

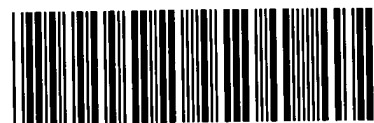
Global Outdoor Media Limited
(Formerly Exterior Media (UK) Limited)

Annual Report and Financial Statements

For the 15 month period ended 31 March 2020

Registered No. 02866133

THURSDAY



A9Z3L3WQ

A14

25/02/2021

#10

COMPANIES HOUSE

Directors

A Booker
L Taviansky
J Cotterrell
S Miron
D Singer

Company Secretary

M J Gammon (appointed April 2020)

Statutory Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ

Registered Office

7th Floor
Lacon House
84 Theobalds Road
London
WC1X 8NL

Strategic Review

The Directors present their strategic report for Global Outdoor Media Limited for the 15 month period ended 31 March 2020. During this period, the Company changed its name from Exterior Media (UK) Limited to Global Outdoor Media Limited and changed its account reference date from 31 December to 31 March resulting in these financial statements being presented for a 15 month period.

The Directors in preparing this Strategic Report, have complied with s414c of the Companies Act 2006. It has been prepared solely to provide shareholders with information to assess how directors have performed their duty to promote the success of the Company for the year ended 31 March 2020.

Review of Business

The principal activity of the Company is the provision of outdoor advertising. The company licences the rights to erect and operate advertising panels. It then sells the advertising space to companies, public bodies and individuals.

The Competition and Markets Authority ("CMA") gave Global Media & Entertainment Limited (the "Group" or "Global") clearance on 16 April 2019 for the completion of the acquisition of the Exterior Media Group. Post approval from the CMA the Group obtained control over Exterior Media Group and subsequently consolidated the results into the Group's consolidated performance.

In the current period management had to consider the potential impact that the Covid-19 pandemic would have on the balance sheet. Due to the impact of both national and local lockdowns and low visibility on the effect that the pandemic would have on advertising in all of our markets, especially on the London Underground estate and transport sector, management forecast a significant short-term impact on the Outdoor performance which had an impact on the final month of trading and has significantly impacted the post balance sheet results.

The COVID-19 pandemic has impacted the Company's performance post year end, however in the medium to long term the Directors expect the Company to continue operating at the general level of activity reported for the 15 month period ended 31 March 2020.

Financial performance

The income statement shows continuing revenue for the 15 month period ended 31 March 2020 of £288.2m increasing from revenue of £219.5m for the year ended 31 December 2018. In the period the Company made an operating profit of £28.7m (year ended 31 December 2018 - £19.0m).

The balance sheet shows the first time adoption of IFRS 16 from 1 January 2019 has resulted in additional right of use assets of £42.9m being recognised on adoption as at 1 January 2019 and the associated lease liabilities. The impact of IFRS 16 for the 15 month period ended 31 March 2020 increases operating profit by £4.8m which is further discussed in note 10. As at the 31 March 2020, the company has net assets of £138.5m (£110.8m as at 31 December 2018).

Key performance indicators (KPIs)

The business uses key performance indicators which are monitored on a regular basis. The Financial KPI's assessed are indicators such as revenue, adjusted EBITDA and operating margins where variance analysis is performed monthly. The non-financial KPI's are also monitored and are included below in the principal risks and uncertainties disclosures under other risks.

Principal risks and uncertainties

Covid-19

For this period, there is an additional risk arising in relation to the Covid-19 pandemic. The Covid-19 lockdown period in the UK led many companies to react immediately and to reduce their advertising spend due to reduced footfall and traffic, which has negatively impacted the outdoor advertising operations in the short term. Once lockdown measures began to be lifted, we saw an uplift in advertising on the street advertising platforms, but less in relation to transport inventory, especially on the London Underground estate as people travelled into London less frequently.

The Covid-19 pandemic has resulted in unprecedented challenges for organisations globally and, as with most businesses in the UK, Global has been negatively impacted. The pandemic and related government responses and interventions have resulted in operational uncertainty and have heightened many of our existing risks. The senior leadership team alongside the Group have taken action in regards to trying to limit the impact of the pandemic on our business including measures to reduce the overhead costs and ensure the future success of the Company and Group both in the short-term and long term. These included deferring expenditure on capital projects and discretionary expenditure, accessing the UK staff furlough scheme and freezing recruitment and pay rises across the business. The business also worked with our leaseholders to modify certain leases in the short to medium term.

Looking forward, the advertising market remains volatile with low visibility, especially in regard to the local impact that the pandemic will have on outdoor advertising. Considering the risk of new waves of Covid-19 and new lockdowns being implemented we consider there will be significant impact on our short term performance. In a media landscape that is increasingly fragmented out-of-home advertising retains its attractiveness to advertisers due to the fast turnaround of campaigns and the reach of our Outdoor estate.

Other risks

Risks and uncertainties associated with operating poster advertising concessions with the Company's partners include the following:

- The cyclical nature of advertising revenue and the health of the UK economy;
- Sales revenues derived from the resale of advertising space must cover minimum guarantees payable to franchise partners and deliver a commercial return on any capital investment programme;
- Contractual commitments must be adhered to, including the provision of accurate sales, delivery and other operating data to franchise partners; and
- Health and safety is of paramount importance given the requirement to post advertising campaigns in complex environments.

In order to monitor and minimise any potential adverse impact of these key uncertainties, the Company's management meets at least once a month to discuss financial and other key performance metrics of the business, including:

- Sales and the sales pipeline, key client relationships, research and marketing initiatives;
- Financial performance by franchise partner, upcoming franchise renewals and potential tender opportunities;
- Delivery statistics and incidences of non-display together with appropriate resolution;
- Safety and quality indicators such as incidents at work and reviews of the quality of posted campaigns across nationwide locations; and
- Employee turnover by department and other employee-related matters.

Strategic Review (continued)

Financial risk management objectives and policies

The profile of the Company's operations exposes it to financial risks including the effects of liquidity risks.

a. Liquidity risk

The Company aims to mitigate liquidity risk by managing cash generation by its operations.

The central finance department of the parent company, Global Media & Entertainment Limited (the "Group") is responsible for ensuring there are appropriate funding requirements to meet the ongoing requirements of the Group and for managing effectively liquid funds in the Group.

Regular cash flow forecasts are prepared by the Group and reviewed by management. Management reviews annual strategy plans, budgets and forecasts, as well as daily cash balances and weekly forecasts to ensure that optimal use is made of liquid funds within the Group to avoid unnecessary borrowing.

b. Interest rate risk

It is the objective of the Group, to which the Company belongs, to minimise the cost of borrowings and maximise the value from its cash resources, whilst retaining the flexibility of funding opportunities.

c. Currency risk

Foreign currency transaction exposures result from purchases by the Company in a currency other than their functional currency.

d. Financial credit risk

The credit profiles of the Company's customers are obtained from credit rating agencies and are closely monitored. The scope of these reviews includes amounts overdue and credit limits.

Trade receivables are considered impaired when the amount is in dispute; customers are in financial difficulty or for other reasons which imply there is doubt over the recoverability of the debt.

Section 172 statement

The Company's long term success is at the forefront of the Board's thinking and the Directors have full regard for their duties and the matters set out in Section 172 of the UK Companies Act 2006. Indeed, it's the Board's belief that the Company can only be successful when the interest of those it works with are considered, and particularly when customer, supplier, employee, shareholder interests and the environment, climate and societies we operate in are understood and responded to and appropriately reflected in how the business develops. The table below discusses how the Board engages with the stakeholders to promote the success of the Company, with regard to the factors set out in Section 172 (1) of the Companies Act 2006.

Stakeholders	Major stakeholders, their interests and how the Board engages
Customers	The Company is dedicated to building deep and meaningful client relationships, whether through our direct contact or through our services. The quality of this engagement is critical to facilitating our customers' campaigns. Client satisfaction is measured through satisfaction surveys as well as our ability to retain existing customers and recruit new ones.

Strategic Review (continued)

Stakeholders	Major stakeholders, their interests and how the Board engages
Customers (cont)	<p>In the year the Group also employed a new customer support team for customers, where all complaints and enquiries can be dealt with in a timely manner. A weekly customer satisfaction report is posted on the internal intranet.</p>
Employees	<p>The Company and wider Group is focused on ensuring that employees are well-informed of its key imperatives including its philosophy, values and ethics and the common guidelines and policies that support them. This includes the provision of an internal Facebook Workplace platform for open communication, quarterly company meetings presented by Board members, and question and answer sessions allowing individuals to raise questions and concerns directly to Board members. These sessions became of greater importance and were held more frequently, although virtually, during the Covid-19 lockdown period.</p> <p>Employee engagement surveys are performed annually to highlight areas for improvement in communication of the Group's purpose and objectives. The Board considers the results of these surveys to be a good barometer of the workforce's confidence in the Group's strategic direction, optimism for the future and career opportunities.</p> <p>The Board has intensified its focus on the involvement of the workforce in both the culture of the company and diversity and inclusion (D&I). The Group has launched the Different Dancers Same Beat initiatives and formed the "RISE" (BAME) Committee, Pride network and other diversity groups. The Board considers that D&I is important for the future of the Group and is a key focus in the 2021 financial period. The Group's internal code of conduct (Global's Guide to Fairness and Global's Guide to doing the right thing), provides the ethical principles for all Global employees, which reflect our core values and expectations.</p>
Suppliers	<p>The Company and Group are strongly committed to conducting its business in compliance with all applicable labour and employment-related laws, rules and regulations of every location in which we do business and across our supply chain. This includes, but is not limited to, laws, rules and regulations relating to wages and hours worked, equal employment opportunity, non-discrimination, harassment, immigration and work authorisation, privacy, collective bargaining, and child, prison and forced labour.</p> <p>The approach to partnering with suppliers is governed by a prescribed Responsibility Sourcing Policy. Reflecting the internal code of conduct, this policy sets out expectations and requirements regarding issues such as respect of labour laws, forced and slave labour, human rights, the environment and anti-corruption. The Company and Group carefully selects suppliers and business partners and maintains business relationships with those that share a commitment to high ethical standards. Global expects its suppliers and business partners to comply with applicable laws, rules and regulations as well as our Responsible Sourcing Policy.</p>

Strategic Review (continued)

Stakeholders	Major stakeholders, their interests and how the Board engages
Shareholders	<p>The shareholders receive regular and timely information (at least weekly) including the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by Key Performance Indicators (KPIs).</p> <p>The shareholders has been regularly updated on the Covid-19 situation and its impact on the company.</p>
Environment/ Community/ Society	<p>The environment and the impact that the Group has on the environment has been on the Group's green agenda for the past 10 years and it continues to evaluate how to reduce the Group's operations' impact on the environment. In the current year the Global Group's warehouses decreased their carbon footprint by almost 6% which was 1% more than the set goal for the 2019 calendar year. In addition, the Company has seen decreasing carbon emissions year on year for the past seven years. UK offices are now all running on 100% renewable energy and are also free from single use plastic. In the current period the Company worked with suppliers to distribute greener vinyl on all of the Outdoor estate, whilst also reviewing all the suppliers used to ensure they meet the same high standards as adhered to by the Group. The commitment from the Company has been recognised by their being awarded the Green Apple award in November 2019. Global is the only company in its sector to receive this award which recognises Global for gold standard, environmental practices.</p> <p>The Directors do not just consider that the advertising operations are of a commercial nature but also provide important public information. The Company and Group values the importance of the communities in which we operate and the value we add to society as a corporate company, such as charitable work through Global Make Some Noise, our Academy and other important campaigns. In March 2020 the Group supported the 'Clap for our Carers' campaign where we amplified the sentiment on both the Group Radio stations and Outdoor advertising inventory. On 26 March 2020 and until the campaign ended in May 2020 all of the Group radio stations paused for the nationwide salute with applause from listeners and presenters as well as the poignant stories of the front-line of the fight against Covid-19.</p>

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



Anthony Booker
Director
21 December 2020

Directors' report

Registered No. 02866133

The directors present their report for the 15 month period ended 31 March 2020.

Matters covered in the strategic report

Certain matters required to be disclosed in the Directors' Report have been presented in the Strategic Report, namely the Review of Business, Key Performance Indicators, Principal Risks and Uncertainties, Update to Financial risk management objectives and policies, including operational risk, credit risk and liquidity risk along with customer and supplier engagement

Directors

The directors of the Company who were in office during the period and up to the date of signing the financial statements were:

L Taviansky
J Cotterrell
A Booker
S Miron (appointed 21 May 2019)
D Singer (appointed 21 May 2019)
R Patel (resigned 21 May 2019)

The Company maintained liability insurance, which includes indemnity for its Directors and officers, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006, and was in force during the entire financial period and as of the date of approval of the financial statements.

Dividends

No dividends were paid or received during the year (2018: £nil).

Future Developments

The Company enters into a large number of long term franchise contracts. These contracts have a range of expiry dates and are usually subject to a competitive tender at the end of the contract term. Management assesses all tender opportunities, this will include an assessment to tender for existing contracts, based on the strategic focus of the Company.

The COVID-19 pandemic has impacted the Company's performance post period end, however in the medium to long term the Directors expect the Company to continue operating at the general level of activity reported for the period ended 31 March 2020.

Events since the balance sheet date

The Covid-19 pandemic began prior to the Balance Sheet date and has impacted the performance of the Company following the date of these financial statements, however the Directors do not consider this to have an impact on the Company's ability to continue as a going concern. More information on this can be seen within the Going concern assessment within note 2 of these financial statements.

Going Concern

The Company's business activities, together with the factors likely to affect its future development are described above.

The Board continue to closely monitor the evolving Covid-19 situation. The impact of Covid-19 on the business performance and the Company and Group's liquidity position experienced during the lockdown period has been incorporated into the Directors' consideration in assessing

Directors' report (continued)

the appropriateness of the Board's adoption of the going concern assumption used in the preparation of the Company's financial statements for the period ended 31 March 2020. The Directors have prepared forecasts for a range of cash flow scenarios, including base case, low cases, and worst case from the date of approval of these financial statements. The key assumptions in the modelled scenarios relate to the speed of the recovery of the advertising market and the rate and scale of delivery of advertising on our Outdoor inventory as audiences return.

The Company has long term contracts with a number of franchise partners; it is also part of a group with considerable financial resources.

In addition, Global Media & Entertainment Limited, its parent undertaking, has committed to supporting the Company for at least twelve months from the date of approval of the financial statements, and thereafter for the foreseeable future, to enable the Company to continue to meet its liabilities as they fall due and to carry on its business.

The Board continues to monitor performance against the scenarios alongside Group as well as internal and external analysis to inform its planning and decision making and will continue to manage its costs and cash appropriately.

As a consequence, the directors believe the Company is well placed to manage its business risks successfully and the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Disabled employees and Employee involvement

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through the Company intranet & email communications.

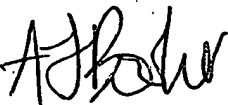
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed to the shareholders for reappointment of Deloitte LLP as auditor of the Company.

On behalf of the Board



Anthony Booker
Director

21 December 2020

Statement of directors' responsibilities

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

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

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.

Independent auditor's report to the members of Global Outdoor Media Limited
Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Global Outdoor Media Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of changes in equity;
- the balance sheet; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report¹, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters:

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions 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 or] the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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.



Sandy Sullivan, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
22 December 2020

Income Statement

for the 15 month period ended 31 March 2020

	Notes	15 month period ended 31.03.2020 £000	Year ended 31.12.2018 £000
Revenue from contracts with customers	3	288,166	219,509
Cost of sales		(177,347)	(164,820)
Gross profit		110,819	54,689
Distribution costs		(14,490)	(9,676)
Administrative expenses		(68,854)	(26,738)
Other operating expenses		-	-
Other operating income		309	744
Operating profit	4	27,784	19,019
Net interest receivable	8	540	2,987
Profit on ordinary activities before taxation		28,324	22,006
Tax expense	9	(1,706)	701
Profit for the year		26,618	22,707

All amounts relate to continuing activities.

Statement of changes in equity

for the 15 month period ended 31 March 2020

	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance at 1 January 2018	650	5,493	1,994	81,045	89,182
Profit and total comprehensive income for the year	-	-	-	22,707	22,707
<i>Transactions with owners, recorded directly in equity</i>					
Share based payment	-	-	94	-	94
Share based payment release	-	-	(2,088)	905	(1,183)
Total transactions with owners of the company	-	-	(1,994)	905	(1,089)
Balance at 31 December 2018	650	5,493	-	104,657	110,800
Total comprehensive income for the period	-	-	-	26,618	26,618
Total transactions with owners of the company	-	-	-	-	-
Balance at 31 March 2020	650	5,493	-	131,275	137,418

Balance Sheet

As at 31 March 2020

	Notes	31.03.2020 £000	31.12.2018 £000
Non-current assets			
Tangible fixed assets	11	98,849	62,953
Intangible fixed assets	12	5,540	4,002
Investments	13	-	-
Other long term assets	15	1,468	1,588
Deferred tax asset	9	6,221	6,223
		<u>112,078</u>	<u>74,766</u>
Current assets			
Inventories	14	507	439
Debtors amounts falling due within one year	15	186,443	146,129
Cash and cash equivalents		8,060	16,295
		<u>195,010</u>	<u>162,863</u>
Creditors: amounts falling due within one year	16	<u>(121,626)</u>	<u>(88,226)</u>
Net current assets		<u>73,384</u>	<u>74,637</u>
Total assets less current liabilities		<u>185,462</u>	<u>149,403</u>
Creditors: amounts falling due after more than one year	16	<u>(47,128)</u>	<u>(37,802)</u>
Provisions for liabilities	19	<u>(916)</u>	<u>(801)</u>
Net assets		<u>137,418</u>	<u>110,800</u>
Equity			
Called up share capital	20	650	650
Share premium account		5,493	5,493
Share based payment reserve	6	-	-
Retained earnings		131,275	104,657
Total equity		<u>137,418</u>	<u>110,800</u>

These financial statements were approved by the board, authorised for issue and were signed on its behalf by:



Anthony Booker
Director
21 December 2020

Company registered number: 02866133

Notes to the financial statements

1. Authorisation of financial statements and statement of compliance with FRS 101

Global Outdoor Media Limited (the "Company") is a private incorporated company limited by shares and is registered in England and Wales. Its registered address is 7th Floor Lacon House, 84 Theobald's Road, London WC1X 8NL. Information about the company's operations and its principal activities are disclosed in the Directors' Report.

Global Outdoor Media Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with UK GAAP (Financial Reporting Standard 101 Reduced Disclosure Framework "FRS 101" and in accordance with the requirements of the Companies Act 2006.

The Company's financial statements are presented in Sterling which is its functional currency and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Global Media and Entertainment Limited which prepares group accounts under IFRS as adopted by the European Union and are publicly available. These financial statements represent the results of operations of the Company and not of the group headed by it.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 March 2020.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company has taken advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m),
- B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and

Notes to the financial statements (continued)

- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.2 New and amended standards and interpretations

The following new standards, amendments to standards and interpretations issued by the International Accounting Standards Board ("IASB") became effective during the 15 month period ended 31 March 2020. 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 January 2019. With the exception of IFRS 16, the adoption of these standards has not impacted the company's earnings, however has required certain reclassifications in the Statement of Financial Position and introduced additional disclosure requirements:

- IFRS 16 Leases
- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures
- IFRIC 23: Uncertainty over Income Tax Treatments
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Annual improvements to IFRS standards 2015-2017 cycle
- IAS 19 Plan Amendment, Curtailment or Settlement

IFRS 16 Leases

The Company adopted IFRS 16 on 1 January 2019 using the modified retrospective approach; see Note 10 for the impact of the new standard. IFRS 16 Leases replaced the existing leasing standard, IAS 17 Leases. It treats all leases in a consistent way, eliminating the distinction between operating and finance leases, and requires lessees to recognise all leases on the Balance Sheet, with some practical expedients. The most significant effect of the new requirements is in the recognition of lease assets (right of use assets) and lease liabilities for leases previously categorised as operating leases. The new standard also changes the nature of expenses related to those leases, replacing the straight line operating lease expense with a depreciation charge for the right of use lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs).

Impact of the new definition of a lease

There are several practical expedients and exemptions available under IFRS 16. The Company is using the practical expedient where, at the adoption date, right of use lease assets are set to equal the lease liabilities. The Company has excluded short-term leases, with a duration of less than 12 months, from the application of IFRS 16, with payments for these leases continuing to be expensed directly to the Income Statement as operating leases. The major classes of leases impacted by the new standard are property and franchise contract leases. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on "risks and rewards" in IAS 17. The company has elected to rely on its assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Notes to the financial statements (continued)

2.2 New and amended standards and interpretations (continued)

immediately before the date of initial application. The company has adjusted the right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application

Impact on lessee accounting

On 1 January 2019, the company adopted the new accounting standard, IFRS 16 Leases. IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were not previously presented on the Balance Sheet.

There are several practical expedients and exemptions available under IFRS 16. The Company has elected to apply the modified retrospective method of implementation where there is no restatement of the comparative period and then using the practical expedient where, at the adoption date, right of use lease assets are set to equal the lease liability (adjusted for accruals and prepayments). The Company has excluded leases of low value assets and short-term leases, with a duration of less than 12 months from the application of IFRS 16, with payments for these leases continuing to be expensed directly to the Income Statement as operating leases.

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were not previously presented on the Balance Sheet. For leases assessed as IFRS 16 applicable, the Company:

- Recognises right of use assets and lease liabilities in the Balance Sheet, initially measured at the present value of the future lease payments;
- Recognises depreciation of right of use assets and interest on lease liabilities in profit or loss.

Lease incentives are recognised as part of the measurement of the right of use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight line basis.

Under IFRS 16 the right of use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This replaced the previous requirement to recognise a provision for onerous leases. An impairment assessment of the right-of-use assets was performed on transition at 1 January 2019 with no impact identified.

At 1 January 2019 transition date adoption of IFRS 16 resulted in the Company recognising right-of use assets of £42.9m and lease liabilities of £47.2m. There is a reduction of £0.4m for prepaid rental amounts now netted against the right of use assets and a reduction of £4.73m to liabilities for property provisions and accrued amounts for franchise agreements netted against the right of use asset.

The weighted average incremental borrowing rate (IBR) used at the transition date to discount lease liabilities were between the range of 5.92% and 6.30%. A single IBR has been applied to a portfolio of leases when these have shared similar characteristics including location, duration and nature of the leases, including whether a group guarantee is provided. The approach to use an IBR to discount lease has been followed since the transition date as the interest rate implicit in individual leases cannot be readily determined. On transition the group elected to apply the practical expedient to rely on the reviews performed at 31 December 2018 to consider any onerous property contracts.

IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. Where a lease includes the option for the company to extend the lease term, the company makes a judgement as to whether it is reasonably certain that the option will be taken, and an assumed expiry date is determined. Where there are extension options on specific leases and the assumed expiry date is determined to have changed, the lease term is reassessed. This reassessment of the remaining life of the lease could result in a recalculation of

Notes to the financial statements (continued)

2.2 New and amended standards and interpretations (continued)

the lease liability and the right of use asset and potentially result in a material adjustment to the associated balances of depreciation and finance lease interest.

The adoption of the new standard in the year has had an impact on the income statement due to a depreciation charge of £30.3m relating to the right of use assets associated with IFRS 16 and an interest cost relating to the IFRS 16 lease liabilities of £2.5m. At 31 March 2020 the Balance Sheet included the following IFRS 16 amounts; a net book value of the IFRS 16 right of use asset of £67.4m and lease liabilities £80.2m.

2.4 New accounting standards that have been issued but are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are relevant to the Company's activities and are mandatory for the Company's accounting periods beginning after 1 January 2020 or later and which the Company has decided not to adopt early.

- Definition of a Business – Amendments to IFRS 3
- Definition of Material – Amendments to IAS 1 and IAS 8
- The Conceptual Framework for Financial Reporting
- IFRS 17 Insurance Contracts
- IFRS 10 and IAS 28 Sale or Contribution of Assets between investor and its Associate or Joint Venture - Amendments

The Directors considered the impact on the Company's financial information and do not consider the above to have a material effect on the financial statements of the Company.

2.5 Going Concern

The Company participates in the group centralised treasury arrangements and so shares banking arrangements with its parents and fellow subsidiaries.

The Global Media and Entertainment group, including the Company, has prepared detailed forecasts of expected future cash flows for the three years ending 31 March 2023 ("the forecast"). The Board considers the forecast has been prepared on a prudent basis taking into account current consensus forecasts of the radio and outdoor advertising markets. However, the group and Company has also prepared a worse than expected downside scenario. Even under this sensitised scenario, the forecasts indicate that the Company can continue to trade for the foreseeable future and operate within its new facility and the associated financial covenants.

Given the global political and economic uncertainty resulting from the Covid-19 pandemic, we have seen significant volatility and business disruption reducing our expected performance in 2020/21. The forecasts and going concern review performed at the Group level has not raised concerns over the ability of the Group, or Company, to continue as a going concern and more details on the Group's response to Covid-19 can be seen within the financial statements of Global Media & Entertainment Limited.

At 31 March 2020, the Company has net assets of £139m (31 December 2018: £111m) and net current assets of £75m (31 December 2018: £75m). The Directors have received suitable representation from Global Media and Entertainment Limited that it will continue to provide sufficient financial support to enable the company to continue to trade for the foreseeable future and to not seek repayments of intercompany loans for a period of not less than 12 months from the date of approval of these financial statements

Notes to the financial statements (continued)

2.7 Foreign currencies

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.8 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, investments subsidiaries, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. They are shown net of any expected credit losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2.9 Investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

2.10 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Notes to the financial statements (continued)

2.10 Tangible fixed assets (continued)

Advertising Structures	10 years or life of contract for Traditional 3-10 years or life of contract for Digital
Computers	3-5 years
Leasehold improvements	shorter of lease contract or life of the improvement
Vehicles	4-10 years
Furniture and Fittings	10 years
Capitalised leases	shorter of franchise contract or life of the assets

Traditional advertising structures relate to non-animated, static advertising displays.

Digital advertising structures relate to advertising displays where advertising content is displayed electronically.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Assets in the course of construction include components and finished goods purchased for incorporation into advertising sites, which are recorded at the lower of cost and net realisable value of the separate items of stock or of groups of similar items. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation. Assets in the course of construction is recorded at cost to date and represents the amount of other expenditure on advertising sites which are not yet installed or ready for service.

2.11 Intangible assets

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. The carrying values of other intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use
- Its intention to complete and its ability and intention to use the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Notes to the financial statements (continued)

2.11 Intangible assets (continued)

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Licenses and software	1 to 5 years
-----------------------	--------------

2.12 Impairment excluding deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements (continued)

2.13 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which a company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

2.14 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.15 Revenue from contracts with customers

Revenue from contracts with customers represents the amounts (excluding the value added tax) derived from the provision of goods and services to customers during the year, net of commissions, volume rebates and discounts.

The Company is in the business of advertising. In particular, the Company recognizes revenues from the display of media and production revenue related to that media display. The significant proportion of the Company's revenues are recognised for a period of one year or less.

- (a) Media revenue: contracts with customers in which the display of advertisement is generally expected to be the only performance obligation. Revenue is expected to occur rateably over the period that the advertising is displayed and recognised throughout the advertising campaign starting from the first day it was displayed.
- (b) Production revenue: contracts with customers in which the production of advertising material is generally expected to be the only performance obligation. Revenue is recognised in full on the first day that the advertisement is displayed as performance is deemed to have occurred upon delivery of the advertising display material.

Media revenue is recognised at the fair value of the consideration received or receivable, net of commissions and volume rebates which are accounted for as variable consideration. The standard requires the entity to estimate the amount of variable consideration and based on this the Company accrues the value of the rebates on a monthly basis based on its expectation of the year-end sales volumes. Under IFRS 15, the Company applies the 'most likely amount method' for estimating the amount of the variable consideration. An adjustment at the end of the financial year is made to accrue based on actual volumes booked.

The Company may also provide services in exchange for non-cash consideration in part or in full. The Company recognises revenue based on the fair value of the goods or services received and when this cannot be measured reliably the consideration is measured at the fair value of the goods or services provided. Where the consideration is variable due to its form, the fair value of the non-cash consideration is measured at contract inception and any subsequent changes in the fair value of the non-cash consideration is recognised in the profit or loss.

Media and production services may be sold individually or in a bundle, but these services are capable of being distinct and no significant integration service is required therefore each service represent a separate performance obligation. The Company recognises the separate performance obligations based on its stand-alone selling prices.

Notes to the financial statements (continued)

2.16 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

2.17 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

The Company falls outside the scope of IFRS 8, therefore the Company is not required to nor has it elected to provide details of its operating segments.

2.18 Research and Development

Expenditure on research is charged to the income statement in the year in which it is incurred. Expenditure on the development of certain advertising media and products where the outcome of those projects is assessed as being reasonably certain as regards to viability and technical feasibility is capitalised and depreciated over the shorter of life of the media and advertising contract for which it is utilised.

2.19 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets which are under construction are recognised in Assets in the course of construction and once fully constructed are transferred to right of use assets and recognised under IFRS 16.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Notes to the financial statements (continued)

2.19 Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in 'Tangible Fixed Assets' lines, as applicable, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.12.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.20 Expenses

Finance income and expenses

Finance expenses comprise interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Finance income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2.21 Current and Deferred Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements (continued)

2.22 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables - purchase cost on a first-in, first-out basis

Work in progress and finished goods - cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs.

3. Judgements and key sources of estimation uncertainty

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment in future periods, to the carrying amounts of assets or liabilities affected.

a. Judgements

IFRS 16 – Incremental Borrowing Rate

IFRS 16 requires certain judgements and estimates to be made. The most significant of these relate to the discount rates used and the term of the lease life. Discount rates are calculated on a lease by lease basis. The rate used is a portfolio rate, based on estimates of incremental borrowing costs. The portfolio of rates depends on the territory of the relevant lease, hence the currency used, and the weighted average lease term. As a result, reflecting the breadth of the company's acquired lease portfolio in the year, the transition approach adopted has required a level of judgement in selecting the most appropriate discount rate for those leases acquired. As at transition, an increase of 1-2% in IBR would decrease lease liabilities by £0.6m to £1.4m and a decrease of 1- 2% in IBR would increase lease liabilities by £0.6m to £1.4m.

Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. For the purpose of impairment testing, management has calculated value in use by discounting future cash flows to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to each individual market.

The Company bases its impairment calculation on detailed budget and long range plan. The budget covers the immediately succeeding year and the long range plan covers the following three years. A long-term growth rate is calculated and applied to project future cash flows after the fourth year. The resulting value is compared to the carrying value of the asset to determine any impairment.

Dilapidation provisions

The company recognises a provision the estimated costs for returning its leased buildings and warehouses to its original state at the end of the lease term. Dilapidation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax market rate of 0.19%. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs are reviewed annually and adjusted as appropriate.

Notes to the financial statements (continued)

3. Judgements and key sources of estimation uncertainty (continued)

b. Estimates

Volume rebates

The Company has entered into volume incentive schemes with various marketing specialists regarding the purchase of media space. At the period end, the Company is required to estimate the volume of the qualifying gross spending and volume rebate percentage in accordance with the respective volume incentive scheme. Accordingly, a refund of a specified percentage over the gross spend will be granted. In such a case, as it is probable that the rebate will be granted and because the amount is believed to be measured reliably, the volume rebate is recognised as a reduction of revenue as the sales are recognised.

Tax estimates

The company's tax charge is based on the results for the period and tax rates in effect. The determination of appropriate provisions for current and deferred income taxation requires the company to take into account anticipated decisions of tax authorities and estimate the company's ability to utilise tax benefits through future earnings and tax planning. These estimates and assumptions may differ from future events.

Notes to the financial statements (continued)

4. Revenue from contracts with customers

a.) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	<i>15 month period 2020 £000</i>	<i>Year 2018 £000</i>
Media revenue	265,325	201,435
Production revenue	22,106	17,344
Other revenue	735	730
	<u>288,166</u>	<u>219,509</u>

Other revenue comprises barter revenue and fixing revenues.

b.) Contract balances

	<i>15 month period 2020 £000</i>	<i>Year 2018 £000</i>
Trade debtors (Note 15)	85,892	79,324
Contract assets (Note 15)	4,745	1,371
Contract liabilities (Note 16)	5,243	3,394

The timing of revenue recognition, invoicing and cash collection results in trade receivable, contract assets and contract liabilities on the balance sheet. Invoices to customers are issued in accordance with the contractual terms which is usually either at the start or a few weeks before the start of the advertising campaign, or at the end of the month of the advertising campaign. Timing of invoicing generally falls within the period when the campaign is non-cancellable and therefore the consideration becomes unconditional and recognised as trade debtors. Trade debtors are non-interest bearing and are generally on terms of between 28 and 60 days. In 2020, £3.6m (2018: £1.6m) was recognised as provision for expected credit losses on trade debtors.

Contract assets represents revenue recognised for unbilled campaigns or production activity mainly arising from the timing of invoicing. Contract liabilities represents revenue when customers have been invoiced prior to the display of the advertisement or the completion of the production and is released to the income statement when the recognition criteria have been met.

Trade debtors, contract assets and contract liabilities were higher than prior year driven by timing of invoicing.

Notes to the financial statements (continued)

Set out below is the amount of revenue recognised from:

	2020 £000	2018 £000
Amounts included in contract liabilities at the beginning of the year	3,394	2,590
Performance obligations satisfied in previous years	(307)	(77)

The table below shows the expected timing of revenue recognised on contract liabilities as at 31 March 2020 (31 December 2018):

	2020 £000	2018 £000
Within one year	5,243	3,394

Included in turnover are commission expense amounts of £487,099 (2018: expense £401,176) from transactions with group undertakings.

5. Operating profit

<i>This is stated after charging/(crediting):</i>	2020 £000	2018 £000
Auditor's remuneration	150	225
Auditor's remuneration for non-audit services	-	38
Staff costs (note 6)	33,546	23,720
Amortisation of intangible assets	5,459	1,385
Depreciation of owned fixed assets	2,234	1,573
Depreciation of leased assets*	-	2,346
Depreciation of right of use assets	38,904	-
Operating leases – rental of buildings	566	1,643
– vehicles	381	594
Foreign exchange loss/(gain)	183	(21)
Inventory recognized as an expense in the period	1,124	840
Expected credit loss recognized on intercompany receivables	-	1,581
Other income	(309)	(744)

*15 month period to 31 March 2020 figure is included in depreciation of right of use assets

Notes to the financial statements (continued)

6. Directors' remuneration

	2020	2018
	£000	£000
Aggregate remuneration in respect of qualifying services	2,011	1,416
Company pension contributions to money purchase schemes – 4 directors (2018: 5 Directors)	43	41
	<u>2,127</u>	<u>1,457</u>

In 2018 a charge of £93,934 was reflected elsewhere in the financial statements relating to Directors' share based payment. No such charge arose in the 15 month period to 31 March 2020.

During the year ended 31 March 2020 SG Miron, DD Singer received remuneration from Global Radio Services Limited and the majority of their time was spent on services to Global Media & Entertainment Limited, the ultimate parent company. Details of their remuneration as directors of Global Media & Entertainment Limited are disclosed in that company's financial statements.

7. Staff costs

	2020	2018
	£000	£000
Wages and salaries	28,706	21,377
Social security costs	3,559	2,610
Equity settled share based payments (Note 20)	-	(1,089)
Other pension costs	1,281	822
	<u>33,546</u>	<u>23,720</u>

The table above includes amounts paid to directors whilst employed through the Company.

The average monthly number of persons employed by the Company (including Directors) during the period/year, analysed by category, was as follows.

	2020	2018
	No.	No.
By activity		
Sales and Marketing	222	196
Operations	138	102
Administration	94	113
	<u>454</u>	<u>411</u>

Notes to the financial statements (continued)

8. Net interest receivable

	2020 £000	2018 £000
Interest receivable – group companies	7,494	4,604
Interest receivable – bank	90	35
Total interest receivable	<u>7,584</u>	<u>4,639</u>
Interest payable – finance lease intercompany	(42)	(53)
Interest payable – finance lease third party*	-	(1,490)
Interest payable – finance lease for right of use assets	(6,597)	-
Interest payable – group companies	(425)	(111)
Interest payable – third parties	(7)	-
Total interest and similar charges payable	<u>(7,071)</u>	<u>(1,654)</u>
Unwinding of discount factor in provisions (note 19)	(52)	(8)
Discounting of long term receivable	79	10
Net interest receivable and similar items	<u>540</u>	<u>2,987</u>

*Current period interest for finance lease third party now included under finance lease for right of use assets.

Notes to the financial statements (continued)

9. Tax

Recognised in the income statement

	2020 £000	2018 £000
Current tax:		
UK corporation tax on the profits for the year at 19% (2018: 19%)	1,704	-
Current tax expense	1,704	-
Deferred tax:		
Accelerated capital allowances	(755)	(556)
Utilisation of tax losses	-	182
Other timing differences	21	(5)
Changes in tax rate	732	59
Prior year adjustments	-	(381)
Deferred tax expense	2	(701)
Tax expense/(income) in income statement	1,706	(701)

Income tax recognised in other comprehensive income

There was no tax charged or credited to other comprehensive income in 2020 (2018: nil).

Reconciliation of effective tax rate

The tax assessed for the year differs from the blended rate of corporation tax in the UK of 19% (2018: 19.25%). The differences are explained below:

	2020 £000	2018 £000
Profit on ordinary activities before tax	28,323	22,006
Tax using the UK corporation tax rate of 19% (2018: 19%)	5,381	4,181
Effects of:		
Permanent differences	331	195
Changes in tax rate	(732)	59
Prior Year Adjustments	-	(383)
Group Relief	(3,274)	(4,753)
	1,706	(701)

Group relief represents the utilisation of tax losses from other related group companies to offset the Company's current year tax charge.

Notes to the financial statements (continued)

Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Changes to UK corporation tax rates were substantially enacted as part of the Finance Bill 2020 (on 22 July 2020). These include cancellation of a planned reduction in the main rate of corporation tax which now remains at 19% from 1 April 2020. Accordingly, the effective rate of 19% has been used in the computation of current and deferred tax.

Deferred taxes at the balance sheet rate have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax

The deferred tax included in the balance sheet is as follows:

	2020 £000	2018 £000
Deferred tax liability		
Deferred tax asset		
Accelerated capital allowances	6,166	6,189
Other short term timing differences	55	34
	<u>6,221</u>	<u>6,223</u>
Disclosed on the balance sheet:		
Deferred tax asset	<u>6,221</u>	<u>6,223</u>

Notes to the financial statements (continued)

10. Leases

Company as a lessee

(a) IFRS 16 leases at 31 March 2020

The impact of IFRS 16 for the 15 month period ended 31 March 2020 increases operating profit by £4.8m, reflecting the removal of IAS 17 operating lease expenses of £35.4m and replacing this with IFRS 16 depreciation of £30.3m. Profit before tax increases by £2.3m, reflecting the operating profit change together with the IFRS 16 net finance expense of £2.5m and gain on disposal of £0.3m. Tax therefore increases by £0.4m and results in an after tax increase of £1.9m.

(b) Modifications of leases

In the context of Covid-19 health crisis, the Group has negotiated reductions in fixed and minimum guaranteed rents with its concession grantors without consideration or modification of the other terms of contract. The Group has recognised modification as a decrease of £7.0m to the lease liability and a gain of £0.4m in the income statement.

Lease liabilities are due as follows:

	2020 £000
Not later than one year	33,195
Between one year and five years	44,421
Later than five years	2,629
	<u>80,245</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2020 £000
Interest expense on lease liabilities	2,519
Expenses relating to short-term leases	1,807
Variable lease payments not included in the measurement of lease liabilities	135,744

11. Tangible fixed assets

	Leasehold Improvements £000	Furniture, fittings and Vehicles £000	Computers £000	Advertising structures £000	Assets in the course of construction £000	Property right of use asset £000	Advertising structures right of use asset £000	Vehicles right of use asset £000	Franchise agreements right of use asset £000	Total £000
Cost										
At 1 January 2019	4,995	1,343	10,965	46,022	38,761	-	-	-	-	102,086
Impact of changing accounting policy	-	-	-	(20,333)	-	8,259	20,333	902	33,735	42,896
At 1 January 2019	4,995	1,343	10,965	25,689	38,761	8,259	20,333	902	33,735	144,982
Additions	113	-	-	-	27,875	2,163	-	-	18,248	48,399
Capitalisations	259	-	69	1,051	(30,640)	-	29,261	-	-	-
Transfers to Intangibles	-	-	-	-	(6,997)	-	-	-	-	(6,997)
Transfers in categories	-	(261)	261	-	-	-	-	-	-	-
Disposals	-	(76)	(136)	-	(632)	-	-	(9)	(33,048)	(33,901)
Modifications	-	-	-	-	-	63	-	(1)	(1,368)	(1,306)
At 31 March 2020	5,367	1,006	11,159	26,740	28,367	10,485	49,594	892	17,567	151,177
Accumulated depreciation										
At 1 January 2019	4,071	901	10,897	23,264	-	-	-	-	-	39,133
Impact of changing accounting policy	-	-	-	(2,672)	-	-	2,672	-	-	-
At 1 January 2019	4,071	901	10,897	20,592	-	-	2,672	-	-	39,133
Charge for year on owned assets	290	145	285	1,514	-	-	-	-	-	2,234
Charge for year on right-of- use assets	-	-	-	-	-	1,795	8,633	506	27,970	38,904
Disposals	-	(40)	(112)	-	-	-	-	(4)	(27,787)	(27,943)
At 31 March 2020	4,361	1,006	11,070	22,106	-	1,795	11,305	502	183	52,328
Net book value										
At 31 December 2018	924	442	68	23,758	38,761	-	-	-	-	62,953
At 31 March 2020	1,006	-	89	4,634	28,367	8,690	38,289	390	17,384	98,849

On transition to IFRS 16 £20,333,160 of advertising structures, leased through a finance lease, were reclassified to Advertising structure right of use asset.

Assets in the course of construction materially relates to the programme of capital investment to upgrade the advertising structures on the Company's advertising estate.

Vehicles have been amalgamated into furniture and fittings column and computers disclosed separately. This is due to the material nature of the computer assets and the similar useful lives of furniture, fittings and vehicles.

Information about right of use assets is set out below:

Net book Value

	2020
	£000
Tangible fixed assets owned	31,424
Right of use tangible fixed assets	67,425
	<u>98,849</u>

Depreciation for the year

	2020
	£000
Tangible fixed assets owned	2,234
Right of use tangible fixed assets	38,904
	<u>41,138</u>

Notes to the financial statements (continued)

12. Intangible fixed assets

	<i>Software</i> <i>£000</i>
Cost	
At 1 January 2019	6,264
Additions	-
Transfer from Assets in the course of construction (note 9)	6,997
Disposals	-
At 31 March 2020	<u>13,261</u>
Accumulated depreciation	
At 1 January 2019	2,262
Charge for year	5,459
Disposals	-
At 31 March 2020	<u>7,721</u>
Net book value	
At 31 December 2018	<u>4,002</u>
At 31 March 2020	<u>5,540</u>

The software intangible assets include the company's inventory management system which was created by an external development firm for the company's specific requirements.

Intangible assets amortisation is recorded in administrative expenses in the income statement.

13. Investments

	<i>Subsidiary</i> <i>undertakings</i> <i>£000</i>
Cost:	
At 1 January 2019	1,063
Additions	-
At 31 March 2020	<u>1,063</u>
Impairment:	
At 1 January 2019	1,063
Impairment	-
At 31 March 2020	<u>1,063</u>
Net book value as at 31 December 2018	-
Net book value as at 31 March 2020	<u>-</u>

Notes to the financial statements (continued)

The Company owns directly the whole of the issued ordinary share capital of:

<i>Entity</i>	<i>Register office address</i>	<i>Principal activity</i>
Exterion Leasing (UK) Limited	Lacon House, 84 Theobald's Road, London WC1X 8NL	Investment company

14. Inventories

	<i>2020</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Raw materials and consumables	470	307
Work in progress	37	132
	<u>507</u>	<u>439</u>

There is not a significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

15. Debtors

	<i>2020</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Due within one year		
Trade debtors	85,892	79,324
Amounts owed by parent undertakings	-	61,994
Amounts owed by fellow group undertakings	93,502	432
Other debtors	1,084	612
Prepayments	1,220	2,396
Contract assets	4,745	1,371
	<u>186,443</u>	<u>146,129</u>
Amounts falling due after more than one year		
Other debtors	1,468	1,588
	<u>1,468</u>	<u>1,588</u>

The intercompany receivables are stated after applying exposed credit losses of nil (2018: £1,581,438) after reviewing the counterparties' creditworthiness.

The carrying value of trade debtors is a reasonable approximation of the fair value of trade and other receivables and is stated net of a provision of £826,620 as at the reporting date (2018: £474,033).

Notes to the financial statements (continued)

The Company measures the provision for impairment at an amount equal to lifetime expected credit losses (ECL), estimated with reference to past default experience as well as the debtor's current financial position.

Amounts owed by group undertakings are interest free and deemed repayable on demand. The Company writes off a trade debtor where there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. There are no material overdue trade debtors that have not been provided against and there is no contractual balance outstanding on financial assets written off during the year.

16. Creditors

	2020 £000	2018 £000
Amounts falling due within one year		
Trade creditors	20,273	8,405
Contract liabilities	5,243	3,394
Amounts owed to parent undertaking (note 17)	9,224	1,294
Amounts owed to fellow group undertakings	7,805	138
Lease liabilities (note 18)	33,328	10,810
Other taxation and social security	1,333	888
VAT payable	1,172	2,517
Corporation tax payable	1,704	-
Accruals	41,544	60,780
	<u>121,626</u>	<u>88,226</u>
Amounts falling due after more than one year		
Lease liabilities	<u>47,128</u>	<u>37,802</u>

Amounts owed to group undertakings are interest free and deemed repayable on demand.

17. Loans

Loans repayable to parent undertakings, included within creditors, are analysed as follows

	2020 £000	2018 £000
Wholly repayable within five years	<u>9,224</u>	<u>579</u>
	<u>9,224</u>	<u>579</u>

The loan amounts are owed to parent undertakings within the UK are interest bearing at 7.00% + LIBOR and are repayable on demand.

Notes to the financial statements (continued)

18. Leases liabilities

The value of leases on the Balance Sheet are made up as follows

	2020 £000	2018 £000
Intercompany finance lease	217	497
Right of use asset leases	80,245	48,115
Lease liabilities	<u>80,462</u>	<u>48,612</u>

The intercompany finance lease relates to a finance sale and leaseback which was entered into on 14 December 2016 for a term of 5 years, an effective interest rate of 0.8% p.a is applied with monthly repayments over the extended term.

	2020 £000	2018 £000
Future minimum payments under the finance lease are as follows		
Within one year	148	200
In two to five years inclusive	86	367
Total gross payments	<u>234</u>	<u>567</u>
Less finance charges	<u>(17)</u>	<u>(70)</u>
	<u>217</u>	<u>497</u>

19. Provisions for liabilities

	Dilapidation Provision 2020 £000	Dilapidation Provision 2018 £000
At 1 January	801	793
Recognition of provision	113	-
Unwinding of the discount factor	51	8
Utilisation of provision in year	(8)	-
Release of provision	(41)	-
At 31 March	<u>916</u>	<u>801</u>

Dilapidation provision represents the Company's estimated cost of returning its leased offices and warehouses to its original state at the end of the lease term. As 31 March 2020 the discount rate was 0.19% (2018: 1.14%).

Notes to the financial statements (continued)

20. Issued share capital

	2020 £000	2018 £000
<i>Allotted, called up and fully paid</i>		
650,001 (2018: 650,001) ordinary shares of £1 each	650	650
	<u>650</u>	<u>650</u>

21. Pensions

During the year, certain employees of the Company were members of the Global's Workplace Pension Scheme.

Global's Workplace Pension Scheme, a money purchase scheme, is an exempt approved scheme under Chapter 1, Part XIV of the Taxes Act (2001). The assets of the scheme are held in trust in an independently managed fund and are therefore completely separate from the assets of the Company. The pension scheme is independently advised and its financial statements are independently audited. The pension cost relating to the scheme for the year was £1,302,792 (2018: £821,554) of which £201,801 (2018: £121,602) was accrued and unpaid at the year end.

22. Other financial commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020		2018	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	3	-	1,812	577
In two to five years	-	-	8,548	695
Over five years	-	-	2,451	-
	<u>3</u>	<u>-</u>	<u>12,811</u>	<u>1,272</u>

As part of the operations activity, the Company has entered into contracts with key suppliers for the delivery of components, products and services. The total value of these commitments as at 31 March 2020 was £5,299,038 (2018: £24,840,713).

In the normal course of business and in line with accepted practice in the industry in which it operates, the Company has entered into contracts to provide advertising services to site owners. The terms of these contracts include commitments to pay future minimum guaranteed fees to the site owners concerned, which are not included above due to commercial sensitivity.

Notes to the financial statements (continued)

23. Ultimate parent undertaking and controlling party

The Directors regard Exterior Group Holdings Ltd, a company incorporated in the Cayman Islands, as the immediate parent company. The Company is limited by shares.

The Directors consider that Global Radio Group Limited, a company incorporated in Jersey, is the ultimate controlling party of the Company.

The largest and smallest group in which the results of the company are consolidated is that headed by Global Media & Entertainment Limited, the ultimate parent company which is incorporated in Great Britain. The consolidated financial statements of this company are available to the public and may be obtained from the registered address, 30 Leicester Square, London, WC2H 7LA.