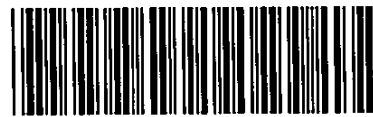


Registered Number: 04205228

Yell Limited

Annual Report for the year ended 31 March 2012

THURSDAY



A1KA228Q

A30

25/10/2012

#356

COMPANIES HOUSE

Yell Limited
Annual Report for the year ended 31 March 2012

	Pages
Company Information	1
Report of the directors	2 - 6
Independent auditors' report	7 - 8
Income statement	9
Statement of comprehensive income	10
Statement of cash flows	11 - 12
Statement of financial position	13 - 14
Statement of changes in equity	15
Notes to the financial statements	16 - 65

Yell Limited

Company Information

Directors

Richard Hanscott

Christian Wells

Antony Jeffrey Bates

Daniel Sheehan

Resigned 03/08/2011

John Michael Pocock

Appointed 14/05/2012

Robert Kenneth Hall

Appointed 14/05/2012

Company secretary

Christian Wells

Registered office

One Reading Central

Forbury Road

Reading

Berkshire

RG1 3YL

Registered number

04205228

Statutory auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

WC2N 6RH

Yell Limited

Report of the directors for the year ended 31 March 2012

The directors present their Annual Report and the audited financial statements of Yell Ltd (the "Company") for the year ended 31 March 2012.

Principal activities

The Company's principal activities during the year were the provision of classified directory advertising in the United Kingdom through printed, online and phone-based media. In addition, following the reorganisation of the Yell Group from a federation of national companies into one global organisation, the decision was taken that Yell Limited will become the global principal company for the group's new range of digital products and services that are being developed. The Company is an indirectly wholly owned subsidiary of hibu plc (formerly Yell Group plc), (the "hibu Group", the "Group")

Review of business and future developments

The economic environment has remained difficult throughout the year with SME confidence consistently remaining low. At the same time the revenue shift from directories to other digital services has been more pronounced as consumers and small businesses adapt their approach to advertising. These factors have negatively affected both print and digital directory revenue.

Revenue from Digital services grew by 130% while revenue from digital directories was 9.9% lower and average annualised digital media revenue per advertiser was up 4.3%. Revenue from print and other directory services declined 26.4% due to a continued decrease in the rate of customer retention and the 13.4% decrease in print revenue per unique advertiser.

The Company made a loss before tax due to the goodwill impairment write off of £218m and the directories in development write off of £37.8m.

The principal risks and uncertainties that may affect the Company's long term value or prospects, including significant relationships with stakeholders, are given below.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

In order to ensure stability of cash out flows and hence manage interest rate risk, the Company has a policy of maintaining a certain level of debt at fixed rate. Further to this the Company seeks to minimise the risk of uncertain funding in its operations by borrowing within a spread of maturity periods.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Yell Limited

Report of the directors for the year ended 31 March 2012(continued)

Review of business and future developments (continued)

Price risk

Increased paper prices could have a material adverse effect on our business. Paper is our single largest raw material expense. In the 2012 financial year, paper costs were equivalent to 3.6% (2011: 3.4%) of Company revenue and represented 4% (2011: 5.3%) of costs of sales. We try to limit our exposure to market fluctuations through contracts and pricing arrangements with our suppliers. Our current arrangements expire in March 2013. It is always possible, however, that we will not be able to renew these arrangements on satisfactory terms, if at all. Failure to agree satisfactory terms or failure of any of our major suppliers to deliver, could force us to buy some or all of our paper in the spot market, at potentially higher prices, until new arrangements are put in place.

Credit risk

The Company could be adversely affected by the reliance on, and extension of credit to, small and medium-sized businesses. A significant part of our revenue comes from selling advertising to small and medium-sized businesses. These types of businesses tend to have few financial resources and it is normal and necessary business practice for us to offer credit terms to many of them. However, failure rates for small and medium-sized businesses tend to be higher than for large businesses, a factor that could have a significant impact on bad debt levels and on the number of advertisers renewing their advertising each year. Full collection of overdue accounts can take longer than for larger businesses.

Liquidity risk

The Company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at variable rate. The Company has a policy of maintaining a percentage of debt at fixed rates to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Results and dividends

The Company's result for the financial year to 31 March 2012 was a loss of £178,094,000 (2011: profit £41,260,000).

The directors do not recommend the payment of a dividend (2011: £nil).

Directors and their interests

The directors who held office during the year and up to the date of approval of the financial statements are stated on page 1. None of the directors were remunerated for their services as directors of the Company (2011: none).

Article 224.1 of the Articles of Association of hibu plc (formerly Yell Group plc), the ultimate holding company, permit hibu plc, subject to the Companies Act 2006 and other applicable legislation, to indemnify any of the directors against any loss or liability in connection with any proven or alleged negligence, default, breach of duty or trust by him, in relation to Yell Group plc or any of its subsidiaries. In November 2009 hibu plc (formerly the Yell Group plc) entered deeds of indemnity in favour of its current and former executive and non-executive directors and officers of hibu plc, its subsidiaries, any other companies to which hibu plc or any of its subsidiaries has nominated or appointed any such person as a director or officer. The deeds of indemnity, which remain in force, are qualifying third party indemnities for the purposes of section 234 of the Companies Act 2006.

Yell Limited

Report of the directors for the year ended 31 March 2012(continued)

Related party transactions

Details are provided in note 24 to the financial statements

Employees

The hibu Group inclusive of the Company has a Recruitment and Selection Policy that states that we are committed to the employment of people with disabilities. Moreover, we guarantee an interview to people with disabilities who meet the minimum selection criteria for any vacancy. The Company is registered as a Two Tick employer as it satisfies the UK government's criteria on the employment of people with disabilities.

Our Equal Opportunities Policy contains a code of good practice on disability which states that an individual who becomes disabled whilst in employment will receive support to ensure, wherever possible, they are able to continue in their role. This will involve whatever reasonable adjustments can be made on consultation with the individual.

Alternatively, again in consultation with the individual, other positions will be considered where the individual's skills and abilities match the requirements of the role, again, making reasonable adjustments where appropriate.

We will ensure that training and career development is equally available to people with disabilities, tailored where practicable for their specific needs. An extensive range of communication and consultative arrangements are instigated by the Company such as the intranet, various printed publications and live briefings. These help to ensure that employees are kept fully informed about developments in the Group, including the Group's financial performance.

Policy and practice on payment of current liabilities

The hibu Group's policy is to use its purchasing power fairly and to pay promptly and as agreed. The Company has a variety of payment terms with suppliers. The term for payments for purchases under major contracts are settled when agreeing the other terms negotiated with the individual suppliers.

It is the Company's policy to make payments for other purchases within 30 working days of the invoice date, provided that the relevant invoice is presented to the Company in a timely fashion and is complete. The Company's payment terms are printed on the Company's standard purchase order forms or, where appropriate, specified in the individual contracts agreed with suppliers.

At 31 March 2012, trade payables represented 24 days (2011: 29 days) of purchases.

Cash and debt

The Company is within a group of companies (the "security group") that are party to debt arrangements associated with bank facilities. These bank facilities contain covenants over net cash interest cover and debt cover. These covenants are tested quarterly on a rolling twelve month basis. The majority of hibu's debt matures in April 2014. The Group therefore intends to consult with its lenders and shareholders over the coming months in order to put in place a new capital structure within the 2013 financial year.

The risks associated with successfully addressing this issue and with operating within the Group's covenants are discussed in note 1 to the financial statements. The Board concluded that adoption of the going concern basis in preparing the financial statements is appropriate. However, as a consequence of increasing difficult trading conditions and a greater proportion of future income expected to come from as yet unproven new strategies, there is a higher risk in the current year than in the previous year that the Group would not be able to meet its financial covenants with its lenders.

The Group is in full compliance with the financial covenants and undertakings contained in all its borrowing agreements. The Group is also cash generative and profitable (before exceptional items). In the future if the

Yell Limited

Report of the directors for the year ended 31 March 2012(continued)

Cash and debt (continued)

Group were not able to meet its financial covenants with, or obtain a waiver from, its lenders such that undertakings to the Group's lenders were breached, the lenders' facility agent may, and must if directed by two-thirds of lenders (by reference to debt held) demand immediate repayment of all amounts due to them. Whilst this eventually would, if it arose, cast doubt on the future capital funding of the Group, the group's cash flow forecasts show that in the twelve months ending 31 March 2013 interest payments will be fully met, with further cash generated to repay debt. The directors believe that adopting the going concern basis in preparing the financial statements is appropriate. Nevertheless, the directors are making full disclosure, as required by accounting standards, to indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern.

Post balance sheet events

See note 28 to the financial statements

Charitable and political donations

During the financial year under review the Company made charitable donations amounting to £102,736 (2011 £529,609), which support various community related charities and projects. No political donations were made during the year.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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.

Yell Limited

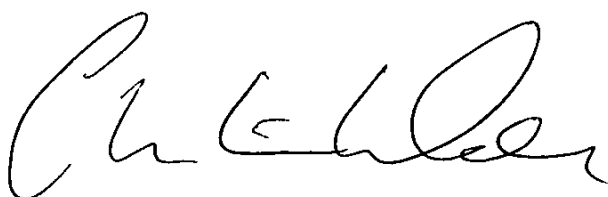
Report of the directors for the year ended 31 March 2012(continued)

Charitable and political donations (continued)

Statement of disclosure to auditors

As at the date of signing their report, so far as each director was aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Group's auditors are unaware. The directors have taken necessary steps to make themselves aware of relevant audit information and to establish that the auditors are aware of that information.

By order of the Board



Christian Wells

Company Secretary

Date 28 September 2012

Yell Limited

Independent auditors' report to the members of Yell Limited

We have audited the financial statements of Yell Limited for the year ended 31 March 2012 which comprise the Income statement, the Statement of comprehensive income, the Statement of cash flows, the Statement of financial position, the Statement of changes in equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities on page 5, 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the ability of the Company to continue as a going concern. There is a risk that the Group may breach the financial covenants with its lenders. The syndicate of lenders have security over the Company's shares. This security creates doubt about the future capital funding and therefore trading strategy of the Company. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Yell Limited

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the Company financial statements, the Company in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the IASB

In our opinion the Company financial statements comply with IFRSs as issued by the IASB

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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.



Pauline Campbell (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Uxbridge

28 September 2012

Yell Limited

Income statement for the year ended 31 March 2012

		Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
	Note		
Revenue	2	440,914	516,209
Cost of sales		(191,345)	(201,585)
Gross profit		249,569	314,624
Distribution costs		(8,890)	(11,312)
Administrative expenses		(404,157)	(164,320)
Operating profit		(163,478)	138,992
Finance income	4	24,766	18,032
Finance costs	4	(43,628)	(99,036)
Net finance costs	4	(18,862)	(81,004)
(Loss) / profit before taxation		(182,340)	57,988
Taxation	5	4,246	(16,728)
(Loss) / profit for the financial year		(178,094)	41,260

Yell Limited

Statement of comprehensive income for the year ended 31 March 2012

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
(Loss) / profit for the financial year	(178,094)	41,260
Gain in fair value of financial instruments used as hedges	4,346	25,506
Actuarial (loss) / gain on defined benefit pension schemes	(47,813)	55,311
Tax effect of net gains / (losses) not recognised in income statement	12,280	(22,572)
Comprehensive (loss) / income not recognised in the income statement	(31,187)	58,245
Total comprehensive (loss) / income for the year	(209,281)	99,505

Yell Limited

Statement of cash flows for the year ended 31 March 2012

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Cash flows from operating activities:		
Cash generated from operations	127,534	157,173
External interest paid	(5,061)	(34,826)
External interest received	908	1,108
Interest received from group undertakings	10,380	2,813
Interest paid to group undertakings	(7,555)	(2,829)
Corporation tax received /(paid)	11	(4,900)
Negative goodwill immediately recognised	1,161	-
Net cash inflows from operating activities	127,378	118,539
Cash flows from investing activities:		
Payments to acquire property, plant and equipment	(20,912)	(36,030)
Loans from group companies	(29,869)	258,110
Acquisition of subsidiary undertaking	-	(1,168)
Net cash (outflow)/inflow from investing activities	(50,781)	220,912
Cash flows from financing activities:		
Repayment of borrowings	(18,922)	(4,730)
Net movement in hedges	-	(39,258)
Net loans to other group undertakings	(142,676)	(284,925)
Net cash outflow from financing activities	(161,598)	(328,913)
Net cash increase in cash and cash equivalents	(85,001)	10,538
Cash and cash equivalents at beginning of year	143,673	133,135
Cash and cash equivalents at end of year	58,672	143,673

Yell Limited

Statement of cash flows for the year ended 31 March 2012

Cash generated from operation

(Loss) Profit for the financial year	(178,094)	41,260
Adjustments for:		
Taxation	(4,246)	16,728
Depreciation of property, plant & equipment	8,404	10,195
Loss on disposal	808	324
Amortisation of software costs	12,950	10,816
Foreign exchange through income statement	25	(16)
External finance cost	1,697	37,510
Finance costs due to group undertakings	36,348	53,161
Finance income due from group undertakings	(19,416)	(16,924)
Finance fees amortised	-	8,365
External finance income	(818)	(1,103)
Group Recharges	4,889	-
Impairment of goodwill and other intangibles	267,028	-
Changes in working capital:		
Directories in development	7,668	10,333
Trade & other receivables	94,513	15,670
Trade & other payables	(84,815)	(7,136)
Defined benefit pension charge / contributions	(13,564)	(21,202)
Other non cash items	(5,843)	(808)
Cash generated from operations	127,534	157,173

Yell Limited

Statement of financial position as at 31 March 2012

	Notes	At 31 March 2012 £'000	At 31 March 2011 £'000
Non-current assets			
Goodwill	7	791,164	1,009,191
Other intangible assets	8	32,796	26,774
Investments in subsidiaries	10	1,219	1,219
Retirement benefit surplus	23	9,400	37,307
Property, plant and equipment	9	15,376	23,122
Deferred tax assets	14	8,545	9,361
Financial assets - derivative financial instruments	18	-	1,037
Trade & other receivables	13	3,119	6,630
Total non-current assets		861,619	1,114,641
Current assets			
Inventories		465	-
Directories in development	12	-	45,895
Trade and other receivables	13	651,888	709,358
Current tax assets		27,831	477
Financial assets - derivative financial instruments	18	8	630
Cash and cash equivalents		58,780	143,763
Total current assets		738,972	900,123
Current liabilities			
Financial liabilities - loans and other borrowings	16	-	(794,018)
Trade and other payables	19	(484,296)	(691,621)
Total current liabilities		(484,296)	(1,485,639)
Net current assets / (liabilities)		254,676	(585,516)
Non-current liabilities			
Deferred tax liabilities	14	(2,257)	(13,385)
Trade and other payables	19	(814,443)	(6,864)
Total non-current liabilities		(816,700)	(20,249)
Net assets		299,595	508,876

Yell Limited

Statement of financial position as at 31 March 2012

	Notes	2012 £'000	2011 £'000
Equity			
Share premium account	20	325,971	325,971
Other reserves	21	(97,968)	(66,781)
Retained earnings		71,592	249,686
Total equity		299,595	508,876

The financial statements on pages 9 to 65 were approved by the Board of directors on 28 September 2012 and were signed on its behalf by



Richard Hanscott
Director

Registration no 04205228

Yell Limited

Statement of changes in equity for the year ended 31 March 2012

	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2010	325,971	(125,026)	208,426	409,371
Comprehensive loss not recognised in the income statement	-	58,245	-	58,245
Profit for the financial year	-	-	41,260	41,260
Total comprehensive income for 2011	-	58,245	41,260	99,505
Balance at 31 March 2011	325,971	(66,781)	249,686	508,876
Balance at 1 April 2011	325,971	(66,781)	249,686	508,876
Comprehensive income not recognised in the income statement	-	(31,187)	-	(31,187)
Loss for the financial year	-	-	(178,094)	(178,094)
Total comprehensive loss for 2012	-	(31,187)	(178,094)	(209,281)
Balance at 31 March 2012	325,971	(97,968)	71,592	299,595

The accompanying notes form part of the financial statements

Yell Limited

Notes to the financial statements year ended 31 March 2012

1. Basis of preparation, accounting policies and critical accounting estimates and judgements

Entity information

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial instruments (including derivative instruments) at fair value in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union, and the Companies Act 2006. Accordingly these financial statements comply with Article 4 of the EU IAS Resolution.

The financial statements present information about the Company as an individual undertaking, and not as a group. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare and deliver consolidated group accounts.

In concluding on the going concern status of the Company, the directors have received confirmation from the parent company, hibu plc, that it will provide the necessary support as required to enable the Company to meet its debts as and when they fall due for a period of at least twelve months from the date of approval of these financial statements. The Group is currently in full compliance with the financial covenants contained in all its borrowing agreements. Details of its covenants and management of the risks associated with meeting those covenants are set out in the risk management disclosures in the 2012 Yell Group plc Annual Report.

A summary of the principal accounting policies, which have been applied consistently, is set out below.

The Company is a subsidiary of hibu plc, (formerly Yell Group plc) held indirectly through other holding companies. The audit reports to shareholders for the year ending 31 March 2012 for Yell Group plc and its immediate holding companies contain an emphasis of matter paragraph which refers to the disclosures in the respective annual reports and accounts of a material uncertainty as set out in the following excerpt from the financial statements of Yell Group plc:

"The financial statements have been prepared on a going concern basis. The Group is in full compliance with the financial covenants and undertakings contained in all its borrowing agreements. The Group is also cash generative and profitable (before exceptional items). The financial covenants are explained in note 16. The risks and uncertainties associated with the debt covenants are discussed below, in note 16 and in the section 'Primary risks' beginning on page 22. These risks include strategic risks, as well as debt and refinancing risks.

The Board, in considering going concern, looked at various factors including Yell's ability to meet debt repayments and satisfy debt covenants. The Group has some ability to reduce the risk of any potential covenant breach by reducing costs. The majority of the Yell's debt also matures in April 2014. The Group therefore intends to consult with its lenders and shareholders in order to put in place an appropriate new capital structure within the 2013 financial year.

The Board concluded that adoption of the going concern basis in preparing these financial statements is appropriate. However, as a consequence of increasingly difficult trading conditions and a greater proportion of future income expected to come from as yet unproven new strategies, there is a higher risk in the current year than in the previous year that the Group would not be able to meet its financial covenants with its lenders. Under certain circumstances, considered by the Board, the Group will not be able to meet its financial covenants.

In the event that covenants are breached without remedy or waiver, the lenders' facility agent may, and must if directed by two-thirds of lenders (by reference to debt held) demand immediate repayment of all amounts due to them. Whilst this eventuality would, if it arose, cast doubt on the future capital funding of the Group, the Group's cash flow forecasts show that in the twelve months ending 31 March 2013 interest payments will be fully met, with further cash generated to repay debt. The Board considers that such action by the lenders is either unlikely or will be unnecessary once an appropriate capital structure has been determined, but acknowledges that this is

Yell Limited

Notes to the financial statements year ended 31 March 2012

1 Basis of preparation, accounting policies and critical accounting estimates and judgements (continued)

Entity information (continued)

a material uncertainty

The directors believe that adopting the going concern basis in preparing the consolidated financial statements is appropriate. Nevertheless, the directors are making full disclosure, as required by accounting standards, to indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern."

Since the approval of the 31 March 2012 group financial statements the group has announced that a number of capital structure options are being considered and while no decision has yet been made, certain options may result in a dilution of existing Yell Group plc shareholders' interests, including some options, which may attribute little or no value to the Group's ordinary shares. The Group also announced that a waiver had been obtained from its lenders to amend the basis on which the Group's leverage ratio is next tested as a prudent measure to avoid a possible breach of the leverage covenant as at 30 September 2012. Instead of testing the leverage ratio by reference to the 12 months to 30 September 2012, the leverage ratio would be tested by reference to the 12 month period to 30 November 2012 applying the same ratio as is currently applicable for the period to 30 September 2012.

The directors have considered the implications of these circumstances and these disclosures on the financial statements of the Company, and in particular whether it is appropriate to prepare the financial statements on a going concern basis and whether there is a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

In reaching a conclusion the directors recognised that the syndicate of lenders have security over the company's shares. A change in ownership, which would occur if the lenders exercise this security, may materially change the Company's trading strategy. The directors consider that such action by the lenders is either unlikely or will be unnecessary once appropriate capital structure has been determined by the Group but acknowledges that this is a material uncertainty. The directors believe that adopting the going concern basis in preparing the consolidated financial statements is appropriate. Nevertheless, the directors are making full disclosure, as required by accounting standards, to indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

Accounting policies

a. Revenue

Revenue, after deduction of sales allowances and value added tax comprises the value of products provided by the Company. Revenue from classified directories, and other directories, mainly comprising advertising revenue, is recognised in the income statement upon completion of delivery to the users of the directories. Other revenue, principally from internet and voice production, is recognised from the point at which service is first provided over the life of the contract.

Yell Limited

Notes to the financial statements year ended 31 March 2012

1. Basis of preparation, accounting policies and critical accounting estimates and judgements (continued)

b. Cost of sales

Cost of sales comprises the costs incurred in developing directories and other products. Provisions for impairment of trade receivables are also included within cost of sales.

c. Advertising

The Company expenses the costs of advertising its own products and services as the costs incurred.

d. Finance costs and income

Finance costs payable are charged as incurred using the effective interest rate basis. Finance income is recognised on an accruals basis.

e. Foreign currencies

Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at the date of the financial position. Trading transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling when the transactions were entered into. Exchange differences are included in the income statement in the period they arise or directly to equity depending upon the nature of the transaction.

f. Goodwill

Goodwill from a business combination is included in intangible assets and is tested annually for impairment. Goodwill is not amortised, but carried at cost less accumulated impairment.

g. Other non-current intangible assets

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These net assets may include software development costs, brand names, non-compete agreements, contracts, customer commitments and customer relationships, all of which are recorded as intangible assets and held at cost less accumulated amortisation.

Software, including internally developed software, is amortised on a straight-line basis over its useful economic life, which does not generally exceed four years. Brand names are amortised on a straight-line basis over their useful economic lives which do not exceed 40 years. Non-compete agreements are amortised on a straight-line basis over the term of the agreement. Contracts are amortised on a straight-line basis over the term of the contract. Customer commitments are amortised as the directories to which the commitments relate are published. Customer relationships are amortised on a basis that takes into account the estimated customer retention rate at the date of acquisition. The useful economic lives of customer relationships do not generally exceed eight years. The amortisation period and method are reviewed and adjusted, if appropriate, at each balance sheet date.

Internally developed software, that is capitalised, includes the software development employee costs and an appropriate portion of overheads.

Yell Limited

Notes to the financial statements year ended 31 March 2012

1. Basis of preparation, accounting policies and critical accounting estimates and judgements (continued)

h. Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Cost comprises the purchase price and any other costs of bringing an asset into use. Depreciation is provided on property, plant and equipment on a straight-line basis from the time they are available for use, so as to write off their costs over their estimated useful economic lives taking into account any expected residual values.

Reviews are made annually of the estimated remaining lives and residual values of individual productive assets and adjusted prospectively, if appropriate, taking account of commercial and technological obsolescence as well as normal wear and tear.

The estimated lives assigned to property, plant and equipment are

	Years
Leasehold improvements	5 years or life of lease if less than 5 years
Office equipment	2 to 6

i. Asset impairment

Assets with indefinite useful lives are not subject to amortisation and instead are tested for impairment on an annual basis and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets subject to amortisation are tested for impairment when an event that might affect asset values has occurred. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future earnings from operating the assets.

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units, or CGUs). Where assets do not generate independent cash flows and their carrying value cannot be attributed to a particular CGU, CGUs are grouped together at the level at which these assets reside, and the carrying value of this group of CGUs is compared with the recoverable amount of that particular group. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

If an impairment loss is recognised for a CGU, it is allocated to reduce the carrying amounts of the assets of the assets of the unit in the following order:

- i) First, to reduce the carrying amount of any goodwill allocated to the CGU, and
- ii) Then, to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU.

If an asset's fair value less costs to sell exceeds its carrying amount before the impairment test of a CGU, then none of the impairment loss arising on the impairment test is allocated to that asset.

Yell Limited

Notes to the financial statements year ended 31 March 2012

1 Basis of preparation, accounting policies and critical accounting estimates and judgements (continued)

j. Investments

Investments are valued at cost less any amounts written off due to impairment

Any impairment would be charged to the income statement account to the extent that it is not covered by amounts previously credited to shareholders' equity through the revaluation surplus

k. Leased assets

Rentals in respect of operating leases, under which substantially all the benefits and risks of ownership remain with the lessor, are charged to the income statement on a straight line basis over the life of the lease

l. Directories in development

The cost of directories in development were previously recognised as a current intangible asset where the costs directly attributable to the development of the directory can be measured reliably. When directories are launched on a non-paid basis the costs are expensed as incurred. The development costs mainly comprise the direct costs of certain personnel dedicated to developing adverts and creating the content of directories and artwork and other directory production and development costs, including appropriate directly attributable overheads. The asset was amortised to cost of sales on completion of delivery of the relevant advertising.

Until 31 March 2012, Yell capitalised the costs of directories in development. The transformation to the digital model means Yell can no longer reliably estimate the allocation of costs between printed and online directories for which an intangible asset was previously recognised and other streams for which no intangible asset can be recognised. Therefore IAS 38 requires these costs to be expensed when incurred. The £37.8m exceptional charge has been expensed in 2012 financial year along with current year costs of £8.2m.

m. Trade and other receivables

Trade receivables are recognised initially at fair value. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect amounts due according to the original terms of receivables. The provision is calculated by estimating future cash flows from trade receivables on the basis of historical loss experience.

n. Cash and cash equivalents

Cash and cash equivalents represent cash in hand, bank deposits repayable on demand, and other short-term highly liquid readily convertible into cash investments with original maturities of three months or less.

o. Borrowings

All borrowings are initially stated at fair value of consideration received after deduction of issue costs. Borrowings are subsequently stated at amortised cost. Issue costs are charged to the income statement together with a coupon, as finance costs, on a constant-yield basis over the term of the borrowings, or over a shorter period where the lender can require earlier repayment.

Yell Limited

Notes to the financial statements year ended 31 March 2012

1 Basis of preparation, accounting policies and critical accounting estimates and judgements (continued)

p. Deferred finance costs/unamortised debt issue costs

Debt issue costs are initially capitalised and are then charged to the income statement over the term of the borrowings or over a shorter period where the lender can require earlier payment

q. Employee benefits

The Company expenses employee benefits as employees render the services that give rise to the benefits in accordance with IAS 19, Employee Benefits

The Company operated a defined benefit pension scheme for its employees employed before 1 October 2001 (sections 1, 2 and 3 of the 'UKPP'), and operates defined benefit schemes for its employees employed subsequent to 1 October 2001. Yell closed its defined benefit scheme to future accrual on 31 March 2011, thus reducing Yell's exposure to future changes in salaries and employee service years. Employees employed before 1 October 2001 became members of a defined contribution scheme from 1 April 2011.

All pension schemes are independent of the Company's finances. Actuarial valuations of the defined benefit scheme are carried out as determined by the trustees at intervals of not more than three years, the rates of contribution payable and the pension cost being determined on the advice of the actuaries, having regard to the results of these valuations. In any intervening years, the actuaries review the continuing appropriateness of the contribution rates. The April 2011 full actuarial valuation is still ongoing at the date of these financial statements.

The balance sheet includes the surplus or deficit in the defined benefit scheme taking assets at their year-end market values and liabilities at their actuarially calculated values discounted at the year-end AA corporate bond interest rates. The cost of benefits accruing during the year in respect of current and past service is charged against operating profit. The expected return on the schemes' assets and the increase in the present value of the schemes' liabilities arising from the passage of time are included in other finance costs or income. Actuarial gains and losses on pension schemes are recognised immediately in the statement of recognised income and expense.

Payments to the Company's defined contribution schemes are charged against profit as incurred.

r. Employee share schemes

The fair value of employee share-based payments is calculated using the Black-Scholes model. In accordance with IFRS 2, Share-based Payments, the resulting cost is charged against income over the vesting period of the awards. The value of the charge is adjusted to reflect expected and actual levels of options vesting.

s. Taxation

The charge for taxation is based on the profit for the period and takes into account deferred taxation where transactions or events give rise to temporary differences between the treatment of certain items for taxation and for accounting purposes. Provision is made in full for deferred tax liabilities. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the benefit can be realised.

Current tax is provided at the amounts expected to be paid or recovered under the tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured at the rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based

Yell Limited

Notes to the financial statements year ended 31 March 2012

1 Basis of preparation, accounting policies and critical accounting estimates and judgements (continued)

s Taxation (continued)

on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax assets and liabilities are not discounted. No provision is made for temporary differences relating to investments in subsidiaries since realisation of such differences can be controlled and is not probable in the foreseeable future.

t. Derivative financial instruments and hedging

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and the fair value is subsequently remeasured at the year end. The method of recognising the resulting gain or loss depends on whether a derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Company designates certain derivatives as either

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- Hedges of highly probable forecast transactions (cash flow hedges)

The Company has not designated any derivatives as fair value hedges. Changes in the fair value of derivatives that are designated and qualify as a cash flow hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the period when the hedged item affects income (for instance, when the forecast transaction that is hedged takes place).

The Company does not hold or issue derivative financial instruments for speculative purposes. Changes in the fair value of derivative instruments or elements of derivative instruments that do not qualify for hedge accounting would be recognised immediately in the income statement.

u Dividends

Interim dividends are recognised when they are paid. Final dividends are recognised when they are approved by shareholders.

v Contingent Liabilities

Through the normal course of business, the Company is involved in legal disputes, the settlement of which may involve cost to the Company. These costs are accrued when payment is probable and associated costs can be reliably estimated.

Critical accounting estimates and judgements

In general, our accounting policies under IFRSs as adopted by the European Union are consistent with those generally adopted by others operating within the same industry in the UK.

In preparing the Company financial statements, our management has made its best estimates and judgements of certain amounts included in the financial statements, giving due consideration to materiality. We regularly review these estimates and update them when required. Actual results could differ from these estimates. Unless otherwise indicated, we do not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. We consider the following to be a description of

Yell Limited

Notes to the financial statements year ended 31 March 2012

1 Basis of preparation, accounting policies and critical accounting estimates and judgements (continued)

Critical accounting estimates and judgements (continued)

the most significant estimates, which require our management to make subjective and complex judgements, or matters that are inherently uncertain

Bad debts

The Company reduces receivables by an allowance for amounts that may become uncollectible in the future. Yell determines the allowance by estimating the future cashflows from the receivables based on historical loss experience. A receivable is written off against the provision when it is believed to be entirely uncollectible. Any monies recovered subsequent to write off are recorded as adjustments to the bad debt provision and considered in the historical loss experience.

Carrying value of goodwill

Yell reviews goodwill annually for impairment or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable and at the end of the first full year following acquisition. Yell compares the carrying value of our operations with estimated recoverable values to determine whether goodwill is impaired. Yell estimates the recoverable value is estimated from a discounted cash flow model that relies on significant key assumptions, including after-tax cash flows forecasted over an extended period of years, terminal growth rates and discount rates.

During the year the Company recognised impairment losses of £218m (£214.6m net of tax). There was no impairment of goodwill in 2011. The cashflows in the 2012 calculation are lower than what Yell believes can be achieved under the new strategy. Yell expects that over the medium term the Company EBITDA and cashflows will return to growth as a result of substantial strategic changes in the business. However these changes include the development of material new income streams from consumer and SME products that were not established at 31 March 2012, and therefore are not allowed under IFRS to be considered in the value-in-use assumptions used to value the operations. At 31 March the fair values of the operations equalled their carrying values and consequently, any adverse change in a key assumption with all other assumptions held unchanged would cause recognition of further impairment losses.

Carrying value of long-lived tangible and intangible assets

Other non-intangible assets and plant and equipment are long lived assets that Yell amortises or depreciates over their useful lives. Useful lives are based on management's estimates of the period over which the assets will generate benefits. Yell reviews the values of property, plant, equipment and assets with indefinite lives annually for impairment. Yell reviews other non-current intangible assets for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable, and at the end of the first full year following acquisition. Historically, Yell has not realised large gains or losses on disposals of property, plant and equipment.

During the year ended 31 March 2012, Yell reported impairment losses of £218m (£214.6m net of tax). There was no impairment of other intangible assets in 2011. The cashflows in the 2012 calculation are lower than what Yell believes can be achieved under the new strategy. Yell expects that over the medium term the Company EBITDA and cashflows will return to growth as a result of substantial strategic changes in the business. However these changes include the development of material new income streams from consumer and SME products that were not established at 31 March 2012, and therefore are not allowed under IFRS to be considered in the value-in-use assumptions used to value the operations. At 31 March the fair values of the operations equalled their carrying values and consequently, any adverse change in a key assumption with all other assumptions held unchanged would cause recognition of further impairment losses.

Yell Limited

Notes to the financial statements year ended 31 March 2012

1. Basis of preparation, accounting policies and critical accounting estimates and judgements (continued)

Critical accounting estimates and judgements (continued)

Pension liabilities

Yell closed its defined benefit scheme in the UK to future accrual on 31 March 2011, thus reducing Yell's exposure to future changes in salaries and employee service years. The determination of our obligation and expense for pensions is dependent on the selection of assumptions that are used by our actuaries in calculating such amounts. These assumptions include, amongst others, expected mortality rates of scheme members, the rate at which future pension payments are discounted to the balance sheet date, and inflation. Differences in Yell's actual experience or changes in its assumptions can materially affect the amount of our future pension obligations, future valuation adjustments in the statement of comprehensive income. Yell seeks expert actuarial advice in setting its assumptions.

Yell defined contribution schemes are managed separately from assets and liabilities of the Group.

Pension assets

Yell values the portfolio of assets held by the UK defined benefit pension scheme in the UK at market value when calculating our net pension deficit. Values will increase and decrease as markets rise and fall. The trustees and management have an agreed strategy to mitigate the risk of having insufficient funds, if markets fall. The trustees annually match the low risk asset portfolio against the projected cash inflows for the next 12 years. Against longer-term projected cash payouts they match a combination of investments in index-linked gilts to mitigate inflation risk, and higher risk assets to get higher rates of growth. The trustees are working with management as part of a triennial valuation process to ensure sufficient assets will be available to settle obligations extending beyond 12 years.

Taxation

The determination of our obligation and expense for taxes requires an interpretation of tax law.

Yell recognises deferred tax assets and liabilities arising from timing differences where we have a taxable benefit or obligation in the future as a result of past events.

We record deferred tax assets to the extent that we believe they are more likely than not to be realised. Should we determine in the future that we would be able to realise deferred tax assets in excess of our recorded amount or that our liabilities are different than the amounts we recorded, then we would increase or decrease income as appropriate in the period such determination was made. At 31 March 2012 we believe we have recognised all our potential deferred tax assets.

Yell seeks appropriate, competent and professional tax advice before making any judgements on tax matters. Whilst Yell believes that its judgements are prudent and appropriate, significant differences in actual experience may materially affect future tax charges.

Standards that have been adopted during the current period

The following standards, interpretations and amendments became effective and were not material to the Company. Amendment to IASs 24, IFRS 1 and IFRICs 14 and 19, and Annual improvements to IFRSs 2010.

Yell Limited

Notes to the financial statements year ended 31 March 2012

1. Basis of preparation, accounting policies and critical accounting estimates and judgements (continued)

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2012 or later periods but which the Company has chosen not to early adopt. The new standard that could be relevant to the Company's operations is IFRS 9, financial instruments. This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. It is effective for accounting periods beginning on or after 1 January 2013, subject to EU endorsement. IFRS 13, Fair value measurement, provides guidance on fair value accounting application and is applicable for accounting periods beginning on or after 1 January 2013, subject to EU endorsement.

Yell Limited

Notes to the financial statements year ended 31 March 2012

2. Revenue

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Printed directories	225,799	313,005
Digital media products and services	193,302	188,516
Other products and services	21,813	14,688
Total revenue	440,914	516,209

3. Employees

	Year ended 31 March 2012	Year ended 31 March 2011
Average monthly number of employees (including executive directors):		
By activity:		
Marketing and sales	185	284
Other	665	225
Total	850	509

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Staff costs during the year:		
Wages and salaries	17,059	13,550
Social security costs	3,660	3,500
Other pension costs	5,591	11,134
Curtailment of defined benefit scheme	-	(35,600)
Severance	2,632	3,239
Share-based payments	1,405	1,226
Total staff costs payable for the year	30,347	(2,951)
Net change in staff costs deferred in directories in development	36,398	6,414
Total staff costs expensed to the income statement	66,745	3,463

Details of the Company's various stock option plans are given in note 25

Yell Limited

Notes to the financial statements year ended 31 March 2012

3. Employees (continued)

Directors' remuneration

The directors did not receive remuneration for their services to the Company (2011 £nil)

4 Net finance costs

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Interest payable on bank loans	632	2,086
Interest payable on loans from group undertakings (note 24)	36,343	53,161
Underlying fair value losses on cash flow hedges transferred from equity	-	30,979
Amortisation of deferred finance fees	-	8,365
Net finance cost on retirement benefit obligation (note 23)	-	2,668
Fair value charge for the time value of interest rate caps	5,901	1,774
Other interest payable	752	3
Total finance costs	43,628	99,036
Interest receivable on bank deposits	(818)	(1,103)
Interest receivable on loans to group undertakings (note 24)	(19,416)	(16,924)
Net finance income on retirement benefit obligation (note 23)	(4,532)	-
Other interest receivable	-	(5)
Total finance income	(24,766)	(18,032)
Net finance costs	18,862	81,004

Yell Limited

Notes to the financial statements year ended 31 March 2012

5. Taxation

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Current tax:		
Current year corporation tax	8,334	6,953
Adjustments in respect of prior years	(10,307)	(188)
Total current tax (credit) / charge	(1,973)	6,765
Deferred tax:		
Current year (credit) / charge	(3,279)	9,993
Adjustments in respect of prior years	4,366	(30)
Other	(3,360)	-
Total deferred tax (credit) / charge	(2,273)	9,963
Tax (credit) / charge on profit before tax	(4,246)	16,728

The tax charge for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 26% (2011 28%). The differences are explained below

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
(Loss) / profit before tax multiplied by standard rate of corporation tax in the UK	(47,408)	16,122
Effects of:		
Non-deductible items	52,124	612
Adjustments in respect of prior years	(5,941)	(218)
Effect of changes in tax rate	339	212
Deferred tax liabilities written off	(3,360)	-
Tax charge on (loss) / profit before tax	(4,246)	16,728

Yell Limited

Notes to the financial statements year ended 31 March 2012

Tax credited / (charged) directly to equity is as follows

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Current tax on actuarial losses	4,380	3,141
Deferred tax on actuarial losses	292	(17,510)
Deferred tax on fair valuations of financial instruments used as hedges	7,746	(8,203)
Total taxation recorded in equity	12,418	(22,572)

During the year, legislation to reduce the UK corporation tax rate from 26% to 24% with effect from 1 April 2012 was substantively enacted at the balance sheet date. The effect of this change has been reflected in the financial statements.

The March 2012 UK Budget Statement confirmed that further legislation would reduce the tax rate by 1% per annum to 22% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

6. Dividends

In accordance with IFRSs, dividends are not recognised until the period in which they are approved. No dividend was proposed or paid during the year (2011: £nil).

7. Goodwill

	At 31 March 2012 £'000	At 31 March 2011 £'000
Balance at beginning of year	1,009,191	1,009,191
Impairment charge	(218,027)	-
Total	791,164	1,009,191

Goodwill is not amortised but is tested annually for impairment. The impairment analysis is based on certain assumptions, including future revenue and profit growth, that can change the conclusion on whether goodwill is impaired. Impairment occurs where the carrying value of a CGU exceeds the higher of its fair value less cost to sell and its value in use. Any impairment loss is applied against goodwill, then the excess is allocated to other long-lived intangible assets.

In 2012 Yell measured the carrying value against the value in use and in 2011 Yell measured against a directors' fair value less cost to sell, both of which used a discounted cash flow model. In both years the cash flow projections were based on Board reviewed cash flow projections extrapolated to ten years, reflecting the need to develop new product and brand awareness. Future financial results expected for all the operations were reduced to reflect the worsening economic outlook, the latest revenue trends for the legacy directory products and, in

accordance with IAS 36, were limited in 2012 by the fact that the expected revenues of the new strategy are not

Yell Limited

Notes to the financial statements year ended 31 March 2012

7. Goodwill (continued) yet confirmed

During the year ended 31 March 2012, impairment losses of £218m on Goodwill in relation to its operations were recorded. There was no goodwill write down in 2011. At 31 March 2012, the fair values of the operations equalled their carrying values and consequently, any adverse change in a key assumption with all other assumptions held unchanged would cause recognition of further impairment losses.

Cash flows beyond the ten year period are calculated using the terminal growth rates stated below. In addition, revenue growth over the ten year period ending 31 March 2022 is a key assumption in the 31 March 2012 valuation as discussed above. The carrying value of Goodwill after impairments and the key assumptions used for estimating are as follows:

	At 31 March 2012 £'000	At 31 March 2011 £'000
Net book value		
Carrying value of goodwill	791,164	1,009,191
Revenue compound annual growth rate	0.4%	12.8%
Revenue terminal growth rate	1.8%	1.8%
Pre-tax discount rate	11.3%	9.0%

The discounted cashflow calculations are sensitive to changes in the long-term growth rates and discount rates. The long-term growth rates used are consistent with the forecasts of long-term national rates included in industry reports. The discount rate used is based on the weighted average cost of capital before tax and reflect specific risks relating to the relevant segment.

Yell Limited

Notes to the financial statements year ended 31 March 2012

8. Other non-current intangible assets

	At 31 March 2012 £'000	At 31 March 2011 £'000
Cost		
Balance at beginning of year	75,610	60,041
Additions	19,335	15,636
Disposals	(2,404)	(97)
Reclassification	-	30
Total cost at end of year	92,541	75,610
Amortisation		
Balance at beginning of year	(48,836)	(38,117)
Charge for the year	(12,950)	(10,816)
Disposals	2,041	97
Total amortisation at end of year	(59,745)	(48,836)
Net book value at end of year	32,796	26,774

Other non-current intangible assets comprise software development costs and intellectual property

9. Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Total £'000
Cost			
Opening balance	21,330	66,191	87,521
Additions	28	1,081	1,109
Disposals	(3,279)	(9,477)	(12,756)
Total cost at 31 March 2012	18,079	57,795	75,874
Depreciation			
Opening balance	(9,360)	(55,040)	(64,400)
Disposals	2,964	9,342	12,306
Depreciation	(2,333)	(6,071)	(8,404)
Total depreciation at 31 March 2012	(8,729)	(51,769)	(60,498)
Net book value at 31 March 2012	9,350	6,026	15,376

Yell Limited

Notes to the financial statements year ended 31 March 2012

9. Property, plant and equipment (continued)

	Leasehold improvements £'000	Office equipment £'000	Total £'000
Cost			
Opening balance	13,120	76,665	89,785
Additions	9,824	5,810	15,634
Disposals	(1,615)	(16,284)	(17,899)
Balance at 31 March 2011	21,329	66,191	87,520
Depreciation			
Opening balance	(8,163)	(63,614)	(71,777)
Disposals	1,520	16,054	17,574
Depreciation	(2,716)	(7,479)	(10,195)
Total depreciation at 31 March 2011	(9,359)	(55,039)	(64,398)
Net book value at 31 March 2011	11,970	11,152	23,122

Yell Limited

Notes to the financial statements year ended 31 March 2012

10. Investments

	2012 £'000	2011 £'000
Cost		
At 1 April	1,219	1,219
At 31 March	1,219	1,219
Impairment		
Impairments charged	-	-
Carrying value	1,219	1,219

On 29 April 2010, the Company acquired 112,466 ordinary shares of £0.01p each and 63,107 preferred ordinary shares of £0.01p each in Trusted Places Limited, a company operating social networking websites with user input for a total consideration of £1,219,399. The fair value of the assets acquired approximate to the consideration paid.

The interests of the Company in its subsidiaries at 31 March 2012 were as follows:

Direct subsidiaries	Company activity	Country of incorporation	2012 % owned	2011 % owned	2012 Carrying value £'000	2011 Carrying value £'000
Yellow Pages Sales Limited	Advertising space sales	United Kingdom	100	100	-	-
Trusted Places Limited	Social networking website operation	United Kingdom	100	100	1,219	1,219
Total carrying value					1,219	1,219

The subsidiary undertakings have the same year end as the Company.

The Company is exempt from the requirement to prepare and deliver consolidated financial statements under the provisions of Section 400 of the Companies Act 2006 as the Company and its subsidiaries are included within the consolidated financial statements of its ultimate parent company hibub plc.

Yell Limited

Notes to the financial statements year ended 31 March 2012

11. Inventory

Note topic

Inventory of £465,075 comprises paper stocks to be used in production of books and the paper and printing costs awaiting shipment. The cost of the paper recognised as an expense and included in cost of sales amounted to £8,352,095.

12. Directories in development

	At 31 March 2012 £'000	At 31 March 2011 £'000
Cost at beginning of the year	45,895	56,227
Additions	97,814	107,299
Amortisation in cost of sales	(143,244)	(117,631)
Transfer into inventories	(465)	-
Cost at the end of the year	-	45,895

Amortisation into cost of sales includes an exceptional amount of £37.8m written off at 31 March 2012. Until 31 March, Yell capitalised the costs of directories in development. The transformation to the digital model means Yell can no longer reliably estimate the allocation of costs between printed and online directories for which an intangible asset was previously recognised and other streams for which no intangible asset can be recognised. Therefore IAS 38 requires these costs to be expensed when incurred.

Yell Limited

Notes to the financial statements year ended 31 March 2012

13 Trade and other receivables

	At 31 March 2012 £'000	At 31 March 2011 £'000
Amounts falling due within one year		
Net trade receivables	66,196	189,099
Prepayments and accrued income	5,246	6,553
Other receivables	4,878	3,434
Accrued income	32,444	1,643
Amounts owed by group undertakings (note 24)	543,124	508,626
Total amounts falling due within one year	651,888	709,355
Amounts falling due after more than one year		
Amounts owed by group undertakings (note 24)	3,119	2,485
Deferred financing fees	-	54
Other	-	4,091
Total amounts falling due after more than one year	3,119	6,630
Total trade and other receivables	655,007	715,985

Trade receivables are non-interest bearing and generally have terms between 30 days and 10 months. Due to their short maturities and the non-interest bearing nature of these financial assets, the fair value of trade and other receivables approximates book value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Concentrations of credit risk with respect to trade receivables are limited due to the Company's customer base being large, geographically diverse and unrelated. The Company does not hold any collateral as security.

The carrying amounts of trade and other receivables are denominated in sterling. The Company's trade receivables and accrued income are stated after deducting a provision for doubtful debts and sales allowances. The movement in the provision for doubtful debts was as follows:

	At 31 March 2012 £'000	At 31 March 2011 £'000
Balance at beginning of the year	(34,157)	(42,008)
Charged to income statement	(17,999)	(20,913)
Written off	24,793	28,764
Balance at end of the year	(27,363)	(34,157)

Trade receivables can become impaired, generally when customers are in financial distress, before being considered uncollectible. Trade receivables are considered impaired only after completion of collection processes designed locally to collect monies from slow-payors or, if earlier, when amounts are more than one year past due. At 31 March 2012 the carrying value and estimated recoverable amount of trade receivables past due and impaired was £nil (2011: £nil), after deducting the related provision of £11,057,000 (2011: £19,584,000) for doubtful debts. The ageing analysis of the gross trade receivables past due and impaired is as follows:

Yell Limited

Notes to the financial statements year ended 31 March 2012

13. Trade and other receivables (continued)

	At 31 March 2012 £'000	At 31 March 2011 £'000
Up to one month past due	457	1,217
1 to 3 months past due	611	1,578
3 to 9 months past due	3,528	8,473
Over 9 months	6,461	8,316
Gross trade receivables past due	11,057	19,584

The other classes of receivables do not contain impaired assets

At 31 March 2012, gross trade receivables of £26,495,000 (2011 £16,913,000) were past due but not impaired
The ageing analysis of these gross trade receivables is as follows

	At 31 March 2012 £'000	At 31 March 2011 £'000
Up to 1 month past due	5,650	3,548
1 to 3 months past due	5,204	270
3 to 9 months past due	4,806	5,369
Over 9 months	10,835	7,726
Gross trade receivables past due but not impaired	26,495	16,913

The credit quality of trade receivables past due but not impaired is assessed using a statistical approach to determine the historical allowance rate for each ageing tranche. This allowance rate is applied to the debt tranches at the end of the reporting period and a provision for doubtful debts recognised. As at 31 March 2012, £16,548,000 (2011 £12,211,000) of the total provision for doubtful debts related to trade receivables that are past due but not impaired.

14. Deferred tax assets

	At 31 March 2012 £'000	At 31 March 2011 £'000
Balance at beginning of year	9,361	35,572
Charged to income statement	(1,109)	(275)
Credited / (charged) directly to equity	293	(25,936)
Balance at end of year	8,545	9,361

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Yell Limited

Notes to the financial statements year ended 31 March 2012

14 Deferred tax assets (continued)

The elements of net deferred tax assets recognised in the financial statements at the year end, were as follows

	At 31 March 2012 £'000	At 31 March 2011 £'000
Tax effect of timing differences due to:		
Depreciation	7,971	7,542
Financial instruments	503	1,296
Share-based payments	62	39
Net operating losses	-	484
Other	9	-
Recognised deferred tax assets	8,545	9,361

There are no amounts of deferred tax assets unrecognised as at 31 March 2012 (2011 £nil)

Deferred tax liabilities

	At 31 March 2012 £'000	At 31 March 2011 £'000
Balance at beginning of year	13,385	3,920
Credited directly to equity	(7,746)	(223)
Charged to income statement	(3,382)	9,688
Balance at end of year	2,257	13,385

The elements of net deferred tax liabilities recognised in the financial statements at the year end were as follows

	At 31 March 2012 £'000	At 31 March 2011 £'000
Tax effect of timing differences due to:		
Intangible assets	-	3,640
Defined benefit pension scheme	2,257	9,745
Recognised deferred tax liabilities	2,257	13,385

15. Risk management

Formats

Overview

The financial risks faced by the Group include liquidity, credit risk and the effects of changes in foreign currency exchange and interest rates. The primary role of Yell's treasury functions is to ensure that adequate liquidity is

Yell Limited

Notes to the financial statements year ended 31 March 2012

15. Risk management (continued)

Formats (continued)

available to meet the Group's funding requirements as they arise and that financial risk arising from Yell's underlying operations is effectively identified and managed

The treasury function also monitors the key objective of remaining within the ratios that the lenders of Yell's bank debt have set as covenants

The treasury function is not a profit centre and its objective is to manage risk at optimum cost. Yell's treasury function conducts its operations in accordance with policies and procedures approved by the Board. Derivative financial instruments are executed only for hedging purposes, and transactions that would be speculative in nature are expressly forbidden.

There has been no change in the role that financial instruments have in creating or changing the Group's risk between 31 March 2012 and the date of these financial statements.

Capital management

Yell manages the capital requirements of the Group by maintaining leverage within the terms of its debt facilities agreement. Yell manages capital in order to safeguard the entity's ability to continue as a going concern.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistently with other corporations, the Group monitors capital on the basis of a debt-to-profit ratio. This ratio is calculated as net debt divided by adjusted profit. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted profit is twelve months' EBITDA adjusted for certain items defined in Yell's Facilities Agreement. The ratio has decreased from 5.5 : 1.0 for the year ended 31 March 2011 to 4.8 : 1.0 for the year ended 31 March 2012.

Liquidity and funding

Yell maintains sufficient facilities to meet its normal funding requirements over the medium term. At 31 March 2012, Yell had access to an undrawn, committed revolving credit facility (subject to covenant adherence) of £75.0m until 30 April 2014 that Yell could use to mitigate the potential operational risks. Yell also had cash of £134.6m at 31 March 2012. Yell believes that the Group has sufficient access to working capital to meet its operating and capital expenditure requirements in the 2013 financial year.

Yell has contractual debt obligations and related covenants that reflect its level of borrowing. The net cash interest cover covenant requires that the ratio of EBITDA (adjusted for exceptional items and acquisitions during the year) for the latest twelve month period to net cash interest payable for the latest twelve month period does not fall below specific threshold ratios at specific test dates. The debt cover covenant requires that the ratio of net debt, excluding deferred financing fees and restated at the calculated average exchange rate for the relevant EBITDA, at the testing date to EBITDA for the latest twelve month period should not exceed specific threshold ratios at specific test dates. Yell paid fees of £22m, plus a potential further 2%, to obtain the lenders' agreement to revise this latter covenant in December 2011. The existing threshold ratios at 31 March 2012 and for each test date until 30 June 2014 are as set out in the table below. The net debt to EBITDA covenant is adjusted for debt buy backs as per the amended facility agreement. Future ratios set out below will also be adjusted for any future debt buy back below par.

Yell Limited

Notes to the financial statements year ended 31 March 2012

15. Risk management (continued)

Formats (continued)

Test date	Cash interest cover ratio	Debt cover ratio
31 March 2012	2.25:1	5.79:1
30 June 2012	2.27:1	5.79:1
30 September 2012	2.32:1	5.79:1
31 December 2012	2.40:1	5.54:1
31 March 2013	2.49:1	5.29:1
30 June 2013	2.55:1	5.04:1
31 March 2013	2.63:1	4.79:1
31 December 2013	2.73:1	4.54:1
31 March 2014	2.84:1	4.29:1
30 June 2014	2.91:1	4.04:1

Yell operated within its debt covenants for all periods presented in these financial statements with headroom for the year ended 31 March 2012 of 34% on the cash interest cover ratio and 14% on the debt cover ratio. Had the debt buy back and covenant reset not taken place, the Group would still have had headroom on its previous covenants. However, as a consequence of increasingly difficult trading conditions and a greater proportion of future income expected to come from as yet unproven new strategies, there is a higher risk in the current year than in the previous year that the Group would not be able to meet its financial covenants with its lenders. A discussion of the risks associated with the future tightening of debt covenants is presented in note 1.

Interest rates

Yell's policy is to minimise the exposure to fluctuating interest rates by ensuring an appropriate balance of floating and fixed interest rates. The Group's primary funding is through its senior credit facilities, on which interest is payable at floating rate based on LIBOR or EURIBOR plus a margin.

In order to manage the associated interest rate risk, Yell fixes a portion of its interest rates through hedging arrangements.

- At the end of each quarter Yell reviews its future interest payment obligations in assessing the appropriate amount of hedging. Yell has fixed or capped interest rates on 65% of its indebtedness under the term bank facilities until December 2012 (see note 17).

- At 31 March 2012, Yell had £4.0m net mark-to-market liabilities on interest rate swaps that will be recognised as an increase in interest expense when settled in the future if market interest rates remain unchanged (see note 17).

Foreign currency exchange rates

The Group is exposed to currency fluctuations on the translation of its overseas operations into sterling. Yell mitigates this exposure by borrowing in the same currencies as its income generating assets. Group borrowings are drawn down in the principal currencies of its operations, namely US dollar, euro and sterling.

The Group does not currently intend to use derivative instruments to hedge any foreign exchange translation rate risk relating to foreign currency-denominated financial liabilities, although Yell will continue to review this.

Yell Limited

Notes to the financial statements year ended 31 March 2012

15. Risk management (continued)

Formats (continued) practice

Yell has operations in countries where the functional currency is not sterling. Significant cash inflows and outflows associated with the Group's operations within a country are generally denominated in local currency to limit the risks of foreign exchange movements on the local results. However, in certain situations, some contracts have to be denominated in currencies other than the local functional currency. Yell would use derivative financial instruments to hedge transactional foreign exchange rate risk only on significant transactions that are not denominated in local currency.

Yell also operates a centralised cash pooling scheme that exposes Yell to the risk of foreign currency fluctuations. Yell uses derivative financial instruments to hedge this foreign exchange rate risk. At 31 March 2012, Yell had £nil net mark-to-market liabilities on foreign exchange rate hedges that will be recognised as an increase in interest expense when settled in the future if foreign exchange rates remain unchanged.

Counterparties

Cash deposits and the use of derivative financial instruments, including interest rate swaps, interest rate caps and forward foreign exchange contracts, for hedging purposes give rise to credit risk on amounts due from counterparties. Yell manages this risk by limiting the aggregate amounts and their duration, depending on the external credit ratings of the relevant counterparty.

UK defined benefit pension plan

The Group is required to agree its contributions to the plan with the trustees based on actuarial advice. Such agreement must be reached in a way that complies with the UK Pensions Regulator's 'Scheme Specific Funding' guidance. Any failure to agree would result in the intervention of the Pensions Regulator and, possibly, an imposed settlement. The full funding valuation that has an effective date of 5 April 2011 has not been agreed at the date of these financial statements.

Yell Limited

Notes to the financial statements year ended 31 March 2012

16. Loans and other borrowings

The Company is within a group of companies (the "security group") that are party to debt arrangements associated with bank facilities. We manage the capital requirements of the Company by maintaining leverage of the Company within the terms of the debt facility agreement. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Consistently with others in the industry, the Company monitors capital on the basis of the debt to profit ratio. This ratio is calculated as net debt / adjusted profit. Net debt is calculated as total debt (as shown on the statement of financial position) less cash and cash equivalents. Adjusted profit is defined by lending institutions in our facilities agreement.

The terms of the facilities agreement require the security group to maintain better than specified consolidated financial ratios for net debt to earnings, before interest, tax, depreciation and amortisation (EBITDA as defined in the facilities agreement, including a pro-forma adjustment to the EBITDA of any acquisitions of less than one year) and EBITDA to net cash interest payable. These financial ratios have to be prepared for the twelve-month period preceding the test date and reported to the lenders under the facilities agreement on a quarterly basis. The hibuplc was in compliance with these terms at 31 March 2011 and 31 March 2012.

Yell Limited

Notes to the financial statements year ended 31 March 2012

The following table sets out the borrowing and net debt total of the Company

	Interest rate	At 31 March 2012	Interest rate	At 31 March 2011
	%	£'000s	%	£'000s
Amounts falling due within one year				
Senior credit facilities - external		- 4 11-4 36		18,921
Unamortised issue costs		-		(540)
Total external borrowings		-		18,381
Senior credit facilities - internal (note 24)		-		775,637
Total amounts falling due within one year		-		794,018

	Interest rate	At 31 March 2012	Interest rate	At 31 March 2011
	%	£'000s	%	£'000s
Amounts falling due after more than one year				
Total loans and other borrowings		-		794,018
Cash and cash equivalents		-		(143,763)
Net debt		-		650,255

The senior credit facility consists of a term loan that was arranged under a facilities agreement dated 27 April 2006. The senior credit facilities also include a revolving credit facility of £75.0 million (2011: £196.8 million), including £75.0 million under a new Facility Agreement dated 30 November 2009 (2011: £193.2 million). At 31 March 2012, £nil had been drawn down under the revolving credit facility (2011: £nil). Under the terms of the senior credit facilities, including the revolving credit facility, the lenders have security over shares in hibu plc's principal operating companies.

On 30 November 2009 debt due to consenting lenders under the credit facility agreement dated 26 April 2006 was acquired by a fellow group undertaking, Yell Finance (UK) Ltd. The debt due to the fellow group undertaking, together with the amounts due to the remaining external lenders under the facility dated 27 April 2006, has been settled in full during the year in accordance with the terms of the facilities agreement.

Yell Limited

Notes to the financial statements year ended 31 March 2012

17. Financial instruments and risk management

The Company's approach to management of financial risks is set out on pages 2-3. The accounting classification of each class of the Company's financial assets and financial liabilities, together with their fair values is set out below.

At 31 March 2012	Fair value derivatives used as hedges £'000	Receivables £'000	Amortised cost loans and other liabilities £'000	Total book value £'000	Total fair value £'000
Assets					
Derivative financial instruments	8	-	-	8	8
Trade and other receivables	-	528,686	-	528,686	528,686
Cash at bank and in hand	-	58,780	-	58,780	58,780
Total financial assets	8	587,466	-	587,474	587,474
Liabilities					
Trade and other payables	-	-	(611,158)	(611,158)	(611,158)
Total financial liabilities	-	-	(611,158)	(611,158)	(611,158)

At 31 March 2011	Fair value derivatives used as hedges £'000	Receivables £'000	Amortised cost loans and other liabilities £'000	Total book value £'000	Total fair value £'000
Assets					
Derivative financial instruments	630	-	-	630	630
Trade and other receivables	-	715,985	-	715,985	715,985
Cash at bank and in hand	-	143,763	-	143,763	143,763
Total financial assets	630	859,748	-	860,378	860,378
Liabilities					
Trade and other payables	-	-	(691,621)	(691,621)	(691,621)
Short-term borrowings	-	-	(794,018)	(794,018)	(18,381)
Total financial liabilities	-	-	(1,485,639)	(1,485,639)	(710,002)

The fair value of trade and other receivables, cash at bank and in hand, and trade and other payables approximated to carrying value due to the short maturity of the instruments.

There are no material monetary assets or liabilities denominated in currencies other than pounds Sterling, US dollars and Euros.

The Company contracts external hedges on behalf of certain fellow group undertakings and has put in place internal contracts with those entities that precisely replicate its external arrangement entered into on their behalf thus leaving its economic effect as neutral in respect of these transactions.

Yell Limited

Notes to the financial statements year ended 31 March 2012

Movements in fair values of derivative financial instruments designated as cash flow hedges (to the extent they are effective) are recognised in equity and will be recognised in the income statement when the underlying hedge transactions effect the income statement

Total book values and total fair values both include unamortised deferred financing fees at amortised cost, which approximate fair value

The ineffective portion of interest rate hedges and foreign exchange hedges recognised in the income statement amounted to £nil (2011 £nil)

More detail on the Company's accounting for financial instruments is included in the Company's accounting policies on page 22

Currency profile and interest rate risk

The interest rate profile of the Company's financial assets and liabilities, after taking into account interest rate swaps are as follows

	Financial assets	Financial liabilities			
	Floating rate	Fixed rate	Floating rate	Total	Net financial liabilities
	£'000	£'000	£'000	£'000	£'000
At 31 March 2012	58,780	-	-	-	-
At 31 March 2011	143,763	(656,361)	(138,197)	(794,558)	(650,795)

Total financial liabilities are presented gross before unamortised costs which amount to £nil at 31 March 2012 (2011 £540,000) Details of interest and maturity profiles of specific borrowings are given in note 16 There are no material monetary assets or liabilities denominated in currencies other than local reporting currencies

Yell Limited

Notes to the financial statements year ended 31 March 2012

Interest rate profile

Details of year-end interest rates on borrowings are set out in note 16. For the financial liabilities with fixed rates of interest, after taking into account interest rate swaps and the average periods for which the rates are fixed are

	Weighted average interest rate	Weighted average period for which the rate is fixed
	%	Years
At 31 March 2012	0	0
At 31 March 2011	3.8	1.2

The floating rate financial liabilities bear interest at rates fixed in advance for periods ranging, at the Company's option, from one month to six months by reference to LIBOR. The Company expects to continue to fix its floating rate financial liabilities at the end of each month by reference to one month LIBOR at that time.

Borrowing facilities and liquidity risk

The Company has access to contractually committed banking facilities to mitigate any liquidity risk it may face. There were committed revolving credit facilities at 31 March 2012 of £75.0 million (2011: £196.8 million) of which £nil had been drawn down at 31 March 2012 (2011: nil). £3.6m of these facilities expired April 2011 and the balance will expire in April 2014.

The following table analyses the contractual undiscounted cash flows payable (calculated using forward/spot interest rates), the carrying values and the fair values of the Company's borrowings at the date of the statement of financial position. The Company also has short-term receivables and payables that arise in the normal course of business and these are not included in the following table. Any cash flows based on the floating rate interest are based on interest rates prevailing at 31 March in the relevant year. All derivative amounts are shown gross, although amounts are settled net wherever possible. Amounts drawn under the revolving credit facility are treated as due within one year with interest calculated as payable at the end or, where these are not available, on quoted prices of comparable debt issued by other companies.

Yell Limited

Notes to the financial statements year ended 31 March 2012

At 31 March 2012

The Company is party to an Inter-creditor Agreement with other lenders and members of the Yell Group. The terms of this agreement are such that loans made to the Company by other members of the Group are subordinated and cannot be repaid before external lenders to the Group. Accordingly, all loans made to the Company by other members of the Group will be revised and extended when they mature.

At 31 March 2012 and 31 March 2011 the fair value of the total amounts owed has been calculated using a discount rate based on current projections of floating interest rates in the future plus a credit margin determined by reference to margins observed on the debt of comparable businesses. This discount rate has been used to derive the present value of contractually scheduled future interest and principle payments.

Yell Limited

Notes to the financial statements year ended 31 March 2012

At 31 March 2011

	Due within one year £'000	Due between one and two £'000	Due between two and three years £'000	Due three years and later £'000	Total amounts owed £'000	Deferred finance fees £'000	Carrying value £'000	Fair value £'000
Due within one year								
Term loans	18,921	-	-	-	18,921	(540)	18,381	18,559
Term loans - intercompany	775,637	-	-	-	775,637	-	775,637	760,771
Total due within one year, or on demand	794,558	-	-	-	794,558	(540)	794,018	779,330
Due after one year								
Total loans and other borrowings	794,558	-	-	-	794,558	(540)	794,018	-
Floating rate interest	35,184	44,872	50,782	13,559	144,343			
Fixed interest rate swap outflows	6,577	1,609	-	-	8,186			
Floating interest rate swap inflows	(2,609)	(956)	-	-	(3,565)			
Total payments	833,710	45,525	50,782	13,559	943,522			
Contractual payments analysed between								
GBP	833,710	45,525	50,782	13,559	943,522			
Total payments	833,710	45,525	59,782	13,559	943,522			
Contractual payments analysed between								
Fixed	801,135	1,609	-	-	802,690			
Unfixed	32,575	43,916	50,782	13,559	140,832			
Total payments	833,710	45,525	50,782	13,559	943,522			

Yell Limited

Notes to the financial statements year ended 31 March 2012

18. Derivative financial instruments and hedging activities

Interest at around 85% of the Company's debt was paid or hedged at fixed rates until April 2011. Thereafter approximately 55% of the Company's floating rate debt, resulting from refinanced intercompany loans, was hedged at fixed rates until December 2011. Thereafter c38% of the Company's floating rate debt is hedged at fixed rates until December 2012. The Company has also entered into foreign exchange contracts to hedge known cross border cash flows early in the financial year.

The hedges give rise to the following balances reported in the statement of financial position

	At 31 March 2012		At 31 March 2011	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Derivatives				
Interest rate caps - non-current asset	-	-	1,037	1,037
Foreign exchange contracts - current asset	8	8	630	630

The fair values of the derivative financial instruments are the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in forced liquidation or sale.

The gross notional amount of interest rate swaps and caps was nil (2011: 1.0 billion fixing rates on average for 100 days) and the gross notional amount of foreign exchange contracts was £0.08 million (2011: £38.6 million).

The carrying-value of the above derivative financial instruments equals their fair value. Fair values are determined by using market data and the use of established estimation techniques such as discounted cash flow and option valuation models.

The maximum exposure to credit risk relating to derivative financial instruments at the reporting date is the fair value of the derivative assets in the balance sheet.

The Company has reviewed all its material contracts for embedded derivatives, for which separate accounting would be required, and has concluded that there are no material embedded derivatives.

Yell Limited

Notes to the financial statements year ended 31 March 2012

19 Trade and other payables

	At 31 March 2012 £'000	At 31 March 2011 £'000
Amounts falling due within one year		
Trade payables	11,221	16,872
Other taxation and social security	1,821	9,306
Accruals and other payables	52,677	68,090
Deferred income	45,921	104,473
Amounts owed to group undertakings (note 24)	372,656	492,880
Total amounts falling due in one year	484,296	691,621
Amounts falling due after more than one year		
Deferred income	80	149
Other payables	8,107	6,715
Amounts owed to group undertakings (note 24)	806,256	-
Total amounts falling due after more than one year	814,443	6,864
Total trade and other payables	1,298,739	698,485

Current amounts owed to group undertakings are repayable at the discretion of the ultimate parent company, hibu plc. Interest is charged based upon the three month LIBOR rate in the denominated currency and interest rates are reset at the beginning of each quarter.

20. Share capital

Called up share capital

	At 31 March 2012 £	At 31 March 2011 £
Authorised		
100 ordinary shares of £1	100	100
Allotted, called up and fully paid		
73 Ordinary shares of £1 each	73	73
	At 31 March 2012 £'000	At 31 March 2011 £'000
Share premium:		
Share premium	325,971	325,971
Total share capital	325,971	325,971

Yell Limited

Notes to the financial statements year ended 31 March 2012

21. Other reserves

	Share-based payments £'000	Pensions reserve £'000	Hedging reserve £'000	Total other reserves £'000
Balance at 01 April 2011	(7,648)	(53,941)	(5,192)	(66,781)
Net actuarial gains on defined benefit pension schemes	-	(47,813)	-	(47,813)
Changes in fair value of hedges	-	-	4,346	4,346
Taxation	-	12,280	-	12,280
Net income recognised directly in equity	-	(35,533)	4,346	(31,187)
Balance at 31 March 2012	(7,648)	(89,474)	(846)	(97,968)
	Share-based payments £'000	Pensions reserve £'000	Hedging reserve £'000	Total other reserves £'000
Balance at 01 April 2010	(7,648)	(94,883)	(22,495)	(125,026)
Net actuarial gains on defined benefit pension schemes	-	55,311	-	55,311
Changes in fair value of hedges	-	-	25,506	25,506
Taxation	-	(14,369)	(8,203)	(22,572)
Net income recognised directly in equity	-	40,942	17,303	58,245
Balance at 31 March 2011	(7,648)	(53,941)	(5,192)	(66,781)

22. Financial commitments, contingent liabilities and litigation

Future aggregate minimum operating lease payments for the Company at 31 March 2012 and 2011 are as follows

	At 31 March 2012 £'000	At 31 March 2011 £'000
Payable:		
Not later than 1 year	13,905	15,749
Later than 1 year and not later than 5 years	34,592	35,316
Later than 5 years	67,431	71,573
Total future aggregate minimum operating lease payments	115,928	122,638

Operating lease payments expensed during the year amounted to £13,905,000 (2011 £15,691,000)

Yell Limited

Notes to the financial statements year ended 31 March 2012

22. Financial commitments, contingent liabilities and litigation (continued)

There are no contingent liabilities or guarantees other than those mentioned below or arising in the ordinary course of the Company's business and on these no material losses are anticipated

The Company participates in a Group banking arrangement whereby the Company's assets are provided as security against Group loans

No material losses are anticipated on liabilities in the ordinary course of business

23. Pensions

The Company operates a defined benefit pension scheme for its employees who were employed before 1 October 2001 and defined contribution schemes for the remaining employees. The Company's income statement and statement of comprehensive income for the years ended 31 March 2012 and 2011 included the following pension-related charges

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Amounts charged to operating profit		
Current service cost	-	10,036
Termination benefits	1,300	5,960
Amounts expensed for defined benefit schemes	1,300	15,996
Contributions payable by other group undertakings	-	(7,393)
Net expense for defined benefit schemes	1,300	8,603
Amounts expensed for defined contribution schemes	4,291	2,531
Total operating charge	5,591	11,134

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Net finance cost from defined benefit scheme		
Expected return on pension scheme assets	(24,454)	(21,418)
Finance cost on pension scheme liabilities	19,922	24,086
Net finance (income) from defined benefit scheme	(4,532)	2,668

Yell Limited

Notes to the financial statements year ended 31 March 2012

23. Pensions (continued)

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Amount recognised in statement of recognised income and expense		
Actual return less expected return on pension scheme assets	13,539	371
Experience gains arising on the scheme	(3,689)	22,488
Changes in assumptions underlying the present value of the scheme liabilities	(57,663)	32,452
Actuarial (loss) gain	(47,813)	55,311
Tax credit/(charge) on actuarial loss (gain) recognised in equity	12,280	(14,381)
Actuarial (loss) gain, net of tax	(35,533)	40,930

The cumulative actuarial loss net of tax recognised at 31 March 2012 amounts to £52.8 million (2011 £17.2 million loss)

UKPP – Defined benefit sections

There are three defined benefit sections of the UKPP, which have been closed to new entrants since 1 October 2001. The scheme offers both pensions in retirement and death benefits to members. The full actuarial valuation at 5 April 2008, updated to 31 March 2012, showed a surplus of £9.4m. Pension benefits are based on years of qualifying service and final pensionable salary. With effect from 31 March 2011, the defined benefit sections of the Plan were closed to future accrual. Active members at 31 March 2011 were granted leaving service benefits and offered membership of a new Section 6 of the Plan on a defined contribution basis.

The Group is required to agree its contributions to the plan with the trustees based on actuarial advice. Such agreement must be reached in a way that complies with the UK Pensions Regulator's 'Scheme Specific Funding' guidance. Any failure to agree would result in the intervention of the Pensions Regulator and, possibly, an imposed settlement. The full funding valuation that has an effective date of 5 April 2011 has not been agreed at the date of these financial statements.

Net surplus (obligation)

The YPP net surplus (obligation) at the date of the statement of financial position represents the fair value of assets held to fund future benefit payments net of the present value of scheme liabilities, as follows:

	At 31 March 2012 £'000	At 31 March 2011 £'000
Fair value of plan assets	445,098	408,024
Present value of scheme liabilities	(435,698)	(370,717)
Net surplus	9,400	37,307

Yell Limited

Notes to the financial statements year ended 31 March 2012

23 Pensions (continued)

The level of contributions is based on the current service costs and the expected future cash flows of the scheme. From 1 January 2009, the Group has paid a contribution rate of 29.8% of pensionable earnings (inclusive of expenses and life assurance premiums, but exclusive of the Pension Protection Fund levy). Additionally, with effect from 1 January 2009, the Group agreed to pay contributions totalling £58m, spread equally over 51 monthly payments, to repair the deficit of £47.6m (plus interest) reported in the full actuarial funding valuation at 5 April 2008. Following closure of the defined benefit sections of the Plan, employer contributions in respect of the deficit remain payable and the Group's regular contribution rate has decreased to 2% of pensionable earnings to cover expenses and life assurance premiums only. The next evaluation of future contribution rates will be after the conclusion of the current full funding valuation, which has an effective date of 5 April 2012.

The following amounts explain the movement in the pension provision for the years ended 31 March 2012 and 2011.

	At 31 March 2012 £'000	At 31 March 2011 £'000
Net obligation at beginning of year	37,307	(63,333)
Movement in year:		
Current service cost	-	(10,092)
Contributions	16,713	28,449
Past service costs	(1,300)	(5,960)
Curtailment gain	-	35,600
Finance income (cost)	4,532	(2,668)
Actuarial (loss) gain	(47,852)	55,311
Net surplus at end of the year	9,400	37,307

The level of contributions is based on the current service costs and the expected cashflows of the scheme. The Company is required to agree its contributions to the plan with the trustees based on actuarial advice. Such agreement must be reached in a way which complies with the UK Pension Regulator's "Scheme Specific Funding" guidance.

Any failure to agree would result in the intervention of the Pension Regulator and possibly, an imposed settlement. From 1 January 2009, the Company has paid a contribution rate of 29.8% of pensionable earnings (inclusive of expenses and life assurance premiums, but inclusive of the Pension Protection Fund Levy). Additionally, with effect from 1 January 2009, the Company agreed to pay contributions totalling £58 million spread equally over 51 monthly payments, to repair the deficit of £47.6 million (plus interest) reported in the full actuarial funding valuation at 5 April 2008. Following closure of the defined benefit sections of the Plan, employer contributions in respect of the deficit remain payable and the Company's regular contribution rate has decreased to 2% of pensionable earnings to cover expenses and life assurance premiums only. The next evaluation of future contribution rates will be after the next full funding valuation, which will have an effective date of 5 April 2012 funding valuation.

Contributions of £14.1 million (2011: £23.7 million), plus £2.6 million (2011: £4.7 million) in respect of benefit augmentations were made in the year. Before the closure of the Plan, Plan participants were able to accept a reduction in their salary in return for non-contributory membership of the Plan, the reduction being equal to the

Yell Limited

Notes to the financial statements year ended 31 March 2012

23.Pensions (continued)

contributions otherwise payable The Company made contributions of a corresponding amount, which have been included in the 2011 figures above In the year ended 31 March 2011, this amounted to £1.6 million (5.5% of pensionable earnings) Total contributions in financial year 2013 are expected to be around £15 million

Valuation assumptions

The UKYPP net surplus at 31 March 2012 and 2011 based on the valuation at 5 April 2008 updated to 31 March 2012 and 31 March 2011 respectively The updated valuations carried out by professionally qualified independent actuaries using the following key assumptions

	At 31 March 2012 % per annum	At 31 March 2011 % per annum
Discount rate	4.7	5.5
Expected return on assets	5.6	6.0
Salary increases	0	4.4
Pension increases linked to RPI	3.5	3.6
Pension increases linked to CPI	2.5	2.7

Assumptions regarding future mortality experience are set based on published statistics The average life expectancy (in years) on retirement at age 60 of a member currently aged 45 is as follows

	At 31 March 2012 Years	At 31 March 2011 Years
Male	29.5	29.4
Female	31.0	30.9

The average life expectancy (in years) on retirement at age 60 of a member currently aged 60 is as follows

	At 31 March 2012 Years	At 31 March 2011 Years
Male	27.9	27.8
Female	29.5	29.4

The assumptions used above may need to be adjusted in the future to take into account a full actuarial valuation at 5 April 2012 Any such changes could materially affect the estimated liabilities of the scheme and future contribution rates

Assets

The YPP assets are held in separate trustee-administered funds that are invested in UK and overseas equities, diversified growth funds, property, debt securities and index linked gilts

Yell Limited

Notes to the financial statements year ended 31 March 2012

23. Pensions (continued)

The trustees of the scheme are required to act in the best interest of the schemes beneficiaries. The appointment of trustees to the scheme is determined by the Company in accordance with the scheme's trust documentation, as modified by UK statute. An independent professional trustee and three other trustees are appointed by the Company. Three further trustees are elected by the active members.

Asset values will increase and decrease as markets rise and fall. The trustees and management have an agreed strategy to mitigate the risk of having insufficient funds if markets fall. The trustees annually match the low-risk asset portfolio against the cash outflows for the following twelve years. Against longer term cash pay-outs they match a combination of investments in index linked gilts to mitigate inflation and interest rate risk, and higher risk assets to get higher rates of growth. The trustees also work with management to ensure sufficient assets will be available to settle obligations extending beyond the horizon of 12 years.

The trustees set their asset allocation approach to split the portfolio into "pre horizon" and "post horizon" categories. The "pre horizon" assets are all debt securities and at 31 March 2012 comprised around 28% (2011 28%) of the total assets. The "post horizon" assets have allocation targets of 40% equities, 20% diversified growth, 10% property and 30% index linked gilts.

The expected rates of return of each asset type in the YPP are set by reference to yields available on government bonds at the measurement date and appropriate risk margins and are stated gross of the expected levy to the UK Pension Protection Fund. The assets in the YPP and the annual expected return were:

	At 31 March 2012 %	At 31 March 2012 £'000	At 31 March 2011 %	At 31 March 2011 £'000
Equities	8.50	122,002	8.00	124,394
Diversified growth	8.00	44,905	7.50	34,652
Bonds	4.40	123,057	5.25	114,791
Property	7.50	30,089	7.00	28,752
Index linked gilts	2.90	124,819	3.85	102,987
Other	0.30	226	0.25	2,448
Total assets at fair value		445,098		408,024

Changes in the fair value of plan assets were as follows:

	At 31 March 2012 £'000	At 31 March 2011 £'000
Opening fair value of plan assets	408,024	375,235
Expected return	24,454	21,481
Actuarial gain	13,539	371
Contributions by employer	16,704	28,449
Contributions by participants	-	37
Benefits paid	(17,623)	(17,549)
Fair value of plan assets	445,098	408,024

Yell Limited

Notes to the financial statements year ended 31 March 2012

23 Pensions (continued)

The actuarial gain in the years ended 31 March 2012 and 31 March 2011 represents the difference between the expected return on plan assets and the actual return on plan assets as follows

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Expected return on plan assets	24,454	21,481
Actuarial gain	13,539	371
Actual return on plan assets	37,993	21,852

Liabilities

The present value of scheme liabilities at the date of the statement of financial position are measured by discounting the best estimate of future cashflows to be paid out by the scheme using the projected unit method. The projected unit method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings (if applicable - benefits ceased to be linked to projected earnings with effect from 31 March 2011). Changes in the present value of the defined benefit obligation were as follows

	At 31 March 2012 £'000	At 31 March 2011 £'000
Opening present value of defined benefit liabilities	370,717	438,648
Current service cost	-	10,092
Past service cost	1,300	5,960
Interest cost	19,922	24,086
Actuarial loss / (gain)	61,382	(54,957)
Contributions by participants	-	37
Benefits paid	(17,623)	(17,549)
Curtailments and settlements	-	(35,600)
Present value of defined benefit liabilities	435,698	370,717

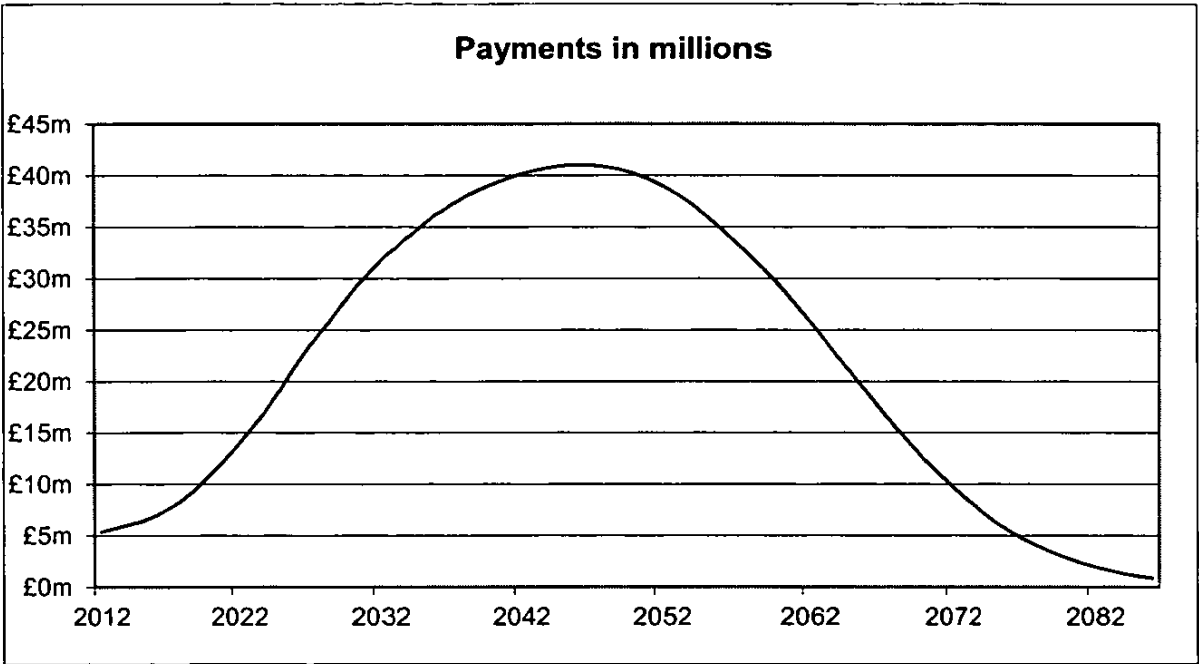
The actuarial loss in the year ended 31 March 2012 was primarily the result of a decrease in AA Corporate bond yields. In the year ended 31 March 2011, the actuarial gain was primarily the result of a decrease in RPI inflation, a higher number of members leaving service than expected, and the switch from RPI to CPI for some pension increases under the Plan. The curtailment gain in 2011 resulted from the closure of the defined benefit sections of the Plan to future accrual and the granting of leaving service benefits to all active members at 31 March 2011.

Yell Limited

Notes to the financial statements year ended 31 March 2012

23 Pensions (continued)

The profile of expected undiscounted payments by the scheme for benefits earned up to 31 March 2012 is as follows



The Company estimates that the average duration of these cashflows, representing the weighted average term to payment of the undiscounted benefit payments, is 34 years

The cost of settling all Plan liabilities at the date of the statement of financial position by buying out benefits with a suitable insurer will generally be higher than the present value of scheme liabilities because an insurer would expect to charge a premium for the risks that would be passed to them. The Company estimates that the amount required to settle the Plan's liabilities with an insurance company at 31 March 2012 would be around £710 million, which is around £265 million more than the value of the plan assets

Yell Limited

Notes to the financial statements year ended 31 March 2012

23 Pensions (continued)

The history of experience gains and losses is as follows

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000	Year ended 31 March 2008 £'000
Present value of defined benefit obligation	(435,698)	(370,717)	(438,568)	(296,220)	(294,842)
Fair value of plan assets	445,098	408,024	375,235	274,330	308,870
Surplus / (deficit) on the plans	9,400	37,307	(63,333)	(21,890)	14,028
Difference between the expected and actual return on scheme assets					
- Gain / (loss) (£'000)	13,539	371	63,629	(64,398)	(24,410)
- Gain / (loss) as a proportion of scheme assets	3%	-	17%	23%	8%
Experience gains / (losses) on scheme liabilities and changes in assumptions					
- Gain / (loss) (£'000)	61,382	54,957	(122,395)	32,732	68,278
- Gain / (loss) as a proportion of present value of scheme liabilities	(14)%	15%	(28)%	11%	23%

Sensitivity analysis

The present value of the pension obligations at 31 March 2012 was calculated on the basis that the real interest rate at the balance sheet date was 1.2%, which is the difference between the discount rate and RPI inflation. The discount rate and expected inflation are determined by reference to specific types of debt instruments being traded in the open market. Increasing or decreasing the assumed real interest rate to 1.3% or 1.1% per annum, respectively, would decrease or increase the present value of the pension liabilities by approximately £11 million. The effect on the market value of assets cannot be estimated because the values of the Plan's investments do not always change in line with real interest rates.

The present value of pension liabilities was determined on assumed life expectancies for men and women as set out in the assumptions above. We estimate that an increase in life expectancy of one year for all members could have increased the present value of pension liabilities by approximately £10 million.

YPP - Defined contribution section

The pension cost in respect of this section represents contributions payable to the funds and amounted to £4,291,000 for the year ended 31 March 2012 (2011: £2,531,000). Outstanding contributions amounted to £nil as at 31 March 2012 (2011: £nil).

Yell Limited

Notes to the financial statements year ended 31 March 2012

24. Related party transactions

Details of transactions with other group undertakings during the years ended 31 March 2012 and 2011 and balances outstanding as at those dates are as follows

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Finance income		
Interest receivable from Yell Holdings 2 Limited	19,416	16,921
Interest receivable from Yell Publicidad SAU	-	3
Total finance income	19,416	16,924

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Service recharge income		
Income from Yellow Pages Sales Limited	115,774	140,285
Income from General Art Services Limited	277	1,601
Total service recharge income	116,051	141,886

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Finance costs		
Interest payable to Yell Finance Limited	-	(23,125)
Interest payable to Yell Holdings 2 Limited	(3,870)	(2,584)
Interest payable to Yell Finance (UK) Limited	(32,473)	(27,452)
Total finance costs	(36,343)	(53,161)

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Service recharge (costs) / income		
Costs payable to Yellow Pages Sales Limited	(115,774)	(140,285)
Costs payable to General Art Services Limited	(277)	(1,601)
Costs payable to Yell Publicidad SLU	(1,292)	-
Costs payable to Yell Connect LLC	(5,119)	-
Costs payable to Yellowbook, Inc	(2,029)	-
Costs payable to Publiguias Yell Chile SA	(11)	-
Costs payable to Yell Argentina SA	(9)	-
Costs payable to Yell Peru SAC	(9)	-
Income from Yell Peru SAC	252	-
Income from Yell Argentina SA	331	-

Yell Limited

Notes to the financial statements year ended 31 March 2012

24. Related party transactions (continued)

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Service recharge (costs) / income		
Income from Publiguias Yell Chile SA	305	-
Income from Yell Publicidad SAU	519	-
Income from Yellowbook, Inc	2,173	-
Total service recharge costs	(120,940)	(141,886)
	At 31 March 2012 £'000	At 31 March 2011 £'000
Non-current assets		
Trade and other receivables:		
Amounts owed by Yellow Pages Sales Limited	3,087	2,319
Amounts owed by General Art Services Limited	32	30
Total trade and other receivables	3,119	2,349
Total non-current assets	3,119	2,349
	At 31 March 2012 £'000	At 31 March 2011 £'000
Current assets		
Trade and other receivables		
Amounts owed by Yell Holdings 2 Limited	532,865	500,885
Amounts owed by Yell Mediaworks Limited	5,439	-
Amounts owed to Yellowbook, Inc	-	5,770
Amounts owed by Yell Publicidad SAU	3,931	1,899
Amounts owed by Yell Argentina SA	332	72
Amounts owed by Publiguias Yell Chile SA	305	-
Amounts owed to Yell Peru SAC	252	-
Total trade and other receivables	543,124	508,626
Total current assets	543,124	508,626

Yell Limited

Notes to the financial statements year ended 31 March 2012

24 Related party transactions (continued)

	At 31 March 2012 £'000	At 31 March 2011 £'000
Current liabilities		
Trade and other payables		
Amounts owed to Yell Holdings 2 Limited	(351,282)	(477,669)
Amounts owed to Yell Finance (UK) Limited	(1,214)	(4,986)
Amounts owed to Yellowbook, Inc	(7,525)	(5,877)
Amounts owed to Yell Publicidad SAU	(2,887)	(2,284)
Amounts owed to Yell Mediaworks Limited	(5,215)	(2,064)
Amounts owed to Yell Connect LLC	(4,504)	-
Amounts owed to Yell Argentina SA	(9)	-
Amounts owed to Publiguias Yell Chile SA	(11)	-
Amounts owed to Yell Peru SAC	(9)	-
Total trade and other payables	(372,656)	(492,880)
Loans and borrowings:		
Amounts owed to Yell Finance (UK) Limited	(806,256)	(775,637)
Total loans and borrowings	(806,256)	(775,637)
Total current liabilities	(1,178,912)	(1,268,517)

Key management compensation was as follows

	At 31 March 2012 £'000	At 31 March 2011 £'000
Salaries & other short term employee benefits	229	4,266
Share-based payments	8	322
Total key management compensation payments	237	4,588

Yell Limited

Notes to the financial statements year ended 31 March 2012

25. Employee share schemes

The Group has various stock options and other share plans in which the Company's employees participate. The Group accounts for the plans in accordance with the fair value recognition provisions of IFRS 2 Share Based Payments. IFRS 2 applies to equity settled awards granted after 7 November 2002 not vested by 1 March 2005 and all cash settled awards outstanding at 1 March 2005.

(a) The Yell Group Limited Plans

In March 2002, the Group introduced two stock option plans in the UK, the Yell Group Limited Employee Plan and the Yell Group Limited Senior Manager Incentive Plan. The plans were set up to provide employees with option rewards that would become exercisable after an exit event (e.g. sale or quotation). The option life under these plans is 10 years from the date of grant. On a change of control, options can be exercised for up to three months following the Change of Control, exchanged for an equivalent option in the acquiring company, or cash-cancelled.

(b) Appointment Share Options

In accordance with the agreed terms of their appointment, certain senior executives were granted share options over ordinary shares, each with an exercise price per share equal to market value on the date of grant. The options will be exercisable after three years subject to the achievement of an objective performance target. Options will lapse in the event of summary dismissal or (unless the Board permits otherwise) resignation. Options become exercisable on Change of Control subject to satisfaction of the performance target.

(c) The Yell Group plc Sharesave Plan

In July 2003, the Group introduced the Yell Group plc Sharesave Plan. Eligible employees who wish to participate must enter into a savings contract for a period of three or five years under which they will contribute payments of between £5 and £250 per month, and a bonus is added at the end of three, five or seven years. In conjunction with the savings contract, an eligible employee is granted an option to subscribe for ordinary shares of Yell Group plc out of the repayment made under that contract at the end of three, five or seven years. The exercise price of any option will not be manifestly less than 80% of the market value of the ordinary shares at the date of the grant. The Sharesave plan is approved by HM Revenue and Customs. On Change of Control, options become exercisable to the extent of savings accrued, for up to six months from Change of Control or can be exchanged for an equivalent option in the acquiring company.

(d) The Yell Group plc Share Incentive Plan

The Yell Group plc Share Incentive Plan was established in July 2003 and permits free, partnership, matching and dividend shares to be awarded to eligible employees. On Change of Control, participants are entitled to direct the Trustee in respect of the offer.

(e) The Yell Group plc Executive Share Option Scheme

The Yell Group plc Executive Share Option Scheme was established in July 2003, and contains an unapproved section and a section approved by HM Revenue and Customs. The price per ordinary share at which options will be exercised will be not less than the market value of the ordinary shares at the date of grant. Options will normally be granted within a period of 42 days commencing on the day after the date on which the Group releases its quarterly, half yearly or final results for any financial period. In most circumstances an objective performance condition must be satisfied before an option can be exercised. Normally options may only be exercised three years after their initial date of grant. The option life under this plan is ten years from the date of grant. On Change of Control options can be exercisable for up to six months from Change of Control, subject to

Yell Limited

Notes to the financial statements year ended 31 March 2012

achievement of performance conditions or can be exchanged for an equivalent option in the acquiring company

(f) The Capital Accumulation Plan

The Yell Group plc capital Accumulation Plan (the CAP) was established in February 2004. It allows the Company to make awards of ordinary shares, which vest three years from the date of grant, to employees. There are no performance criteria attached to the vesting of these shares, which are awarded to employees whom the Company wishes to retain as key talent within the organisation. Awards are satisfied by purchasing existing shares on the open market rather than by issue of new shares. On Change of Control, awards vest in full.

(g) The Long-term Incentive Plan

The Yell Group plc Long-term Incentive Plan (the LTIP) was established in July 2003 and is not intended to be approved by HM Revenue and Customs. The Board has sole discretion which executives are granted awards under the LTIP. Awards are granted in the form of performance shares and in most circumstances an objective performance condition must be satisfied before an award vests. Normally awards may only vest for three years after their initial date of grant. On Change of Control, options become exercisable and performance condition requirements fall away but pro-rating for time applies. Options may be exercised for such reasonable period as the Trustee may determine.

(h) Deferred Bonus Plan

The Yell Group plc Deferred Bonus Plan (the DBP) was established in November 2004. For any bonus awarded to executive directors a proportion of annual bonuses is (other than in exceptional circumstances) subject to deferral into shares for a period of three years. The award of these shares is made under the DBP. On Change of Control, nil cost options become exercisable for up to six months from Change of Control.

Options under share schemes

Options granted, exercised and lapsed under the savings related schemes and other share option schemes during the years ended 31 March 2012 and 2011 and options exercisable at 31 March 2012 and 2011 were as follows:

	Savings related schemes	Other share option schemes	Total	Exercise price range	Weighted average exercise price
Outstanding at 31 March 2011	6,581,148	11,323,097	17,904,245	0.0-407p	48p
Adjustment following open offer	(2,348,443)	(4,040,579)	(6,389,022)	0.0-407p	48p
Granted	9,126,087	5,450,956	14,577,043	0.0-40p	4p
Exercised	(835)	(589,762)	(590,597)	0.4-67p	0p
Forfeited and expired	(4,850,343)	(2,093,744)	(6,944,087)	0.0-407p	30p
Outstanding at 31 March 2011	8,507,614	10,049,968	18,557,582	0.0-407p	25p
Granted	21,306,190	49,955,595	71,261,786	0.0-7.4p	2p
Exercised	(398)	(35,212)	(35,610)	0.4-12.5p	0p
Forfeited and expired	(7,708,273)	(4,672,346)	(12,380,619)	0.0-407p	31p
Outstanding at 31 March 2012	22,105,133	55,298,005	77,403,138	0.0-407p	5.1p
Exercisable at 31 March 2011	481,882	1,272,863	1,754,745	0.0-407p	92p
Exercisable at 31 March 2012	159,602	2,413,793	2,573,395	0.0-407p	57p

Yell Limited

Notes to the financial statements year ended 31 March 2012

The weighted average fair value of the 63,135,674 options granted in the year ended 31 March 2012 (2011 – 14,577,043 options) was 2 pence per option (2011 – 4 pence per option)

The following table summarises information about stock options outstanding at 31 March 2012

Exercise price (pence)	Market price on date of grant (pence)	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable
0	40	898,300	8	136,256
0	7	6,511,519	9	-
0	5	30,523,255	10	-
0.4	19-285	18,095	1	18,095
3.4	3.4	1,306,228	10	64,183
4.4	4.8	19,847,137	3	-
4.7-6.8	4.7-6.8	1,000,000	10	-
5.1	5.1	1,000,000	10	-
5.6	5.6	4,000,000	10	-
5.7	5.7	3,500,000	10	-
7-8.6	7-8.6	478,132	9	-
7.4	7.4	500,000	10	-
7.7	7.7	1,275,017	9	-
12	15	1,723,358	4	122,426
12-12.4	12-12.4	1,593,772	8	-
32	64	385,986	3	12,792
36	38	48,454	7	48,454
40	40	498,428	8	-
64	67	2,133,306	7	2,133,306
84	72	141,871	3	22,538
261	360	262	-	-
284	296	13,501	2	13,501
341	418	1,145	2	-
349	483	1,965	1	1,716
407	530	3,408	1	128
		77,403,139		2,573,395

Yell Limited

Notes to the financial statements year ended 31 March 2012

26. Auditors' remuneration

The following fees were paid or are payable to the Company's auditors for the years ended 31 March 2012 and 2011 respectively

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Audit services	125	125
Non-audit services:		
- Fees payable for the audit of group undertakings pursuant to legislation	379	349
- Services relating to taxation	256	297
- All other services	101	44
Total auditors' remuneration	861	815

27. Controlling entity

At 31 March 2012 the Company was a wholly owned subsidiary of Yell Holdings 2 Limited. The ultimate holding company and controlling party is hibu plc (formerly Yell Group plc).

The Company is included in the consolidated financial statements of Yell Group plc, whose financial statements are publicly available. Copies of Yell Group plc's consolidated financial statements can be obtained from the Company Secretary, One Reading Central, Forbury Road, Reading, Berkshire, RG1 3YL.

28. Post balance sheet events

There were no post balance sheet events.

29. Liquidity

The Company believes that the financial arrangements with other group undertakings are sufficient to ensure it can meet any obligations to make debt repayments in the coming year. These financial arrangements are with other group undertakings all controlled by the same ultimate parent company and as such the Company has no reason to establish any allowance for bad debts for amounts receivable.

Cash is held in current and deposit accounts with 'AA' rated banks.

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern. The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.