

Registered number: 04205228

Yell Limited

Annual report for the year ended 31 March 2019



Yell Limited

Annual report for the year ended 31 March 2019

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Yell Limited

Company information

Directors

Robert Hall (resigned 31 July 2018)
Richard Hanscott (resigned 4 March 2019)
David Sharman
Oliver Wilson

Company secretary

Christian Wells

Registered office

3 Forbury Place
Forbury Road
Reading
RG1 3YL

Registered number

04205228

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
RG1 3JH

All references to Hibu Group in this document are references to the ultimate parent company Hibu Group Limited. All references to the Group are references to Hibu Group and its consolidated subsidiaries.

All references to Owl Group in this document are references to the intermediate parent company Owl Finance Limited and its consolidated subsidiaries.

Yell Limited

Strategic report for the year ended 31 March 2019

The directors of Yell Limited (the "Company") present their strategic report for the Company for the financial year ended 31 March 2019.

Principal activities

The Company's principal activities during the year were the provision of managed digital marketing services to small and medium sized enterprises ("SMEs") in the UK. The Company is an integral part of a group of companies whose ultimate holding company is Hibu Group. The Company is incorporated and domiciled in England & Wales.

Review of business and future developments

The Company is the leading provider of managed digital marketing services to small and medium sized enterprises in the UK. The Company helps SMEs build and maintain a successful online presence, providing them with a range of opportunities with new and existing customers in an increasingly complex digital world. This is done by helping local business engage with customers through Yell.com, the UK's leading online business directory, and by offering a comprehensive range of digital marketing solutions. These solutions include website creation and hosting, social media, AdWords, video or display advertising campaigns.

With an increasing number of ways to search for, and choose, local businesses, the Company helps SMEs build an accurate and compelling online presence and helps them market that presence across a range of digital platforms, including Yell.com, third party search engines and social networks. The Company's mission is to maintain the leading platform connecting consumers to trusted local services and to extend its position as the leading provider of digital marketing services to all types of local businesses.

During the year the Company has continued to focus its resources on developing and enhancing its core product lines. In January 2019 the Company published its final printed directories edition, at which point it became a fully digital business. As a result, the print business will no longer contribute to the results of operations. Therefore the Key Performance Indicators (KPI's) of the Company are focused on the ongoing digital business only as these provide more information about our business on a go forward basis than KPIs for the business as a whole. These KPI's include digital revenue, digital 'earnings before interest, taxation, depreciation and amortisation' (Digital EBITDA), Trading operating cash flow, digital 'average revenue per advertiser' (Digital ARPA), Digital customers and Average monthly visits to Yell.com.

The KPI's for the year ended 31 March 2019, with prior year comparatives, are summarised in the table below along with reconciliations to reported results and the associated definitions.

	Year ended 31 March 2019	Year ended 31 March 2018	2019 year on year movement %
Digital revenue (£'000)	187,142	196,461	(4.7)
Digital EBITDA (£'000)	59,112	61,582	(4.0)
Digital EBITDA contribution (%)	31.6	31.3	0.3
Digital ARPA (£)	1,495	1,485	0.7
Trading operating cash flow (£'000)	37,057	52,470	(29.3)
Digital customers - at year end ('000)	118.3	131.9	(10.3)
Digital customers - monthly average over last twelve months ('000)	125.2	132.3	(5.4)
Average monthly visits to Yell.com (last 12 months, m)	10.4	11.4	(8.8)

Yell Limited

Strategic report for the year ended 31 March 2019

Reconciliation of Digital EBITDA to operating profit for the continuing operations:

Year ended 31 March

£000	2019	2018
Digital EBITDA	59,112	61,582
Print EBITDA	(84)	11,467
Adjusted EBITDA	59,028	73,049
Restructuring costs and other one-off items	277	(7,048)
Hibu Group management credit / (charge) ⁽¹⁾	400	(3,051)
Sale of Hibu brand to Hibu Group undertaking	1,499	–
EBITDA	61,204	62,950
Depreciation and amortisation ⁽²⁾	(8,432)	(7,014)
Operating profit	52,772	55,936

(1) Hibu Group management charges are primarily an estimate of management service costs that are charged to Yell Limited in accordance with the Consolidated Hibu Group's transfer pricing methodologies.

(2) Depreciation and amortisation include adjustments to carrying values for impairments and gains or losses on disposal.

Reconciliation of trading operating cash flow to cash generated from operations:

Year ended 31 March

£000	2019	2018
Trading operating cash flow	37,057	52,470
Settlement of intercompany recharges	5,001	(7,786)
Sale of Hibu brand to Hibu Group Undertaking	1,499	–
Settlement of management incentive plan	–	(17,900)
One-off pension payment	(10,000)	–
Adjusted operating cash flow	33,557	26,784
Exceptional payments	(2,173)	(951)
Add back: Purchase of property, plant, equipment and intangibles	7,696	5,686
Cash generated from operations	39,080	31,519

Reconciliation of Digital EBITDA to trading operating cash flow:

Year ended 31 March

£000	2019	2018
Digital EBITDA	59,112	61,582
Print EBITDA	(84)	11,467
Adjusted EBITDA	59,028	73,049
Purchase of property, plant, equipment and intangibles	(7,696)	(5,686)
Agreed monthly pension payments	(5,833)	(11,186)
Restructuring costs	(3,930)	(2,152)
Working capital movement	(4,512)	(1,555)
Trading operating cash flow	37,057	52,470

Yell Limited

Strategic report for the year ended 31 March 2019

Definitions of Key Performance Indicators

Digital Revenue is revenue generated from the sale of digital directory and marketing products by the Company.

Adjusted EBITDA is defined as operating profit for the continuing operations adjusted to add back amortisation, depreciation, restructuring costs, Hibu Group management costs and dividends receivable from subsidiaries. Hibu Group management costs are primarily an estimate of management services costs that are charged to the Owl Group in accordance with the Consolidated Hibu Group's transfer pricing methodologies. Restructuring costs are the costs associated with programmes that reduced headcount.

Digital EBITDA is derived by separating Adjusted EBITDA between digital and print products by applying costs directly attributed to printed directories against revenue relating to print and other non-digital products. The only costs that have been allocated to the printed directories on an apportioned basis are the costs of specific sales units. These sales units costs have been allocated to print products by (i) allocating the total costs of sales employees serving only print customers to print products and (ii) allocating the remaining costs for sales units that sell both digital and print products on the basis of (a) the number of print customers compared to the number of digital customers served by the sales units in a given period and (b) the number of contacts that the sales units make with print versus digital customers in a given period.

Trading operating cash flow is defined as Adjusted EBITDA less capital expenditure, exceptional costs, pension contributions and changes in working capital (excluding Hibu Group management costs).

Digital ARPA is Digital Revenue for each financial year divided by the monthly average number of digital customers in the last twelve months.

Digital customers are total paying digital advertisers with a live digital product at the end of each financial year.

Visits to Yell.com are calculated as the average over the last twelve months. Usage is sourced and audited by Omniture and includes desktop and mobile visits but excludes any third party syndicated usage.

Yell Limited

Strategic report for the year ended 31 March 2019

Results of operations

Total digital revenue for the year was down 4.7% to £187m, driven by a 5.4% decline in the last twelve months average digital customers, whilst average revenue per customer was up 0.7% on the prior year. During the year, as part of the transition to becoming a fully digital business, a complete re-design of the sales and service model was implemented. This required a re-engineering of processes and re-structuring of the sales and service functions and is designed to place the business on a stronger platform for the future. These changes, along with the end of migration of customers from print to digital, had an impact on revenue performance during the year, especially on the rate of new customer acquisition.

Digital EBITDA of £59.1m, at a margin of 32%, decreased £2.5m on the prior year due to the flow through of the revenue decline, partially offset by actions taken to reduce the cost base.

Yell.com attracted 10.4m visits per month on average (2018: 11.4m), and during the year the Company signed traffic partnership agreements with Apple and Bing to increase the reach of the product. These syndicated partnerships delivered further 20.9m average monthly usage for the last six months of the year.

In January 2019, the Company published its final printed directories. As a result, during the year, 87 editions were published, compared to 104 in the prior year, which, along with SME's continuing to reduce spend on print and migrating expenditure in to digital alternatives, meant that revenues from printed directories declined 58% to £11.5m. All of the decline in revenue dropped through to Adjusted Print EBITDA, as there are few indirect costs associated with the print product, which resulted in printed directories delivering no contribution to Adjusted EBITDA.

Trading operating cash flow, at £37.1m, was £15.4m lower than the prior year primarily due to the £11.5m decline in Print EBITDA.

On a reported basis total revenue declined 11.2% to £198.7m from the lower digital and print revenues. The Company's operating profit for the year was £52.7m, compared to £55.9m in the prior year, with the year on year decline largely driven by the lower contribution from the printed directories business, partially offset by some one-off credits released to the income statement during the year relating to restructuring and Hibu Group management costs.

Operating cash flow during the year was £39.1m, of which £27m (2018: £35m) was used for the repayment of interest on the intercompany borrowings. During the year Yell Bondco plc, a special purpose entity affiliated with the Company, issued a £225.0m publicly-traded bond which provides the Company with a capital structure independent of the ultimate parent company, Hibu Group Limited.

Following issue of the bond, the Company made a one-off £10.0m payment to its defined benefit pension scheme. The technical deficit calculated during the latest triennial valuation of the scheme in April 2018 meant that, following this payment and a further £6.1m of top-up payments during the financial year, the trustees have agreed no further payments are required until the next valuation, which is not expected until 2021.

Net finance costs were £22.9m (2018: £23.6m). Of this £25.7m (2018: £27.6m) related to interest expense on amounts owed to group undertakings, which was partially offset by £3.6m (2018: £3.0m) income on retirement benefit obligations and, in the prior year, £0.9m of foreign exchange gains.

The Company's reported pre-tax profit in the year ended 31 March 2019 was £29.9m compared to £33.7m for the prior year.

The Company's net liabilities decreased from £95.3m to £81.0m as a result of the profit generated, offset by an actuarial loss of £17.4m (2018: gain of £4.8m) on the Company's defined benefit pension scheme.

The Company's management continue to believe there is a strong market for the Company's products and hence the Company will continue to evolve its core product suite to meet future customer requirements.

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Strategic report for the year ended 31 March 2019

Risk management and principal risks

Hibu Group Limited and its subsidiaries ("Hibu Group") and Owl Finance Limited and its subsidiaries (the Owl Group") undertake various activities within a risk management framework to ensure that risk and uncertainty are properly managed, appropriate internal controls are in place and effective risk mitigation plans are initiated where necessary.

- The directors have overall responsibility for establishing and maintaining the systems of internal control and risk management, and for reviewing their effectiveness. These systems are designed to manage risks within the risk appetite of the Hibu Group and its investors, consider the interactive effects of risk events and increase the likelihood that strategic objectives are realised. The systems also provide reasonable, but not absolute, assurance against material misstatement or loss;
- The Owl Group carries out regular risk assessments to identify and document key strategic, operational and financial risks. The Hibu Group has established a Group risk committee at the group level and established local committees, including in the Owl Group, to encourage the consideration of risk when making commercial or strategic decisions and when allocating resources. The remit includes risk management and compliance with legislation affecting the businesses. The local risk committee comprises heads of departments, whilst the Group risk committee comprises executive management and representatives of the local committees. The risk committees monitor, review and document risks on a quarterly cycle. A systematic approach is adopted that considers a broad spectrum of internal and external risk drivers, assesses the likelihood of risks occurring and the potential effect should they materialise, and where appropriate, risk mitigation plans are developed and monitored. These risks (and corresponding mitigation plans) have been discussed on a quarterly basis with the Audit Committee and Board of the Hibu Group ("Group Audit Committee" and "Group Board", respectively) during the reporting periods covered by this report and up to the date of approval of this Annual Report;
- Internal audit plans are developed to review controls and key auditable mitigating actions highlighted as part of this process and are regularly discussed with the Group Audit Committee and senior management;
- The Hibu Group has designed and implemented appropriate financial reporting controls. The financial framework comprises processes that represent a set of coordinated tasks and activities, conducted by both people and IT systems, where significant classes of transactions are initiated, recorded, processed and reported; and
- The Group Audit Committee receives quarterly reports on financial control matters. The Group Board, with advice from the Group Audit Committee, has completed its annual review of the effectiveness of the system of internal controls. In the Group Board's view, the information it received was sufficient to enable it to review the effectiveness of the Hibu Group's system of internal controls.

The risks that could have the most significant effect on the business are discussed below. Discussion of these risks is not an indication that the directors believe this list to be exhaustive nor is it indicative of the probability that one or more of these risks may be realised.

Risk from: Strong competition in existing and new markets

The Company faces strong competition in its digital markets and could be affected by the actions of other competing companies, some of which have significant resources.

Potential effect - The Company might be unable to replace quickly enough the cash flow lost from a sudden decline in some of its existing product revenues with cash flow from new products and markets.

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Strategic report for the year ended 31 March 2019

Risk management and principal risks (continued)

Mitigation: The Company has a strong asset in its sales force, employed by Yell Sales Limited, and ongoing customer relationships. This allows the Company to profitably sell a wide range of its own and its partners' digital products. The increased fragmentation of the digital market is therefore an opportunity as the Company increasingly becomes the provider of digital solutions to its large customer base of small and medium sized businesses. This effort is being managed by the sales and marketing teams, who are best placed to determine which products and partners are most appropriate for the UK market.

Risk from: Market demand uncertainty

Economic uncertainty and tight credit markets can lead to small and medium-sized entities spending less money on advertising. Whilst the Company's customers are generally not reliant on cross border activity they can be affected by UK economic uncertainties caused by Brexit. There continues to be a degree of economic uncertainty in the markets in which the Company operates and the Company could be less resilient to an economic downturn than it was when its products were predominantly print based. Demand for the Company's products could also be affected by changing market trends or market perception of the Company's products.

Potential effect - Lost revenue and profits, asset impairments and long-term funding issues could result if the markets in which the Company operates were to suddenly contract.

Mitigation: The Company has implemented cost reduction programmes to manage margins and has predominantly moved to a variable cost model that allows it to manage fluctuations in demand.

Risk from: Dependence on IT and data

The Company is dependent on effective IT systems to maintain efficient and effective operations. Cyber security is important because the Company is dependent upon the uninterrupted and secure operation of its computer systems and databases.

Potential effect - Lost revenue and profits, asset impairments, breach of legislation or damage to reputation could result if there were a catastrophic failure of the IT systems.

Mitigation: The Company is focusing resources on key, locally managed IT systems and increasingly using cloud services to mitigate the risk of owning and maintaining its own systems. The Company has in place disaster recovery plans to replicate the data stored on its business-critical computer systems and maintains firewalls and cyber security controls, which are tested on a regular basis both internally and by third-party experts. The Group Board regularly discusses the security over IT systems and data thereon, review progress against action plans to remediate shortcomings in security that have been identified by third-party experts and review the steps taken to comply with the EU's General Data Protection Regulation.

Risk from: Key people leaving the business

The success of the Company is in part dependent upon the continued service of its key management personnel and its ability to attract, motivate and retain suitably qualified employees. Due to the continuing level of change and market challenges that the business faces, the risk of key people leaving the business is high and recruiting replacements can be challenging.

Potential effect - An internal loss of market, industry or financial expertise could lead to lost revenue and profits or damage to reputation.

Mitigation: Succession planning for key roles is continually being addressed by the Company's Human Resources (HR) department. The HR strategy is evolving to increase local focus and develop appropriate compensation schemes to address the particular challenges in each of the local markets.

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Strategic report for the year ended 31 March 2019

Risk management and principal risks (continued)

Risk from: Failure to adhere to applicable laws, rules, regulations and contract terms

Any failure to comply with applicable laws, rules, regulations or the terms of legal contracts may result in civil and/or criminal legal proceedings being filed against the Company, or in the business becoming subject to regulatory sanctions.

Regulatory authorities have wide-ranging administrative powers to deal with any failure to comply with regulatory oversight. Such a failure could materially affect the Company, whether such failure is the Company's or, in some cases, that of third-party contractors.

Potential effect - The damage to reputation and the diversion of management time that would result from an authority attempting to sanction the Company could result in lost revenue and profits. Failure to comply with the terms of commercial contracts can lead to supply chain disruption, penalty payments and/or litigation. There would also be costs associated with any actions brought against the Company. Furthermore, some penalties could also be material (for example the maximum penalty of £20 million that could be imposed on companies that fail to comply with the General Data Protection Regulations that came into effect on 25 May 2018).

Mitigation: The Company devotes significant resources to ensure compliance with applicable current and emerging laws. The Company through its in-house legal team establishes specific policies and guidelines as appropriate. The Company requires at least two people to be involved in all transactions and, through its authorities' system, ensures that senior managers are involved in all key transactions and decisions. The Company ensures that the integrity of its control framework is maintained through both internal and external audit.

Risk from: UK pension fund

The Company's pension obligations are backed by assets invested across the broad investment market.

There is a risk that the value of the fund assets may not be sufficient to meet the liabilities of the fund. This could arise if, for example, the fund investments fell in value due to market conditions, the fund investments did not deliver sufficient returns or the fund liabilities grew faster than expected due to improved longevity of life. Various different actuarial methods are available for valuing pension scheme liabilities and legislation can require the use of specific methods in some circumstances (for example the insurance buy out basis applies if debts are triggered under s75 Pensions Act 1995). These methods can result in liability figures substantially higher than those reported in the Company's financial statements.

Potential effect - The Company could incur higher debt costs if it had to fund a large deficit, thus stressing the business' ability to meet its debt obligations.

Mitigation: The scheme is closed to further accrual. The Management of the Company and the trustee directors of the UK Pension Fund review the scheme funding on various actuarial bases (including the buy-out basis) at least triennially in accordance with legislation. The trustee directors and management have agreed that no further funding is necessary to satisfy pension obligations before the next full actuarial valuation of the scheme is required as of 5 April 2021. The trustee directors and management work together to mitigate the risk of having insufficient funds. The strategy currently includes an asset-liability matching policy that aims to reduce the volatility of the funding level of the pension plan by investing in assets such as swaps that perform in line with the liabilities of the plan so as to protect against inflation being higher than expected and the purchase of a bulk annuity policy and liability driven investment funds to significantly reduce the volatility of the Plan's funding level by mitigating inflation, interest rate and longevity risks.

Yell Limited

Strategic report for the year ended 31 March 2019

Risk management and principal risks (continued)

Financial risk management

Owl Group's overall risk management programme focuses on the strategic and operational risks of its operations and the markets in which it operates and seeks to manage potential adverse effects on financial performance. Owl Group's activities expose it to a variety of financial risks including liquidity, credit risk, the effects of changes in foreign currency exchange and interest rates.

Owl Group's objectives when managing capital are to safeguard its ability to continue as a going concern. Owl Group manages its capital structure and makes adjustments when required by changes in economic conditions or risk characteristics of underlying assets.

Commodity price risk

The Company is no longer exposed to commodity risk since the termination of its print business in the year ended 31 March 2019.

Default and credit risk

The maximum exposure to credit risk at the balance sheet date is the carrying value of receivables and cash and cash equivalents held by financial institutions. All cash and cash equivalents were held by institutions with credit ratings of 'A' or higher at 31 March 2019. Concentrations of credit risk with respect to trade receivables are limited due to the Company's customer base being large, geographically diverse and unrelated. Furthermore, all customers are subject to credit assessment at the point of sale. Those customers that do not meet the credit requirements are required to pay in advance for their services. The Company does not hold any collateral as security.

Liquidity risk

The Owl Group actively maintains long-term debt finance and has access to short-term debt finance, if required, that is designed to ensure that the Company and its fellow subsidiaries have sufficient available funds for operations.

The primary role of the treasury function is to ensure that adequate liquidity is available to meet funding requirements as they arise and that financial risk arising from the business' underlying operations is effectively identified and managed by or on behalf of the directors. The treasury function is not a profit centre, and its objective is to manage risk at optimum cost. The treasury function conducts its operations as directed by the Group Board. Transactions that would be speculative in nature are expressly forbidden. The Company has not entered into any derivative transactions during the years under discussion and did not have any derivatives at 31 March 2019.

Interest rate cash flow risk

As indicated below the Company is party to the Owl Group security arrangements under the financing arrangements entered into on 2 May 2018, thus exposing it to Owl Group's financing related risks. The Owl Group will be exposed to fluctuations or variability in interest payments due to changes in interest rates only if the Owl Group incurs indebtedness under the Revolving Credit Facility which would bear interest at variable rates. Any increase in LIBOR will increase interest payments due on amounts borrowed under the Revolving Credit Facility. The Owl Group does not intend to enter into hedging arrangements with respect to the Revolving Credit Facility and has no hedging arrangements currently in place.

Yell Limited

Strategic report for the year ended 31 March 2019

Going concern

The Company and other subsidiaries of Hibu Group Limited, were Guarantors under a Common Terms Agreement dated 7 September 2016. The terms required Hibu Bidco Limited and its subsidiaries ("the Bidco Group") to keep net cash pay debt to less than four times the Bidco Group's EBITDA over the preceding twelve months. The Bidco Group was in compliance with the terms during the relevant periods through 2 May 2018, when this debt was replaced with £225 million of high yield bonds, issued by a subsidiary of Owl Finance Limited. The bonds do not require specific financial ratio covenants, but are secured on all the assets of Owl Finance Limited and its subsidiaries. The Company is party to the bonds' security arrangements.

The Company's deficit is tied to intercompany financing that is not due for payment until 24 March 2022 unless payment is directed to be paid earlier by the Group Board, which has issued a letter to the Company confirming that these liabilities will not be called during a period of at least twelve months from the date of signing these financial statements.

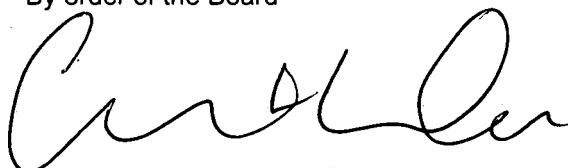
The directors of the Company have considered the implications of this and the risks set out above, and in particular whether it is appropriate to prepare the financial statements on a going concern basis and the adequacy of the disclosures made within the financial statements. In reaching a conclusion the directors reviewed forecasts of future performance that indicate that the Company should continue to generate sufficient cash flows to be able to meet interest payments for the next twelve months and repay liabilities as they fall due.

The directors have concluded that the going concern basis of accounting is appropriate and that the financial statements do not require the adjustments that would result if the Company were unable to continue as a going concern.

Post balance sheet events

There are no significant post balance sheet events that affect these financial statements.

By order of the Board



Christian Wells

Company secretary

Date: 1 July 2019

Yell Limited

Report of the directors for the year ended 31 March 2019

The directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2019.

Results and dividends

The Company's result for the financial year to 31 March 2019 was a profit of £24.5m (2018: profit of £26.6m). The directors do not recommend the payment of a dividend (2018: £nil).

Strategic report

The Company is required by the Companies Act 2006 to set out the development and performance of the business of the Company during the financial year ended 31 March 2019, the position of the Company at the end of the year, and a description of the principal risks and uncertainties facing the Company. By reference to the strategic report, which can be found on pages 2 to 10, the following information is given:

- Principal activities;
- Review of the business and future developments;
- Risk management and principal risks; and
- Going concern considerations.

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. Details of directors' remuneration can be found in Note 5.

Article 88 of the Articles of Association of Hibu Group, the Company's ultimate holding company, permit Hibu Group, 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 Hibu Group or any of its subsidiaries. In December 2013, Hibu Group entered into deeds of indemnity in favour of current and former executive and non-executive directors and officers of Hibu Group, its subsidiaries, or any other companies to which Hibu Group or any of its subsidiaries has nominated or appointed any such person as a director or officer. The deeds of indemnity are qualifying third party indemnities for the purposes of section 234 of the Companies Act 2006, and were in force during the financial year and at the date of approval of these financial statements.

Employees

The 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.

Our Equal Opportunities Policy contains a code of good practice on disability that 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, in consultation with the individual, other positions will be considered where the individual's skills and abilities match the requirements of the role, making reasonable adjustments where appropriate.

Yell Limited

Report of the directors for the year ended 31 March 2019

Employees (continued)

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 Company, including the Company's financial performance.

Management encourage employee participation in the Company's performance via the Company's bonus and commission schemes. In addition, each department elects a representative to the Company's employee forum, which meets regularly with senior management to discuss a wide variety of issues.

Forward looking statements

The financial information in the strategic report should be read in conjunction with the audited statements. Readers are cautioned that forward-looking statements are not guarantees of future performance and involve risks and uncertainties. The discussion of estimated amounts generated from the sensitivity analyses is forward looking and also involves risks and uncertainties. Caution should be exercised in relying on these analyses. Actual results may differ materially from those in forward-looking statements.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Yell Limited

Report of the directors for the year ended 31 March 2019

Statement of directors' responsibilities (continued)

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.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors 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.

In the case of each director in office at the date the Report of the directors is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'Christian Wells', written over a white background.

Christian Wells

Company secretary

Date: 1 July 2019

Yell Limited

Independent auditors' report to the members of Yell Limited

Report on the audit of the financial statements

Opinion

In our opinion, Yell Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report, which comprise: the statement of financial position as at 31 March 2019; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Yell Limited

Independent auditors' report to the members of Yell Limited

Reporting on other information

The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the directors for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 12 - 13, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Yell Limited

Independent auditors' report to the members of Yell Limited

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Alex Hookway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
1 July 2019

Yell Limited

Income statement for the year ended 31 March 2019

	Note	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Revenue	3	198,677	223,813
Cost of sales		(101,856)	(106,223)
Gross profit		96,821	117,590
Distribution costs		(5,875)	(6,958)
Administrative expenses		(38,174)	(54,696)
Operating profit	4	52,772	55,936
Income from shares in group undertakings	8	-	1,340
Profit before interest and taxation		52,772	57,276
Finance income	6	3,848	4,099
Finance costs	6	(26,721)	(27,708)
Net finance costs	6	(22,873)	(23,609)
Profit before taxation		29,899	33,667
Tax on profit	7	(5,442)	(7,110)
Profit for the financial year		24,457	26,557

Statement of comprehensive income for the year ended 31 March 2019

	Note	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Profit for the financial year		24,457	26,557
Other comprehensive (expense) / income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	21	(17,414)	4,759
Other comprehensive (expense) / income for the year		(17,414)	4,759
Total comprehensive income for the year		7,043	31,316

Yell Limited

Statement of cash flows for the year ended 31 March 2019

	Note	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Cash flows from operating activities			
Cash generated from operations		39,080	31,519
Corporation tax refunded / (paid)		605	(929)
Interest paid		(17,414)	(26,623)
Net cash generated from operating activities		22,271	3,967
Cash flows from investing activities:			
Dividends received		-	1,340
Proceeds from disposal of subsidiary undertakings		-	1,071
Purchase of property, plant, equipment and intangibles		(7,696)	(5,686)
Net cash used in investing activities		(7,696)	(3,275)
Cash flows from financing activities			
Amounts paid by group undertakings		2,590	36,168
Amounts paid to group undertakings		(11,854)	(44,724)
Net cash used in financing activities		(9,264)	(8,556)
Net increase / (decrease) in cash and cash equivalents		5,311	(7,864)
Cash and cash equivalents at beginning of year		13,995	21,202
Exchange (losses) / gains on cash and cash equivalents		(14)	657
Cash and cash equivalents at end of year		19,292	13,995

	Note	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Cash generated from operations			
Profit for the financial year		24,457	26,557
Adjustments for:			
Tax charge	7	5,442	7,110
Depreciation of property, plant and equipment	12	1,355	1,615
Income from shares in group undertakings	8	-	(1,340)
Share-based payments	19	386	1,610
Loss on disposal of property, plant and equipment	4	76	136
Amortisation of intangible assets	9	7,001	5,263
Foreign exchange loss / (gain) on operating activities		113	(50)
Net finance costs	6	22,873	23,609
Defined benefit pension contributions	21	(16,091)	(11,186)
Changes in working capital:			
Trade and other payables		(8,081)	(19,783)
Trade and other receivables		1,549	(2,022)
Cash generated from operations		39,080	31,519

Yell Limited

Statement of financial position at 31 March 2019

	Note	31 March 2019 £'000	31 March 2018 Restated £'000
Non-current assets			
Intangible assets	9	8,085	8,486
Goodwill	10	78,620	78,620
Investments in subsidiaries	11	-	-
Property, plant and equipment	12	2,097	2,431
Trade and other receivables	14	2,801	2,409
Retirement benefit surplus	21	126,911	129,358
Total non-current assets		218,514	221,304
Current assets			
Trade and other receivables	14	42,384	44,020
Corporation tax receivable		324	-
Cash and cash equivalents		19,292	13,995
Total current assets		62,000	58,015
Current liabilities			
Trade and other payables	15	(53,773)	(64,777)
Corporation tax payable		-	(173)
Provision for liabilities	16	(901)	(1,438)
Total current liabilities		(54,674)	(66,388)
Net current assets / (liabilities)		7,326	(8,373)
Non-current liabilities			
Deferred tax liabilities	13	(16,798)	(15,560)
Trade and other payables	15	(289,276)	(291,481)
Provision for liabilities	16	(782)	(1,250)
Total non-current liabilities		(306,856)	(308,291)
Net liabilities		(81,016)	(95,360)
Equity			
Called up share capital	17	-	-
Other reserves	18	(63,130)	(45,716)
Accumulated losses		(17,886)	(49,644)
Total shareholders' deficit		(81,016)	(95,360)

The notes on pages 21 to 49 are an integral part of these financial statements.

The financial statements on pages 17 to 49 were approved by the Board of directors and were signed on its behalf on 1 July 2019 by:



Oliver Wilson
Director

Registered number: 04205228

Yell Limited

Statement of changes in equity for the year ended 31 March 2019

2018	Note	Called-up share capital £'000	Other reserves £'000	Accumulated losses £'000	Total £'000
Balance at 1 April 2017		-	(50,475)	(76,201)	(126,676)
Profit for the financial year		-	-	26,557	26,557
Other comprehensive income for the year		-	4,759	-	4,759
Total comprehensive income for the year		-	4,759	26,557	31,316
Capital contribution in respect of share-based payments	19	-	-	1,610	1,610
Recharge in respect of share-based payments	19	-	-	(1,610)	(1,610)
Total transactions with owners recognised directly in equity		-	-	-	-
Balance at 31 March 2018		-	(45,716)	(49,644)	(95,360)

2019	Note	Called-up share capital £'000	Other reserves £'000	Accumulated losses £'000	Total £'000
Balance at 1 April 2018		-	(45,716)	(49,644)	(95,360)
Adjustment for changes in accounting policies*	25	-	-	7,301	7,301
Restated balance at 1 April 2018		-	(45,716)	(42,343)	(88,059)
Profit for the financial year		-	-	24,457	24,457
Other comprehensive expense for the year		-	(17,414)	-	(17,414)
Total comprehensive income for the year		-	(17,414)	24,457	7,043
Capital contribution in respect of share-based payments	19	-	-	386	386
Recharge in respect of share-based payments	19	-	-	(386)	(386)
Total transactions with owners recognised directly in equity		-	-	-	-
Balance at 31 March 2019		-	(63,130)	(17,886)	(81,016)

* The change in accounting policy is as a result of the adoption of IFRS 15 and is stated after the deduction of a £1.7m tax charge. For more details refer to Note 25.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019

1. Basis of preparation and accounting policies

Entity information

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 "Reduced Disclosure Framework".

The purchased goodwill of the Company is regarded as having an indefinite useful economic life and, in accordance with FRS101, is not amortised but is subject to annual tests for impairment. This represents a departure, for the purposes of giving a true and fair view, from the requirements of schedule 4:21 of the Companies Act 2006, which requires goodwill to be amortised.

The Company is a private company, limited by shares and registered in England and Wales under registration number 04205228. Its registered office is at 3 Forbury Place, Forbury Road, Reading, Berkshire, RG1 3YL. The Company is a wholly-owned subsidiary of YH Limited and is included in the consolidated financial statements of Hibu Group Limited, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

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

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements in accordance with FRS 101:

- the requirements of IFRS 7 "Financial Instruments: Disclosures"
- the requirements of paragraphs 91-99 of IFRS 13 "Fair Value Measurement"
- the requirements of paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of:
 - paragraph 79 (a)(iv) of IAS 1 (Share capital)
 - paragraph 73 (e)(iv) of IAS 16 (Property, plant and equipment)
 - paragraph 118 (e) of IAS 38 (Intangible assets)
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 "Presentation of Financial Statements"
- the requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
- the requirements of paragraph 17 of IAS 24 "Related Party Disclosures"
- the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary that is a party to the transaction is wholly owned by such a member.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

1. Basis of preparation and accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis. The Company and other subsidiaries of Hibu Group Limited, were Guarantors under a Common Terms Agreement dated 7 September 2016. The terms required Hibu Bidco Limited and its subsidiaries ("the Bidco Group") to keep net cash pay debt to less than four times the Bidco Group's EBITDA over the preceding twelve months. The Bidco Group was in compliance with the terms during the relevant periods through 2 May 2018, when this debt was replaced with £225 million of high yield bonds, issued by a subsidiary of Owl Finance Limited. The bonds do not require specific financial ratio covenants, but are secured on all the assets of Owl Finance Limited and its subsidiaries. The Company is party to the bonds' security arrangements.

The Company's deficit is tied to intercompany financing that is not due for payment until 24 March 2022 unless payment is directed to be paid earlier by the Group Board, which has issued a letter to the Company confirming that these liabilities will not be called during a period of at least twelve months from the date of signing these financial statements.

The directors of the Company have considered the implications of this and the risks set out above, and in particular whether it is appropriate to prepare the financial statements on a going concern basis and the adequacy of the disclosures made within the financial statements. In reaching a conclusion the directors reviewed forecasts of future performance that indicate that the Company should continue to generate sufficient cash flows to be able to meet interest payments for the next twelve months and repay liabilities as they fall due.

The directors have concluded that the going concern basis of accounting is appropriate, as set out in the strategic report on page 10.

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

a. Revenue

Company revenue, after deduction of sales allowances, value added tax and other sales taxes, comprises the value of products provided by the Company expected to be recovered from the customer.

Digital directory and other digital services revenue, where sold on a pay-for-inclusion basis, is recognised on an accruals basis over the length of the contract from the date the service is first provided. Digital directory and other digital services revenue that is sold on a pay-on-performance basis is recognised only once the minimum threshold is reached, and ratably on the contractual performance thereafter. Revenue in respect of website design and creation is recognised upon customer acceptance of delivery of the website. Website revenue relating to the ongoing provision of the service is recognised evenly on an accrual basis over the length of the contract commencing from the date the website goes live. Revenue from classified directories and other directories, mainly comprising advertising revenue, is recognised in the income statement upon 95% completion of delivery to the users of the directories. Unbilled revenue resulting from services already provided is accrued at the end of each period and unearned revenue from services to be provided in future periods is deferred in the statement of financial position.

b. Cost of sales

Cost of sales comprises the costs incurred in developing the products for sale.

c. Finance costs and income

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

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

1. Basis of preparation and accounting policies (continued)

d. 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 statement of 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 administration expenses or net finance costs in the period they arise or directly in equity depending upon the nature of the transaction.

e. 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.

In the opinion of the directors, it is not possible to determine a finite useful economic life for goodwill, due to the inherent durability of the brand. Since it is not possible to identify any finite useful economic life, it is not possible to quantify any amortisation which would be charged. In reviewing the carrying value of goodwill of the business, the directors have considered the separate plans and cash flows of these businesses consistent with the requirements of FRS101, and is satisfied that these demonstrate that no impairment has occurred. Accordingly no charge for impairment is required.

Goodwill on the acquisition of the Company's business and net assets represents the surplus of the purchase consideration over the fair value of the net separable assets acquired. Goodwill arising on acquisition is capitalised and is subject to impairment review, both annually and when there is an indication that the carrying values may not be recoverable.

f. Other intangible assets

Software, including internally developed software, is amortised on a straight-line basis over its useful economic life, which does not generally exceed two 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, where the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Amortisation is charged to administrative expenses.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

1. Basis of preparation and accounting policies (continued)

g. 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 years

h. Impairment of non-financial assets

Assets with indefinite useful lives are not subject to amortisation and instead are tested for impairment on an annual basis and whenever 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 net discounted cash flows 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 unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the CGU; and
- 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.

i. Investments in subsidiaries

Investments are valued at cost less any amounts written off due to impairment. Any impairment would be charged to the income statement account.

j. Leased assets

Rentals and incentives 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.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

1. Basis of preparation and accounting policies (continued)

k. Trade and other receivables

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

l. Financial assets and liabilities

Financial assets and liabilities are shown as loans or receivables where they are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified as trade and other receivables or trade and other payables in the Statement of financial position.

m. 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.

n. Trade and other payables

Trade and other payables are initially recognised at fair value, which approximates cost due to the short-term nature of these liabilities and subsequently measured at amortised cost using the effective interest rate method.

o. 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 contribution schemes for its employees employed subsequent to 1 October 2001. The Company closed its defined benefit scheme to future accrual on 31 March 2011, thus reducing the Company'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. See Note 21 for a description of the associated risks.

The statement of financial position 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 Company reports a surplus as an asset if the requirement of IFRIC 14 and any statutory requirements are satisfied. The terms of the trust specify that if any assets remain after all benefits have been provided in full, then benefits could be increased with consent of the principal employer, but that any assets then remaining will be paid to the employers.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

1. Basis of preparation and accounting policies (continued)

o. Employee benefits (continued)

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 comprehensive income.

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

p. Share-based payments

The costs of share-based payments to individuals providing services to the Company are charged against the income of the Company to the extent services are received. The costs represent the relevant portion of the fair value of the equity rights transferring to the individuals. The Company recognises an increase in shareholders' equity to the extent the equity instruments are issued by a parent company, but reverses this entry in the event the Company has to recognise a liability to pay the parent for the value of the equity instruments.

q. Current and deferred tax

The charge or credit for tax is based on the profit or loss for the period and takes into account deferred tax where transactions or events give rise to temporary differences between the treatment of certain items for tax 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. It is probable that future taxable profits will be available to the extent that reversing taxable temporary differences exist.

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 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.

r. Share capital

Ordinary shares are classified as equity.

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

s. Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

1. Basis of preparation and accounting policies (continued)

t. Standards that have become effective during the year

The following standards, interpretations and amendments became effective during the year. Only the adoption of IFRS 15 was material to the Company, for which the effect on financial statements is further discussed in Note 25:

- IFRS 9, 'Financial Instruments'. This standard replaces the guidance in IAS 39 and includes requirements on the classification and measurements of financial assets and liabilities. It also includes an expected credit losses model that replaces the current incurred loss impairment model. The standard is effective for annual periods beginning on or after 1 January 2018.
- IFRS 15, 'Revenue from Contracts with Customers'. This standard will improve the financial reporting of revenue and improve comparability of the top line in the financial statements globally. It is effective for annual periods beginning on or after 1 January 2018.
- Amendments to IFRS 2, 'Share-based Payment'. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount of the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. It is effective for annual periods beginning on or after 1 January 2018.
- 'Annual Improvements 2014-16'. These amendments affect two standards being IFRS 1, 'First Time Adoption of IFRS' and IAS 28, 'Investments in Associates' regarding the measurement of an associate or joint venture at fair value. They are effective for annual periods beginning on or after 1 January 2018.
- IFRIC 22, 'Foreign currency transactions and advance consideration'. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment or receipt is made as well as where multiple payments or receipts are made and is intended to reduce diversity in practice. It is effective for annual periods beginning on or after 1 January 2018.

2. Critical accounting estimates and judgments

In general, the Company's accounting policies under FRS 101 are consistent with those generally adopted by others operating within the same industry in the UK.

In preparing the Company financial statements, the Company's management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. The Company regularly reviews these estimates and updates them when required. Actual results could differ from these estimates. Unless otherwise indicated, the Company does not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. The Company considers the following to be a description of the most significant estimates, which require the Company's management to make subjective and complex judgments, or matters that are inherently uncertain.

Bad debts

The Company reduces receivables by an allowance for amounts that may become uncollectible in the future. The allowance is determined 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.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

2. Critical accounting estimates and judgments (continued)

Carrying value of goodwill

The Company 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. The Company compares the carrying value of its operations with estimated recoverable values to determine whether goodwill is impaired. The recoverable value is estimated from a discounted cash flow model that relies on significant key assumptions including post-tax cash flows forecasted over an extended period of years, terminal growth rates and discount rates. Sensitivity analysis may be found in Note 10.

During the year the Company recognised impairment losses of £nil (2018: £nil). At 31 March 2019, the fair values of the operations exceeded their carrying value.

Carrying value of long-lived tangible and intangible assets

Other non-current intangible assets and plant and equipment are long-lived assets that the Company 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. The Company reviews the values of property, plant, equipment and assets with indefinite lives annually for impairment. The Company 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, the Company has not realised large gains or losses on disposals of property, plant and equipment.

Pension liabilities

The Company closed its defined benefit scheme in the UK to future accrual on 31 March 2011, thus reducing the Company'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 Statement of Financial Position date, and inflation. Differences in Yell's actual experience or changes in its assumptions can materially affect the amount of our future pension obligations and future valuation adjustments in the statement of comprehensive income. The Company seeks expert actuarial advice in setting its assumptions. Sensitivity analysis may be found in Note 21.

The defined contribution schemes are managed separately from assets and liabilities of the Company.

Pension assets

The assets held by the UK defined benefit pension scheme are valued to quoted market rates where such rates are available. Asset values will increase and decrease as markets rise and fall. The pension scheme trustees and Company management have an agreed strategy to mitigate the risk of having insufficient funds, if markets fall. In order to significantly reduce the volatility of the pension plan's funding level by mitigating inflation, interest rate and longevity risks, the trustees have exchanged the index linked gilts and some of the equities and corporate bonds for a bulk annuity policy that covers nearly all the Plan's pensioners and liability driven investment funds, which more closely match movements in interest rates and inflation. The trustees work with management to ensure sufficient assets will be available to settle obligations in the long term. Sensitivity analysis may be found in Note 21.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

2. Critical accounting estimates and judgments (continued)

Tax

The determination of our obligation and expense for taxes requires an interpretation of tax law. The Company seeks appropriate, competent and professional tax advice before making any judgments on tax matters. Whilst the Company believes that its judgments are prudent and appropriate, significant differences in actual experience may materially affect future tax charges.

The Company recognises deferred tax assets and liabilities arising from timing differences where it has a taxable benefit or obligation in the future as a result of past events. The Company records deferred tax assets to the extent that it believes they are more likely than not to be realised. Should the Company determine in the future that it would be able to realise deferred tax assets in excess of the recorded amount or that the liabilities are different than the amounts recorded, then the Company would increase or decrease income as appropriate in the period such determination was made. At 31 March 2019 the Company believes it has recognised all potential deferred tax assets.

3. Revenue

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Analysis of revenue by category		
Digital products	187,142	196,461
Non-digital products	11,535	27,352
Total revenue	198,677	223,813

All revenue is generated from sales to customers based in the United Kingdom.

The Company's contracts with customers are materially of one year or less and, accordingly, performance obligations are expected to be materially satisfied within twelve months. Therefore, the Company is applying the practical expedient in paragraph 121 of IFRS 15 using the modified retrospective method.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

4. Operating profit

Operating profit is stated after charging / (crediting):

		Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
	Note		
Staff costs	5	21,927	39,183
Amortisation of other intangible assets	9	7,001	5,263
Depreciation of property, plant and equipment	12	1,355	1,615
Loss on disposal of plant, property and equipment		76	136
Profit on disposal of investment in subsidiaries	11	-	(1,071)
Operating lease charges	20	5,024	4,468
Bad debt provision charge	14	7,826	2,582
R&D tax credit		(1,144)	(555)
Movement on deferred commissions*		1,262	-
Auditors' remuneration:			
Fees payable for the audit of the Company's financial statements in respect of the current year		165	160
Non-audit services:			
Fees payable for the audit of the Company's financial statements of any subsidiary of the Company in respect of the current year		17	16
For services relating to taxation compliance in respect of the prior year		-	19
For other assurance services		17	91

* Please refer to Note 25 for further details on deferred commissions movements.

On 1 April 2018 the Company applied IFRS 15 "Revenue from contracts with customers". This accounting standard requires the Company to spread the variable costs incurred in acquiring and retaining a customer contract (primarily sales commissions and associated employer taxes) over the life of that contract. The key management assumption applied has been to estimate the average life of a contract as 18 months. Management will continue to assess whether this assumption remains appropriate on a regular basis. Contacts which cease within twelve months do not have any variable costs deferred.

£000	Less than one year	Greater than one year	Total
At 1 April 2018	7,500	1,500	9,000
Amounts deferred during the year	8,100	1,300	9,400
Amounts amortised during the year	(9,200)	(1,500)	(10,700)
At 31 March 2019	6,400	1,300	7,700

For details of the effect in the current year of adopting IFRS 15 see note 25.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

5. Employees

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	Year ended 31 March 2019 Number	Year ended 31 March 2018 Number
By activity:		
Marketing and sales	40	35
Administrative	227	241
Total	267	276

		Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
	Note		
Wages and salaries		20,284	32,572
Social security costs		2,388	4,992
Other pension costs	21	1,153	1,126
Past service cost	21	1,122	-
Redundancy costs		740	2,545
Share-based payments	19	386	1,610
		26,073	42,845
Amounts capitalised		(4,146)	(3,662)
Total staff costs		21,927	39,183

Comparative information has been updated to be consistent with the current year presentation.

Directors' remuneration

Directors' remuneration includes net amounts charged to the Company by related employing companies. The aggregate remuneration paid to the directors in respect of their services to the Company was as follows:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Salaries and other short-term benefits	1,962	3,225
Contractual and in lieu of contractual loss of office payments	312	-
Amounts received under long-term incentive schemes (other than shares or share options)	-	7,390
Employer's pension contributions	15	5
Total directors' emoluments payable for the year	2,289	10,620

The highest paid director received £1,251,950 (2018: £6,987,068) in the year, excluding employer's pension contributions (2018: £nil), in respect of services to the Company.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

5. Employees (continued)

Directors' remuneration (continued)

A parent company issued restricted equity instruments, each with a nominal value of £0.00000001, to three Board members during the year ended 31 March 2017. The ultimate parent company purchased 130 of these shares either at initial fair value or at current fair market value during the year ended 31 March 2019. No director was a member of the Group's UK defined benefit pension scheme during the periods presented. For further details of share-based payment expense for the year refer to Note 19.

6. Net finance costs

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Interest expense on amounts owed to group undertakings	(25,744)	(27,572)
Fees incurred relating to the issuance of the Bond by an affiliated entity	(543)	-
Revolving Commitment Facility fee	(232)	-
Net foreign exchange losses on financing activities	(81)	-
Interest expense on bank deposits	(121)	(136)
Total finance cost	(26,721)	(27,708)
Interest income on bank deposits	159	73
Interest income on amounts owed by group undertakings	118	109
Net finance income on retirement benefit obligations (Note 21)	3,571	3,000
Net foreign exchange gains on financing activities	-	917
Total finance income	3,848	4,099
Net finance costs	(22,873)	(23,609)

7. Tax on profit

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Tax expense included in the income statement		
Current tax:		
Current tax for the year	1,756	2,541
Adjustments in respect of prior years	587	771
Total current tax charge	2,343	3,312
Deferred tax:		
Current year charge	3,770	3,336
Adjustments in respect of prior years	(346)	462
Effect of changes in tax rate	(325)	-
Total deferred tax charge	3,099	3,798
Tax charge	5,442	7,110

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

7. Tax on profit (continued)

The tax charge for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Profit before taxation	29,899	33,667
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	5,681	6,397
Effects of:		
Adjustments in respect of prior years	241	1,233
Non-taxable dividends received	-	(262)
Re-measurement of deferred tax – change in UK tax rate	(325)	-
Non-taxable disposal of subsidiary undertakings	-	(204)
Other	(155)	(54)
Tax charge	5,442	7,110

Tax charged directly to equity is as follows:

		Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
	Notes		
Deferred tax on actuarial loss / (gain)	18,21	3,567	(633)
Tax charge / (credit) directly to equity		3,567	(633)

Finance Act 2016 included legislation reducing the rate of corporation tax from 19% to 17% with effect from 1 April 2020. At 31 March 2019, the deferred assets and liabilities included in these financial statements were based on this reduced rate having regard to their reversal profiles.

8. Income from shares in group undertakings

No dividend was proposed or paid during the year (2018: £nil).

During the year, the Company received dividends of £nil (2018: £1,340,000).

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

9. Intangible assets

	2019 £'000
Cost:	
Balance at 1 April 2018	27,133
Additions	6,685
Disposals	(3,496)
Total cost at 31 March 2019	30,322
Accumulated amortisation	
Balance at 1 April 2018	(18,647)
Charge for the year	(7,001)
Disposals	3,411
Total amortisation at 31 March 2019	(22,237)
Net book value at 31 March 2019	8,085
Net book value at 31 March 2018	8,486

Intangible assets comprise software development costs.

10. Goodwill

	2019 £'000	2018 £'000
Balance at 31 March	78,620	78,620

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. These assumptions are set based upon management's experience. 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.

In 2019 and 2018, the Company measured the carrying value against the value in use, using a discounted cash flow model. In both years the cash flow projections were based on Board reviewed cash flow projections extrapolated to five years.

During the year ended 31 March 2019, impairment losses of £nil (2018: £nil) on goodwill in relation to its operations were recorded. At 31 March 2019, the value in use of the operations exceeded their carrying value by £75m (2018: £276m).

Cash flows beyond the period of extrapolation are calculated using the terminal growth rates stated below. In addition, revenue growth over the five-year period ending 31 March 2024 is a key assumption in the 31 March 2019 valuation as discussed above. The carrying value of goodwill after impairments and the key assumptions used for estimating value in use are as follows:

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

10. Goodwill (continued)

	At 31 March 2019 £'000	At 31 March 2018 £'000
Net book value		
Carrying value of goodwill	78,620	78,620
	At 31 March 2019 %	At 31 March 2018 %
Key assumptions		
Compound annual growth rate	(1.4)	3.1
Terminal growth rate	0.0	0.0
Pre-tax discount rate	19.2	17.2

A sensitivity analysis was carried out to determine the extent to which its assumptions would need to change for the calculated recoverable amounts from value in use, to fall below the carrying value of goodwill. Management has concluded that no reasonably foreseeable change in the key assumptions used in the impairment model would result in a significant impairment charge being recorded in the financial statements.

11. Investments in subsidiaries

	2019 £'000	2018 £'000
Cost		
At 1 April	18,551	18,651
Disposals	-	(100)
At 31 March	18,551	18,551
Impairment		
At 1 April	(18,551)	(18,651)
Disposals	-	100
At 31 March	(18,551)	(18,551)
Carrying value	-	-

The interests of the Company in its subsidiaries, which all have the same registered address as the Company, are as follows:

Direct subsidiaries	Company activity	Registered office	2019 % owned	2018 % owned	2019 Carrying value £'000	2018 Carrying value £'000
Yell Sales Limited	Sale of print and digital marketing products	England & Wales	100	100	-	-
Moonfruit Limited	Holding company	England & Wales	100	100	-	-
Yell Mediaworks Limited	Fulfillment of print, video and website advertising	England & Wales	100	100	-	-
Indirect subsidiaries						
Yell Studio Limited	Graphic design	England & Wales	100	100	-	-
Sitemaker Software Limited	Website services	England & Wales	100	100	-	-
Total carrying value					-	-

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

12. Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Total £'000
Cost			
Balance at 1 April 2018	4,701	16,892	21,593
Additions	201	896	1,097
Disposals	(112)	(4,105)	(4,217)
Total cost at 31 March 2019	4,790	13,683	18,473
Accumulated depreciation			
Balance at 1 April 2018	(3,947)	(15,215)	(19,162)
Depreciation charge for the year	(250)	(1,105)	(1,355)
Disposals	111	4,030	4,141
Total depreciation at 31 March 2019	(4,086)	(12,290)	(16,376)
Net book value at 31 March 2019	704	1,393	2,097
Net book value at 31 March 2018	754	1,677	2,431

13. Deferred tax

The presentation of deferred tax assets and deferred tax liabilities in the statement of financial position sets off deferred tax assets against deferred tax liabilities as they relate to the same taxable entity and they relate to income taxes levied by the same taxation authority for which the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

	At 31 March 2019 £'000	At 31 March 2018 £'000
Deferred tax assets	5,063	6,431
Deferred tax liabilities	(21,861)	(21,991)
	(16,798)	(15,560)

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. No deferred tax has been recognised on capital losses of £1,218,000 (2018: £1,218,000) which do not time expire.

	At 1 April 2018 £'000	Adjustment for changes in accounting policies £'000	(Charge)/credit to income statement £'000	Credit to equity £'000	At 31 March 2019 £'000
Accelerated tax depreciation	4,320	-	(738)	-	3,582
Goodwill	539	-	(38)	-	501
Provisions	1,572	-	(598)	-	974
Deferred sales commissions	-	(1,706)	1,426	-	(280)
Pensions	(21,991)	-	(3,151)	3,567	(21,575)
Total	(15,560)	(1,706)	(3,099)	3,567	(16,798)

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

13. Deferred tax (continued)

	At 1 April 2017	(Charge)/credit to income statement	Charge to equity	At 31 March 2018 Restated
	£'000	£'000	£'000	£'000
Accelerated tax depreciation	5,084	(764)	-	4,320
Goodwill	577	(38)	-	539
Provisions	1,540	32	-	1,572
Tax losses	332	(332)	-	-
Pensions	(18,662)	(2,696)	(633)	(21,991)
Total	(11,129)	(3,798)	(633)	(15,560)

For details of restatement refer to Note 25.

14. Trade and other receivables

	At 31 March 2019	At 31 March 2018 Restated
	£'000	£'000
Amounts falling due within one year		
Net trade receivables	10,659	10,964
Prepayments	10,157	6,370
Other receivables	443	210
Accrued income	7,002	7,569
Amounts owed by group undertakings	14,123	18,907
Total	42,384	44,020
Amounts falling due after more than one year		
Amounts owed by group undertakings	-	1,186
Prepayments	1,300	-
Other receivables	1,501	1,223
Total	2,801	2,409
Total trade and other receivables	45,185	46,429

For details of 2018 restatement refer to Note 24.

Prepayments falling due after more than one year comprise an amount of £1.3m in respect of the adjustment to prepaid commission on application of IFRS15 (see Note 25). Prepayments falling due within one year comprise an amount of £6.4m in respect of the adjustment to prepaid commission on application of IFRS15 (see Note 25). The interest rate used to calculate the interest on amounts owed by group undertakings due after more than one year was 5% plus the 3-month Libor rate (reset quarterly) for the interest-bearing loan with Sitemaker Software Limited of £235,692 (2018: £1,186,017). All other amounts owed by group undertakings are non-interest bearing and repayable on demand.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

14. Trade and other receivables (continued)

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 receivables approximates book value. Concentrations of credit risk with respect to trade receivables are limited due to the Company's customer base being large and unrelated. Furthermore, all customers are subject to credit assessment at the point of sale. Those customers that do not meet the credit requirements are required to pay in advance for their services. 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:

	2019 £'000	2018 £'000
Balance at 1 April	(5,544)	(8,103)
Charged to income statement	(7,826)	(2,582)
Utilised	7,242	5,141
Balance at 31 March	(6,128)	(5,544)

15. Trade and other payables

	At 31 March 2019 £'000	At 31 March 2018 Restated £'000
Amounts falling due within one year		
Trade payables	1,914	2,710
Other taxation and social security	6,446	7,677
Accruals and other payables	14,709	28,273
Deferred income	5,946	4,110
Amounts owed to group undertakings - operating	2,375	4,408
Amounts owed to group undertakings - financing	22,383	17,599
Total amounts falling due within one year	53,773	64,777
Amounts falling due after more than one year		
Other payables	3,898	4,645
Amounts owed to group undertakings - financing	285,378	286,836
Total amounts falling due after more than one year	289,276	291,481
Total trade and other payables	343,049	356,258

For details of 2018 comparatives restatement refer to Note 24.

Current amounts owed to group undertakings are repayable at the discretion of Hibu Group and do not have any security restrictions. They include an amount of £13.7m where interest is charged based on the three-month LIBOR rate in the denominated currency and interest rates are reset at the beginning of each quarter.

Amounts falling due after more than one year include an amount of £284.0m (2018: £284.0m) with a repayment date of 24 March 2022 and which bears interest at 8% plus LIBOR (subject to a 1% minimum) with a three-month interest period (2018: 8% plus 3-month LIBOR rate (subject to a 1% minimum)). This amount is unsecured but subject to the intercreditor agreements.

Deferred income at 31 March 2018 was materially recognised during the current year. Deferred income balances have increased primarily as a result of promotions designed to transition existing customers from print product holdings into digital product contracts.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

15. Trade and other payables (continued)

Set out below is a reconciliation of liabilities from financing activities:

	At 31 March 2019 £'000	At 31 March 2018 £'000
At 1 April	304,435	319,871
Interest charged	25,602	27,572
Cash payment of interest	(16,628)	(26,623)
Cash repayment of loan principal	-	(43,652)
Settlement of operating intercompany balances	(5,610)	25,546
Payment for tax losses (surrendered to) / claimed from fellow group undertakings	(173)	2,056
Foreign exchange movement	135	(335)
At 31 March	307,761	304,435

16. Provision for liabilities

The Company had the following provisions during the year:

£000	Redundancy provisions	Property related provisions	Total
At 1 April 2018	1,004	1,684	2,688
Charged to income statement:			
- Additional provisions	579	1,086	1,665
- Unused amounts reversed	(829)	-	(829)
Utilised during the year	(754)	(1,087)	(1,841)
At 31 March 2019	-	1,683	1,683

£000	2019	2018
Non-current	782	1,250
Current	901	1,438
Total provisions for liabilities	1,683	2,688

Provision balances represent the differences between the timing of paying contractual amounts and the recognition of the contractual payments as a charge against income. The categories disclosed align with the types of contractual arrangements. Amounts expected to be expensed in the coming year of £0.9m (2018: £1.4m) have been classified as current liabilities.

Redundancy

Provisions for restructuring of activities comprise of accruals for certain employee benefits which are directly associated with plans to exit or cease specific activities. For all restructuring provisions a detailed formal plan exists, and the implementation of the plan had either started or been communicated to effected employees before the balance sheet date. All restructuring plans are expected to be completed within one year from the balance sheet date.

Property related

The leasehold dilapidations provision relates to contractual obligations to reinstate leasehold properties to their original state of repair at the end of the lease term. The provision has been calculated by appropriately qualified individuals at the inception of the lease, based upon expected rectification costs adjusted for expected inflation. The transfer of economic benefits is expected to be made at the end of the property leases disclosed in note 20.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

17. Called up share capital

Called up share capital:

Allotted, called up and fully paid	No of shares of £1 each	£
At 1 April 2018 and 31 March 2019	74	74

18. Other reserves

Year ended 31 March 2019	Pension reserve £'000	Total other reserves £'000
Balance at 1 April 2018	(45,716)	(45,716)
Actuarial loss on defined benefit pension scheme	(20,981)	(20,981)
Taxation	3,567	3,567
Net income recognised directly in equity	(17,414)	(17,414)
Balance at 31 March 2019	(63,130)	(63,130)

Year ended 31 March 2018	Pension reserve £'000	Total other reserves £'000
Balance at 1 April 2017	(50,475)	(50,475)
Actuarial gain on defined benefit pension scheme	5,392	5,392
Taxation	(633)	(633)
Net income recognised directly in equity	4,759	4,759
Balance at 31 March 2018	(45,716)	(45,716)

19. Share-based payments

Restricted shares in Hibu Midco Limited, a parent company, were issued to directors and selected employees of the Group (the "participants") for £nil consideration in the year ended 31 March 2017. The rights in the shares vest in four equal tranches on four successive annual anniversaries of the award date, unless there is a change in control, in which case a portion will vest immediately.

The award represented an equity-settled share-based payment under IFRS 2, and the relevant costs were charged against income of the Company to the extent it employed participants with a compensating increase to equity representing a direct investment from Hibu Midco Limited. The fair value of the grant was determined to be the present value of the estimated future values of the ownership rights that will be transferred to the recipients on each vesting date. The future values were determined from the Group's enterprise value on the date of grant and the estimated effect of the Group's future investor returns (including dividends) on its enterprise value over the relevant periods. The effect of the restrictions was also considered in determining the fair value of the award. The Company charged £386,000 (2018: £1,610,000) against income for the share-based payments in the year ended 31 March 2019 for the relevant costs of its employees. The Company was later recharged the relevant costs of the employees and recorded the £386,000 (2018: £1,610,000) as an intercompany liability with a compensating decrease to the previous increase in equity. The Company also exchanged recharges with the ultimate parent company in order to correctly reflect the cost of services received from key management. The Company is expected to pay Hibu Midco Limited for the equity settled share-based payments to its employees.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

20. Financial commitments, contingent liabilities and litigation

Future aggregate minimum operating lease payments for the Company at 31 March 2019 and 2018 were as follows:

	Land and Buildings 2019 £'000	Land and Buildings 2018 £'000	Other 2019 £'000	Other 2018 £'000
Payable				
Not later than 1 year	2,202	2,409	1,561	2,337
Later than 1 year and not later than 5 years	8,109	6,411	323	988
Later than 5 years	9,071	10,568	-	-
Total future aggregate minimum operating lease payments	19,382	19,388	1,884	3,325

Operating lease payments expensed during the year amounted to £5,024,000 (2018: £4,468,000).

There are no contingent liabilities or guarantees other than those mentioned below and on these no material losses are anticipated. There are no capital commitments.

The Company and other subsidiaries of Hibu Group Limited, were Guarantors under a Common Terms Agreement dated 7 September 2016. The terms required Hibu Bidco Limited and its subsidiaries ("the Bidco Group") to keep net cash pay debt to less than four times the Bidco Group's EBITDA over the preceding twelve months. The Bidco Group was in compliance with the terms during the relevant periods through 2 May 2018, when this debt was replaced with £225 million of high yield bonds, issued by a subsidiary of Owl Finance Limited. The bonds do not require specific financial ratio covenants, but are secured on all the assets of Owl Finance Limited and its subsidiaries. The Company is party to the bonds' security arrangements.

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

21. Pensions

The Company operates a defined benefit pension scheme ("UKPP") for employees of the Company and certain subsidiaries employed before 1 October 2001, but the scheme was closed to future accrual from March 2011. The Company also operates a defined contribution scheme for the remaining employees of the Company and certain subsidiaries.

They are the only material schemes in the Company. The Company's income statement and statement of comprehensive income for the years ended 31 March 2019 and 2018 included the following charges below.

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Amounts charged to operating profit		
Administration expenses	6	8
Past service cost	1,122	-
Amounts charged for defined benefit schemes	1,128	8
Amounts expensed for defined contribution schemes	1,153	1,126
Total operating charge	2,281	1,134

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

21. Pensions (continued)

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Net finance income from defined benefit scheme		
Interest income on pension scheme assets	(17,618)	(17,841)
Interest cost on pension scheme liabilities	14,047	14,841
Net finance income from defined benefit schemes	(3,571)	(3,000)

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Amounts recognised in statement of comprehensive income		
Actual return less interest on pension Plan assets	19,134	(6,169)
Experience losses arising on the Plan	(21,107)	(3,759)
Changes in financial assumptions underlying the value of the Plan liabilities	(23,488)	11,620
Changes in demographic assumptions underlying the present value of the Plan liabilities	4,480	3,700
Actuarial (loss) / gain	(20,981)	5,392
Tax on actuarial (loss) / gain recognised in equity (see Note 7)	3,567	(633)
Actuarial (loss) / gain, net of tax	(17,414)	4,759

The cumulative actuarial loss net of tax recognised at 31 March 2019 amounts to £34.7m (2018: £17.3m).

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 Plan offers both pensions in retirement and death benefits to members. For the purpose of these financial statements, the full actuarial valuation at 5 April 2018, updated to 31 March 2019, showed a surplus of £127m (2018: £129m). 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 7 of the Plan on a defined contribution basis. Subsequently the DC sections were closed and a Mastertrust with L&G was put in place instead.

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 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 2018 was the most recent agreed full funding valuation at 31 March 2019.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

21. Pensions (continued)

Net surplus

The UKPP net surplus on 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 2019 £'000	At 31 March 2018 £'000
Fair value of Plan assets	708,863	685,232
Present value of Plan liabilities	(581,952)	(555,874)
Net surplus	126,911	129,358

The following amounts explain the movement in the pension provision for the years ended 31 March 2019 and 2018:

	At 31 March 2019 £'000	At 31 March 2018 £'000
Net surplus at 1 April	129,358	109,788
Movement in year:		
Contributions	16,091	11,186
Termination benefit credit	-	-
Past service cost	(1,122)	-
Administration expenses	(6)	(8)
Net finance income	3,571	3,000
Actuarial (loss) / gain	(20,981)	5,392
Net surplus at 31 March	126,911	129,358

Following the conclusion of the full funding valuation in September 2016 that had an effective date of 31 December 2015, the Company agreed to pay the following minimum contributions, all payable in equal monthly instalments unless prepaid:

- in respect of September 2016 a contribution of £2.5m; and
- monthly contributions of £833,333 from 1 October 2016 to 1 June 2020 inclusive; and
- £666,667 per month from 1 July 2020 to 1 September 2025 inclusive.

However, the full funding valuation with an effective date of 5 April 2018 concluded in November 2018 and showed no further contributions were required and deficit contributions ceased in late 2018.

Contributions of £16.1m (2018: £11.2m), of which £0.3m (2018: £nil) were in respect of benefit augmentations were made in the year to 31 March 2019. Yell Limited also agreed to pay a special one-off contribution of £10m during 2019 as part of the 2018 valuation and this is included in the £16.1m.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

21. Pensions (continued)

Valuation assumptions

The UKPP net surplus at 31 March 2019 was based on the valuation at 5 April 2018 updated to 31 March 2019. The UKPP net surplus at 31 March 2018 was based on the valuation at 31 December 2015 updated to 31 March 2018. The updated valuations were carried out by professionally qualified independent actuaries using the following key assumptions:

	At 31 March 2019 %	At 31 March 2018 %
Discount rate	2.5	2.6
Expected return on assets	n/a	n/a
Pension increases linked to RPI	3.2	3.1
Pension increases linked to CPI	2.3	2.2

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 2019	At 31 March 2018
Male	28.4	29.0
Female	30.6	31.1

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

	At 31 March 2019	At 31 March 2018
Male	27.1	27.7
Female	29.2	29.7

Assets

The UKPP assets are held in separate trustee administered funds that are invested in debt securities, liability driven investments, cash and a bulk annuity policy.

The trustees of the scheme are required to act in the best interest of the Plan's beneficiaries. The appointment of trustees to the Plan is determined by the Company in accordance with the Plan'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 hold a portfolio of secured finance, corporate bonds, a bulk annuity policy that covers nearly all of the Plan's pensioners, liability driven investment funds plus a holding of cash.

The purpose of the bulk annuity policy and liability driven investment funds is to significantly reduce the volatility of the Plan's funding level by mitigating inflation, interest rate and longevity risks. These asset classes match the movements in interest rates and inflation closely. The trustees also work with management to ensure sufficient assets will be available to settle obligations in the long term.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

21. Pensions (continued)

The assets were:

	At 31 March 2019 £'000	Of which not quoted in an active market £'000	At 31 March 2018 £'000	Of which not quoted in an active market £'000
Secured finance	74,382	-	-	-
Bonds	77,821	-	74,749	-
Liability driven investments	155,376	-	165,651	-
Insurance contracts	180,402	180,402	174,500	174,500
Other	220,882	-	270,332	-
Total assets at fair value	708,863	180,402	685,232	174,500

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

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Opening fair value of plan assets	685,232	698,816
Interest on assets	17,618	17,841
Actuarial gain / (loss)	19,134	(6,169)
Contributions by employer	16,091	11,186
Administration expenses	(6)	(8)
Benefits paid	(29,206)	(36,434)
Closing fair value of plan assets	708,863	685,232

The actuarial loss or gain in the years ended 31 March 2019 and 2018 represents the difference between expected return on plan assets and the actual return on plan assets as follows:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Interest on plan assets	17,618	17,841
Actuarial gain / (loss)	19,134	(6,169)
Actual return on plan assets	36,752	11,672

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

21. Pensions (continued)

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 cash-flows 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. Changes in the present value of the defined benefit obligations were as follows:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Opening present value of defined benefit liabilities	555,874	589,028
Past service cost	1,122	-
Settlement cost	-	-
Interest cost	14,047	14,841
Actuarial loss / (gain)	40,115	(11,561)
Benefits paid	(29,206)	(36,434)
Closing present value of defined benefit liabilities	581,952	555,874

The actuarial loss in the year ended 31 March 2019 was primarily the result of allowing for actual membership movements following the full valuation at 5 April 2018. In addition, there was a decrease in the AA-rated corporate bond yields and an increase in the assumption for inflation which led to significant actuarial losses. This was partially offset by the change in the mortality assumption.

The actuarial gain in the year ended 31 March 2018 was primarily the result of a decrease in the assumption for inflation and a change to the mortality assumption. This was partially offset by inflationary increases applied to benefits during the year being higher than expected.

Profile of the Plan

The defined benefit obligation includes benefits for deferred members and current pensioners. Broadly, about 61% of the liabilities are attributable to deferred members and 39% to current pensioners. Note that the term "deferred members" refers to members of the Defined Benefit section of the Plan who are yet to draw their pension.

The Plan duration is an indicator of the weighted average time until benefit payments are made. For the Plan as a whole, the duration is around 22 years reflecting the approximate split of defined benefit obligation between deferred members (duration around 25 years) and current pensioners (duration of 16 years).

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

21. Pensions (continued)

Sensitivity analysis

The present value of the pension obligations at 31 March 2019 was calculated on the basis that the real interest rate at the balance sheet date was -0.9%, 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 -0.8% or -1.0% per annum, respectively, would decrease or increase the present value of the pension liabilities by approximately £12.6m. 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 variations in this real interest rate however we can estimate that the value of the bulk annuity policy would decrease or increase by approximately £2.8m due to the assumed real interest rate increasing or decreasing to -0.8% or -1.0% per annum respectively.

The present value of pension liabilities was determined on assumed life expectancies for men and women as set out in the assumptions above. Yell Limited estimates that an increase in life expectancy of one year for all members could have increased the present value of pension liabilities by approximately £22.5m (2018: £20.5m) and would increase the value of the bulk annuity policy by £7.5m (2018: £8.5m).

Risks associated with the Plan

Through its defined benefit pension plan the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Plan holds some assets, such as secured finance, which are expected to outperform bond yields in the long term while providing volatility and risk in the short term. The allocation to these assets is monitored such that it is suitable with the Plan's long-term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the Plan's liabilities, although this will be partially offset by an increase in the value of the Plan's bond and LDI holdings.

Inflation risk

The majority of the Plan's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). However the total asset value is correlated with inflation, meaning that the surplus should be broadly protected against increases in inflation.

Life expectancy

The majority of the Plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in liabilities.

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the pension plan by investing in assets such as swaps which perform in line with the liabilities of the plan so as to protect against inflation being higher than expected.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

21. Pensions (continued)

Risks associated with the Plan (continued)

In addition, the trustees of the Plan purchased a bulk annuity policy (or "buy-in" policy) from Pensions Insurance Corporation (PIC) in respect of part of the liabilities of the Plan. The purchase price was £199.4m. A buy-in policy is a single policy with a UK insurance company, which provides payments to the Plan which are intended to precisely match the payments made to a specified group of Plan members. The policy remains an asset of the Plan, and the obligation to pay the pensions remains an obligation of the Plan.

The policy covered nearly all current Plan pensioners, plus their survivors' pensions payable after death. It did not cover any members who have not yet begun to draw their pension. As a result, this buy-in policy significantly reduces the longevity risk to which the plan is exposed, as well as inflation risks and risks associated with changes in bond yields.

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pensions ("GMPs"). In October 2018 the UK High Court has ruled that GMPs will need to be equalised.

This will increase the defined benefit obligation of the Plan. We have carried out calculations based on the Plan benefits and profile to estimate the impact of allowing for GMP equalisation and allowed for this as a past service cost of £0.5m.

UKPP - Defined contribution section

The pension cost in respect of this section represents contributions payable to the funds and amounted to £1,153,000 for the year ended 31 March 2019 (2018: £1,126,000). Outstanding contributions amounted to £nil at 31 March 2019 (2018: £nil).

22. Events after the end of the reporting year

There are no significant post balance sheet events that affect these financial statements.

23. Controlling entity

At 31 March 2019, the Company's immediate parent undertaking was YH Limited. The ultimate parent undertaking and controlling party is Hibu Group.

At the date of signing these financial statements the smallest group in which the financial statements of the Company are consolidated is Owl Finance Limited. The largest group in which the financial statements of the Company are consolidated is Hibu Group. Financial statements for both companies are publicly available from 3 Forbury Place, Forbury Road, Reading, Berkshire, RG1 3YL.

24. Restatements

During the year the Company restated its 2018 comparatives to net off the separate accrued and deferred income balances relating to allocation of a multi-product discount (see Notes 14 and 15). The effect of the restatement was to decrease the current assets and current liabilities by £4.3m. This restatement had no effect on the profit for that year.

Yell Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

25. Deferral of sales commissions

On 1 April 2018 the Company applied IFRS 15 "Revenue from contracts with customers" using the modified retrospective method. This accounting standard requires the Company to spread the variable costs incurred in acquiring and retaining a customer contract (primarily sales commissions and associated employer taxes) over the life of that contract. The key management assumption applied has been to estimate the average life of a contract as 18 months. Management will continue to assess whether this assumption remains appropriate on a regular basis.

Effect on Company statement of financial position of IFRS 15 adjustments:

£'000	31 March 2018 as originally presented	IFRS 15 effect	31 March 2018 (IFRS 15)
Non-current assets			
Prepayments	-	1,500	1,500
Current assets			
Prepayments	6,370	7,507	13,877
Total assets	6,370	9,007	15,377
Non-current liabilities			
Deferred tax liabilities	(15,560)	(1,706)	(17,266)
Total liabilities	(15,560)	(1,706)	(17,266)
Net liabilities	(9,190)	7,301	(1,889)
Retained losses	(9,190)	7,301	(1,889)
Total equity	(9,190)	7,301	(1,889)

The effect of deferred commissions movement on current year's profit is disclosed in Note 4.