

Registered number: NI622021

COMMUNICORP UK LIMITED

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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COMMUNICORP UK LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

M A Lee
C D Everitt
L Gaffney
P Claffey

COMPANY SECRETARY

C D Everitt

REGISTERED NUMBER

NI622021

REGISTERED OFFICE

The Ewart
3 Bedford Square
Belfast
BT2 7EP

INDEPENDENT AUDITORS

Bennett Brooks & Co Limited
Chartered Accountants and Statutory Auditors
St George's Court
Winnington Avenue
Northwich
Cheshire
CW8 4EE

COMMUNICORP UK LIMITED

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COMMUNICORP UK LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their strategic report for Communicorp UK Limited and its subsidiaries (together 'the Group') for the year ended 31 December 2022.

Group strategy

The Group's principal activity is that of an audio broadcaster and media owner in the United Kingdom operating nine commercial radio stations. The radio stations are based primarily across the East Midlands, the North of England, Central Scotland and Wales. Eight of these radio stations operate under brand licence arrangements with the Global Radio Group of companies ('Global'), those brands are Capital, Heart and Smooth which provide added value through their high profile amongst both advertisers and listeners. The Group also operates a sports podcast platform and a mobile outdoor advertising business. Our aim as a Group is to build on the strength of our brands and products to grow revenue and create value for our customers by providing easily accessible expertise, inspired creative ideas and effective advertising and audio campaigns.

Review of the business and future developments

The Group's turnover in 2022 continued to recover from the impact of Covid-19 but was impacted by the generally weaker economic environment in the UK adversely impacting important local advertising categories including Retail and Motor. Despite these challenges overall revenue remained resilient and increased by 1.5% for the Group to £32.2m in 2022. Price inflation on transmission and other services alongside additional marketing spend have increased administration costs by £2.1m, reducing overall profit for the Group after taxation to £866k from £2.15m in 2021.

Audiences for the Group's radio stations as measured by RAJAR at the end of the year were 3,215,000 listeners per week reducing slightly from 3,271,000 at the end of 2021. RAJAR is the independent market research body that collates audience listening data on behalf of the radio industry and advertisers.

The Group will continue to invest in the marketing of its radio stations, to increase audiences and revenues, and in entertaining and informative program content. In May 2023, as part of our investment in content new local shows were launched on Capital Scotland, which covers the central region of Scotland. Our nascent sports podcast network grew strongly in 2022 with just under 200 podcasts on the platform by December 2022 and our aim is to continue to drive both content and downloads on the platform whilst increasing the revenue per 1,000 downloads.

Principal risks and uncertainties

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

Operational risks:

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

Commercial risks:

There is a risk that weakness in the advertising market and a shift to online advertising could put pressure on traditional revenue streams. To address this, the Group has been developing its relationship with advertisers and agencies to ensure that the value of its brands is fully realised. This includes offering tailored solutions to advertisers and highlighting the breadth of our products.

COMMUNICORP UK LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

Financial risks:

The Group's operations are cash-generative and debt free. It is the Group's intention to use excess free cash flow, as appropriate, to invest in its operations and develop its portfolio of products.

Inflation risks

Price inflation increased significantly in 2022 and the early part of 2023 and the Group is impacted directly by supplier contracts which have an annual inflation increase based on CPI (Consumer Price Index) or RPI (Retail Price Index) and indirectly by a reduction in consumer discretionary spending reducing customer advertising budgets. The Group operates in a highly competitive market with competition from both within the radio industry and from other media advertising, including digital. Sales prices are reviewed on each radio station and by product and where appropriate increased to offset rising costs. In addition, the Group continues to review supplier costs to ensure value-for-money is obtained.

Credit risk:

The Group actively mitigates the risk of payment default by its customers by using third party software to assess creditworthiness, the use of credit levels for each customer and by maintaining strict payment deadlines.

Going Concern

As at 31 December 2022 the Group had net assets of £11.4 million (2021: £10.4m) and £11.0m in available cash (2021: £8.4 million). The Directors confirm that after reviewing future forecasts, liquidity and operational risks that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis of accounting in preparing these financial statements - further information around the assessment of going concern can be found in the notes to the financial statements. In reaching this conclusion, the directors considered both a base case forecast and also a severe but plausible downside of revenue remaining at depressed levels for a period of five years.

Key performance indicators

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

Key performance indicators 2022 compared to 2021:

AUDIENCE*	2022	2021	+ / -
Weekly Reach	3,215,000	3,271,000	-56,000
Weekly Listening Hours	23,090,000	22,441,000	649,000

FINANCIAL	2022	2021	+ / -
Turnover	£32.2m	£31.7m	£0.5m
Operating Profit	£1.3m	£2.9m	-£1.6m
Operating Margin	4.0%	9.1%	-5.1%

This report was approved by the board on 6 September 2023 and signed on its behalf by:


C D Everitt,
Director

COMMUNICORP UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the audited consolidated financial statements of Communicorp UK Limited ('the Company') and its subsidiaries (together 'the Group') for the year ended 31 December 2022.

Principal activities and business review

Communicorp UK Limited is a UK based radio broadcaster operating nine radio stations across the UK under the radio brands Smooth, Heart, Capital and XS and is the fourth largest radio operating group, by commercial share, in the UK. More detail on the individual radio stations we operate can be obtained from our website at www.communicorpuk.com. The Group also operates a sports podcast platform and a mobile outdoor advertising business.

Future developments

Please refer to the review of business and future developments in the Strategic Report on page 2.

Subsequent events

No events have taken place since the reporting date which would warrant adjustment to, or disclosure in, the consolidated financial statements for the year ended 31 December 2022. Please refer to the review of business and future developments in the Strategic Report on page 2 for more information.

Principal risks and uncertainties

Please refer to the principal risks and uncertainties identified in the Strategic report on pages 2-3.

Results and dividends

The Group's profit after taxation for the year was £866,000 (2021: £2,148,000). The loss for the year after taxation for the Company was £2,849,000 (2021: profit £5,632,000), after taking into account an increase in the impairment provision for loans to subsidiaries of £1.7m, the total impairment provision for loans to subsidiaries is £2.2m (2021: £556k). No dividends were paid in the year (2021: £250,000) and the Directors do not recommend payment of a final dividend.

Interests of Directors and secretary

The Directors own shares which carry 15% of the voting rights of the Company. During the year the Directors purchased 30% of the ordinary share capital of Communicorp Digital Investments Limited, a subsidiary of Communicorp UK Limited.

Directors

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

L Gaffney
MA Lee
CD Everitt
P Claffey

Political and charitable donations

The Group is a keen supporter of charities and supports the Make Some Noise campaign which is carried across the Communicorp UK and Global radio network of radio stations in the UK. The campaign aims to help disadvantaged children and young people across the UK, who may be affected by illness, disability, bereavement or lack of opportunity. There were no political donations during the year (2022: Nil).

COMMUNICORP UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Qualifying third party indemnity provisions

The Directors benefit from qualifying third-party indemnity provisions in place during the financial year and at the date of approval of the financial statements.

Independent Auditors

In accordance with section 487 of the Companies Act 2006, a resolution for the reappointment of Bennett Brooks & Co. Limited as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 6 September 2023 and signed on its behalf.



**CD Everitt
Director**

The Ewart
3 Bedford Square
Belfast
BT2 7EP

COMMUNICORP UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the UK in conformity with the Companies Act 2006 and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

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 group and company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards in conformity with the Companies Act 2006 have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

On behalf of the board



CD Everitt
Director

COMMUNICORP UK LIMITED

Report of the Independent Auditors to the Members of Communicorp UK Limited

Opinion

We have audited the financial statements of Communicorp UK Limited (the 'company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated and Company Statement of Financial Position as at 31 December 2022, the Consolidated Income Statement, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement for the year then ended and the Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their presentation is applicable law and International Financial Reporting Standards as adopted by the UK in respect of the group financial statements and UK Generally Accepted Accounting Standards comprising FRS 101 in respect of the company financial statements.

In our opinion:

- Communicorp UK Limited's group financial statements and company financial statements (the 'financial statements') give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards as adopted by the UK in conformity with the requirements of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 Reduced Disclosure Framework' and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Directors' Report, but does not include the financial statements and our Report of the Independent Auditors 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.

COMMUNICORP UK LIMITED

Report of the Independent Auditors to the Members of Communicorp UK Limited *(continued)*

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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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 Group 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 Group Strategic Report and the Directors' Reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 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 group's and 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.

Auditors' 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 a Report of the Independent Auditors 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.

COMMUNICORP UK LIMITED

Report of the Independent Auditors to the Members of Communicorp UK Limited *(continued)*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and regulations which govern the preparation of financial statements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, through management bias in manipulation of accounting estimates or accounting for significant transactions outside the normal course of business. Audit procedures performed included:

- Enquiry of management around actual and potential litigation and claims and instances of non-compliance with laws and regulations;
- Auditing the risk of management override of controls, through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations; and
- Review of board meeting minutes.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

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 a Report of the Independent Auditors 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.



Jason Leach FCA (Senior Statutory Auditor)
for and on behalf of Bennett Brooks & Co Limited
Chartered Accountants & Statutory Auditors
St George's Court
Winnington Avenue
Northwich
Cheshire, CW8 4EE
6 September 2023

COMMUNICORP UK LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Turnover	4	32,199	31,729
Costs of sales		(12,840)	(12,848)
Gross profit		19,359	18,881
Administrative Costs		(18,078)	(15,950)
Operating Profit	5	1,281	2,931
Net finance income / (expense)	9	31	(50)
Share of profit / (loss) from Associated Undertaking	15	5	(10)
Profit on ordinary activities before taxation		1,317	2,871
Tax on profit	10	(451)	(723)
Profit for the year		866	2,148
Attributable to			
Owners of the Company		1,079	-
Non-controlling interests		(213)	-
		866	-

All amounts relate to continuing operations.

There are no items of comprehensive income in the financial year or preceding financial year other than those dealt with in the income statement above. Accordingly, no statement of comprehensive income has been prepared.

COMMUNICORP UK LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 £'000	2021 £'000
ASSETS			
Intangible assets and goodwill	12	5,530	5,530
Property, plant and equipment	13	599	547
Right-of-use assets	14	2,207	2,348
Investments	15	64	59
Non-Current Assets		8,400	8,484
Debtors	17	7,530	7,703
Cash and cash equivalents	16	11,038	8,379
Current Assets		18,568	16,082
TOTAL ASSETS		26,968	24,566
EQUITY			
Called up share capital	21	1	1
Share premium	21	209	209
Profit and loss account		11,550	10,186
Capital and reserves attributable to the owners of Communicorp UK Limited		11,760	10,396
Non-controlling interests	28	(324)	-
Total Equity		11,436	10,396
LIABILITIES			
Creditors: amounts falling due within one year	18	6,591	6,076
Current Liabilities		6,591	6,076
Creditors: amounts falling due after more than one year	19	8,913	7,949
Deferred tax liability	11	28	145
Non-Current Liabilities		8,941	8,094
Total Liabilities		15,532	14,170
TOTAL EQUITY AND LIABILITIES		26,968	24,566

The consolidated financial statements on pages 10 to 39 were approved by the Board of Directors on 6 September 2023 and signed on its behalf by:



C D Everitt
Director

COMMUNICORP UK LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium	Profit and Loss account	Equity attributable to shareholders	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2021	1	209	8,288	8,498	-	8,498
Profit for the year	-	-	2,148	2,148	-	2,148
Dividends paid	-	-	(250)	(250)	-	(250)
At 31 December 2021	1	209	10,186	10,396	-	10,396
At 1 January 2022	1	209	10,186	10,396	-	10,396
Non-Controlling interest disposed / (acquired) during the year	-	-	285	285	(111)	174
Profit/(loss) for the year	-	-	1,079	1,079	(213)	866
Dividends paid	-	-	-	-	-	-
At 31 December 2022	1	209	11,550	11,760	(324)	11,436

The notes on pages 14 to 39 form part of these consolidated financial statements.

COMMUNICORP UK LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

		Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
	Note		
Cash flows from operating activities			
Profit for the year after taxation		866	2,148
Adjustments for:			
Depreciation	5	703	699
Interest payable and similar charges	9	(31)	50
Share of (profit) / loss on equity-accounted investments		(5)	10
(Profit) / loss on disposal of property, plant and equipment		(10)	3
Taxation		451	723
Decrease / (Increase) in trade and other debtors		304	(515)
Increase in trade and other creditors		1,823	1,612
Taxation paid		(834)	(586)
Net interest received		11	1
Interest element of lease payments		(45)	(51)
Net cash generated from operating activities		3,233	4,094
Cash flows from investing activities			
Acquisition of tangible fixed assets	13	(255)	(368)
Disposal of tangible fixed assets		10	-
Repayment in Associate loan		-	(25)
Disposal of minority shares in subsidiary		174	-
Net cash used in investing activities		(71)	(393)
Cash flows from financing activities			
Dividends		-	(250)
Principal element of lease payments		(503)	(445)
Net cash used in financing activities		(503)	(695)
Net increase / (decrease) in cash and cash equivalents		2,659	3,006
Cash and cash equivalents at 1 January	16	8,379	5,373
Cash and cash equivalents at 31 December	16	11,038	8,379

COMMUNICORP UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 Reporting entity

Communicorp UK Limited (the "Company") is a private company incorporated, domiciled and registered in the United Kingdom. The address of the Company's registered office is The Ewart, 3 Bedford Square Belfast, BT2 7EP and the registered number is NI622021. These consolidated financial statements are comprised of the Company and its subsidiaries (collectively "the Group" and individually "Group companies").

2 Basis of preparation**Group statement of compliance**

The consolidated financial statements of Communicorp UK Limited have been prepared and approved by the Directors in accordance with UK-adopted International accounting standards in conformity with the Companies Act 2006.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. At 31 December 2022 the Group had net assets of £11.4m and cash of £11.0m. The Group has prepared forecasts of expected future cash flows for a 5-year period ending 31 December 2027, including a worse than expected downside forecast. Even under this worse than expected forecast, the forecasts indicate that the Group can continue to trade for the foreseeable future. The Directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

Functional and presentation currency

These consolidated financial statements are presented in UK sterling, which is the Group's functional currency. All financial information presented in UK sterling has been rounded to the nearest thousand.

Critical accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Significant judgements in the application of accounting policies have been applied in the following notes:

- Note 3 – radio licences – non amortisation

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3 – goodwill – subsequent measurement
- Note 3 – impairment - financial assets (including receivables)
- Note 3 – income tax, including recognition of deferred tax assets

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

Basis of consolidation

(i) Business combinations

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. Therefore, no goodwill is recognised as a result of such transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iv) Investments in associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies *(continued)*

Basis of consolidation *(continued)*

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies (continued)

Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: , trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Share capital

Ordinary shares

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

Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies (continued)

Property, plant and equipment (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Fixtures and Fittings	-	5 years
Plant and Machinery	-	3 to 5 years
Motor Vehicles	-	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Leases

The Group leases its offices and vehicles. The following policies are applied in respect of these leases.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. The Group holds two distinct classes of lease: buildings and vehicles. Vehicles leases are generally over a four-year term after which the vehicle is returned to the lessor. Vehicle leases are made up of both a lease and maintenance element which are treated as a single lease component. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term and does not allow for any residual values at the end of the lease. Right-of-use assets are subject to impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies (continued)

Leases (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses third party information to calculate the interest rates implicit in its lease, where this information is not readily determinable. The interest rates used are as follows:

Buildings	4.75%
Vehicles	3.75%

In calculating the implicit interest rate in car leases factors such as car depreciation, mileage and open market residual values are taken into account. Commercial property yields are used as a substitute for the implicit interest rate on property leases.

After the commencement date, the lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term lease expenses

Payments associated with short-term leases and all leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are typically leases with a term of less than 12 months. Low value assets comprise small items of office equipment. All leases which extend past their contractual obligation and are cancellable on demand are treated as short-term leases.

Further information on right-of-use assets and lease liabilities is provided in note 14.

Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see policy on business combinations on page 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies *(continued)*

Intangible assets *(continued)*

(i) Goodwill *(continued)*

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) Radio Licences

Radio licences acquired by the Group are treated as intangible assets. Radio licences are renewed at set dates in the future. The Group assumes that all radio licences will be renewed and therefore do not have a determinable finite life. In conjunction with this assumption the Group carries out annual impairment tests to ensure the carrying value of the asset is not diminished and where found to be diminished it is the Group's policy to impair the assets value as required.

(iii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use and borrowing costs on qualifying assets. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The Group assumes that all radio licences will be successfully renewed which is the key factor in determining that radio licence intangibles have an indefinite useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies *(continued)*

Impairment

(i) Financial assets (including receivables)

The Group applies the IFRS 9 simplified approach to measuring credit losses which uses a lifetime expected loss allowance for all trade receivables (debtors). To measure the expected credit losses, trade receivables have been disaggregated between national advertisers and local advertisers and have been grouped in accordance with the days past due.

The expected loss rates are based on the payment profile of sales over the preceding 12 months conditions and the historical credit losses experienced within this period. The Group has used the preceding 12 month period of historical credit losses as the best estimate of market conditions given the nature of the Group's debt profile, in addition it considers forward looking information as appropriate at the reporting date. Trade debtors are categorised into local and national advertisers and their impairment considered independently. The expected loss rate for local advertisers in aggregate has been calculated at 4.6% (2021: 2.7%) and for national advertisers at 0.2% (2021: 0.5%).

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and 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. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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, or CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies *(continued)*

Impairment *(continued)*

(ii) Non-financial assets *(continued)*

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity 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 employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value where material.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, other than pension plans, including share related payments (note 22), is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, where material, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iv) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3 Significant accounting policies (continued)

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, 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 current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Revenue

Revenue predominantly relates to sales of advertising services to UK based customers including radio airtime, sponsorship, promotions, digital inventory and production of commercials. To determine whether to recognise revenue, the Group follows the 5-step process as set out within IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is measured at transaction price, stated net of VAT, intercompany sales and agencies' commissions.

Revenue is recognised only when the service(s) has been provided. Airtime, sponsorship and promotions revenue is recognised at the point of broadcast; digital inventory on impressions and commercial production when approved by the customer. If it is probable that volume related discounts will be granted to customers, then the discount is recognised as a reduction of revenue as and when the sales are recognised.

Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

3 Significant accounting policies (continued)

Income tax (continued)

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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset at 31 December 2022 of £1,169,000 has been recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and any significant deviation in future taxable profits from our current forecasts might necessitate an adjustment to the carrying value of the deferred tax asset.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and Company had no financial assets or liabilities which were carried at fair value at 31 December 2021 and 2022. Set out below are the methods and assumptions used in estimating the fair

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

- values of financial assets and liabilities:
3 Significant accounting policies *(continued)*

Fair value hierarchy *(continued)*

Cash and cash equivalents

For cash and cash equivalents, all of which have a remaining maturity of less than three months, the nominal amount is deemed to reflect fair value.

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and are therefore all classified as current.

Trade Payables

Trade receivables are amounts due to suppliers for goods purchased or services received in the ordinary course of business. They are generally due for settlement within 60 days and are therefore all classified as current.

Leases

A separate section is included on lease accounting and this can be found at pages 18 to 19.

Other creditors and debtors

All other creditor and debtor balances are treated as current values.

New and amended standards adopted by the Group

There are a number of new standards, amendments to standards and interpretations that are not yet effective and have not been applied in preparing these financial statements. These new standards, amendments to standards and interpretations are not expected to have a material impact on the Company's financial statements.

Government Grants

There were no Government Grants included in the income statement in 2022 (2021: nil).

4 Turnover

All turnover arose within the United Kingdom. The Group's turnover is substantially related to the sale of advertising on its radio stations and related digital platforms.

COMMUNICORP UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5 Operating profit

The Group operating profit is stated after charging:

	Year ended 31 December 2022 £'000	<i>Year ended 31 December 2021 £'000</i>
Depreciation of tangible fixed assets	203	252
Depreciation of right-of-use assets	500	447
Short-term lease expenses	107	85

6 Auditors' remuneration

	Year ended 31 December 2022 £'000	<i>Year ended 31 December 2021 £'000</i>
Fees payable to the Company's auditors for the Company's annual financial statements	3	3
Fees payable to the Group's auditors for the Group financial statements	41	40

Fees payable to the auditors for the Group financial statements in the year ended 31st December 2022 also included the audit of the Group's subsidiary companies' financial statements. Fees payable to the auditors for non-audit services comprised: £8,500 for audit related assurance services (2021: £8,000).

7 Staff Costs

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

	Year ended 31 December 2022 £'000	<i>Year ended 31 December 2021 £'000</i>
Wages and salaries	6,554	6,157
Social security costs	762	689
Other pension costs	255	239
	7,571	7,085

Staff costs do not include amounts accrued for share-based payments; details of this scheme are included in note 22.

	Year ended 31 December 2022 No.	<i>Year ended 31 December 2021 No.</i>
Average monthly number of employees:		
Sales	60	48
Administration	50	59
	110	107

COMMUNICORP UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8 Directors' Remuneration

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Directors' remuneration, including Company pension payments	<u>1,421</u>	<u>787</u>

The highest paid Director received total remuneration of £933,000 (2021: £522,000) including Company pension contributions in respect of money purchase schemes. The remuneration disclosed in this note does not include any amounts accrued for share-based payments, as disclosed in note 22. The number of Directors to whom benefits are accruing under money purchase schemes and long-term incentives plans is 2 (2021: 2).

9 Net finance income / (expense)

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Interest receivable on bank deposits	75	1
Interest payable on leases	<u>(44)</u>	<u>(51)</u>
	<u>31</u>	<u>(50)</u>

10 Tax on profit

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Analysis of tax charge in the year		
Current tax	568	748
Adjustment in respect of prior periods	-	(20)
Total current tax	<u>568</u>	<u>728</u>
Deferred tax		
Current year	(94)	(38)
Adjustment in respect of prior periods	7	(2)
Effect of change of tax rates	(30)	35
Total deferred tax	<u>(117)</u>	<u>(5)</u>
Tax on profit on ordinary activities	<u>451</u>	<u>723</u>

COMMUNICORP UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10 Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit before tax	<u>1,317</u>	<u>2,871</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	250	545
Effects of:		
Expenses not deductible for tax purposes	194	190
Adjustment in respect of prior periods	7	(22)
Tax rate changes	(30)	35
Other	30	(25)
Total tax charge for the year	<u>451</u>	<u>723</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023 will go ahead. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £'000	Assets 2021 £'000	Liabilities 2022 £'000	Liabilities 2021 £'000	Net 2022 £'000	Net 2021 £'000
Losses	233	13	-	-	233	13
Tangible fixed assets	44	50	(52)	(111)	(8)	(61)
Intangible fixed assets	-	-	(1,145)	(1,145)	(1,145)	(1,145)
Other Temporary differences	892	1,048	-	-	892	1,048
Net tax assets/(liabilities)	<u>1,169</u>	<u>1,111</u>	<u>(1,197)</u>	<u>(1,256)</u>	<u>(28)</u>	<u>(145)</u>

There are unprovided deferred tax amounts relating to losses of £580k.

COMMUNICORP UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12 Intangible assets and goodwill

	Radio Licences £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2021 & at 31 December 2021	4,580	950	5,530
At 31 December 2022	4,580	950	5,530
Accumulated amortisation			
At 1 January 2021 & at 31 December 2021	-	-	-
Charge for the year	-	-	-
At 31 December 2022	-	-	-
Net book value			
At 1 January 2021 & at 31 December 2021	4,580	950	5,530
At 31 December 2022	4,580	950	5,530

Radio licences held by the Group are treated as intangible assets. Radio licences are renewed at set dates in the future. The Group assumes that all radio licences will be renewed and therefore do not have a determinable finite life. In conjunction with this assumption the Group carries out annual impairment tests to determine if the carrying value of the asset is diminished and where found to be diminished it is the Group's policy to impair the assets value as required.

The Group completes an impairment review of goodwill annually in accordance with IAS 36 *Impairment of assets*. The Group considers that it has one cash generating unit ("CGU"), Commercial Radio Broadcasting. For the purposes of testing for impairment the Group's goodwill is allocated to the CGU based on the goodwill that existed at the transaction date.

To assess whether the radio licences and goodwill have been impaired the Group forecasts its expected cash flows for next five years, including a terminal value, assuming a growth rate of 3% and a risk adjusted pre-tax discount rate of 8% (2021: 8%). The total amount recoverable using these assumptions is greater than the carrying amount of the radio licences and CGU's goodwill and therefore no impairment has been booked.

COMMUNICORP UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13 Property, plant and equipment

	Plant and machinery £'000	Fixture & fittings £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 January 2021	1,060	155	111	1,326
Additions	142	13	252	407
Disposals	(89)	(38)	-	(127)
At 31 December 2021	1,113	130	363	1,606
Additions	185	15	55	255
Disposals	-	-	(18)	(18)
At 31 December 2022	1,298	145	400	1,843
Accumulated depreciation				
At 1 January 2021	(729)	(95)	(58)	(882)
Charge for the year	(215)	(10)	(27)	(252)
Disposals	75	-	-	75
At 31 December 2021	(869)	(105)	(85)	(1,059)
Charge for the year	(145)	(10)	(48)	(203)
Disposals	-	-	18	18
At 31 December 2022	(1,014)	(115)	(115)	(1,244)
Net book value				
At 31 December 2020	331	60	53	444
At 31 December 2021	244	25	278	547
At 31 December 2022	284	30	285	599

COMMUNICORP UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14 Leases

(i) *Right-of-use assets*

The following amounts for leases were recognised as assets in the balance sheet:

	Buildings £'000	Vehicles £'000	Total £'000
Cost			
At 1 January 2021	1,114	743	1,857
Lease Modifications	1,410	(5)	1,405
Additions	168	54	222
Disposals	-	(33)	(33)
At 31 December 2021	2,692	759	3,451
Lease Modifications	152	1	153
Additions	70	150	220
Disposals	(122)	(50)	(172)
At 31 December 2022	2,792	860	3,652
Accumulated depreciation			
At 1 January 2021	(463)	(226)	(689)
Charge for the year	(257)	(190)	(447)
Disposals	-	33	33
At 31 December 2021	(720)	(383)	(1,103)
Charge for the year	(309)	(191)	(500)
Disposals	122	36	158
At 31 December 2022	(907)	(538)	(1,445)
Net book value			
At 1 January 2021	651	517	1,168
At 31 December 2021	1,972	376	2,348
At 31 December 2022	1,885	322	2,207

COMMUNICORP UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14 Leases (continued)

(ii) Lease liabilities

The following amounts were recognised under lease liabilities:

	Buildings £'000	Vehicles £'000	Total £'000
At 1 January 2021	682	529	1,211
Additions during year	1,578	49	1,627
	2,260	578	2,838
Repayment of principal element of lease	(257)	(188)	(445)
At 31 December 2021	2,003	390	2,393
At 1 January 2022	2,003	390	2,393
Additions during year	222	137	359
	2,225	527	2,752
Repayment of principal element of lease	(312)	(191)	(503)
At 31 December 2022	1,913	336	2,249

Lease liabilities by maturity:

At 31 December 2021

	Buildings £'000	Vehicles £'000	Total £'000
Within one year	(280)	(184)	(464)
After one year and less than five years	(1,248)	(206)	(1,454)
After 5 Years	(475)	-	(475)
	(2,003)	(390)	(2,393)

At 31 December 2022

	Buildings £'000	Vehicles £'000	Total £'000
Within one year	(316)	(192)	(508)
After one year and less than five years	(1,302)	(143)	(1,445)
After 5 Years	(296)	-	(296)
	(1,914)	(335)	(2,249)

COMMUNICORP UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14 Leases (continued)

(iii) Amounts recognised in the statement of profit and loss

	2022 £'000	2021 £'000
Depreciation charge of right-of-use assets	500	447
Interest Expense (included in finance cost)	44	51
Expenses relating to short-term leases	<u>107</u>	<u>85</u>
	651	583

Lease payments in the year, including short-term leases were £654,000 (2021: £581,000).

15 Investments

	Investment in associates £'000	Investments £'000	Total £'000
At 1 January 2022	44	15	59
Share of gain of equity accounted investments	<u>5</u>	<u>-</u>	<u>5</u>
At 31 December 2022	<u>49</u>	<u>15</u>	<u>64</u>

16 Cash and cash equivalents

	2022 £'000	2021 £'000
Bank Balances	<u>11,038</u>	<u>8,379</u>

All cash balances are held with reputable banks.

17 Debtors

	2022 £'000	2021 £'000
Trade debtors	5,844	6,204
Other debtors	454	209
Prepayments and accrued income	1,232	1,290
	<u>7,530</u>	<u>7,703</u>

COMMUNICORP UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	1,024	490
Taxation and social security	581	759
Accruals and deferred income	3,902	3,131
Lease liabilities	508	464
Other creditors	576	1,232
	<u>6,591</u>	<u>6,076</u>

19 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Other long-term creditors	7,172	6,020
Lease liabilities	<u>1,741</u>	<u>1,929</u>
	<u>8,913</u>	<u>7,949</u>

20 Financial instruments and risk management

Accounting classification and fair values

The Company had no financial assets or liabilities which were carried at fair value at 31 December 2021 and 2022. The methods and assumptions used in estimating the fair values of financial assets and liabilities are included in note 3.

Financial risk management

The Group's activities expose it to a variety of financial risks including liquidity risk and credit risk. These financial risks are managed under policies approved by the Board of Directors. On an ongoing basis, management actively monitors market conditions with a view to minimising the exposure of the Group to changing market factors while at the same time limiting the funding costs of the Group.

The Group has established financial risk management policies to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Responsibility for treasury activity and its performance rests with the Board, which exercises its responsibility through regular reviews.

COMMUNICORP UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20 Financial instruments and risk management *(continued)***Credit risk**

Exposure to credit risk arises in relation to trade receivables and bank deposits. At the date of the Statement of Financial Position, the maximum exposure to credit risk is represented by the carrying amount of these trade receivables and deposits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk of the Group at the reporting date was:

	2022 £'000	2021 £'000
Cash and cash equivalents	11,038	8,379
Trade receivables	5,844	6,204
Other debtors	454	209
	<u>17,336</u>	<u>14,792</u>

It is Group policy to place deposits with highly rated financial institutions only and, accordingly, the Group does not expect any counterparty to fail to meet its obligations.

Cash and cash equivalents

The Group is exposed to credit risk from the counterparties with whom it places bank deposits. The Group is satisfied that the credit risk associated with its deposits is not significant.

Trade receivables

The aged analysis of trade receivables is split between amounts that were neither past due nor impaired and amounts past due but not impaired at 31 December 2022 and 31 December 2021 were as follows:

	2022 £'000	2021 £'000
Not past due	5,111	5,435
Past due 0-30 days	503	597
Past due 31-90 days	108	112
Past due more than 91 days	122	58
	<u>5,844</u>	<u>6,202</u>

The debt profile above includes a credit loss provision for impaired receivables as at 31 December 2022 for the Group of £90,000 (2021: £76,000).

COMMUNICORP UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20 Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group may not be available, or the Group is unable to sell its assets on the market place and as a result is unable to meet short-term finance requirements and to settle obligations. Such a situation would negatively impact the Group's results as it could result in the incurrence of higher borrowing expenses to meet obligations.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group seeks to ensure it has a mix of funding sources at acceptable terms and conditions to finance the development of the business and to meet financial obligations as they fall due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Impact of discounting	Contractual cash flows	6 months or less	7-12 months	1-2 years	3-5 years	After 5 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2022								
Trade and other payables	13,255	-	13,255	5,789	294	7,172	-	-
Lease Liabilities	2,249	300	2,549	285	251	348	876	789
	<u>15,504</u>	<u>300</u>	<u>15,804</u>	<u>6,074</u>	<u>545</u>	<u>7,520</u>	<u>876</u>	<u>789</u>
	Carrying amount	Impact of discounting	Contractual cash flows	6 months or less	7-12 months	1-2 years	3-5 years	After 5 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2021								
Trade and other payables	11,632	-	11,632	4,848	764	-	6,020	-
Lease Liabilities	2,393	304	2,697	263	239	432	815	948
	<u>14,025</u>	<u>304</u>	<u>14,329</u>	<u>5,111</u>	<u>1,003</u>	<u>432</u>	<u>6,835</u>	<u>948</u>

The Company's contractual cashflows are reflected in the classification of its liabilities at each reporting date. Contractual cash flows reflect the carrying value of the Company's liabilities at each balance sheet date.

Market risk

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

i) Interest rate risk

Interest rate risk derives from changes in interest rates which affect the market value of financial assets and liabilities of the Group and the level of finance charges.

COMMUNICORP UK LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20 Financial instruments and risk management (continued)

The Group's objective is to achieve a stable and low cost of debt, taking account of business risks in general and the regulatory price control environment in particular.

The Group's exposure to interest rate fluctuations covers two types of risk:

- (i) a risk of change in the cash flows related to floating rate financial assets and liabilities, and
- (ii) a risk of change in the value of fixed rate financial assets and liabilities.

The Group monitors exposure to interest rate risk on a calendar year basis. The Group's policy is to monitor open interest rate exposure positions, taking into account the current and expected shape of the yield curve, with a view to taking advantage of low interest rate environments to fix the Group's interest rate obligations and increase certainty as to the Group's interest rate expense profile.

ii) Foreign exchange risk

The Company and Group's operations are based in the UK and all transactions are denominated in sterling including its borrowings from its parent undertaking. The Group and Company therefore have no material exposure to foreign exchange risk.

*iii) Share capital**Ordinary shares*

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

Share premium

The share premium accounts includes the amount subscribed in share capital in excess of the nominal value of the shares issued and less any costs attributable to the issue of the shares.

21 Called up share capital**Company**

	2022	2021
	£'000	£'000
Authorised, allotted, called up and fully paid		
1,000,000 Ordinary shares of £0.001 (2021: 1,000,000 shares of £0.001)	1	1
14,500 B shares of £0.01 (2021: 14,500 B shares of £0.01)	-	-
5,500 C shares of £0.01 (2021: 5,500 C shares of £0.01)	-	-
	<u>1</u>	<u>1</u>
Share premium	<u>209</u>	<u>209</u>

The Ordinary shares have full distribution and voting rights. The B shares do not carry any distribution or voting rights and the C shares do not carry any distribution rights but are entitled to 15% of the voting rights.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22 Share-based payments

The Group operates share-based payment arrangements as follows:

On 7th October 2016, a number of Directors acquired a total of 14,500 'B' shares and 5,500 'C' shares in Communicorp UK Limited at an unrestricted market value. The Directors have an option to sell their shares at a future date to the Company at a value calculated and dependent on the achievement of certain profit targets. The 'B' shares can be sold by the Directors after March 2022 and the 'C' shares can be sold after March 2024.

Share-based payment expense

The charge recognised in the Income Statement within administrative costs in respect of the Scheme was £1,670,000 (2021: £240,000). This amount will not be included in the Directors' remuneration disclosure until paid.

Share-based payment liability

The Scheme requires the Group to pay the value of these share-based payments to the employee at the date of exercise. The liability is re-valued at each reporting date and settlement date with any changes to fair value being recognised in the profit and loss account. The Group has recorded liabilities in respect of the Scheme £3,557,000 (2021: £1,887,000) which are presented within 'Other long-term creditors'.

23 Pensions

The Group operates a defined contribution pension scheme. The pension cost charge for the year was £255,000 (2021: £239,000) and outstanding contributions at the end of the year were £153,000 (2021: £1,000).

24 Capital commitments

The Group had no outstanding capital commitments as at 31 December 2022 (2021: Nil).

25 Contingencies

From time to time the Group is involved in claims and legal actions which arise in the normal course of business. Based on information currently available to the Group and legal advice, the Directors do not believe such litigation will individually or in aggregate, have a material adverse effect on the financial statements of the Group.

26 Subsequent events

No events have taken place since the reporting date which would warrant adjustment to, or disclosure in, the consolidated financial statements for the year ended 31 December 2022. Please refer to the review of business and future developments in the Strategic Report on page 2 for more information.

27 Related party transactions

At the end of the year the Company had an outstanding loan balance with Beatstream Box Office Limited (an associated company) of £85,000 (2021: 85,000). Apart from transactions with Directors, disclosed in notes 8 and 22, there are no other related party transactions.

COMMUNICORP UK LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

27 Related party transactions (*continued*)

Directors' loans

During the year the Directors were granted further loans of £174,000. The Directors had loans outstanding at 31 December 2022 of £383,000 (2021: £209,000).

Key management personnel

The Company considers its Board of Directors to comprise its key management personnel.

	2022 £'000	2021 £'000
<i>Remuneration of key management personnel:</i>		
Salaries & fees	1,409	773
Pensions	8	11
Other employment-related benefits	4	3
	<u>1,421</u>	<u>787</u>

The Directors' remuneration is included in note 8 of the Group's financial statements.

28 Non-controlling interests

During the year 30% of the ordinary share capital of Communicorp UK Digital Investments Limited was purchased by the Company's Directors at an unrestricted market value of £174,000.

	2022 £'000
At 1 January 2022	-
Share of net liabilities on acquisition	(111)
Share of losses during the year	(213)
At 31 December 2022	<u>(324)</u>

COMMUNICORP UK LIMITED

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 £'000	2021 £'000
ASSETS			
Property, plant and equipment	30	140	422
Right-of-use assets	31	2,043	2,145
Investments	32	7,331	7,326
Non-Current Assets		9,514	9,893
Debtors	34	10,449	12,595
Deferred tax assets	38	839	935
Cash and cash equivalents	33	10,897	7,872
Current Assets		22,185	21,402
TOTAL ASSETS		31,699	31,295
EQUITY			
Called up share capital	21	1	1
Share premium	21	209	209
Profit and loss account		4,205	7,054
Total Equity		4,415	7,264
LIABILITIES			
Creditors: amounts falling due within one year	35	3,342	3,830
Borrowing and overdrafts	37	15,160	12,422
Current Liabilities		18,502	16,252
Creditors: amounts falling due after more than one year	36	8,782	7,779
Non-Current Liabilities		8,782	7,779
Total Liabilities		27,284	24,031
TOTAL EQUITY AND LIABILITIES		31,699	31,295

The Company's loss for the year was £2,849,000 (2021: profit of £5,632,000)

The financial statements on pages 40 to 50 were approved the Board of Directors on 6 September 2023 and signed on its behalf by



C D Everitt

Director

Company registered number: NI622021

COMMUNICORP UK LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium	Profit and Loss account	Total equity
	£000	£000	£000	£000
At 1 January 2021	1	209	1,672	1,882
Profit for the year	-	-	5,632	5,632
Dividends paid	-	-	(250)	(250)
At 31 December 2021	1	209	7,054	7,264
At 1 January 2022	1	209	7,054	7,264
Loss for the year	-	-	(2,849)	(2,849)
At 31 December 2022	1	209	4,205	4,415

The notes on pages 42 to 50 form part of these financial statements

COMMUNICORP UK LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

28 Accounting policies for the Company financial statements**Reporting entity**

Communicorp UK Limited is a UK based radio broadcaster operating nine radio stations across the UK under the radio brands Smooth, Heart, Capital and XS and is the fourth largest radio operating group, by commercial share, in the UK. The Group registered address is The Ewart, 3 Bedford Square, Belfast, BT2 7EP. More detail on the individual radio stations we operate can be obtained from our website at www.communicorpuk.com. The Group also operates a sports podcast platform and a mobile outdoor advertising business.

Company statement of compliance

The individual financial statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards) but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The Company financial statements have adopted certain disclosure exemptions available under FRS 101. These include:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
 - i. Paragraph 79(a)(iv) of IAS 1;
 - ii. Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - iii. Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements)
 - 38B–D (additional comparative information);
 - 111 (statement of cash flows information); and
 - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

COMMUNICORP UK LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

28 Accounting policies for the Company financial statements *(continued)*

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

A separate profit and loss account has not been included for the Company as the conditions laid down in Section 408 of the Companies Act 2006 have been complied with.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Going concern

At 31 December 2022 the Company had net assets of £4.4m. The Company is the holding company for all Communicorp UK Limited subsidiaries and as such considers its future cash-flow forecasts to be the same as that of the Communicorp UK Group's cash flow forecasts. The Company has prepared forecasts of expected future cash flows for a five-year period ending 31 December 2027, including a worse than expected downside forecast. Even under this worse than expected forecast, the forecasts indicate that the Company can continue to trade for the foreseeable future. The Directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

Functional and presentation currency

These consolidated financial statements are presented in UK sterling, which is the Company's functional currency. All financial information presented in UK sterling has been rounded to the nearest thousand.

Investments

Investments are included in the Statement of financial position at cost less amounts written off, representing impairment in value, which has been recorded at fair value. Impairment charges are recorded if events or changes in circumstances indicate that the carrying value may not be recoverable.

Accounting policies for the Company financial statements

The Company's accounting policies are the same as the Group's accounting policies as detailed in note 3 of the Group financial statements, for the following:

- Basis of Consolidation – (iv) Investments in associates and jointly controlled entities (equity accounted investees)
- Foreign Currency
- Financial Instruments
- Property, plant and equipment
- Leases
- Impairment
- Employee benefits
- Provisions
- Revenues
- Finance income and finance costs
- Income tax
- Determination of fair values
- Fair value hierarchy

COMMUNICORP UK LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

29 New and amended standard adopted by the Company

There are a number of new standards, amendments to standards and interpretations that are not yet effective and have not been applied in preparing these financial statements. These new standards, amendments to standards and interpretations are not expected to have a material impact on the Company's financial statements.

30 Property, plant and equipment

	Plant and machinery	Fixtures and fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2021	687	80	93	860
Additions	122	-	251	373
Disposals	(133)	(25)	-	(158)
At 31 December 2021	676	55	344	1,075
Additions	139	-	15	154
Disposals	(285)	(13)	(359)	(657)
At 31 December 2022	530	42	-	572
Accumulated depreciation				
At 1 January 2021	(470)	(32)	(40)	(542)
Charge for the year	(163)	(6)	(26)	(195)
Disposals	84	-	-	84
At 31 December 2021	(549)	(38)	(66)	(653)
Charge for the year	(68)	(5)	(6)	(79)
Disposals	226	2	72	300
At 31 December 2022	(391)	(41)	-	(432)
Net book value				
At 1 January 2021	217	48	53	318
At 31 December 2021	127	17	278	422
At 31 December 2022	139	1	-	140

COMMUNICORP UK LIMITED

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

31 Leases

(i) *Right-of-use assets*

The following amounts for leases were recognised as assets in the balance sheet:

	Buildings	Vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 January 2021	987	743	1,730
Lease Modifications	1,301	(5)	1,296
Additions	62	54	116
Disposals	-	(33)	(33)
At 31 December 2021	2,350	759	3,109
Lease Modifications	152	1	153
Additions	70	150	220
Disposals	(62)	(49)	(111)
At 31 December 2022	2,510	861	3,371
Accumulated depreciation			
As at 1 January 2021	(373)	(225)	(598)
Charge for the year	(209)	(190)	(399)
Disposals	-	33	33
At 31 December 2021	(582)	(382)	(964)
Charge for the year	(270)	(191)	(461)
Disposals	61	36	97
At 31 December 2022	(791)	(537)	(1,328)
Net book value			
At 1 January 2021	614	518	1,132
At 31 December 2021	1,768	377	2,145
At 31 December 2022	1,719	324	2,043

COMMUNICORP UK LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

31 Leases (continued)

(ii) Lease liabilities

The following amounts were recognised under lease liabilities:

	Buildings £'000	Vehicles £'000	Total £'000
At 1 January 2022	1,799	390	2,189
Lease Modifications	152	1	153
Additions during year	70	150	220
Disposals during year	-	(14)	(14)
	2,021	527	2,548
Repayment of principal element of lease	(276)	(191)	(467)
At 31 December 2022	1,745	336	2,081

Lease liabilities as at 31 December 2022

	Buildings £'000	Vehicles £'000	Total £'000
Within one year	(278)	(192)	(470)
After one year but less than five years	(1,180)	(144)	(1,324)
After five years	(287)	-	(287)
	(1,745)	(336)	(2,081)

(iii) Amounts recognised in the statement of profit and loss

	2022 £'000	2021 £'000
Depreciation charge of right-of-use assets	461	399
Interest Expense (included in finance cost)	36	44
Expenses relating to short-term leases	33	44
	530	487

32 Investments

The Company has the following investments:

	Investment in subsidiaries £'000	Investment in associates £'000	Investments £'000	Total £'000
At 1 January 2022	7,267	44	15	7,326
Share of gain on equity accounted investments	-	5	-	5
At 31 December 2022	7,267	49	15	7,331

COMMUNICORP UK LIMITED

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32 Investments (continued)

All subsidiary undertakings have been included in the consolidated financial statements of Communicorp UK Limited as at 31 December 2022. The subsidiaries asterisked (*) have taken advantage of an exemption from audit under section 479A of the Companies Act 2006. In order to allow these subsidiaries to take the audit exemption, the parent company Communicorp UK Limited has given a statutory guarantee, in line with s479C of Companies Act 2006.

Subsidiaries as at 31st December 2022

Company name	Country of incorporation	Percentage Shareholding	Principal activities
Real Radio Yorkshire Ltd*	UK	100	Commercial Radio Operator
Real Radio XS Ltd*	UK	100	Commercial Radio Operator
Smooth Radio Midlands Ltd*	UK	100	Commercial Radio Operator
Smooth Radio NE Ltd*	UK	100	Commercial Radio Operator
Smooth Radio Ltd*	UK	100	Commercial Radio Operator
Galaxy Radio Scotland Ltd*	UK	100	Commercial Radio Operator
Cardiff Broadcasting Company Ltd*	UK	100	Commercial Radio Operator
Real Radio North Ltd*	UK	100	Commercial Radio Operator
Shadow Radio Holdings Limited*	UK	100	Commercial Radio Operator
Radio Hertford (Commercial) Limited*	UK	100	Commercial Radio Operator
The St Albans and Watford Broadcasting Company Limited*	UK	100	Commercial Radio Operator
Connect Radio Limited*	UK	100	Commercial Radio Operator
Communicorp UK Digital Investments Limited*	UK	70	Holding Company
Voiceworks (Sport) Limited	UK	70	Audio Content Provider
Mindfield Advertising and Marketing Limited*	UK	100	Creative and Media Services
GOMO Outdoor Limited	UK	70	Outdoor Advertising Provider
TableNow Limited*	UK	100	Dormant
Go Wild Experiences Limited*	UK	100	Dormant
Associated Undertakings			
Beatstream Box Office Limited	UK	30	Streaming Service
Beatstream Media Limited	UK	4	Streaming Service

All of the companies listed above have the following registered address: 7th Floor, XYZ Building, 2 Hardman Boulevard, Spinningfields, Manchester, M3 3AQ, with the exception of Galaxy Radio Scotland whose registered address is 8th Floor, 1 West Regent Street, Glasgow G2 1RW and Beatstream Media Limited whose registered address is Virginia House, Great Ancoats Street, Manchester, England, M4 5AD.

During the year the Company sold 30% of the ordinary share capital of Communicorp UK Digital Investments Limited to its Directors. Communicorp UK Digital Investments Limited is a holding company for Voiceworks (Sport) Limited and GOMO Outdoor Limited.

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33 Cash and cash equivalents

	2022 £'000	2021 £'000
Bank Balances	<u>10,897</u>	<u>7,872</u>

All cash balances are held with reputable banks.

34 Debtors

	2022 £'000	2021 £'000
Trade debtors	3,964	4,119
Other debtors	908	1,591
Owed by Group undertakings	5,007	6,335
Prepayments and accrued income	570	550
	<u>10,449</u>	<u>12,595</u>

Amounts owed by Group undertakings are unsecured, repayable on demand and attract interest at 2% above the official United Kingdom base rate. Included within the above are deferred tax assets of £839,000.

35 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	956	481
Taxation and social security	228	208
Accruals and deferred income	448	677
Lease liabilities	470	428
Other creditors	1,240	2,036
	<u>3,342</u>	<u>3,830</u>

36 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Other long-term creditors	7,171	6,018
Lease liabilities	<u>1,611</u>	<u>1,761</u>
	<u>8,782</u>	<u>7,779</u>

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37 Borrowings and overdrafts

Maturity analysis	Within one year £'000	Between one & five years £'000	Greater than five years £'000	Total £'000
<i>Repayable other than by instalments as at 31 December 2021</i>				
Owed to subsidiaries	12,422	-	-	12,422
<i>Repayable other than by instalments as at 31 December 2022</i>				
Owed to subsidiaries	15,160	-	-	15,160

Amounts owed to subsidiaries are unsecured, repayable on demand and attract interest at 2% above the official United Kingdom base rate.

38 Deferred tax assets

	Deferred tax	
	£000	
At 1 January 2022	935	
Charged to the profit or loss	(96)	
At 31 December 2022	<u>839</u>	
The deferred tax asset (2021: asset) is made up as follows:		
	2022	2021
	£000	£000
Fixed assets timing differences	(32)	(103)
Temporary trading differences	871	1,035
Other	-	3
	<u>839</u>	<u>935</u>

39 Ultimate parent undertaking and controlling party

The largest and smallest group in which the results of the Company are consolidated is that headed by Communicorp UK Limited.

Stangar Investment Holdings, a company incorporated and registered in the Isle of Man, is the Company's parent undertaking. The Directors consider that Denis O'Brien is the ultimate controlling party of the Company.

COMMUNICORP UK LIMITED

**NOTES TO THE COMPANY FINANCIAL STATEMENTS
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40 Subsequent events

No events have taken place since the reporting date which would warrant adjustment to, or disclosure in, the consolidated financial statements for the year ended 31 December 2022. Please refer to the review of business and future developments in the Strategic Report on page 2 for more information.

41 Related party transactions

The Company has availed of the exemption available under IAS 24: Related party disclosures from disclosing transactions with wholly owned group undertakings.

During the year the Directors acquired 30% of the ordinary share capital of Communicorp UK Digital Investments for £174,000.

At the end of the year the Company had an outstanding loan balance with Beatstream Box Office Limited (an associated company) of £85,000 (2021: £85,000).

Directors' loans

The Directors were loaned an additional £174,000 during the year and had loans outstanding at 31 December 2022 of £383,000 (31 December 2021: £209,000).