

Global Traffic Network (UK) Limited

Reports and Financial Statements

Year Ended

30 June 2020

Company Number 05867987

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Global Traffic Network (UK) Limited

Report and financial statements for the year ended 30 June 2020

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Directors

W Yde
S Cody
G Worobow

Registered office

No. 1 London Bridge, London, SE1 9BG, England, United Kingdom.

Company number

05867987

Independent auditors

Grant Thornton UK LLP, 30 Finsbury Square, London EC2A 1AG

Global Traffic Network (UK) Limited

Strategic report for the year ended 30 June 2020

The directors present their Strategic report together with the audited financial statements for the year ended 30 June 2020.

Review of business

The Company continued to provide traffic and entertainment news reports through its third party providers to commercial radio stations throughout the United Kingdom and sell advertising commercials adjacent to the programming provided.

As reflected throughout the Directors Report and elsewhere, the global COVID-19 pandemic has had a material negative impact on the Company's business. Revenue decreased 45.1% in fourth fiscal quarter 2020 compared to the previous year resulting in 79.2% reduction in profit for the period. The Company has trimmed costs where management feels prudent while also focusing on maintaining the Company's affiliate network as well as proven sales staff and management as it believes these will be essential to maximizing revenue and profit once the pandemic has passed. Despite the primarily variable cost nature of the Company's business, management believes costs cannot be reduced sufficiently to maintain prior year positive earnings should revenue remain at the levels experienced during fourth fiscal quarter 2020.

The Statement of Comprehensive Income is set out on page 11 and shows the profit for the financial year.

The results for the company show revenue for the financial year of £288,000 (2019: £397,000) and profit for the financial year of £164,000 (2019: £201,000).

The Company had net assets of £10,457,000 as at 30 June 2020 (2019: £10,293,000) which is in line with the above revenue results.

The principal risks and uncertainties facing the company are:

Commercial and general risk

The commercial radio advertising market revenue registered a 13.97% decline in the year ended 30 June 2020 (2019: 1.76% increase).

The outlook continues to be uncertain. The commercial radio industry is still going through consolidation which will continue to impact on the Company's ability to maintain existing revenue and/or cost levels.

The COVID-19 pandemic has had an impact on the Group's revenue that was beyond what could have been reasonably anticipated. Should the impact of the COVID-19 pandemic or a similar disruption extend beyond management's estimate or become more pronounced than the current impact it could impact the Group's ability to continue as a going concern.

Strategic risks

The failure to anticipate what services the market will want in the future and develop a plan to deliver such services in a profitable manner carries risks to the Company's performance.

The failure to keep up with changes in technology, especially in how it impacts demand for our radio programming and the commercials we sell adjacent to the programming could in the long run affect the Company's future.

Service delivery risks

The failure to properly monitor and correct errors or poor quality reports of our third party service providers will impact on the Company's performance.

People risks

The loss of key staff and inability to replace such employees carries risk to the business.

Global Traffic Network (UK) Limited

Strategic report (continued) for the year ended 30 June 2020

Review of business (continued)

Credit risk

The Company's policy in respect of credit risk is to acquire appropriate credit checks on potential customers before sales are made. Almost all sales bookings originate from reputable media agencies with which the Company has long established relationships. The Company has no bad debts.

Liquidity risk

The Company actively monitors its working capital to ensure the Company has sufficient available funds for operations.

Legal, compliance and regulatory risks

The failure of our reports and/or advertising commercials to comply with United Kingdom's Office of Communications ("Ofcom") rules and regulations could compromise the Company's performance.

The failure to detect and prevent fraud in both financial reporting and misappropriation of Company assets carries risk to the Company. The Company has dedicated sufficient recourse to set policies and ensure compliance with Anti Money Laundering (AML), General Data Protection Regulation ('GDPR') and other legal, regulatory and licencing requirements.

Financial insolvency and management risks

The insolvency due to a reduction in revenue and/or an increase in expenses in excess of the current retained financial resources of the Company will affect the Company in the long run.

The main financial risks arising from the Company's activities are credit risk and liquidity risk. These are monitored by the directors and were not considered to be significant at the reporting date.

Brexit risks

In a referendum held on 23 June 2016, the United Kingdom ('UK') resolved to leave the European Union ('EU'). The referendum result may affect the Company's risk profile through introducing potentially significant new uncertainties and instability in financial markets as the UK negotiates its exit from the EU. However, at the date of signing these financial statements the full impact is not known.

Key performance indicators (KPIs)

The directors are pleased with the performance of the Company in the year and expect performance to continue to be satisfactory going forward. Key performance indicators are:

- revenue; and
- operating profit margin

Details and analysis of key performance indicators can be summarised as follows:

	2020	2019	Details and analysis
Movement in revenue (%)	(27%)	(2%)	In the year to 30 June 2020, revenue decreased to £288,000 (2019: £397,000) primarily due to impact of COVID-19 in the last quarter of this financial year.
Operating profit margin (%)	45%	51%	Operating profit was £130,000 (2019: £201,000). The Company has decreased its operating profit primarily due to impact of COVID-19 in the last quarter of the financial year.

Global Traffic Network (UK) Limited

Strategic report (continued) for the year ended 30 June 2020

Strategy

The business initiatives managed by the management team include:

- Maintain close to 100% (2019: 100%) radio station penetration of network drive traffic programming service.
- Continue to attempt to increase radio station penetration of entertainment news programming service.
- Add radio station commercials to inventory available for sale by both expanding existing relationships and adding new affiliates to our programming services.
- Increase revenue by adding additional radio commercials for sale, increasing cost per thousand and sell-out rate for new and existing inventory.

On behalf of the board

Scott Cody

S Cody
Director
10/2/2021

Global Traffic Network (UK) Limited

Directors' report for the year ended 30 June 2020

The directors present their report and the audited consolidated financial statements for the year ended 30 June 2020.

Future developments

Prior to the onset of the COVID-19 pandemic, the Company saw a sustained level of business activity in the year from both new and existing customers. Business activities have significantly improved to date in fiscal 2021 compared to fiscal 4th quarter 2020, however the future impact of the ongoing COVID-19 pandemic is highly uncertain.

The directors remain confident that the Company will be able to maintain profitable levels of performance in the short term, subject to the impact of the COVID-19 impact which remains undeterminable.

Dividends

The directors have not recommended payment of an interim dividend (2019: £Nil) for the year. The directors do not recommend the payment of a final dividend (2019: £Nil).

Directors

The directors of the company who were in office during the year audited and up to the date of signing the financial statements were:

W Yde
S Cody
G Worobow

Qualifying third party indemnity provision

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company has also purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors.

Financial risk management

The Group's activities (GTN Holdings (UK) Limited and its subsidiaries) expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. Financial risk management is the responsibility of the executive management team.

a) Market risk – foreign exchange risk

The Company does not trade in foreign currencies. The Company has not historically hedged this risk with derivative financial instruments as it has not had a material effect on the company's profitability

b) Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions. The directors assess the credit quality of all customers on a regular basis taking into account their financial position, past experience and other factors.

c) Liquidity risk

Management monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. The Group continues to generate strong cash flows from operating activities that continue to be sufficient to support the working capital needs of the business. The Group has no external debt facilities.

Global Traffic Network (UK) Limited

Directors' report (continued) for the year ended 30 June 2020

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate as the Company remains in a net asset position in the consolidated statement of financial position. Global Traffic Network (UK) Limited maintains generation of sufficient cash flows and is considered able to meet its day to day working capital requirements.

The COVID-19 pandemic has had a material negative impact on the Company and parent Group's results during the last quarter of the financial year ended 30 June 2020 and should the parent Group's financial performance continue as it has since the COVID-19 pandemic, the Company's ability to continue as a going concern could be affected.

In December 2020, , Gridlock Holdings (Australia) Pty Limited (formerly GTCR Gridlock Holdings (Australia) Pty Limited), a related entity of Global Traffic Network (UK) Commercial Limited, entered into the 5th amendment of its banking facility with the Commonwealth Bank of Australia. The intent of this amendment was to modify the loan covenants in order to reflect the impact of the COVID-19 pandemic on the GTN Limited group's financial performance. The effect of this modification was to make it likely the Group would remain in compliance with its financial covenants during the course of the pandemic. However, since the overall final impact of the pandemic is inherently uncertain, it is still possible that the Group could enter into a covenant default in the future. A covenant default gives the lender the ability to accelerate the repayment of the debt facility prior to its stated repayment date.

Whilst the estimated potential impacts of COVID-19 on the future operations of the Company and parent Group have been taken into account by the directors and management in preparing the financial statements, including the assessment of going concern, the scale and duration of the pandemic and impact on the Group's operations in future are inherently uncertain.

The directors have concluded that these circumstances represent a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable release its assets and discharge its liabilities in the ordinary course of business. Nevertheless, after making enquiries, and considering uncertainties described above, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors continue to adapt the going concern basis in preparing the annual reports and accounts.

Post balance sheet events

No significant events have occurred.

Employees

Employees are engaged in the group's activities through regular company meetings and annual conferences.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

Global Traffic Network (UK) Limited

Directors' report (continued) for the year ended 30 June 2020

Directors' responsibilities statement (continued)

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' confirmation

The directors confirm that:

- so far as the directors are aware, there is no relevant audit information of which the 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 company's auditors are aware of that information.

Independent auditors

The auditors, Grant Thornton UK LLP, have been appointed as the Company's auditors and a resolution concerning their appointment will be proposed at the Annual General Meeting.

On behalf of the board



S Cody
Director

10/2/2021

Global Traffic Network (UK) Limited

Independent auditors' report to the members of Global Traffic Network (UK) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Global Traffic Network (UK) Limited (the 'company') for the year ended 30 June 2020, which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Material uncertainty in relation to going concern

We draw attention to note 3b in the financial statements, which states that the loan covenants have been modified in the parent Group's bank loan facility agreement as a result impact of COVID-19 on the Company, any future defaults on covenants may cast significant doubt on the group's and the parent company's ability to continue as a going concern. As stated in note 3b, these conditions, along with the other matters as set forth in 3b indicate that a material uncertainty exists that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Global Traffic Network (UK) Limited

Independent auditors' report to the members of Global Traffic Network (UK) Limited

Other information

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

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

We have nothing to report in 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page(s) 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Global Traffic Network (UK) Limited
Independent auditors' report to the members of Global Traffic Network (UK) Limited

Use of this report

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

Grant Thornton UK LLP

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
11/2/2021

Global Traffic Network (UK) Limited

Statement of comprehensive income for the year ended 30 June 2020

	Note	2020 £000	2019 £000
Revenue	4	288	397
Cost of sales		<u>(133)</u>	(169)
Gross profit		155	228
Administrative expenses		<u>(25)</u>	(27)
Operating profit and profit before taxation	5	130	201
Income tax expense	8	<u>34</u>	-
Profit for the financial year		<u>164</u>	<u>201</u>

There was no other comprehensive income attributable to the shareholders of the company other than the profit for the financial years above and therefore a separate statement of comprehensive income has not been presented.

The notes on pages 13 to 21 form part of these financial statements.

Global Traffic Network (UK) Limited

Statement of financial position at 30 June 2020

Company number 05867987	Note	2020 £000	2019 £000
Fixed assets			
Investments	9	11,808	11,808
Current assets			
Trade and other receivables (including £4,000 (2019: £4,000) due after one year)	10	3,756	3,735
Cash at bank and in hand		10,268	10,688
Trade and other payables – amounts falling due within one year	11	(10)	(45)
Net current assets		13,768	14,378
Total assets less current liabilities		25,576	26,186
Trade and other payables – amounts falling due after more than one year	11	(15,365)	(15,893)
Net assets		10,457	10,293
Capital and reserves			
Called up share capital	12	-	-
Share premium account		8,671	8,671
Capital contribution reserve		146	146
Retained earnings		1,640	1,476
Total equity		10,457	10,293

The financial statements on pages 10 to 21 were approved by the Board of Directors on 10/2/2021 and signed on its behalf by:

Scott Cody

S Cody
Director

The notes on pages 13 to 21 form part of these financial statements.

Global Traffic Network (UK) Limited

Statement of changes in equity for the year ended 30 June 2020

	Note	Called up share capital £000	Share premium account £000	Capital contribution reserve £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2018	12	-	8,671	146	1,275	10,092
Profit for the financial year		-	-	-	201	201
Balance as at 30 June 2019		-	8,671	146	1,476	10,293
Profit for the financial year		-	-	-	164	164
Balance as at 30 June 2020	12	-	8,671	146	1,640	10,457

The notes on pages 13 to 21 form part of these financial statements.

Global Traffic Network (UK) Limited

Notes to the financial statements for the year ended 30 June 2020

1 General information

Global Traffic Network (UK) Limited is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is No.1 London Bridge, London, SE1 9BG. The registered number of the Company is 05867987.

The principal activity of the Company is the sale of radio advertising airtime within the UK through the provision of syndicated traffic and travel news programming to commercial radio stations in return for advertising spots. Advertising airtime on the Company's 15 affiliate radio stations is sold along with its subsidiary's (Global Traffic Network (UK) Commercial Limited) affiliate radio stations' airtime under a syndicated national package.

2 Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in policy "Critical accounting judgements and key sources of estimation uncertainty" included within this note.

b) Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate as the Company remains in a net asset position in the consolidated statement of financial position. Global Traffic Network (UK) Commercial Limited maintains generation of sufficient cash flows and is considered able to meet its day to day working capital requirements.

The COVID-19 pandemic has had a material negative impact on the Company and parent Group's results during the last quarter of the financial year ended 30 June 2020 and should the parent Group's financial performance continue as it has since the COVID-19 pandemic, the Company's ability to continue as a going concern could be affected.

In December 2020, , Gridlock Holdings (Australia) Pty Limited (formerly GTCR Gridlock Holdings (Australia) Pty Limited), a related entity of Global Traffic Network (UK) Commercial Limited, entered into the 5th amendment of its banking facility with the Commonwealth Bank of Australia. The intent of this amendment was to modify the loan covenants in order to reflect the impact of the COVID-19 pandemic on the GTN Limited group's financial performance. The effect of this modification was to make it likely the Group would remain in compliance with its financial covenants during the course of the pandemic. However, since the overall final impact of the pandemic is inherently uncertain, it is still possible that the Group could enter into a covenant default in the future. A covenant default gives the lender the ability to accelerate the repayment of the debt facility prior to its stated repayment date.

Global Traffic Network (UK) Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

3 Summary of significant accounting policies (continued)

b) Going concern (continued)

Whilst the estimated potential impacts of COVID-19 on the future operations of the Company and parent Group have been taken into account by the Directors and management in preparing the financial statements, including the assessment of going concern, the scale and duration of the pandemic and impact on the Group's operations in the future are inherently uncertain.

The directors have concluded that these circumstances represent a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and, therefore, that it may be unable release its assets and discharge its liabilities in the ordinary course of business. Nevertheless, after making enquiries, and considering uncertainties described above, the directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors continue to adapt the going concern basis in preparing the annual reports and accounts.

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of GTN Holdings (UK) Limited which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

d) Consolidated financial statements

The Company is a wholly owned subsidiary company of a group headed by GTN Holdings (UK) Limited and is included in the consolidated financial statements of that Company, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of s400 of the Companies Act 2006.

e) Foreign currency

i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

Global Traffic Network (UK) Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

2 Summary of significant accounting policies (continued)

e) Foreign currency (continued)

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

f) Revenue

Revenue excludes value-added tax, is presented net of agency commissions and trade discounts, and comprises of sale of advertising time. Advertising revenue is recognised gross where the Company is exposed to the majority of the risks and rewards of the transaction and, as such, acts as principal. Revenue is recognised on the date the relevant advertisement is aired. Revenue recognised but not yet invoiced is shown in accrued income, while paid but unearned turnover is shown in deferred income.

g) Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Global Traffic Network (UK) Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

3 Summary of significant accounting policies (continued)

h) Leases

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to statement of comprehensive income on a straight-line basis over the period of the lease.

ii) Lease incentives

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken the transition exemption under paragraph 35.10(p) of FRS 102 to continue to recognise the existing lease incentives at the transition date on the same basis as previous UK GAAP. Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period.

i) Investments

Investments in subsidiaries are stated at cost less accumulated impairment.

At each reporting date investments are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the investments is compared to the carrying amount of the asset.

If the recoverable amount of the investments is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income immediately.

j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

k) Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

Global Traffic Network (UK) Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

3 Summary of significant accounting policies (continued)

k) Financial instruments (continued)

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial Liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

ii) Financial liabilities (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivatives financial instruments.

iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

l) Share capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is recorded when the consideration received for issued shares is in excess of its par value and represents this excess.

A capital contribution is recorded when another Group entity provides cash or other benefits to the company and does not receive shares of the company in return.

m) Distributions to equity holders

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

Global Traffic Network (UK) Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

3 Summary of significant accounting policies (continued)

n) Related party disclosures

The Company has taken advantage of the exemption conferred by 33.1A of FRS 102 from disclosing related party transactions with members of the group headed by GTN Limited on the grounds it was a wholly owned subsidiary and the Company is included in the consolidated financial statements of its UK ultimate parent GTN Holdings (UK) Limited for the year ended 30 June 2020.

o) Critical accounting estimates and judgements, and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimate of impairment of investments

The Group considers whether investments in subsidiaries are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Global Traffic Network (UK) Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

4 Revenue

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

5 Operating profit and profit before taxation

	2020 £000	2019 £000
This is arrived at after charging:		
Auditors' remuneration		
- Audit services	20	20
- Other non-audit services	-	5

6 Employees

The monthly average number of employees, including directors, during the year was nil (2019: nil).

The Company no longer produces its syndicated traffic and travel network offering in-house and as a result no longer incurs staff costs. It utilises a small percentage of its subsidiary's human resources, the cost of which is has not been deemed material enough to be recharged to the Company.

7 Directors' remuneration

The emoluments of the directors are paid by GTN Management, Inc., a parent company, which do not make a re-charge to this company. They are also directors of the Global Traffic Network (UK) Limited and it is not possible to make an accurate apportionment of their emoluments to the subsidiaries. The directors' total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of GTN Limited. Retirement benefits are accruing for no directors (2019: £Nil) under money purchase pension schemes.

8 Income tax expense

(a) Tax expense included in profit or loss

	2020 £000	2019 £000
<i>Current tax</i>		
UK corporation tax on profits of the year	-	-
Prior year adjustment	(34)	-
Total current tax	(34)	-
Tax on profit	(34)	-

Global Traffic Network (UK) Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

8 Income tax expense (continued)

(b) Reconciliation of tax charge

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit before taxation	130	201
Profit before taxation at the standard rate of corporation tax of 19% (2019 – 19%)	25	38
Effect of:		
Expenses not deductible for tax purposes (Capital allowances)/depreciation in excess of (depreciation)/capital allowances	(95)	(120)
Group relief surrendered/(received)	(5)	(6)
Prior year adjustment	75	-
Tax losses not utilised	34	-
	-	88
Total tax for the year	34	-

(c) Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 7 September 2016). The main rate is now being maintained at 19% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected on the financial statements. Deferred taxes at the Statement of Financial Position date have been measured using these enacted tax rates and reflected on the financial statements.

The recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The Company has an unrecognised deferred tax asset of £365,227 (2019: £370,181) in relation to the tax losses in the year as management does not anticipate the Company will make sufficient taxable profits in the foreseeable future to utilise this asset.

9 Investments

	£000
<i>Cost and net book value</i>	
At 30 June 2019 and at 30 June 2020	11,808

On March 1 2009, the Company acquired 100% of the ordinary share capital of Global Traffic Network (UK) Commercial Limited, a company incorporated in the United Kingdom.

Global Traffic Network (UK) Commercial Limited is private company limited by shares and has its registered address at No. 1 London Bridge, London, SE1 9BG, England, United Kingdom.

Global Traffic Network (UK) Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

10 Trade and other receivables

	2020 £000	2019 £000
Amounts owed by group undertakings	3,756	3,735

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

11 Trade and other payables

	2020 £000	2019 £000
Amounts owed to group undertakings	15,365	15,893
Accruals and deferred income	10	45
	15,375	15,938
<i>Amounts falling due within one year</i>		
Accruals and deferred income	10	45
	10	45
<i>Amounts falling due more than one year</i>		
Amounts owed to group undertakings	15,365	15,893
	15,365	15,893

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

12 Called up share capital

	Issued, allotted, called up and fully paid			
	2020 Number	2019 Number	2020 £	2019 £
Ordinary shares of £1 (2019: £1) each	15	15	15	15

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

Global Traffic Network (UK) Limited

Notes to the financial statements for the year ended 30 June 2020 (continued)

13 Parent and ultimate parent company

At 30 June 2020, the Company's immediate parent undertaking is GTN Holdings (UK) Limited, a Company registered in England and Wales and which in turn is a wholly-owned subsidiary of GTN Holdings Pty Limited, a company registered in Australia.

The directors consider GTN Limited, a Company incorporated in Australia to be the ultimate parent undertaking, controlling party and the largest group into which the results of the company are consolidated. GTN Holdings (UK) Limited is the parent undertaking and the smallest and group into which the results of the company are consolidated at 30 June 2020. A copy of the consolidated financial statements of GTN Holdings (UK) Limited can be obtained at Companies House.

14 Contingent liabilities

On 9 February 2016, Gridlock Holdings (Australia) Pty Limited (formerly GTCR Gridlock Holdings (Australia) Pty Limited), a related entity of Global Traffic Network (UK) Limited, amended its banking facility with the Commonwealth Bank of Australia. Global Traffic Network (UK) Limited is now additional guarantor to the amended facility.