (continued)

6. Directors (continued)

The remuneration of the highest paid director was:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Aggregate emoluments	2,362	7,272
	<u>2,362</u>	<u>7,272</u>

The amounts disclosed above represent the remuneration for the qualifying services of the directors of the Group.

IAS 24 *Related party transactions* ("IAS 24") requires the Group to disclose all transactions and outstanding balances with the Group's key management personnel. IAS 24 defines key management personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The key management personnel who are responsible for planning, directing and controlling the activities of the Group are the Group's directors.

During the year a number of directors were granted loans in relation to a cash-settled share-based payment arrangement. The loans are due for repayment on the settlement of the scheme. The loan balances outstanding are:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Loans to directors in relation to cash-settled share based payment arrangement	375	375

7. Finance income

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Bank interest receivable	28	80
Interest on pension scheme assets	1,444	1,557
Movement in fair value adjustments on borrowings	14,241	-
	<u>15,713</u>	<u>1,637</u>

8. Finance expense

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Interest payable on bank loans and overdrafts	4,286	4,973
Interest payable on other loans	64,849	63,782
Movement in fair value adjustments on borrowings	-	1,681
Amortisation of debt issue costs	513	462
Interest on pension scheme liabilities	1,314	1,403
	<u>70,962</u>	<u>72,301</u>

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Notes to the Group Financial Statements (continued)

9. Income tax credit

(a) Analysis of tax credit in the period

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Current tax expense		
UK corporation tax on the loss for the year	256	176
Adjustments in respect of prior years	(241)	(116)
Total current tax expense	15	60
Deferred tax credit		
Origination and reversal of temporary differences	(2,447)	(2,003)
Adjustments in respect of prior years	153	-
Total deferred tax credit	(2,294)	(2,003)
Income tax credit	(2,279)	(1,943)

(b) Factors affecting the tax credit in the period

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Loss before before tax	(3,081)	(9,869)
Loss before tax multiplied by the standard rate of corporation tax of 20% (2016: 20%)	(616)	(1,974)
Effects of:		
Expenses not deductible for tax purposes	2,412	1,568
Interest expense not deductible for tax purposes	(279)	45
Recognition of deferred tax on temporary differences	(3,708)	(1,646)
Share of profit of equity accounted investments	-	-
Special factors affecting joint-ventures and associates	(56)	19
UK Dividend income from associates	(37)	(154)
Effects of changes in tax rates	93	315
Adjustments in respect of prior years	(88)	(116)
Income tax credit	(2,279)	(1,943)

(c) Factors that may affect future tax charge

Further changes to the UK Corporation tax system were announced in the 2016 Finance Bill. The 2016 Finance Bill includes legislation to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020.

The 2016 Finance Bill was substantively enacted on 6 September 2016.

The tax rates used to measure the deferred tax assets and liabilities recorded in these financial statements are the tax rates in the period in which we expect the deferred tax assets or liabilities to crystallise.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

10. Intangible assets

	Software costs £'000	Radio Licences £'000	Festival Brands £'000	Goodwill £'000	Total £'000
Cost					
At 1 April 2016	19,754	13,032	-	632,784	665,570
Acquisitions	-	-	58,606	7,511	66,117
Additions	9,496	-	17,254	-	26,750
Disposals	(2,785)	-	-	-	(2,785)
At 31 March 2017	26,465	13,032	75,860	640,295	755,652
Amortisation and impairment					
At 1 April 2016	9,811	1,829	-	315,977	327,617
Charge for the year	5,500	2,218	5,163	-	12,881
Disposals	(2,785)	-	-	-	(2,785)
At 31 March 2017	12,526	4,047	5,163	315,977	337,713
Net book value					
At 31 March 2017	13,939	8,985	70,697	324,318	417,939
	Software costs £'000	Radio Licences £'000	Festival Brands £'000	Goodwill £'000	Total £'000
Cost					
At 1 April 2015	17,268	1,476	-	632,413	651,157
Acquisitions	-	11,556	-	371	11,927
Additions	6,223	-	-	-	6,223
Disposals	(3,737)	-	-	-	(3,737)
At 31 March 2016	19,754	13,032	-	632,784	665,570
Amortisation and impairment					
At 1 April 2015	9,317	695	-	315,977	325,989
Charge for the year	4,231	1,134	-	-	5,365
Disposals	(3,737)	-	-	-	(3,737)
At 31 March 2016	9,811	1,829	-	315,977	327,617
Net book value					
At 1 April 2015	7,951	781	-	316,436	325,168
At 31 March 2016	9,943	11,203	-	316,807	337,953

During the year the Group acquired festival brands with a value of £58.6m. At 31 March 2017 the carrying value of the festival brands was £54.7m and they had remaining useful economic lives of between six and seven years. The Group also purchased £17.2m of festivals brands directly which were not part of a business combination.

During the year the Group capitalised £5.3m (2016: £6.1m) of software development costs.

The Group completes an impairment review of goodwill annually. In accordance with IAS 36 *Impairment of assets* ("IAS 36") the Group has completed a review of its operations and determined that the Group has two cash generating units ("CGU"), being the Commercial Radio Broadcasting CGU and Music Festivals CGU. For the purposes of testing for impairment the Group's goodwill is allocated to the CGUs based on the goodwill that existed on the transaction date.

The Group estimates the recoverable amount of a CGU using a value in use model by projecting pre-tax cash flows for the next five years together with a terminal value using a long term growth rate. The key assumptions underpinning the recoverable amounts of the CGUs tested for impairment are forecast revenue and EBITDA.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

10. Intangible assets (continued)

Commercial Radio Broadcasting CGU goodwill impairment review

The five year plans used in the impairment models are based on management's past experience and future expectations of performance.

The key assumptions used are a pre-tax discount rate of 7.8% (2016: 8.6%), a short to medium term growth rate of 3% (2016: 3%), and a long term growth rate of 3% (2016: 3%).

The pre-tax discount rate used is derived from a weighted average cost of capital ("WACC") calculation for the Group and benchmarked against similar organisations operating within the sector. The long term growth rate used does not exceed the average for the sector.

The total recoverable amount in respect of goodwill, as assessed by management using the above assumptions, is greater than the carrying amount and therefore no impairment charge has been booked.

Management consider that it is not reasonably possible for the assumptions to change so significantly as to eliminate the excess.

Music Festivals CGU goodwill impairment review

The budgets used in the impairment models are based on festival management's past experience and future expectations of performance.

The key assumptions used are a pre-tax discount rate of 7.8% (2016: 8.6%), a short to medium term growth rate of 3% (2016: 3%), and a long term growth rate of 3% (2016: 3%).

The pre-tax discount rate used is derived from a weighted average cost of capital ("WACC") calculation for the Group and benchmarked against similar organisations operating within the sector. The long term growth rate used does not exceed the average for the sector.

The total recoverable amount in respect of goodwill, as assessed by management using the above assumptions, is greater than the carrying amount and therefore no impairment charge has been booked.

Management consider that it is not reasonably possible for the assumptions to change so significantly as to eliminate the excess.

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Notes to the Group Financial Statements (continued)

11. Property, plant and equipment

	Land and buildings £'000	Transmitters, fixtures and technical equipment £'000	Festival assets £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 April 2016	17,720	8,325	-	-	26,045
Additions	1,599	2,923	2	12	4,536
Acquisitions	-	-	606	233	839
Disposals	(698)	(2,464)	-	-	(3,162)
At 31 March 2017	18,621	8,784	608	245	28,258
Depreciation					
At 1 April 2016	973	965	-	-	1,938
Charge for the year	1,686	2,568	15	-	4,269
Acquisitions	-	-	-	-	-
Disposals	(738)	(2,328)	-	-	(3,066)
At 31 March 2017	1,921	1,205	15	-	3,141
Net book value					
At 31 March 2017	16,700	7,579	593	245	25,117

	Land and buildings £'000	Transmitters, fixtures and technical equipment £'000	Festival assets £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 April 2015	16,605	6,391	-	-	22,996
Additions	2,543	6,488	-	-	9,031
Disposals	(1,428)	(4,554)	-	-	(5,982)
At 31 March 2016	17,720	8,325	-	-	26,045
Depreciation					
At 1 April 2015	801	2,978	-	-	3,779
Charge for the year	1,600	2,541	-	-	4,141
Disposals	(1,428)	(4,554)	-	-	(5,982)
At 31 March 2016	973	965	-	-	1,938
Net book value					
At 1 April 2015	15,804	3,413	-	-	19,217
At 31 March 2016	16,747	7,360	-	-	24,107

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Notes to the Group Financial Statements (continued)

12. Equity accounted investments

	Investments in joint ventures £'000	Investments in associates £'000	Total £'000
Cost			
At 1 April 2016	312	444	756
Acquired in the year	-	(897)	(897)
Share of profit of equity accounted investments	702	(97)	605
Investments in joint ventures	679	-	679
Dividends received from equity accounted investments	-	(186)	(186)
Disposal of equity accounted investments	(473)	1,313	840
At 31 March 2017	1,220	577	1,797

	Investments in joint ventures £'000	Investments in associates £'000	Total £'000
Cost			
At 1 April 2015	604	238	842
(Decrease)/increase in equity accounted investments	(292)	206	(86)
At 31 March 2016	312	444	756

The Group's investments in associates are:

Name	Country	% of ordinary share capital ownership
EG Digital Limited	UK	49.0
The Digital Radio Group (London) Limited	UK	46.5
Now Digital (East Midlands) Limited	UK	27.5
Lost Ventures Limited	UK	30.0

On 31 May 2016 the Group acquired 49% of the share capital of Broadwick Holdings Limited. Broadwick Holdings Limited was accounted for as an equity accounted investment until 20 September 2016 when the Group acquired an additional 2% of the share capital of Broadwick Holdings Limited. From 20 September 2016 Broadwick Holdings Limited was controlled by the Group and was therefore accounted for as a subsidiary of the Group. The 30% shareholding in Lost Ventures Limited was purchased as part of the acquisition of Broadwick Holdings Limited.

The Group's investments in joint ventures are:

Name	Country	% of ordinary share capital ownership
CE Digital Limited	UK	50.0
Composed Limited	UK	50.0

During the year the Group disposed of its 50% shareholding in Wildstar Records Limited for proceeds of £873,000.

The registered addresses of the Group's joint ventures and associates are:

Company	Registered Address
EG Digital Limited	Media House, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA
The Digital Radio Group (London) Limited	30 Leicester Square, London, WC2H 7LA
Now Digital (East Midlands) Limited	Crawley Court, Winchester, Hampshire, SO21 2QA
Lost Ventures Limited	15 Newland, Lincoln, LN1 1XG
Wildstar Records Limited	9 Derry Street, London, W8 5HY
CE Digital Limited	30 Leicester Square, London, WC2H 7LA
Composed Limited	364-366 Kensington High Street, London, W14 8NS

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Notes to the Group Financial Statements (continued)

13. Investments

	Investments £'000	Total £'000
Cost		
At 1 April 2016	6,088	6,088
At 31 March 2017	6,088	6,088
Provision for impairment		
At 1 April 2016	308	308
At 31 March 2017	308	308
Net book value		
At 31 March 2017	5,780	5,780
	Investments £'000	Total £'000
Cost		
At 1 April 2015	488	488
Additions	5,600	5,600
At 31 March 2016	6,088	6,088
Provision for impairment		
At 1 April 2015	308	308
At 31 March 2016	308	308
Net book value		
At 1 April 2015	180	180
At 31 March 2016	5,780	5,780

14. Trade and other receivables

	31 March 2017 £'000	31 March 2016 £'000
Gross trade receivables	37,683	34,067
Less provision for impairment	(117)	(131)
	37,566	33,936
Other debtors	5,334	3,638
Prepayments and accrued income	21,218	8,573
	64,118	46,147

The following table details the movements in the provision for the impairment of trade receivables:

	31 March 2017 £'000	31 March 2016 £'000
Balance at the beginning of the year	131	379
Movement in provision	(14)	(248)
Balance at the end of the year	117	131

The carrying value of trade and other receivables is a reasonable approximation of the fair value of trade and other receivables.

There are no material overdue trade receivables that have not been provided against.

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Notes to the Group Financial Statements (continued)

15. Trade and other payables

Current	31 March 2017 £'000	31 March 2016 £'000
Trade payables	8,826	7,195
Other taxes and social security costs	8,877	8,293
Other creditors	7,374	3,693
Accruals	48,773	29,959
Deferred income	21,460	408
	95,309	49,548
Non-current	31 March 2017 £'000	31 March 2016 £'000
Accruals	16,679	-
	16,679	-

The carrying value of trade and other payables is a reasonable approximation of the fair value of trade and other payables.

16. Borrowings

Current	31 March 2017 £'000	31 March 2016 £'000
Bank loans and overdrafts	29,583	25,000
Accrued interest	17,395	17,297
	46,978	42,297
Non-current	31 March 2017 £'000	31 March 2016 £'000
Bank loans	130,337	142,735
Other loans	611,710	678,137
	742,047	820,872

The nominal value of the Group's borrowings at each reporting date is as follows:

	31 March 2017 £'000	31 March 2016 £'000
Accrued interest	17,395	17,297
Senior term loan notes	160,865	168,750
Fixed rate loan notes	-	99,573
Shareholder loan notes	297,452	258,654
Connected party loan	93,352	84,045
Loan from parent entity	204,166	204,883
	773,230	833,202

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

16. Borrowings (continued)

The fair value of the Group's borrowings at each reporting date is as follows:

	31 March 2017 £'000	31 March 2016 £'000
Accrued interest	17,396	17,297
Senior term loan notes	159,920	167,735
Fixed rate loan notes	-	122,945
Shareholder loan notes	344,804	309,465
Connected party loan	99,143	90,485
Loan from parent entity	167,762	155,242
	789,025	863,169

The interest rates on the Group's borrowings are as follows:

Interest rates on variable interest borrowings	31 March 2017 % above LIBOR	31 March 2016 % above LIBOR
Senior term loan notes	2.15%	2.15%
Connected party loan	10.50%	10.50%

Interest rates on fixed interest borrowings	31 March 2017 Fixed rate	31 March 2016 Fixed rate
Fixed rate loan notes	15.00%	15.00%
Shareholder loan notes	15.00%	15.00%
Loan from parent entity	0.00%	0.00%
Weighted average interest rate on borrowings	7.80%	8.59%

The Group's borrowings have the following maturity profile:

	31 March 2017 £'000	31 March 2016 £'000
Less than one year	105,518	109,656
Two to five years	840,828	948,099
Over five years	-	-
	946,346	1,057,755
Less interest cash flows:		
Senior term notes	(8,821)	(12,722)
Fixed rate loan notes	-	(72,511)
Shareholder loan notes	(133,853)	(102,125)
Connected party loan	(30,442)	(37,195)
Loan from parent entity	-	-
Total principal cash flows	773,230	833,202

The Fixed rate loan, Shareholder loan and Connected party loans are listed on the International Stock Exchange ("TISE"). On the 28 March 2017 the Fixed rate loan notes were cancelled. On the 26 January 2017 the Shareholder Loan notes had interest of £38,798,049 capitalised to the loan principal. This resulted in a substantial modification of the loan. On the 26 January 2017 the Connected party loan had interest of £9,306,919 capitalised to the loan principal. This resulted in a substantial modification of the loan.

The senior term notes are secured by fixed and floating charges over the assets of the Group.

The Group has undrawn committed borrowing facilities of £10m at 31 March 2017 (31 March 2016: £10m).

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Notes to the Group Financial Statements (continued)

17. Provisions

	Onerous lease provision £'000	Total £'000
At 1 April 2016	2,557	2,557
Additions	950	950
Utilised during the year	(561)	(561)
Released during the year	(225)	(225)
At 31 March 2017	2,721	2,721

	Onerous lease provision £'000	Total £'000
At 1 April 2015	3,734	3,734
Additions	13	13
Acquired during the year	26	26
Utilised during the year	(202)	(202)
Released during the year	(1,014)	(1,014)
At 31 March 2016	2,557	2,557

	31 March 2017 £'000	31 March 2016 £'000
Current	1,519	1,221
Non-current	1,202	1,336
Total	2,721	2,557

The breakdown of provisions between current and non-current is as follows:

The onerous lease provision is a provision for vacant office and studio space that the Group has leased but is not currently using. The provision is calculated as the difference between the total future lease payments less any amounts expected to be recovered by sub-leasing the space. There are inherent uncertainties in measuring the provisions of the future outflows.

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Notes to the Group Financial Statements (continued)

18. Deferred tax

	Property, plant and equipment and intangible assets	Tax losses	Financial instruments	Pension surplus	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2016	317	908	4,663	(633)	30	5,285
Deferred tax assets	2,215	908	14,095	-	30	17,248
Deferred tax liabilities	(1,898)	-	(9,432)	(633)	-	(11,963)
At 31 March 2016	317	908	4,663	(633)	30	5,285
Credit/(charge) to the income statement	4,973	(12)	(2,583)	(65)	(19)	2,294
Recognised in other comprehensive income	-	-	-	447	-	447
Acquired in the year	(10,543)	-	-	-	-	(10,543)
At 31 March 2017	(5,253)	896	2,080	(251)	11	(2,517)
Deferred tax assets	6,171	896	8,997	-	11	16,075
Deferred tax liabilities	(11,424)	-	(6,917)	(251)	-	(18,592)
At 31 March 2017	(5,253)	896	2,080	(251)	11	(2,517)
At 1 April 2015	428	-	4,569	(886)	1,005	5,116
Deferred tax assets	428	-	17,145	-	1,005	18,578
Deferred tax liabilities	-	-	(12,576)	(886)	-	(13,462)
At 1 April 2015	428	-	4,569	(886)	1,005	5,116
Credit/(charge) to the income statement	1,927	908	94	49	(975)	2,003
Recognised in other comprehensive income	-	-	-	204	-	204
Acquired in the year	(2,038)	-	-	-	-	(2,038)
At 31 March 2016	317	908	4,663	(633)	30	5,285
Deferred tax assets	2,215	908	14,095	-	30	17,248
Deferred tax liabilities	(1,898)	-	(9,432)	(633)	-	(11,963)
At 31 March 2016	317	908	4,663	(633)	30	5,285

Deferred tax is provided in full on taxable temporary differences under the liability method using applicable tax rates. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

The following table lists the Group's unrecognised deferred tax assets:

	31 March 2017 £'000	31 March 2016 £'000
Property, plant and equipment	-	5,540
Tax losses	17,289	15,116
Financial instruments	1,019	-
Other	-	31
	18,308	20,687

These potential deferred tax assets have not been recognised on the basis that it is not sufficiently certain when taxable profits that can be utilised to absorb the reversal of the temporary difference will be made in the future.

19. Share capital

	31 March 2017 £	31 March 2016 £
Authorised, issued, called up and fully paid		
Ordinary shares of £1	165,309,550	49,166,981
	165,309,550	49,166,981

On 27 March 2017 £114,384,383 of loans were converted to 114,384,383 ordinary £1 shares which were issued, called up and fully paid.

On 13 June 2016 1,375,000 ordinary £1 shares were issued, called up and fully paid for with cash.

On 15 November 2016 383,186 ordinary £1 shares were issued, called up and fully paid for with cash.

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Notes to the Group Financial Statements (continued)

20. Funding and financial risk management

Financial risk management

The Group holds and uses financial instruments to finance its operations and to manage its interest rate and liquidity risks. The Group primarily finances its operations using share capital, revenue and borrowings.

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk and foreign exchange risk), credit risk and liquidity risk.

The Group is primarily funded by debt. Bank debt has been reduced during the year. The Group's operations are cash generative, and a general exposure to liquidity risk is considered to be low. The Group monitors performance against its banking covenants on a quarterly basis.

The Group does not engage in trading or speculative activities using derivative financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

Market risk

Market risk is the risk that changes in prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk of a change in the Group's cash flows due to a change in interest rates. The Group has both fixed rate and floating rate borrowings. The ratio of fixed to floating rate borrowings is monitored on an ongoing basis to ensure that the Group's is not too exposed to variability in interest rates.

Foreign exchange risk

Foreign exchange risk is the risk of a change in the Group's cash flows due to a change in foreign currency exchange rate. The vast majority of the Group's income and expenditure is in pound Sterling therefore the Group is not exposed to significant foreign exchange risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The directors consider the Group's credit risk from cash, cash equivalents and deposits to be low as the Group only enters transactions with banks or financial institutions with a credit rating of A or above.

The Group has policies in place to manage potential credit risk from trade receivables. The Group mitigates the risk of payment default by its customers by the use of trade credit insurance for high value customers. Customer credit terms are determined using independent ratings agency data and regularly updated to reflect any changes in customer circumstances or trading conditions. Trade receivables are reviewed on a regular basis by the Group's credit control department to ensure debts are recovered in full.

The directors do not expect any significant losses of receivables that have not been provided for.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's finance department regularly monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

Capital Management

The Group relies on capital for organic growth. The Group defines capital as equity as shown in the Statement of Financial Position plus net debt (total borrowings less cash) and seeks to achieve an acceptable return on gross capital.

The Group manages its capital structure using a number of measures and taking into account its future strategic plans. Such measures include ensuring the Group maintains sufficient liquidity from the cash that the Group has generated from operations.

Fair value

Financial assets comprise trade and other receivables and cash and cash equivalents.

Financial liabilities comprise trade and other payables and borrowings.

The fair value of trade and other receivables, cash and cash equivalents and trade and other payables is not materially different from their carrying value.

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Notes to the Group Financial Statements (continued)

20. Funding and financial risk management (continued)

The following table shows the fair value of borrowings, including their value in the fair value hierarchy:

	Fair value hierarchy	31 March 2017 £'000	31 March 2016 £'000
Senior term notes	Level 3	159,920	167,735
Fixed rate loan notes	Level 3	-	122,945
Shareholder loan notes	Level 3	344,804	309,465
Connected party loan 1	Level 3	99,143	90,485
Loan from parent entity	Level 3	167,762	155,242
		771,629	845,872

Level 3 inputs are unobservable inputs for the asset or liability

Call and put options

The Group has entered in to call and put options to purchase subsidiary company non-controlling interest shareholdings for Broadwick Holdings Limited, Waxarch Limited and Victorious Festivals Limited. The fair value of these options at 31 March 2017 was £nil.

The Group has entered in to a put options to purchase subsidiary company non-controlling interest shareholdings for Lock N Load Limited. The fair value of this option at 31 March 2017 was £nil.

The Group has entered in to call and put option to purchase the entire share capital of Eleven Limited. The fair value of this option at 31 March 2017 was £nil.

A gross liability has been recognised in non-current liabilities and within reserves for the expected future settlement of the put options where the Group currently has control of the related subsidiary.

21. Non-controlling interests

	Non-controlling interests £'000	Total £'000
At 1 April 2016	1,214	1,214
Acquisitions during the year	11,533	11,533
Share of loss after taxation for the year	776	776
Dividends paid to non-controlling interests	(1,395)	(1,395)
At 31 March 2017	12,128	12,128

	Non-controlling interests £'000	Total £'000
At 1 April 2015	1,180	1,180
Share of profit after taxation for the year	1,177	1,177
Dividends paid to minority interests	(1,143)	(1,143)
At 31 March 2016	1,214	1,214

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Notes to the Group Financial Statements (continued)

22. Commitments and contingencies

The Group's future minimum lease payments under non-cancellable operating leases are set out below:

	31 March 2017 £'000	31 March 2016 £'000
Land and buildings		
Within one year	6,088	4,242
Between two and five years	19,724	11,536
After five years	5,936	8,563
	31,748	24,341
	31 March 2017 £'000	31 March 2016 £'000
Motor vehicles and equipment		
Within one year	771	987
Between two and five years	467	955
After five years	-	-
	1,238	1,942

The Group's future minimum lease rental income expected to be received under non-cancellable operating leases is as follows:

	31 March 2017 £'000	31 March 2016 £'000
Lease rental income		
Within one year	96	96
Between two and five years	335	384
After five years	-	143
	431	623

The Group leases property, motor vehicles and office equipment. The Group's leases do not include any material contingent lease payments, purchase options, escalation clauses or restriction clauses.

The Group is also a lessor and leases out properties. These leases do not include any material contingent lease payments, purchase options, escalation clauses or restriction clauses.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

23. Related party transactions

During the year the Group traded with its associates, joint ventures and with entities with common control to the Group. All transactions were in the normal course of business and priced under normal trade terms.

The Company's immediate parent company is Global Radio Group Limited (Jersey). Details of loans outstanding with this entity are given in note 16.

During the year, the Company provided £120,000 (2016: £118,000) of goods and services and levied management charges of £35,000 (2016: £35,000) to the Group's non wholly-owned subsidiary South Hams Radio Limited. At 31 March 2016 £680,000 (2016: £680,000) was owed by South Hams Radio Limited to the Company.

During the year, the Company provided £636,000 (2016: £550,000) of goods and services to the Group's non-wholly owned subsidiary Harlow FM Limited. At 31 March 2017 £954,000 (2016: £858,000) was owed by the Company to Harlow FM Limited.

During the year, the Company recharged expenses to the Group's non-wholly owned subsidiary MXR Limited totalling £nil (2016: £14,000), of which £nil remained outstanding at 31 March 2017 (31 March 2016: £nil). MXR Limited charged the Company £nil (2016: £147,000) for digital radio services. The balance due to MXR Limited at the year end was £nil (2016: £nil).

During the year, the Company was charged £1,219,000 (2016: £2,755,000) in respect of digital radio services by CE Digital Limited, an associated undertaking of the Group, of which £nil was outstanding at 31 March 2017 (2016: £nil). The Company received £261,000 (2016: £nil) in respect of legal expertise and engineering time from CE Digital Limited.

Digital Radio Group (London) Limited, an associated undertaking of the Group, operates a digital radio multiplex and during the year the Company paid £106,000 (2016: £105,000) to this company for transmission services. The Company had an outstanding balance owing of £nil at 31 March 2017 (2016: £nil).

Now Digital East Midlands Limited, an associate of the Group, operates digital radio multiplexes and during the year the Company paid £664,000 (2016: £653,000) to this company for transmission services. The Company had an outstanding creditor of £nil at 31 March 2017 (2016: £nil).

Radio Centre Limited, in which the Group has an investment, is a trade body promoting commercial radio to advertisers. Radio Centre Limited is funded by levies paid by the commercial radio industry in the UK based on volumes of advertising revenue. During the year the Company paid £1,655,000 (2016: £1,371,000) in levies to Radio Centre Limited and had an outstanding balance of £nil at 31 March 2017 (2016: £nil).

Global Radio Services Limited also provides contract accounting services for which it charged £38,000 for the year ended 31 March 2017 (2016: £37,000) to the Group's non-wholly owned subsidiary Independent Radio News Limited (IRN), a provider of news services to commercial radio. In addition, the Company's share of the IRN rebate to client stations for the year ended to 31 March 2017 amounted to £3,584,000 (2016: £3,574,000). At the financial year end the net balance due to Independent Radio News Limited at 31 March 2017 was £1,421,000 (2016: £958,000).

During the year the Group had a number of recharge accounts with various members of the Global Entertainment and Talent Group, with whom the Group shares a Director. As at 31 March 2017 the outstanding debtor was £188,000 (2016: £683,000). This has been fully repaid since the year end.

During the year the Company charged the Global Entertainment and Talent Group £40,000 (2016: £40,000) in respect of occupancy, and Global Entertainment and Talent Group charged the Company £60,000 (2016: £60,000) in respect of consultancy. In the opinion of the Directors, there were no other related party transactions in the year.

The Group considers the directors to be key management personnel. Related party transactions with key management personnel have been disclosed in note 6.

In the opinion of the Directors, there were no other related party transactions during the year.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

24. Business combinations

During the year the Group acquired the following entities:

Name	Date of acquisition	Country	% Ownership
Count of Ten Limited ¹	4 June 2016	United Kingdom	100.0%
Broadwick Holdings Limited * ²	20 September 2016	United Kingdom	58.6%
Lock 'N' Load Limited ¹	3 October 2016	United Kingdom	75.7%
Waxarch Limited ¹	3 October 2016	United Kingdom	80.6%
Victorious Festivals Limited ¹	17 October 2016	United Kingdom	65.5%
Lakeside Creatives Limited ¹	21 February 2017	United Kingdom	66.0%
The Hideout Festivals LLP ¹	21 February 2017	United Kingdom	80.0%
Global 05699567 Limited ** ¹	21 February 2017	United Kingdom	100.0%
Moving Music Limited ¹	21 February 2017	United Kingdom	75.0%

* The Group acquired 49% of the share capital of Broadwick Holdings Limited on 31 May 2016. An additional 2% of share capital was acquired on 20 September 2016, which was when the Group gained control of Broadwick Holdings Limited. On 25 October 2016 the Group acquired a further 7.6% of the share capital of Broadwick Holdings Limited, taking its total shareholding to 58.6%.

** At the time of acquisition Global 05699567 Limited was called Ugly Duckling Investments Limited.

¹ These entities were acquired by Global Festivals Limited

² This entity was acquired by Global Live Limited

The primary reason for the acquisitions was to expand the Group into the Music Festivals market. The goodwill has been allocated to the Music Festival's cash generating unit.

The details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill for each acquisition are not individually material to the Group and have been aggregated as follows:

	Fair value £'000
Intangible assets	58,606
Property, plant and equipment	839
Equity accounted investments	(58)
Trade and other receivables	12,865
Cash	5,844
Trade and other payables	(21,139)
Deferred tax liability	(10,543)
Net assets acquired	46,414
Goodwill	7,511
Non-controlling interests	(12,779)
Total consideration	41,146
Satisfied by:	
Cash	31,948
Contingent consideration	4,298
Fair value of equity accounted investments	4,900
	41,146

There were no material fair value adjustments to the acquired assets and liabilities. All acquired cash and receivables are expected to be collected in full.

Goodwill is calculated as the difference between the fair value of consideration and acquired assets and liabilities. None of the purchased goodwill is deductible for tax purposes. The main factor leading to the recognition of goodwill was the expected additional ticketing sales and advertising revenue and the expected operational efficiencies through economies of scale.

The contingent consideration will be calculated as a multiple of adjusted EBITDA in future years, the maximum amount of the payment is unlimited.

Acquisition related costs of £1.7m have been charged to administration expenses in the Income Statement for the year ended 31 March 2017.

Since the acquisition dates the acquired entities have contributed £11.7m to the Group's revenue. If the acquisitions had occurred on 1 April 2016 the contribution to Group's revenue would have been around £34.8m.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

25. Share-based payments

The Group operates equity-settled share-based payment arrangements as follows:

The Growth Shares Scheme ("the Scheme")

On 30 January 2015, a number of directors acquired C, D, E and F shares in Global Radio Holdings Limited ("GRHL") GRHL, for which the directors paid unrestricted market value. The C, D, E and F shares are subject to a put and call option structure whereby the directors may sell the shares to GRHL, or GRHL may acquire the shares from the directors for cash, within various 60 day windows between on 1 August 2017 and 30 September 2025. The value at which the shares can be bought or sold shall be determined by a formula based on the growth in value of the shares over a certain minimum threshold value. The shares provide the holder with an interest in the growth of the business beyond that threshold, which has been set at 20% above the original value.

The number of C,D, E and F shares issued in 2015 and outstanding at 31 March 2017 was 375,085 (31 March 2016: 375,085).

The EBITDA used to determine the value of the C,D E and F Shares will be the EBITDA for the year ended immediately before the date of disposal.

Share-based payment expense

The charge recognised in the Income Statement in respect of the Scheme was £5,616,000 (2016: £5,499,000).

Share-based payment liability

The Scheme requires the Group to pay the intrinsic value of these share-based payments to the employee at the date of exercise. The liability is re-valued at each reporting date and settlement date with any changes to fair value being recognised in the profit and loss account. The Group has recorded liabilities in respect of unvested grants of £14,781,000 (2016: £9,165,000).

26. Defined benefit pension schemes

The Group operates three pension schemes on behalf of its employees. The Global Radio Group Personal Pension Plan ("GRGPPP") is a defined contribution scheme.

All current employees are eligible to join the GRGPPP, which new employees are enrolled in automatically when they begin employment with the Group. At 31 March 2017 1,263 (2016: 1,219) employees were active members of this scheme. The Group makes age-related employer contributions to the scheme.

The Capital Radio plc Pension and Assurance Scheme ("CRPPAS") and the Midlands Radio Group Pension Scheme ("MRGPS") are contributory defined benefit schemes. Both defined benefit schemes were closed to new employees from 31 March 1995. At 31 March 2017, the MRGPS had 5 (2016: 7) active members and the CRPPAS had 4 (2016: 4) active members.

The pension cost charge for the year represents contributions payable by the Group to the schemes and amounted to £1,748,000 (2016: £1,805,000).

Contributions amounting to £124,000 (2016: £289,000) were payable to the schemes at the end of the financial year and are included in other creditors.

The actual return on the two defined benefit pension schemes assets over the period from 1 April 2016 to 31 March 2017 was a gain of £3,231,000 for MRGPS and £1,802,000 for CRPPAS (loss for the period from 1 April 2015 to 31 March 2016 was £221,000 and £2,716,000 respectively).

The expected long-term rate of return on assets assumption is assessed by considering the current level of returns on risk-free investments (primarily government bonds) and the expectations for the risk premium of each asset class. The expected return for each asset class is then weighted based on the asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The amounts recognised in the consolidated Statement of Financial Position are as follows:

	31 March 2017 £'000	31 March 2016 £'000
Present value of funded obligations	(41,698)	(35,867)
Fair value of scheme assets	43,090	39,391
Surplus in scheme	<u>1,392</u>	<u>3,524</u>

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

26. Defined benefit pension schemes (continued)

The amounts recognised in the consolidated Income Statement are as follows:

	31 March 2017 £'000	31 March 2016 £'000
Current service cost	(164)	(187)
Interest on obligation	(1,314)	(1,403)
Expected return on scheme assets	3,897	1,557
Total	2,419	(33)
Actual return on scheme assets	4,465	(2,927)

Movements in the present value of the defined benefit obligation were as follows:

	31 March 2017 £'000	31 March 2016 £'000
Opening defined benefit obligation	35,867	40,808
Current service cost	164	187
Interest cost	1,314	1,402
Contributions by scheme participants	14	17
Actuarial losses/(gains)	5,306	(1,604)
Benefits paid	(967)	(4,943)
	41,698	35,867

Changes in the fair value of scheme assets were as follows:

	31 March 2017 £'000	31 March 2016 £'000
Opening fair value of scheme assets	39,391	45,240
Expected return on assets	3,897	1,557
Actuarial gains/(losses)	568	(2,739)
Contributions by employer	249	333
Contributions by scheme participants	21	24
Benefits paid	(967)	(4,943)
Expenses paid by scheme	(69)	(81)
	43,090	39,391

The total amount recognised in the Group Statement of Comprehensive Income in respect of actuarial gains on assets is £568,000 (2016: loss of £2,739,000) and the amount recognised for actuarial losses on liabilities is £6,364,000 (2016: gain of £1,604,000).

The two schemes are fully funded by the Group and the scheme members who contribute a percentage of salary. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

The Group expects to contribute £333,000 to its defined benefit pension schemes in 2018 (2017: £438,000).

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

26. Defined benefit pension schemes (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	31 March 2017	31 March 2016
Equities	57.65%	39.05%
Bonds	33.35%	32.70%
Diversified growth funds	9.00%	28.25%

Principal actuarial assumptions at the reporting dates were (expressed as weighted averages):

	31 March 2017	31 March 2016
Discount rate	2.80%	3.70%
Future salary increases	3.40%	3.10%
Future pension increases	3.40%	3.30%
Inflation assumption	3.20%	2.85%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	31 March 2017 Number	31 March 2016 Number
Retiring today		
Males	27.3	27.5
Females	29.4	29.5
Retiring in 20 years		
Males	29.2	29.4
Females	31.4	31.5

Amounts for the current and previous year are as follows:

	31 March 2017 £'000	31 March 2016 £'000	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Defined benefit obligation	(41,698)	(35,867)	(40,808)	(33,508)	(32,692)
Scheme assets	43,090	39,391	44,942	39,905	37,438
	1,392	3,524	4,134	6,397	4,746
Experience adjustments on scheme liabilities	(5,306)	1,604	(6,161)	(516)	(2,828)
Experience adjustments on scheme assets	3,021	(2,739)	3,363	(336)	2,702

Under IAS 19 both schemes show a surplus. In accordance with IAS 19, the Group has recognised an asset on the Statement of Financial Position in relation to the surplus in the schemes because the Group has an unconditional right to realise the surplus during the plan or when the plan is settled.

The Group is exposed to a number of risks relating to the defined benefit schemes (the "schemes") including assumptions not being borne out in practice. The most significant risks are as follows:

Asset volatility

There is a risk that a fall in asset values is not matched by corresponding reduction in the value placed on the schemes. The schemes hold a proportion of growth assets, which are expected to outperform corporate or government bond yields in the long term, but gives exposure to volatility and risk in the short-term.

Global Media & Entertainment Limited

Notes to the Group Financial Statements (continued)

26. Defined benefit pension schemes (continued)

Change in bond yields

A decrease in corporate bond yields will increase the value placed on the scheme's liabilities, although this will be partially offset by an increase in the value of the scheme's corporate bond holdings.

Inflation risk

The majority of the scheme's liabilities are linked to inflation where higher inflation will lead to higher scheme liabilities. Some of the scheme assets are either unaffected by inflation or loosely correlated with inflation (eg, growth assets), meaning that an increase in inflation will generally increase scheme liabilities.

Life expectancy

An increase in life expectancy will lead to an increased value being placed on the scheme's liabilities. Future mortality rates cannot be predicted with certainty.

Actuarial assumption sensitivity

The discount rate is set by reference to market conditions at the reporting date, and can vary significantly between periods. The earnings increases are linked to inflation and so set by reference to market conditions at the reporting date. The mortality assumptions used are set by considering the experience of the scheme's members, and by making an allowance for possible future improvements in longevity. Mortality assumptions are difficult to set accurately, and forecasting rates of future mortality improvement is inevitably speculative.

Actuarial assumption sensitivity

The discount rate, earnings increases and inflation rates are set by reference to market conditions at the reporting date, and can vary significantly between periods.

A decrease in the discount rate by 0.1% will increase the scheme's liabilities by £777,000 (2016: increase of £667,000).

An increase in inflation and salary growth assumptions by 0.1% will increase the scheme's liabilities by £301,000 (increase of £256,000).

27. Note supporting Statement of Cash Flows

Significant non cash transactions in the year in respect of financing activities comprised unpaid interest which was capitalised into borrowings of £64,462,000 (2016: £61,510,000) and £114,383,383 (2016: £49,167,980) of loans were converted to share capital.

28. Immediate and ultimate parent Company

In the opinion of the directors the Company's immediate and ultimate controlling Company is Global Radio Group Limited, a company incorporated in Jersey.

The largest and smallest Group in which the results of the Company are consolidated is that headed by Global Media & Entertainment Limited.

29. Guarantees, financial commitments and contingent liabilities

Guarantees

The Company will guarantee the debts and liabilities of certain of its UK subsidiaries at the reporting date in accordance with section 479A of the Companies Act 2006. The Company has assessed the probability of loss under these guarantees as remote.

Security

The assets of the Group are pledged to their bankers as security against loans by way of a floating charge over the assets.

VAT Group

The Company is a member of a group for VAT for group purposes, resulting in a joint and several liability for amounts owing by other Group companies for unpaid VAT.

Financial commitments

The Group has entered into agreements with transmission supply companies and digital multiplex operators for the transmission of its radio stations for periods up to 2026 at competitive prices and to ensure supply. At the year end the commitments to purchase space on transmitters was £127,031,000 (2016: £90,053,000).

Global Media & Entertainment Limited

Company Balance Sheet

At 31 March 2017

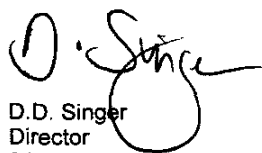
Company number 06251684

	Note	31 March 2017 £'000	31 March 2016 £'000
Fixed assets			
Investments	33	92,440	92,440
		92,440	92,440
Current assets			
Debtors	34	418,537	377,513
Cash		68	18
		418,605	377,531
Creditors: amounts falling due within one year	35	(50,872)	(46,079)
Net current assets		367,733	331,452
Total assets less current liabilities		460,173	423,892
Creditors: amounts falling due after more than one year	36	(742,047)	(820,872)
Net liabilities		(281,874)	(396,980)
Equity			
Share capital	37	165,310	49,167
Retained deficit		(447,184)	(446,147)
		(281,874)	(396,980)

The Company's loss for the year was £1.0m (2016: £40.5m).

The notes on pages 46 to 53 form part of these financial statements.

The financial statements were approved and authorised for issue by the board of directors on 31 July 2017 and were signed on its behalf by:



D.D. Singer
Director
31 July 2017

Global Media & Entertainment Limited

Company statement of changes in equity For the year ended 31 March 2017

	Share capital £'000	Retained deficit £'000	Total equity £'000
At 1 April 2017	165,310	(447,184)	(281,874)
Loss for the year	-	-	-
Issued in the year	-	-	-
At 31 March 2018	165,310	(447,184)	(281,874)

	Share capital £'000	Retained deficit £'000	Total equity £'000
At 1 April 2016	49,167	(446,147)	(396,980)
Loss for the year	-	(1,037)	(1,037)
Issued in the year	116,143	-	116,143
At 31 March 2017	165,310	(447,184)	(281,874)

The notes on pages 46 to 53 form part of these financial statements.

Global Media & Entertainment Limited

Notes to the Company Financial Statements

30. Accounting policies for the Company financial statements

a) Reporting entity

Global Media & Entertainment Limited (the "Company") is an incorporated company limited by shares and domiciled in the United Kingdom. Its registered address is 29 Leicester Square, London, WC2H 7LA.

The Company's principal activity was the operation of commercial radio stations in the United Kingdom.

The Company financial statements were approved by the board of directors on 31 July 2017.

b) Statement of compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

As permitted by Section 408(2) of the Companies Act 2006 information about the Company's employee numbers and costs have not been presented.

As permitted by Section 408(3) of the Companies Act 2006, the Company's Profit and Loss Account and Statement of Other Comprehensive Income and related notes have not been presented as the Company's Group financial statements have been prepared in accordance with the Companies Act 2006.

c) Functional and presentational currency

These financial statements are presented in pounds Sterling (£), which is the Company's functional and presentational currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

d) Basis of preparation

The financial statements have been prepared on a historical cost basis, and are in accordance with the Companies Act 2006.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a Statement of Cash Flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Global Media & Entertainment Limited.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Group financial statements of Global Media & Entertainment Limited. These financial statements do not include certain disclosures in respect of:

- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

e) Investments

Investments are included in the Balance Sheet at cost less amounts written-off, representing impairment in value. Impairment charges are recorded if events or changes in circumstances indicate that the carrying value may not be recoverable.

f) Going concern

At the date of these financial statements, the directors have carried out a detailed and comprehensive review of the business and its future prospects. In particular they have compared the forecast future performance of the Company and anticipated cash flows with the available working capital facilities and covenants contained in the banking arrangements that form part of the Company's current financing structure and, in the light of current economic conditions, have considered the ability of the group to meet its obligations as they fall due. In the opinion of the directors, the Company are expected to be able to continue trading within the current arrangements and consequently the financial statements are presented on a going concern basis.

Global Media & Entertainment Limited

Notes to the Company Financial Statements (continued)

30. Accounting policies for the Company financial statements (continued)

g) Accounting policies for the Company financial statements

The Company's accounting policies are the same as the Group's accounting policies, as detailed in note 1 to the Group financial statements, for the following:

Company FRS 101 accounting policy	Group IFRS accounting policy	Note
New accounting standards	New accounting standards	1h
Critical accounting estimates and judgments	Critical accounting estimates and judgments	1i
Debtors	Trade and other receivables	1q
Cash	Cash	1r
Share capital	Share capital	1s
Creditors	Trade and other payables	1t
Interest receivable and similar income	Finance income and expense	1v
Interest payable and similar expense	Finance income and expense	1v
Financial instruments	Financial instruments	1w
Current and deferred tax	Current and deferred tax	1x
Revenue recognition	Revenue recognition	1bb
Fair value measurement	Fair value measurement	1dd

31. Directors

Information on Company's directors is provided in note 6 to the Group financial statements.

32. Investments

	Investments in subsidiary companies £'000	Total £'000
At 1 April 2016	92,440	92,440
At 31 March 2017	92,440	92,440

Global Media & Entertainment Limited

Notes to the Company Financial Statements (continued)

32. Investments (continued)

The Company's subsidiaries, including subsidiaries held by indirect holding companies, are:

Name	Country	% ordinary share capital ownership
Amber Radio Limited	United Kingdom	100
Angels in Radio Limited	United Kingdom	100
Arrow Digital Limited	United Kingdom	100
Atlantic Broadcasting Limited*	United Kingdom	100
Beat FM Limited	United Kingdom	100
Belfast Radio limited	United Kingdom	100
Boardmasters Limited*	United Kingdom	87.6
Border Limited	United Kingdom	100
Broadwick Holdings Limited* ²	United Kingdom	58.6
Broadwick Live Limited ²	United Kingdom	58.6
Bristol Broadcasting Company Limited	United Kingdom	100
Bristol Radio Company Limited	United Kingdom	100
Brownstock UK Limited* ¹	United Kingdom	87.6
Buzz FM Limited	United Kingdom	100
Cambridge and Newmarket FM Radio Limited	United Kingdom	100
Capital (CDWM) Limited	United Kingdom	100
Capital Gold Hampshire Limited	United Kingdom	100
Capital Gold Kent Limited	United Kingdom	100
Capital Gold Manchester Limited*	United Kingdom	100
Capital Gold Sussex Limited	United Kingdom	100
Capital Interactive Limited	United Kingdom	100
Capital Online Limited	United Kingdom	100
Capital Radio (London) Limited	United Kingdom	100
Capital Radio Investments Limited*	United Kingdom	100
Capital Radio Limited	United Kingdom	100
Capital Radio Restaurants Group Limited	United Kingdom	100
Capital Radio Restaurants Limited	United Kingdom	100
Capital Radio Trustee Limited	United Kingdom	100
Capital Television Limited	United Kingdom	100
Capital Xtra Limited*	United Kingdom	100
Castleform Limited	United Kingdom	100
Central European Broadcasting Limited	United Kingdom	100
Central Region News Limited	United Kingdom	100
Champion FM Limited	United Kingdom	100
Cheerdale Limited	United Kingdom	100
Chill Radio Limited*	United Kingdom	100
Chiltern Radio Limited*	United Kingdom	100
Choice FM London Limited	United Kingdom	100
Choice FM North London Limited	United Kingdom	100
Classic FM BV	Netherlands	100
Classic FM Limited*	United Kingdom	100
Core Digital Radio Limited	United Kingdom	100
Cotswold Broadcasting Company Limited	United Kingdom	100
Count of Ten Limited*	United Kingdom	87.6
Deansgate 1001 Limited	United Kingdom	100
Devonair Radio Limited	United Kingdom	100
Diamond FM Limited	United Kingdom	100
Digital News Network Limited	United Kingdom	100

* Exemption from Audit by Parent Guarantee – Entities debts and liabilities are guaranteed by the Company at the reporting date in accordance with section 479A of the Companies Act 2006.

Global Media & Entertainment Limited

Notes to the Company Financial Statements (continued)

32. Investments (continued)

The Company's subsidiaries, including subsidiaries held by in direct holding companies, are:

Name	Country	% ordinary share capital ownership
Digital Two Limited	United Kingdom	100
DQ Radio Services Limited*	United Kingdom	100
East Anglian Radio Limited	United Kingdom	100
Ecast Ventures Limited	United Kingdom	100
Electric Elephant Limited ²	United Kingdom	58.6
Essex Radio Limited*	United Kingdom	100
Expressway Limited	United Kingdom	100
Faze Three (East Midlands) Limited	United Kingdom	100
First Oxfordshire Radio Company Limited*	United Kingdom	100
FN6 Limited ²	United Kingdom	55.7
Galaxy Radio Birmingham Limited*	United Kingdom	100
Galaxy Radio Limited	United Kingdom	100
Galaxy Radio Manchester Limited	United Kingdom	100
Galaxy Radio North East Limited*	United Kingdom	100
Galaxy Radio Yorkshire Limited*	United Kingdom	100
GCap FRB (No.1) Limited	United Kingdom	100
GCap FRB (No.2) Limited	United Kingdom	100
GCap Local Data Company Limited	United Kingdom	100
GCap Media (CRUD) Limited	United Kingdom	100
GCap Media (FPRL) Limited	United Kingdom	100
GCap Media (The Jazz) Limited	United Kingdom	100
GCap Media Limited	United Kingdom	100
Gemini Radio Limited*	United Kingdom	100
Glasgow Gold Limited	United Kingdom	100
Global 05699567 Limited*	United Kingdom	87.6
Global Kit Limited*	United Kingdom	52.6
Global Live Limited*	United Kingdom	100
Global Festivals Limited*	United Kingdom	87.6
Global Media Ventures Limited	United Kingdom	100
Global Music Television Limited*	United Kingdom	100
Global Music TV Limited	United Kingdom	100
Global Radio (AM) Limited*	United Kingdom	100
Global Radio Acquisitions Limited	United Kingdom	100
Global Radio Digital Limited	United Kingdom	100
Global Radio Hampshire Limited*	United Kingdom	100
Global Radio Holdings Limited	United Kingdom	100
Global Radio Limited	United Kingdom	100
Global Radio London Limited*	United Kingdom	100
Global Radio Media Management Limited*	United Kingdom	100
Global Radio Midlands Limited*	United Kingdom	100
Global Radio Publishing Limited*	United Kingdom	100
Global Radio Services Limited	United Kingdom	100
Global Radio UK Limited	United Kingdom	100
GM Radio News (UK) Limited	United Kingdom	55
GMG Radio Limited	United Kingdom	100
Greater Manchester Broadcasting Company Limited	United Kingdom	100
GWR (Local Area) Limited	United Kingdom	100
GWR (Trustee Company) Limited	United Kingdom	100

* Exemption from Audit by Parent Guarantee – Entities debts and liabilities are guaranteed by the Company at the reporting date in accordance with section 479A of the Companies Act 2006.

Global Media & Entertainment Limited

Notes to the Company Financial Statements (continued)

32. Investments (continued)

The Company's subsidiaries, including subsidiaries held by in direct holding companies, are:

Name	Country	% ordinary share capital ownership
GWR (West) Limited*	United Kingdom	100
GWR East Holdings Limited*	United Kingdom	100
GWR Group Limited	United Kingdom	100
GWR Hungary (Investments) Limited	United Kingdom	100
GWR International Investments Limited	United Kingdom	100
GWR International Limited	United Kingdom	100
GWR New Zealand Licences Limited	New Zealand	100
GWR New Zealand Limited	New Zealand	100
GWR Radio (South East) Limited*	United Kingdom	100
GWR Radio Limited	United Kingdom	100
Harlow FM Limited	United Kingdom	100
Healthbuild Limited	United Kingdom	100
Heart 106 FM Limited	United Kingdom	100
Heart Radio Limited	United Kingdom	100
Heart TV Limited	United Kingdom	100
Hereward Radio Limited	United Kingdom	100
Hit 40 UK Limited	United Kingdom	100
Hopstar Limited*	United Kingdom	100
Independent Radio News Limited	United Kingdom	55
Industrial Curation Limited	United Kingdom	32
Investors in Radio Limited	United Kingdom	100
Invicta Concerts and Promotions Limited	United Kingdom	100
Iradio Limited	United Kingdom	100
Jams of London Limited	United Kingdom	100
Juice Holdco Limited*	United Kingdom	100
Lakeside Creatives Limited	United Kingdom	57.8
Lantern Radio Limited	United Kingdom	99
LBC 1152 Limited	United Kingdom	100
LBC Radio Limited*	United Kingdom	100
Leicester Sound Limited*	United Kingdom	100
Livetime Limited	United Kingdom	100
Lock 'n' Load Events Limited	United Kingdom	65.7
London Broadcasting Company 1996 Limited	United Kingdom	100
Love FM Limited	United Kingdom	100
Marcher Radio Group Limited*	United Kingdom	100
Mid Anglia Radio Limited*	United Kingdom	100
Moving Music Limited*	United Kingdom	65.7
Mwah Mwah Limited	United Kingdom	100
MXR Holdings Limited	United Kingdom	88
MXR Limited	United Kingdom	88
My Kinda Bath Limited	United Kingdom	100
My Kinda Bones Limited	United Kingdom	100
My Kinda Shacks Limited	United Kingdom	100
My Kinda Square Limited	United Kingdom	100
Neal Street Blues Limited	United Kingdom	100
Newsradio.com Limited	United Kingdom	100
North East News Limited	United Kingdom	100
North East Radio Limited	United Kingdom	100

* Exemption from Audit by Parent Guarantee – Entities debts and liabilities are guaranteed by the Company at the reporting date in accordance with section 479A of the Companies Act 2006.

Global Media & Entertainment Limited

Notes to the Company Financial Statements (continued)

32. Investments (continued)

The Company's subsidiaries, including subsidiaries held by in direct holding companies, are:

Name	Country	% ordinary share capital ownership
North West News Limited	United Kingdom	100
Now Digital (North Wales, Wirral and Cheshire) Limited	United Kingdom	100
Ocean FM Limited	United Kingdom	100
Opus Radio Sales Limited	United Kingdom	100
Orchard FM Limited*	United Kingdom	100
Orchard Media Limited	United Kingdom	100
Oval (709) Limited	United Kingdom	100
Plymouth Sound Limited*	United Kingdom	100
Pop Buzz Limited *	United Kingdom	100
Power FM Limited	United Kingdom	100
Prock Licence (NTRSL) Limited	United Kingdom	100
Pure Butter Limited ²	United Kingdom	51
Radio Breeze AM Limited	United Kingdom	100
Radio Broadland Limited*	United Kingdom	100
Radio Invicta Limited*	United Kingdom	100
Radio Mercury Limited*	United Kingdom	100
Radio Orwell Limited	United Kingdom	100
Radio Runner Limited	United Kingdom	100
Radio South Limited	United Kingdom	100
Radio Trent Limited*	United Kingdom	100
RAM FM Limited	United Kingdom	100
Real and Smooth Limited*	United Kingdom	100
Real Radio (North East) Limited*	United Kingdom	100
Real Radio (North West) Limited*	United Kingdom	100
Real Radio (Scotland) Limited*	United Kingdom	100
Real Radio Limited*	United Kingdom	100
Rewind Festival Limited*	United Kingdom	87.6
Riviera Radio Limited	United Kingdom	100
Rock Radio Limited	United Kingdom	100
Saxon Radio Limited	United Kingdom	100
SBH Events Limited ²	United Kingdom	58.6
Scott Place 1002 Limited	United Kingdom	100
Scott Place 1003 Limited	United Kingdom	100
Scott Place 1004 Limited	United Kingdom	100
Smooth Digital Radio Limited	United Kingdom	100
Smooth Radio Investments Limited*	United Kingdom	100
Smooth Radio London Limited*	United Kingdom	100
Smooth Radio Scotland Limited*	United Kingdom	100
Smooth Radio West Midlands Limited*	United Kingdom	100
South Hams Radio Limited	United Kingdom	63.5
Southern Radio Group Limited*	United Kingdom	100
Southern Radio Limited*	United Kingdom	100
Storm (GWR) Limited	United Kingdom	100
Storm Broadcasting Limited	United Kingdom	100
Suffolk Group Radio Limited*	United Kingdom	100
Tainside Limited*	United Kingdom	100
Thames Valley Broadcasting Group Limited	United Kingdom	100
Thames Valley Broadcasting Limited*	United Kingdom	100

* Exemption from Audit by Parent Guarantee – Entities debts and liabilities are guaranteed by the Company at the reporting date in accordance with section 479A of the Companies Act 2006.

Global Media & Entertainment Limited

Notes to the Company Financial Statements (continued)

32. Investments (continued)

The Company's subsidiaries, including subsidiaries held by in direct holding companies, are:

Name	Country	% ordinary share capital ownership
Thamesquote Limited*	United Kingdom	100
The Arrow (Liverpool) Limited	United Kingdom	100
The Arrow (Manchester) Limited	United Kingdom	100
The Digital Radio Group (Investments) Limited*	United Kingdom	100
The Digital Radio Group (West Midlands) Limited	United Kingdom	100
The Digital Radio Group Limited*	United Kingdom	100
The Hideout Festival LLP	United Kingdom	70
The Milton Keynes Broadcasting Company Limited	United Kingdom	100
The Northamptonshire Broadcasting Company Limited	United Kingdom	100
The Storm (Digital Radio) Limited	United Kingdom	100
Truck Festivals UK Limited* ¹	United Kingdom	87.6
TS Holdings Limited	United Kingdom	100
Two Counties Radio Limited*	United Kingdom	100
Victorious Festivals Limited	United Kingdom	57.4
Vibe FM Limited	United Kingdom	100
Warrington Runcorn Broadcasting Company Limited	United Kingdom	100
Waxarch Limited	United Kingdom	70.6
We the Unicorns Limited*	United Kingdom	100
Welovelocal.com Limited*	United Kingdom	100
West and South Yorkshire Radio Limited	United Kingdom	100
West Country Broadcasting Limited	United Kingdom	100
West Midlands Radio Limited	United Kingdom	100
Westward Radio Limited	United Kingdom	100
Westward Television Limited	United Kingdom	100
Wiltshire Radio Limited*	United Kingdom	100
World Television Productions Limited	United Kingdom	100
Xfm Limited*	United Kingdom	100
Xfm Manchester Limited*	United Kingdom	100
Y Not Festivals UK Limited* ¹	United Kingdom	87.6

* Exemption from Audit by Parent Guarantee – Entities debts and liabilities are guaranteed by the Company at the reporting date in accordance with section 479A of the Companies Act 2006.

¹ Purchased as part of the Count of Ten transaction (note 25).

² Purchased as part of the Broadwick Holdings Limited transaction (note 25).

The Company's subsidiaries all have a year end of 31 March 2017, with the exception of Lock N Load Limited and Waxarch Limited, which have year ends of 30 September 2017.

The Company's subsidiaries registered address is 30 Leicester Square, London, WC2H 7LA with the exception of the following entities:

Company	Registered Address
Classic FM BV	Naarderpoort 2, 1411MA, Naarden, The Netherlands
Glasgow Gold Limited	1 West Regent Street, Glasgow, G2 1RW
GM Radio News (UK) Limited	Academic House, 24-28 Oval Road, London, NW1 7DJ
GWR New Zealand Licences Limited	10 Brandon Street, Wellington, 6011, New Zealand
GWR New Zealand Limited	10 Brandon Street, Wellington, 6011, New Zealand
Independent Radio News Limited	1 West Regent Street, Glasgow, G2 1RW
Real Radio (Scotland) Limited	1 West Regent Street, Glasgow, G2 1RW
Rock Radio Limited	1 West Regent Street, Glasgow, G2 1RW
Smooth Radio Scotland Limited	1 West Regent Street, Glasgow, G2 1RW

Global Media & Entertainment Limited

Notes to the Company Financial Statements (continued)

33. Debtors

	31 March 2017	31 March 2016
	£'000	£'000
Loans to subsidiaries	367,313	367,313
Amounts owed by group undertakings	49,143	5,537
Deferred tax asset	2,080	4,663
	418,537	377,513

The loans to subsidiaries are repayable on demand and incur a 6% annual interest charge.

34. Creditors: amounts falling due within one year

	31 March 2017	31 March 2016
	£'000	£'000
Bank loans and overdrafts	29,583	25,000
Accrued interest	17,395	17,184
Amounts owed to group undertakings	3,894	3,895
	50,872	46,079

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

	31 March 2017	31 March 2016
	£'000	£'000
Bank loans	131,282	142,735
Other loans	610,765	678,137
	742,047	820,872

36. Share capital

	31 March 2017	31 March 2016
	£	£
Authorised, issued, called up and fully paid		
Ordinary shares of £1	165,309,550	49,166,981
	165,309,550	49,166,981

On 27 March 2017 £114,384,383 of loans were converted to 114,384,383 ordinary £1 shares which were issued, called up and fully paid.

On 13 June 2016 1,375,000 ordinary £1 shares were issued, called up and fully paid for with cash.

On 15 November 2016 383,186 ordinary £1 shares were issued, called up and fully paid for with cash.

37. Related party transactions

As disclosed in note 23 and in accordance with the exemptions in FRS 101 the Company is not required to disclose related party transactions with key management personnel or between members of the Group. The Company has not completed any related party transactions with any other entities or parties.

38. Immediate and ultimate parent Company

In the opinion of the directors the Company's immediate and ultimate controlling Company is Global Radio Group Limited, a company incorporated in Jersey.

The largest and smallest Group in which the results of the Company are consolidated is that headed by Global Media & Entertainment Limited.