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**SMOOTH RADIO SCOTLAND LIMITED**

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**UNAUDITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**SMOOTH RADIO SCOTLAND LIMITED**

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**COMPANY INFORMATION**

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | SG Miron<br>DD Singer                                  |
| <b>Company secretary</b> | J Beak   |
| <b>Registered number</b> | SC243652   |
| <b>Registered office</b> | 8th floor<br>1 West Regent Street<br>Glasgow<br>G2 1RW |

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**SMOOTH RADIO SCOTLAND LIMITED**

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**CONTENTS**

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|  | <b>Page</b>   |
|--|---------------|
| <b>Strategic report</b>                      | <b>1</b>      |
| <b>Directors' report</b>                     | <b>2</b>      |
| <b>Directors' responsibilities statement</b> | <b>3</b>      |
| <b>Statement of comprehensive income</b>     | <b>4</b>      |
| <b>Balance sheet</b>                         | <b>5</b>      |
| <b>Statement of changes in equity</b>        | <b>6 - 7</b>  |
| <b>Notes to the financial statements</b>     | <b>8 - 20</b> |

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## SMOOTH RADIO SCOTLAND LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

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#### Introduction

The Directors present their Strategic report for the Company.

#### Business review

The principal activity of the Company is as a radio broadcaster, operating as Smooth in Glasgow. The profit for the year before tax was £1,054,000 (2016: £1,303,000). Turnover was £3,036,000 (2016: £3,147,000) in a tough advertising market. The directors are satisfied with the performance of the Company.

#### Principal risks and uncertainties

The Company is a subsidiary of Global Media & Entertainment Limited (formerly This is Global Limited) Group. From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The review of the business of Global Media & Entertainment Limited (formerly This is Global Limited) and its subsidiaries which provide an analysis of the main trends and factors likely to affect the development, performance and position of the business, and a description of the principal risks and uncertainties facing the business can be found in the Group financial statements of Global Media & Entertainment Limited (formerly This is Global Limited).

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses intercompany borrowings from other Group companies.

#### *Market risk*

The key risk to the business is that an advertising slowdown may put pressure on traditional revenues, and reduce the value of the investments held. The risk is monitored and managed through Group management.

#### *Interest rate risk*

Interest rate risk arises from intercompany balances that bear interest at a fixed rate. The Directors have reviewed the Company's exposure to interest rates and have concluded that the risk is appropriate in relation to the financial results of the Company.

#### Financial key performance indicators

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The KPIs for the Global Media & Entertainment Limited (formerly This is Global Limited) Group can be found in the Annual Report of Global Media & Entertainment Limited (formerly This is Global Limited), which is available to the public.

This report was approved by the board on

8/12/17

and signed on its behalf.

  
DD Singer  
Director

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**SMOOTH RADIO SCOTLAND LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2017**

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The Directors present their report and the financial statements for the year ended 31 March 2017.

**Directors**

The Directors who served during the year were:

SG Miron  
DD Singer

**Political contributions**

The Company made no political contributions during the year (2016: £nil).

**Future developments**

The Directors confirm that, after making enquiries, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis of accounting in preparing these financial statements. Further information around the assessment of going concern can be found on Note 2 of the financial statements.

**Qualifying third party indemnity provisions**

The Directors benefit from qualifying third party indemnity provisions in place.

**Matters covered in the strategic report**

An indication of likely future developments in the business of the Company, and financial risk management objectives and policies are included in the strategic report.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Small companies note**

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

8/12/17

and signed on its behalf.

  
DD Singer  
Director

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## **SMOOTH RADIO SCOTLAND LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**

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The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

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**SMOOTH RADIO SCOTLAND LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017**

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|                                      | <b>Note</b> | <b>2017<br/>£000</b> | <b>2016<br/>£000</b> |
|--------------------------------------|-------------|----------------------|----------------------|
| Turnover                             | 4           | 3,036                | 3,147                |
| Operating charges                    |             | (2,076)              | (1,876)              |
| <b>Operating profit</b>              | 5           | <b>960</b>           | <b>1,271</b>         |
| Interest payable and expenses        | 8           | 94                   | 32                   |
| <b>Profit before tax</b>             |             | <b>1,054</b>         | <b>1,303</b>         |
| Tax on profit                        | 9           | (209)                | (274)                |
| <b>Profit for the financial year</b> |             | <b>845</b>           | <b>1,029</b>         |

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 8 to 20 form part of these financial statements.

There was no other comprehensive income for 2017 (2016: £nil).

**SMOOTH RADIO SCOTLAND LIMITED**  
**REGISTERED NUMBER: SC243652**

**BALANCE SHEET**  
**AS AT 31 MARCH 2017**

|  | Note | 2017<br>£000   | 2016<br>£000   |
|--|------|----------------|----------------|
| <b>Fixed assets</b>                            |      |                |                |
| Tangible assets                                | 10   | -              | 1              |
|  |      | <u>-</u>       | <u>1</u>       |
|  |      | -              | 1              |
| <b>Current assets</b>                          |      |                |                |
| Debtors: amounts falling due within one year   | 11   | 2,999          | 2,153          |
|  |      | <u>2,999</u>   | <u>2,153</u>   |
| Creditors: amounts falling due within one year | 12   | (1,117)        | (1,117)        |
|  |      | <u>(1,117)</u> | <u>(1,117)</u> |
| <b>Net current assets</b>                      |      | <b>1,882</b>   | <b>1,036</b>   |
|  |      | <u>1,882</u>   | <u>1,036</u>   |
| <b>Total assets less current liabilities</b>   |      | <b>1,882</b>   | <b>1,037</b>   |
|  |      | <u>1,882</u>   | <u>1,037</u>   |
| <b>Net assets</b>                              |      | <b>1,882</b>   | <b>1,037</b>   |
|  |      | <u>1,882</u>   | <u>1,037</u>   |
| <b>Capital and reserves</b>                    |      |                |                |
| Called up share capital                        |      | 2,500          | 2,500          |
| Profit and loss account                        |      | (618)          | (1,463)        |
|  |      | <u>1,882</u>   | <u>1,037</u>   |


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

The Company was entitled to exemption from audit under section 479A of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

  
**DD Singer**  
 Director

8/12/17

The notes on pages 8 to 20 form part of these financial statements.



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**SMOOTH RADIO SCOTLAND LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

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|  | <b>Called up<br/>share capital</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|--|------------------------------------|------------------------------------|---------------------|
|  | <b>£000</b>                        | <b>£000</b>                        | <b>£000</b>         |
| At 1 April 2016                                | 2,500                              | (1,463)                            | 1,037               |
| <b>Comprehensive income for the year</b>       |                                    |                                    |                     |
| Profit for the year                            | -                                  | 845                                | 845                 |
|  |                                    |                                    |                     |
| <b>Other comprehensive income for the year</b> | -                                  | -                                  | -                   |
|  |                                    |                                    |                     |
| <b>Total comprehensive income for the year</b> | -                                  | 845                                | 845                 |
|  |                                    |                                    |                     |
| <b>Total transactions with owners</b>          | -                                  | -                                  | -                   |
|  |                                    |                                    |                     |
| <b>At 31 March 2017</b>                        | <b>2,500</b>                       | <b>(618)</b>                       | <b>1,882</b>        |

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**SMOOTH RADIO SCOTLAND LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

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|  | <b>Called up<br/>share capital</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|--|------------------------------------|------------------------------------|---------------------|
|  | <b>£000</b>                        | <b>£000</b>                        | <b>£000</b>         |
| At 1 April 2015                                | 2,500                              | (2,492)                            | 8                   |
| <b>Comprehensive income for the year</b>       |                                    |                                    |                     |
| Profit for the year                            | -                                  | 1,029                              | 1,029               |
|  |                                    |                                    |                     |
| <b>Other comprehensive income for the year</b> | -                                  | -                                  | -                   |
|  |                                    |                                    |                     |
| <b>Total comprehensive income for the year</b> | -                                  | 1,029                              | 1,029               |
|  |                                    |                                    |                     |
| <b>Total transactions with owners</b>          | -                                  | -                                  | -                   |
|  |                                    |                                    |                     |
| <b>At 31 March 2016</b>                        | <b>2,500</b>                       | <b>(1,463)</b>                     | <b>1,037</b>        |

The notes on pages 8 to 20 form part of these financial statements.

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## **SMOOTH RADIO SCOTLAND LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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#### **1. General information**

Smooth Radio Scotland Limited (the "Company") is incorporated and domiciled in the United Kingdom. The Company is a private company limited by shares and is registered in England and Wales.

The principal activity of the Company is the production and transmission of radio programmes and the sale of radio advertising and sponsorship.

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

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

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## SMOOTH RADIO SCOTLAND LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 2. Accounting policies (continued)

##### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

##### *New accounting standards and interpretations not yet effective*

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

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

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## SMOOTH RADIO SCOTLAND LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 2. Accounting policies (continued)

##### 2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

###### *Standards effective in future periods*

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

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

The impact of these standards is currently being assessed.

##### 2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic report on page 1. The Company participates in the group centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

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

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## SMOOTH RADIO SCOTLAND LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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## 2. Accounting policies (continued)

### 2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

#### Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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## SMOOTH RADIO SCOTLAND LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 2. Accounting policies (continued)

##### 2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                     |               |
|---------------------|---------------|
| Plant & machinery   | - 12.5% - 33% |
| Fixtures & fittings | - 5% - 33%    |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.7 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

###### Financial assets

The Company classifies all of its financial assets as loans and receivables.

###### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

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## SMOOTH RADIO SCOTLAND LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 2. Accounting policies (continued)

##### 2.7 Financial instruments (continued)

###### Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

###### At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

##### 2.8 Creditors

*Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.*

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### 2.9 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.



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## SMOOTH RADIO SCOTLAND LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 2. Accounting policies (continued)

##### 2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 2.12 Share capital and reserves

###### *Ordinary shares*

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

###### *Profit and loss account*

Retained earnings includes the cumulative net gains and losses recognised in the profit and loss account.

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## SMOOTH RADIO SCOTLAND LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income, expenses and other disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the period in which the estimate is revised.

Key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities over the next year are set out below.

##### *Income taxes*

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

##### *Useful economic life of assets*

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

#### 4. Turnover

An analysis of turnover by class of business is as follows:

|                   | 2017<br>£000 | 2016<br>£000 |
|-------------------|--------------|--------------|
| Radio advertising | 3,036        | 3,147        |
|                   | <u>3,036</u> | <u>3,147</u> |

All turnover arose within the United Kingdom.

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**SMOOTH RADIO SCOTLAND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**5. Operating profit**

The operating profit is stated after charging:

|                                       | <b>2017</b>       | <b>2016</b>       |
|---------------------------------------|-------------------|-------------------|
|                                       | <b>£000</b>       | <b>£000</b>       |
| Depreciation of tangible fixed assets | -                 | 40                |
|                                       | <u>          </u> | <u>          </u> |

For the year ending 31 March 2017 the Company was entitled to an exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

During the year ended 31 March 2017, DD Singer and SG Miron received remuneration from Global Radio Services Limited and the majority of their time was spent on services to Global Media & Entertainment Limited (formerly This is Global Limited), the ultimate parent company. Their remuneration as directors of Global Media & Entertainment Limited (formerly This is Global Limited) is disclosed in that company's financial statements. None of the Directors received remuneration in respect of qualifying services to the Company.

**6. Agency agreement**

During the year Global Radio Services Limited provided personnel and other services to the Company. The amounts included in 'operating charges' contain a charge for these services of £831,768 (2016: £560,451).

**7. Employees**

The Company did not directly employ any staff in the year (2016: nil).

**8. Interest payable and similar charges**

|                               | <b>2017</b>        | <b>2016</b>        |
|-------------------------------|--------------------|--------------------|
|                               | <b>£000</b>        | <b>£000</b>        |
| Loans from group undertakings | (94)               | (32)               |
|                               | <u>          </u>  | <u>          </u>  |
|                               | <u><b>(94)</b></u> | <u><b>(32)</b></u> |

**SMOOTH RADIO SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**9. Taxation**

|  | <b>2017<br/>£000</b> | <b>2016<br/>£000</b> |
|--|----------------------|----------------------|
| <b>Corporation tax</b>                           |                      |                      |
| Current tax on profits for the year              | 189                  | 269                  |
|  | <u>189</u>           | <u>269</u>           |
| <b>Total current tax</b>                         | <u>189</u>           | <u>269</u>           |
| <b>Deferred tax</b>                              |                      |                      |
| Origination and reversal of timing differences   | 20                   | 5                    |
| <b>Total deferred tax</b>                        | <u>20</u>            | <u>5</u>             |
| <b>Taxation on profit on ordinary activities</b> | <u>209</u>           | <u>274</u>           |

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - *higher than*) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

|  | <b>2017<br/>£000</b> | <b>2016<br/>£000</b> |
|--|----------------------|----------------------|
| Profit on ordinary activities before tax   | <u>1,054</u>         | <u>1,303</u>         |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%) | 211                  | 261                  |
| <b>Effects of:</b>   |                      |                      |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                  | 1                    | -                    |
| Capital allowances for year in excess of depreciation  | -                    | 8                    |
| Effects of changes in corporation tax rates  | (3)                  | 5                    |
| <b>Total tax charge for the year</b>   | <u>209</u>           | <u>274</u>           |

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SMOOTH RADIO SCOTLAND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

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9. Taxation (continued)

**Factors that may affect future tax charges**

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

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

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

10. Tangible fixed assets

|                       | Plant &<br>machinery<br>£000 |
|-----------------------|------------------------------|
| At 1 April 2016       | 13                           |
| Disposals             | (13)                         |
|                       | <hr/>                        |
| At 31 March 2017      | -                            |
|                       | <hr/>                        |
| At 1 April 2016       | 13                           |
| Disposals             | (13)                         |
|                       | <hr/>                        |
| At 31 March 2017      | -                            |
|                       | <hr/>                        |
| <b>Net book value</b> |                              |
| At 31 March 2017      | -                            |
|                       | <hr/>                        |
| At 31 March 2016      | 1                            |
|                       | <hr/>                        |

**SMOOTH RADIO SCOTLAND LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**11. Debtors**

|                                    | <b>2017<br/>£000</b> | <b>2016<br/>£000</b> |
|------------------------------------|----------------------|----------------------|
| Amounts owed by group undertakings | <b>2,903</b>         | <b>2,037</b>         |
| Deferred taxation                  | <b>96</b>            | <b>116</b>           |
|                                    | <u><b>2,999</b></u>  | <u><b>2,153</b></u>  |

Amounts owed by group undertakings are repayable on demand and incur an annual interest charge of 6%.

**12. Creditors: Amounts falling due within one year**

|                                    | <b>2017<br/>£000</b> | <b>2016<br/>£000</b> |
|------------------------------------|----------------------|----------------------|
| Amounts owed to group undertakings | <b>1,117</b>         | <b>1,117</b>         |
|                                    | <u><b>1,117</b></u>  | <u><b>1,117</b></u>  |

Amounts owed to group undertakings are repayable on demand and incur an annual interest charge of 6%.

**13. Deferred taxation**

|                           | <b>2017<br/>£000</b> |
|---------------------------|----------------------|
| At beginning of year      | <b>116</b>           |
| Charged to profit or loss | <b>(20)</b>          |
| <b>At end of year</b>     | <u><b>96</b></u>     |

The deferred tax asset is made up as follows:

|                             | <b>2017<br/>£000</b> |
|-----------------------------|----------------------|
| Deferred capital allowances | <b>96</b>            |
|                             | <u><b>96</b></u>     |

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**SMOOTH RADIO SCOTLAND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**14. Guarantees**

Guarantees as at the balance sheet date were as follows:

- a) An inter-group cross guarantee held by HSBC Bank plc (as agent) whereby the Company guarantees to meet the obligations of Global Media & Entertainment Limited under its banking facilities arrangements.
- b) A floating charge over the assets of the Company held by HSBC Bank plc (as agent) by way of debenture.
- c) The Company is a member of a group for VAT purposes, resulting in a joint and several liabilities for amounts owing by group undertakings for unpaid VAT.

**15. Related party transactions**

As the Company is a wholly owned subsidiary of Global Media & Entertainment Limited (formerly This is Global Limited) (the ultimate parent company) the Company has taken advantage of the exemption contained within FRS 101.8(k) and has therefore not disclosed transactions or balances with wholly owned group companies (or investees of the group qualifying as related parties). The consolidated financial statements of Global Media & Entertainment Limited (formerly This is Global Limited), within which this Company is included, can be obtained from the address given below.

**16. Controlling party**

The Directors regard Global Radio Holdings Limited, a company incorporated in Great Britain and registered in England and Wales, as the immediate parent company.

The Directors regard Global Media & Entertainment Limited (formerly This is Global Limited), a company incorporated in Great Britain and registered in England and Wales, as the Company's ultimate parent undertaking.

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

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