Exterion Media Holdings Limited

Annual report and financial statements
for the year ended 31 December 2018

Registered number
9546482

Directors

Leon Taviansky
Anthony Booker
Rupa Patel

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England

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Strategic Report

The Directors present their strategic report for the year ended 31 December 2018.

Review of business

The principal activity of the Company is that of a financing company. As the Company is part of a larger group, the management of the Company does not involve the use of key performance indicators (other than the operating profit or loss for the year) in measuring the development, performance or the position of the Company.

On 15 November 2018, Global Radio Services Limited ("Global Radio") acquired all the shares of the Company's affiliated undertaking Semper Veritas Holding S.á r.l. ("Semper").

The Company's loss for the year of £51.1m (2017: £41.9m) mainly comprises finance expenses incurred during the year.

Principal risks and uncertainties

The risks and uncertainties associated with the Company are as follows:

a. Interest rate risk

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

The Company previously held an external term loan with an interest rate which can flex with movements in the LIBOR interest rate. In addition, the Company also entered into a revolving facility loan wherein interest is also subject to movements in the LIBOR interest rate and the financial covenant test results. As a result of the sale process, these were repaid and replaced with group loans and facilities. Currently, the Company's loan and revolving facility is with an affiliated undertaking and interest is fixed at a predetermined arm's length interest rate plus LIBOR.

b. Currency risk

The Company's foreign currency transaction exposure arises mainly from the settlement of the principal or interest on the Revolving Facility Loan that is denominated in Euro or another currency. The Company seeks to comply with the requirements of hedge accounting where considered appropriate.

c. Liquidity risk

Liquidity risk is the risk that a company will encounter difficulty in meeting obligations associated with financial liabilities. The risk associated to the Company is managed through the central finance department of Doubleplay I Limited Group. ("the Group")

The central finance department is responsible for ensuring there are appropriate funding requirements to meet the ongoing requirements of the Company and for managing effectively liquid funds in the Company.

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

On Behalf of the Board

Anthony Booker
Director
10 May 2019

Directors' Report

The Directors present their Directors' report and financial statements for the year ended 31 December 2018.

Directors

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

- Leon Taviansky
- Anthony Booker
- Rupa Patel (appointed 6 February 2018)
- Shaun Gregory (resigned 5 February 2018)

No Director held any disclosable interest in the issued share capital of the Company. The Company maintains liability insurance, which includes indemnity for its Directors and Officers, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006, and was in force during the entire financial year and as of the date of approval of the financial statements.

Dividends

No dividends were paid during the financial year (2017: £nil) The Directors do not recommend a final dividend for this year.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposure to interest rate, currency and liquidity risks are described in the Strategic Report on page 4.

Global Radio, the immediate parent undertaking of Semper, has committed to support the Company for at least twelve months from the date of approval of the Company's financial statements, and thereafter for the foreseeable future, to enable the Company to continue to meet its liabilities as they fall due and to carry on its business.

Based on this and other undertakings by its parent company, the Directors believe that it currently remains appropriate to prepare the financial statements on a going concern basis.

On Behalf of the Board

Anthony Booker
Director
10 May 2019

Statement of Directors' Responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate.

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 Company's 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.

Income Statement
For year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Management fee (expense)/income, net	*3*	(25)	13
Administrative expenses		(1,879)	(1,000)
Operating loss	*4*	**(1,904)**	**(987)**
Finance expense, net	*5*	(50,578)	(42,877)
Loss on ordinary activities before taxation		**(52,482)**	**(43,864)**
Taxation	*7*	**1,338**	**1,914**
Loss for the financial year		**(51,144)**	**(41,950)**

Loss for the year relates entirely to continuing operations.

The Company has no other comprehensive income other than the loss for the year and therefore no separate statement of other comprehensive income has been prepared.

Statement of Financial Position

At 31 December 2018

	Note	2018 £'000	Restated 2017 £'000
Non-current assets			
Investments	*8*	398,219	398,219
Deferred tax asset	*7*	3,252	1,914
		401,471	400,133
Current assets			
Cash and cash equivalents	*9*	341	38
Other current receivables and prepayments	*10*	40,080	37,750
		40,421	37,788
Total assets		**441,892**	**437,921**
Non-current liabilities			
Interest-bearing loans and borrowings	*11*	-	(155,928)
Current liabilities			
Interest-bearing loans and borrowings	*11*	(483,193)	(302,655)
Trade and other payables	*12*	(67,612)	(37,107)
		(550,805)	(339,762)
Total liabilities		**(550,805)**	**(495,690)**
Net assets		**(108,913)**	**(57,769)**
Capital and reserves			
Called up share capital	*13*	-	-
Retained earnings		(108,913)	(57,769)
Total equity		**(108,913)**	**(57,769)**

The accompanying notes on pages 10 to 23 form an integral part of these financial statements.

For the year ending 31 December 2018, the company was entitled to exemption from audit under section 479A of Companies Act 2016 relating to subsidiary companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the board of Directors and were signed on its behalf by:

Anthony Booker
Director
10 May 2019

Statement of Changes in Equity
For year ended 31 December 2018

	Note	Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Balance at 31 December 2016		-	(15,819)	(15,819)
Comprehensive income for the period				
Loss for the period		-	(41,950)	(41,950)
Balance at 31 December 2017		**-**	**(57,769)**	**(57,769)**
Comprehensive income for the period				
Loss for the period		-	(51,144)	(51,144)
Balance at 31 December 2018	*13*	**-**	**(108,913)**	**(108,913)**

Notes to the financial statements

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

The financial statements of Exterion Media Holdings Limited (the "Company") for the year ended 31 December 2018 were authorised for issue by the board of directors on 10 May 2019 and the balance sheet was signed on the board's behalf by Anthony Booker. Exterion Media Holdings Limited is incorporated and domiciled in England and Wales. The Company is registered in the United Kingdom.

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

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The accounting policies that follow have been consistently applied to all years presented. Where retrospective restatements were required as a result of the implementation of new accounting standards or changes to existing accounting standards, these have been applied to all comparative years presented.

The Company's functional and presentation currency is Pound Sterling.

These financial statements are separate financial statements. The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Doubleplay I Limited, which prepares group financial statements (see Note 15).

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

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018.

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

(a) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
(b) the requirements of IAS 7 *Statement of Cash Flows*;
(c) the requirements in IAS 24 *Related Party Disclosures*; and
(d) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*

Loans from affiliated undertakings of £302.6m and related accrued interest of £36.4m that were included in non-current interest bearing loans and borrowings in the prior year were reclassified to current interest bearing loans and borrowings and other current liabilities to conform with the current year classification.

2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.2 Judgements and key sources of estimation uncertainty (continued)

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note 7.

2.3 Significant accounting policies

Foreign currency translation

Transactions and balances

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

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

Investments

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

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit and loss. The Company initially measures a financial asset at its fair value. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.3 Significant accounting policies *(continued)*

Financial instruments – initial recognition and subsequent measurement *(continued)*

Financial assets *(continued)*

Subsequent measurement

The category that is most relevant to the Company is the financial assets at amortised cost. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method ("EIR") and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes intercompany and other receivables.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for financial assets at amortised cost through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows after exhausting all collection and legal efforts.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instrument in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The relevant category for the Company is loans and borrowings. The Company's financial liabilities include secured bank loan, intercompany and other payables.

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Notes to the financial statements (continued)

2. Accounting policies (continued)

2.3 Significant accounting policies (continued)

Income taxes

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

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

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

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

Finance income and expenses

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

3. Management fee (expense)/income, net

	2018 £'000	2017 £'000
Management service income charged to fellow group undertakings	55	75
Management service fees charged by fellow group undertakings	(80)	(62)
	(25)	**13**

4. Operating loss

Operating loss is stated after charging:

	2018 £'000	2017 £'000
Professional fees	287	267
Expected credit loss on loans to affiliated group undertakings (Note 10)	957	-
Other administrative expenses	635	733
	1,879	**1,000**

Notes to the financial statements (continued)

5. Finance expense, net

	2018 £'000	2017 £'000
Interest expense on senior facility agreement	12,649	14,527
Interest expense on loans from affiliated undertakings	32,773	29,641
Amortisation of loan transaction costs	8,071	1,646
Interest income on loans to affiliated undertakings	(2,912)	(2,988)
Foreign exchange (gain)/loss	(3)	51
	50,578	**42,877**

6. Directors' remuneration and employee information

The Directors of the Company were employed by a subsidiary undertaking. These Directors received total remuneration for the year of £1,171k (2017: £1,214k) including pension contributions of £37k (2017: £41k) all of which was paid by the subsidiary undertaking. The Directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of the holding and fellow subsidiary companies.

The emoluments of the highest paid director in the period were £631k (2017: £571k) including pension contributions of £10k (2017: £17k) all of which was paid by a subsidiary undertaking.

None of the directors had any beneficial interest in the share capital of the Company or an interest in any transaction or arrangement with the Company, which requires disclosure (2017: £nil).

No staff was employed by the Company during the year and therefore no staff costs were incurred (2017: £nil)

7. Taxation

(a) Tax on loss on ordinary activities

The tax result for the year is made up as follows:

	2018 £000	2017 £000
Recognised in the income statement:		
UK corporation tax on the profit for the year at 19% (2017: 19.25%)		
Current tax expense	-	-
Deferred tax		
Prior year adjustment	(369)	-
Recognition of previously unrecognised deferred tax asset	-	(914)
Origination and reversal of temporary differences	(1,276)	(1,100)
Change in tax rate	307	100
Deferred tax credit	**(1,338)**	**(1,914)**
Tax credit in income statement	**(1,338)**	**(1,914)**

Notes to the financial statements (continued)

7. **Taxation** (continued)

Income tax recognised in other comprehensive income

There was no tax charged or credited to other comprehensive income in (2017: nil).

(b) Factors affecting current tax for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Loss before tax	(52,482)	(43,864)
Tax on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(9,971)	(8,444)
Effects of:		
Expenses not deductible for tax purposes	181	1,369
Prior year adjustments	(369)	(914)
Change in tax rate	307	100
Movement in unrecognised deferred tax	(689)	-
Surrender of losses for group relief for nil payment	9,203	5,975
Total tax credit in the income statement	(1,338)	(1,914)

(c) Deferred tax asset

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

	Short term timing differences £'000	Tax Losses £'000	Total £'000
Balance as at 31 December 2016	-	-	-
Income statement	638	1,276	1,914
Balance at 31 December 2017	638	1,276	1,914
Income statement	(170)	1,508	1,338
Balance at 31 December 2018	468	2,784	3,252

The deferred tax asset on short term timing differences relates to a deductible temporary difference arising from fees paid in relation to the arrangement and issuance of the Term B loan under the Senior Facilities Agreement (see Note 11).

Notes to the financial statements (continued)

7. Taxation (continued)

(d) Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and 17% from 1 April 2020.

8. Investments

The Company has the following investments in subsidiaries:

Subsidiary undertakings	Country of incorporation	Class of shares held	Ownership (%)	Nature of Business	Registered Address
Exterion Limited	United Kingdom	Ordinary	100%	Finance	7th Floor, Lacon House,84 Theobalds Road, London WC1X 8NL
Doubleplay III Limited	United Kingdom	Ordinary	100%	Holding and Finance	7th Floor, Lacon House,84 Theobalds Road, London WC1X 8NL

	2018 £'000	2017 £'000
Balance at 1 January and 31 December	398,219	398,219

There were no changes in the Company's investment shareholdings during the year.

9. Cash and cash equivalents

	2018 £'000	2017 £'000
Cash and cash equivalents	341	38

Notes to the financial statements (continued)

10. Other current receivables and prepayments

	2018 £'000	2017 £'000
Prepayments	-	43
Amounts due from affiliated undertakings	27,520	27,040
Accrued interest on amounts due from affiliated undertakings	13,517	10,667
	41,037	**37,750**
Expected credit loss	(957)	-
	40,080	**37,750**

Amounts due from affiliated undertakings represent loan receivables from Doubleplay III Limited, Exterion Media (UK) Limited and other affiliated undertakings under the Group revolving facility. All amounts due from affiliated undertakings are repayable on demand and interest bearing.

An amount of £957k was recognised as expected credit loss in 2018 (2017: nil) in accordance with IFRS 9 which was effective from 1 January 2018.

11. Interest bearing loans and borrowings

	2018 £'000	2017 £'000
Non-current liabilities		
Secured bank loans	-	155,928
	-	**155,828**
Current liabilities		
Loan from Global Radio	159,862	-
Loans from other affiliated undertakings	323,331	302,655
	483,193	**302,655**

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate and foreign currency risk, see Note 14.

Notes to the financial statements (continued)

12. Interest bearing loans and borrowings (continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2018 '000	Carrying amount 2018 £'000	Face value 2017 '000	Carrying amount 2017 £'000
Senior facility agreement (Term B Loan)	GBP	LIBOR plus 8.25%	N/A	-	-	150,000	141,928
Revolving Facility Agreement	GBP	LIBOR or EURIBOR plus 4.5%, 4.75% or 5%	N/A	-	-	14,000	14,000
Loan from Global Radio	GBP/EUR	7% plus LIBOR	On demand	£159,804 €65	159,804 58	- -	- -
Loans from other affiliated undertakings	GBP	8% plus 2% margin and 9.35%	On demand	323,331	323,331	302,655	302,655
					483,193		**458,583**

Senior Facilities Agreement

Term B Loan

On 30 September 2016, the Group through Exterion Media Holdings Limited entered into a Senior Facilities Agreement for a loan amounting to £150m ("Term B Loan") with a term of 6 years.

Interest is payable at the greater of LIBOR or 1% plus a margin of 8.25%. The Group may select the interest period upon delivery of the selection notice; otherwise the interest period is three months.

The entire loan balance of £150m, including any unpaid interest was settled as part of the sale of the Semper Group on 15 November 2018. The remaining unamortized loan transaction costs of £6.6m at the time of payment was recognised in full as interest expense (Note 5).

Revolving Facility

Included in the SFA entered into by the Group on 30 September 2016 is a multicurrency Revolving Facility Loan Agreement ("Revolving Facility Loan") for the maximum amount of £40m or its equivalent. The purpose of the Revolving Facility Loan is to fund the working capital of the Group.

The loan is re-payable at the end of the interest period of each draw down and terminates on 30 September 2021. The interest is payable at LIBOR or EURIBOR plus a margin that depends on the results of the total net debt cover covenant test. The margin can vary from 4.55, 4.75% or 5%.

Both Term B Loan and Revolving Facility Loan are secured by guarantees from companies within the Group which includes the punctual performance of all the obligations as well as payment of any unpaid amounts due in connection with the SFA.

No re-borrowing are permitted for either Term B Loan or Revolving Facility Loan.

The outstanding drawdowns under the Revolving Facility of £9m as of 15 November 2018, including any unpaid interest were also settled with the Term B Loan. The outstanding drawdowns as at 31 December 2017 was £14m.

The Group and its subsidiaries were required to comply with certain financial covenants of the SFA prior to the settlement. No breaches in financial covenants occurred up to 15 November 2018.

Notes to the financial statements (continued)

11. Interest bearing loans and borrowings (continued)

Loan from Global Radio

Global Radio entered into loan agreements with the Company for a total amount of £159.8m. The loan is subject to interest of 7% plus LIBOR or EURIBOR calculated on the basis of a year of 365 days and repayable on demand following the date of the conclusion of the CMA review process. The purpose of the loan was to finance the settlement of the Term B loan, the outstanding drawdowns under the Revolving Facility and acquisition-related costs in relation to the sale of the Semper Group. Included in other current liabilities as of 31 December 2018 is £1.6m of interest on these loans.

Loans from other affiliated undertakings

Loans from other affiliated undertakings as at 31 December 2018 and 2017 comprise of £290m owed by the Company to Doubleplay II Limited in consideration for the acquisition of Doubleplay III Limited in 2016. Interest is payable at 8% plus a 2% margin per annum. The loan is repayable on demand or otherwise agreed between the parties.

The balance also includes loans payable to Exterion Media (UIK) Limited, Exterion Limited and Exterion Partner (BDA) GP under the intra-Group Revolving Facility. Interest is payable at 9.35% per annum and the loan is repayable on demand or otherwise agreed between the parties.

Included in other current liabilities is accrued interest on these loans of £65.7m as of 31 December 2018 (2017: £36.4m).

12. Trade and other payables

	2018 £'000	2017 £'000
Accrued interest on loans and borrowings	67,224	36,542
Accounts payable	356	327
Accrued expenses	32	238
	67,612	**37,107**

13. Issued capital and reserves

	2018 No. of shares	2017 No. of shares
Authorised, issued and fully paid ordinary shares at £1 per share	1	1

	2018 £	2017 £
Authorised, issued and fully paid ordinary shares at £1 per share	1	1

Notes to the financial statements (continued)

14. Financial instruments

a. Financial assets

	2018 £'000	2017 £'000
Debt instruments at amortised cost		
Amounts due from affiliated undertakings (Note 10)	27,520	27,040
Total financial assets	**27,520**	**27,040**
Current	27,520	27,040
Non-current	-	-
	27,520	**27,040**

b. Financial liabilities

	2018 £'000	2017 £'000
Interest bearing loans and borrowings (Note 11)		
Secured bank loan	-	155,928
Loan from Global Radio	159,862	-
Loans from other affiliated undertakings	323,331	302,655
Total financial liabilities	**483,193**	**458,583**
Current	483,193	302,655
Non-current	-	155,928
	483,193	**458,583**

Fair values

The carrying value of all financial assets and liabilities are equal to their fair value. Reference is made in particular to interest bearing loans and borrowings in Note 11.

Notes to the financial statements (continued)

14. Financial instruments (continued)

c. Financial instruments risk management objectives and policies

The Company is exposed to certain financial risks including the effects of changes in foreign exchange rates, interest rates, and liquidity risks. The Board sets policies to address these risks and there is a specific policy setting out guidelines to manage foreign exchange risk, interest rate risk and the use of financial instruments. This note presents information about the Company's exposure to each of these financial risks

The Group's central finance department is responsible for ensuring there are appropriate funding requirements to meet the ongoing requirements of the Company and for managing effectively liquid funds. Regular cash flow forecasts are prepared and reviewed by management. In addition it is responsible for managing the interest risks within guidelines agreed by the Board. The Company does not undertake any speculative trading activity in financial instruments.

i. Interest rate risk

It is the Company's objective to minimise the cost of borrowings and maximise the value from its cash resources, whilst retaining the flexibility of funding opportunities. If considered appropriate the Company would use interest rate swaps, interest rate caps and collars and forward rate agreements to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

ii. Currency risk

The Company's foreign currency transaction exposure arises mainly from the settlement of the principal or interest on the loan that is denominated in Euro or other currency and collection of the other receivable in another currency other than the Company's functional currency.

The Company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments.

31 December 2018

	Sterling £'000	Euro £'000	US Dollar £'000	Total £'000
Cash and cash equivalents	11	-	330	341
Other receivables	40,080	-	-	40,080
Trade and other payables	(67,612)	-	-	(67,612)
Interest bearing loans and borrowings	(483,135)	(58)	-	(483,193)
Net exposure	**(510,656)**	**(58)**	**330**	**(510,384)**

31 December 2017

	Sterling £'000	Euro £'000	US Dollar £'000	Total £'000
Cash and cash equivalents	36	2	-	38
Other receivables	37,750	-	-	37,750
Trade and other payables	(37,107)	-	-	(37,107)
Interest bearing loans and borrowings	(458,583)	-	-	(458,583)
Net exposure	**(457,904)**	**2**	**-**	**(457,902)**

Notes to the financial statements (continued)

14. Financial instruments (continued)

iii. Liquidity risk

The Company's objective is to maintain committed facilities to ensure that, together with the cash flows generated from the operations of its subsidiaries, there are sufficient funds for current operations and their future requirements. At 31 December 2018, the Company held committed facilities of £159.8m (2017: £155.9m). Committed facilities previously under the SFA were repaid and replaced with group loans and facilities as a result of the sale process.

The Company monitors current and future requirements. It reviews annual strategy plans, budgets and forecasts, as well as daily cash balances and weekly forecasts to ensure that optimal use is made of liquid funds within the Company and the Group to avoid unnecessary borrowing.

iv. Capital management

For the purpose of the Company's capital management, capital includes issued capital. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company aims to manage its capital structure in order to safeguard the going concern of the Company and to provide returns for the shareholders and benefits of other stakeholders. The Company may maintain or adjust its capital structure by adjusting the amount of dividends paid to shareholders, returning capital to shareholders, issuing new shares or selling assets.

15. Ultimate parent company undertaking and controlling party

The Company is a subsidiary undertaking of Doubleplay II Limited, a company registered in United Kingdom.

As of 31 December 2018, the Company's ultimate controlling company is Balnom Inc., a company incorporated in the British Virgin Islands. As of 31 December 2017, the Company was indirectly controlled by certain private equity investment funds sponsored by Platinum Equity, LLC, a limited liability company organised in Delaware, USA.

The largest group in which the results of the company are consolidated is that headed by Semper, a company registered in Luxembourg. The smallest group in which the results of the company are consolidated is that headed by Doubleplay I Limited, incorporated in England and Wales. No other group financial statements include the results of the Company.

The consolidated financial statements of these groups are available to the public and may be obtained from Lacon House, 84 Theobald's Road, London WC1X 8NL.