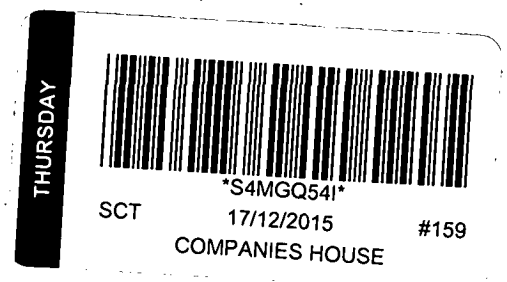

SMOOTH RADIO SCOTLAND LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**



SMOOTH RADIO SCOTLAND LIMITED

COMPANY INFORMATION

DIRECTORS

MD Connole
SG Miron

COMPANY SECRETARY

CR Potterell

REGISTERED NUMBER

SC243652

REGISTERED OFFICE

Parkway Court
Glasgow Business Park
Glasgow
G69 6GA

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor & Chartered Accountants
2 New Street Square
London
EC4A 3BZ

SMOOTH RADIO SCOTLAND LIMITED

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Balance sheet	6
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SMOOTH RADIO SCOTLAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

The Directors present their Annual report and the audited financial statements for the year ended 31 March 2015.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic report, 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 prepared 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 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 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.

DIVIDENDS

The Directors do not recommend payment of a dividend (2014: nil).

DIRECTORS

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

MD Connole
SG Miron

No Director had any interest in contracts made by the company.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted indemnity in favour of its directors and officers against the financial exposure that they may occur in the context of their professional duties and officers of the company.

SMOOTH RADIO SCOTLAND LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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INDEPENDENT AUDITORS

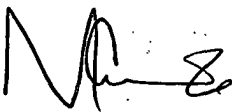
Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

GOING CONCERN

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

The Global Radio group has prepared detailed forecasts of expected future cash flows for the three years ending 31 March 2018 ("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.

This report was approved by the board on 4 August 2015 and signed on its behalf.



MD Connole
Director

SMOOTH RADIO SCOTLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2015

The Directors present their Strategic Report for the Company.

BUSINESS REVIEW

The Company is a radio broadcaster, operating as Smooth in Glasgow. The profit for the year before tax was £687,000 (2014: £525,000). Turnover was £2,225,000 (2014: £2,502,000) down 11% on 2014 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 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 principal risks in the view of the Directors are outlined below.

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

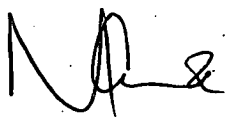
Interest rate risk arises from intercompany balances that bear interest at a fixed rate. The Directors have reviewed the Company's exposure to interest rates and have concluded that the risk is appropriate in relation to the financial results of the Company.

FINANCIAL KEY PERFORMANCE INDICATORS

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

This report was approved by the board on 4 August 2015 and signed on its behalf.

MD Connole
Director



SMOOTH RADIO SCOTLAND LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SMOOTH RADIO SCOTLAND LIMITED

We have audited the financial statements of Smooth Radio Scotland Limited for the year ended 31 March 2015, set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, 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.

Andrew Evans

Andrew Evans (Senior Statutory Auditor)
for and on behalf of
Deloitte LLP
Statutory Auditor
& Chartered Accountants
London

4 August 2015

SMOOTH RADIO SCOTLAND LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 £000	2014 £000
TURNOVER	1,2	2,225	2,502
Operating costs		<u>(1,507)</u>	<u>(1,966)</u>
OPERATING PROFIT	3	718	536
Interest payable and similar charges	6	<u>(31)</u>	<u>(11)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		687	525
Tax on profit on ordinary activities	7	<u>(47)</u>	<u>(269)</u>
PROFIT FOR THE FINANCIAL YEAR	14	<u>640</u>	<u>256</u>

All amounts in the current and prior year relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

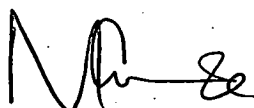
The notes on pages 7 to 15 form part of these financial statements.

SMOOTH RADIO SCOTLAND LIMITED
REGISTERED NUMBER: SC243652

BALANCE SHEET
AS AT 31 MARCH 2015

	Note	£000	2015 £000	£000	2014 £000
FIXED ASSETS					
Tangible assets	8		41		118
CURRENT ASSETS					
Debtors	10	(33)		250	
Cash at bank and in hand		-		333	
			<u>(33)</u>	<u>583</u>	
CREDITORS: amounts falling due within one year	11	-		<u>(1,333)</u>	
NET CURRENT LIABILITIES			<u>(33)</u>		<u>(750)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8</u>		<u>(632)</u>
CAPITAL AND RESERVES					
Called up share capital	13		2,500		2,500
Profit and loss account	14		(2,492)		(3,132)
SHAREHOLDER'S FUNDS/(DEFICIT)			<u>8</u>		<u>(632)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 August 2015.



MD Connole
 Director

The notes on pages 7 to 15 form part of these financial statements.

SMOOTH RADIO SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

1.2 Going concern

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

The Global Radio group has prepared detailed forecasts of expected future cash flows for the three years ending 31 March 2018 ("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.

The Company has received confirmation from This is Global Limited that it will continue to provide financial support to allow the company to meet its liabilities as they fall due, for the foreseeable future. On this basis the directors have concluded that it remain appropriate to prepare the financial statements on the going concern basis.

1.3 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of business (net of VAT, trade discounts and anticipated returns). Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

Online advertising is recognised as page impressions are served or evenly over the period, depending on the terms of the contract.

Radio airtime, advertising, sponsorship and other revenue is recognised as the advertising or channel is aired.

Radio advertisement production revenue is recognised when the advert is produced.

Deferred income is recorded in the balance sheet and represents amounts invoiced but not yet recognised in the profit and loss account.

Revenue from barter transactions for advertising is recognised and disclosed only where there is persuasive evidence of the value at which, if it had not been exchanged, the advertising would have been sold for cash in a similar transaction.

SMOOTH RADIO SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

The carrying value of fixed assets is reviewed for impairment if events or changes in circumstances suggest that their carrying amount may not be recoverable. When an impairment review is undertaken, the recoverable amount is calculated as the net present value of expected future cash flows of the relevant income generating unit. Any impairment is recognised in the profit and loss account in the period it occurs.

1.6 Operating leases

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.7 Current tax

The Company provides for corporate taxation on the results for the year at the normal rate applicable to that year and recognises group relief when made available.

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

SMOOTH RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

2. TURNOVER

The whole of the turnover is attributable to the operation in Glasgow of the independent radio licences for Smooth.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets:		
- owned by the Company	77	62
Auditors' remuneration - audit of the Company	-	5
Operating lease rentals:		
- plant and machinery	-	183
	<u> </u>	<u> </u>

During the year, no Director received any emoluments (2014 - £NIL).

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed, as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, This is Global Limited.

The audit fee in respect of the audit of the Company's financial statements was £1,000.

4. AGENCY AGREEMENT

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 £408,023 (2014: £nil).

5. STAFF COSTS

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	-	474
Social security costs	-	61
Other pension costs	-	23
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

SMOOTH RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

5. STAFF COSTS (continued)

The average number of employees during the year was as follows:

	2015 No.	2014 No.
Administration	-	5
Sales	-	5
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	-	10

During the year ended 31 March 2015 MD Cornole and SG Miron received remuneration from Global Radio Services Limited and the majority of their time was spent on services to This is Global Limited, the ultimate parent company. Details of their remuneration as directors of This is Global Limited are disclosed in that company's financial statements.

None of the Directors received remuneration in respect of qualifying services to the Company (2014: £nil).

From 1 April 2014 the Company did not directly employ any staff.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £000	2014 £000
On loans from group undertakings	31	11
	<u> </u>	<u> </u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £000	2014 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	161	124
Adjustments in respect of prior years	5	(1)
	<u> </u>	<u> </u>
Total current tax	166	123
Deferred tax		
Origination and reversal of timing differences	(13)	117
Adjustments in respect of prior years	(106)	29
	<u> </u>	<u> </u>
Total deferred tax (see note 12)	(119)	146
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	47	269
	<u> </u>	<u> </u>

SMOOTH RADIO SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	687	525
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%)	144	121
Effects of:		
Expenses not deductible for tax purposes	-	1
Depreciation for year in excess of capital allowances	17	9
Utilisation of tax losses	-	(7)
Adjustments in respect of prior years	5	(1)
Current tax charge for the year (see note above)	166	123

Factors that may affect future tax charges

On 19 March 2013 the Chancellor announced the reduction in the main rate of UK corporation tax to 21 per cent with effect from 1 April 2014. The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent to 20 per cent by 1 April 2015. These changes were substantively enacted on 2 July 2013 and therefore the effect of the rate changes created a reduction in the deferred tax asset which has been included in the figures above.

On 8 July 2015 the Chancellor announced the reduction in the main rate of UK corporation tax to 19 per cent with effect from 1 April 2017, and to 18 per cent from 1 April 2020. This change has not been substantively enacted, and has not therefore been included in the figures above. The impact of the future rate reductions will be accounted for to the extent that they are enacted at the balance sheet date; however it is estimated that this will not have a material effect on the Company.

SMOOTH RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

8. TANGIBLE FIXED ASSETS

	Plant & machinery £000	Fixtures & fittings £000	Total £000
Cost			
At 1 April 2014	266	329	595
Disposals	(83)	-	(83)
At 31 March 2015	<u>183</u>	<u>329</u>	<u>512</u>
Accumulated depreciation			
At 1 April 2014	225	252	477
Charge for the year	36	41	77
On disposals	(83)	-	(83)
At 31 March 2015	<u>178</u>	<u>293</u>	<u>471</u>
Net book value			
At 31 March 2015	<u>5</u>	<u>36</u>	<u>41</u>
At 31 March 2014	<u>41</u>	<u>77</u>	<u>118</u>

9. INVESTMENTS

The Company owns 100% of the Ordinary shares of Rock Radio Limited, a Company incorporated in Scotland. The investment is fully written down.

10. DEBTORS

	2015 £000	2014 £000
Trade debtors	-	178
Amounts owed by group undertakings	(154)	-
Other debtors	-	10
Prepayments and accrued income	-	60
Deferred tax asset (see note 12)	121	2
	<u>(33)</u>	<u>250</u>

SMOOTH RADIO SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

11. CREDITORS:

Amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	-	8
Amounts owed to group undertakings	-	1,117
Other taxation and social security	-	5
Other creditors	-	3
Accruals and deferred income	-	200
	<u>-</u>	<u>1,333</u>

12. DEFERRED TAX ASSET

	2015 £000	2014 £000
At beginning of year	2	148
(Charge)/credit to the Profit and Loss account for the financial year	119	(146)
At end of year	<u>121</u>	<u>2</u>

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	<u>121</u>	<u>2</u>

13. CALLED UP SHARE CAPITAL

	2015 £000	2014 £000
Allotted, called up and fully paid		
2,500,000 (2013: 2,500,000) Ordinary shares of £1 each	<u>2,500</u>	<u>2,500</u>

SMOOTH RADIO SCOTLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

14. PROFIT AND LOSS ACCOUNT

	£000
At 1 April 2014	(3,132)
Profit for the financial year	640
	<hr/>
At 31 March 2015	(2,492)
	<hr/> <hr/>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	2015	2014
	£000	£000
Opening shareholder's deficit	(632)	(888)
Profit for the financial year	640	256
	<hr/>	<hr/>
Closing shareholder's funds/(deficit)	8	(632)
	<hr/> <hr/>	<hr/> <hr/>

16. CONTINGENT LIABILITIES

Contingent liabilities 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 This is Global 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 other group companies for unpaid VAT.

17. OPERATING LEASE COMMITMENTS

At 31 March 2015 the Company had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	£000	£000
Expiry date:		
Between 2 and 5 years	-	72
After more than 5 years	-	103
	<hr/>	<hr/>

Included in the above annual commitments is £nil (2014: £71,845) in respect of equipment and vehicles where the leases are held in the name of fellow group undertakings. These were recharged from fellow group undertakings to Smooth Radio Scotland Limited.

SMOOTH RADIO SCOTLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

18. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of This is Global Limited (the ultimate parent company) the Company has taken advantage of the exemption contained within FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of This is Global Limited, within which this Company is included, can be obtained from the address given below. There were no other related party transactions during the year.

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors regard This is Global Limited, a company incorporated in Great Britain and registered in England and Wales, as the Company's ultimate parent undertaking and controlling party.

The largest and smallest group in which the results of the Company are consolidated is that headed by 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 30 Leicester Square, London WC2H 7LA.