

Company Registration No. 05724156 (England and Wales)

HIBU HOLDINGS 3 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

MONDAY



TC1 *T7KYINLS* #17
17/12/2018
COMPANIES HOUSE

HIBU HOLDINGS 3 LIMITED

COMPANY INFORMATION

Directors	Malcolm Green (Appointed 6 July 2018) Simon Gupta
Secretary	Christian Wells
Company number	05724156
Registered office	3 Forbury Place Forbury Road Reading Berkshire United Kingdom RG1 3YL
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 3 Forbury Place 23 Forbury Road Reading Berkshire 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.

HIBU HOLDINGS 3 LIMITED

CONTENTS

	Page(s)
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 7
Income statement	8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12 - 22

HIBU HOLDINGS 3 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors of hibu Holdings 3 Limited (the "Company") present the Annual Report and audited financial statements for the year ended 31 March 2018.

Principal activities

The Company, which is an indirectly wholly owned subsidiary of Hibu Group Limited, acts as an intermediate holding company and had a branch that was resident in Spain. On 27 March 2018, the Spanish branch was dissolved.

The Company is incorporated and domiciled in England and Wales.

The Company is an integral part of the Group, established for Group financing purposes, and does not:

- have multiple shareholders;
- compete for business;
- separately employ individuals;
- have customers outside the Group;
- have a strategy other than to meet its purpose;
- have key performance indicators other than its profit or loss.

Review of the business and future developments

The Company's results for the year are set out on page 8.

The directors consider the result for the year ended and the financial position at 31 March 2018 to be satisfactory.

On 9 May 2017, the Company sold its investment in hibu Connect S.A.U. to a third party (see note 10). On 27 March 2018, the Company's Spanish branch was dissolved. It is intended that the Company will be placed into liquidation, but it will continue its principal activities for the immediate future.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties to which the business is subject, both external and internal, are fully discussed in the context of the Group as a whole in the Strategic report of Hibu Group. The key financial risk management objectives and policies are discussed further below.

Financial risk management

The Company's operations expose it to a variety of financial risks including credit risk. As the Company's operations are principally funded through intra-group loan arrangements it is not exposed directly to external risk factors such as liquidity risk. As these intra-group loan arrangements do not carry interest, there is no element of interest rate risk. The Company's risks are managed on a group-wide basis by the Company's ultimate parent undertaking Hibu Group. Full disclosure on how these risks are managed is provided in the financial statements of that company.

The Company is neither an obligor nor a guarantor under the existing borrowing arrangements of the Group.

HIBU HOLDINGS 3 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Going concern

The financial statements have been prepared on a basis other than going concern as the directors intend to liquidate the company in the foreseeable future. No adjustments were required as a result of the financial statements being prepared on a basis other than going concern.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'M. Green', is written over the printed name.

Malcolm Green

Director

17 December 2018

HIBU HOLDINGS 3 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors submit their Annual Report and the audited financial statements for Hibu Holdings 3 Limited (the "Company") for the year ended 31 March 2018.

Results and dividends

The results for the year are set out on page 8.

The directors do not recommend payment of a dividend (2017: £nil).

The directors consider the result for the year and the financial position at 31 March 2018 to be satisfactory.

Strategic report

The Company is required by the Companies Act 2006 to set out development and performance of the business during the financial year ended 31 March 2018 and the position of the Company at the end of the year and of the principal risks and uncertainties facing the Company. By reference to the Strategic report, which can be found on pages 1 - 2, the following information is given:

- principal activities;
- review of the business and future developments;
- principal risks and uncertainties;
- financial risk management; and
- going concern.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Malcolm Green

(Appointed 6 July 2018)

Robert Hall

(Resigned 31 July 2018)

Simon Gupta

Qualifying third party indemnity provisions

Article 88 of the Articles of Association of Hibu Group, the 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 its current and former executive and non executive directors and officers of Hibu Group, its subsidiaries and 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, which are in force for the directors of the Company, are qualifying third party indemnities for the purposes of section 234 of the Companies Act 2006.

HIBU HOLDINGS 3 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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.

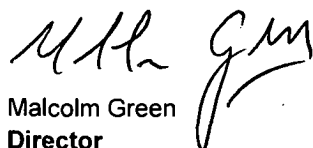
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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 Directors' Report 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.

On behalf of the Board



Malcolm Green
Director

17 December 2018

HIBU HOLDINGS 3 LIMITED

Independent auditors' report to the members of hibu Holdings 3 Limited

Report on the audit of the financial statements

Opinion

In our opinion, hibu Holdings 3 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit 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 and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2018; the income statement, the statement of comprehensive income, 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.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

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 Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

HIBU HOLDINGS 3 LIMITED

Independent auditors' report to the members of hibu Holdings 3 Limited (CONTINUED)

Reporting on other information (continued)

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 Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 March 2018 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 Directors' report.

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 4, 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.

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.

HIBU HOLDINGS 3 LIMITED

Independent auditors' report to the members of hibU Holdings 3 Limited (CONTINUED)

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

17 December 2018

HIBU HOLDINGS 3 LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £'000	2017 £'000
Administrative expenses		(1,453)	(359)
Other gains - net		893,881	-
Operating profit/(loss)	5	892,428	(359)
Income from shares in group undertakings	7	31,550	-
Profit/(loss) before interest and taxation		923,978	(359)
Finance costs	8	(6,868)	(43,149)
Profit/(loss) before taxation		917,110	(43,508)
Tax credit/(charge)	9	72	(1,331)
Profit/(loss) for the financial year		917,182	(44,839)

The income statement has been prepared on the basis that all operations are continuing operations.

HIBU HOLDINGS 3 LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	2018 £'000	2017 £'000
Profit/(loss) for the year	917,182	(44,839)
Other comprehensive expense:		
Items that will or may be reclassified to profit or loss		
Foreign exchange loss on translation of foreign branch results, assets and liabilities	(27,646)	(61,971)
	(27,646)	(61,971)
Items reclassified to profit or loss during the year		
Cumulative exchange gains recycled to the profit and loss account on dissolution of the Spanish branch	(23,192)	-
	(23,192)	-
Items classified to profit and loss during the year	(50,838)	(61,971)
Total comprehensive income/(expense) for the year	866,344	(106,810)

HIBU HOLDINGS 3 LIMITED

STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Investments in subsidiaries	10	-	-
Deferred tax asset	13	-	-
Total non-current assets		-	-
Current assets			
Assets held for sale	11	-	52,637
Trade and other receivables	14	19,298	1,039
Cash and cash equivalents		287	3
Total current assets		19,585	53,679
Total assets		19,585	53,679
Current liabilities			
Trade and other payables	15	(81)	(900,519)
Net current assets/(liabilities)		19,504	(846,840)
Total assets less current liabilities		19,504	(846,840)
Total liabilities		(81)	(900,519)
Net assets/(liabilities)		19,504	(846,840)
Equity			
Share capital	16	100	100
Foreign exchange reserve	17	-	50,838
Retained earnings/(accumulated losses)		19,404	(897,778)
Total equity		19,504	(846,840)

The financial statements were approved by the board of directors and authorised for issue on 17 December 2018 and are signed on its behalf by:



Simon Gupta
Director
Company Registration No. 05724156

HIBU HOLDINGS 3 LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share capital £'000	Foreign exchange reserve £'000	Retained earnings/ (accumulated losses) £'000	Total equity £'000
Balance at 1 April 2016	100	112,809	(852,939)	(740,030)
Loss for the financial year	-	-	(44,839)	(44,839)
Other comprehensive expense	-	(61,971)	-	(61,971)
Total comprehensive expense for the year	-	(61,971)	(44,839)	(106,810)
Transactions directly with owners	-	-	-	-
Balance at 31 March 2017	100	50,838	(897,778)	(846,840)
Balance at 1 April 2017	100	50,838	(897,778)	(846,840)
Profit for the financial year	-	-	917,182	917,182
Other comprehensive expense (see note 17)	-	(50,838)	-	(50,838)
Total comprehensive (expense)/income for the year	-	(50,838)	917,182	866,344
Transactions directly with owners	-	-	-	-
Balance at 31 March 2018	100	-	19,404	19,504

HIBU HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

The Company is a private company limited by shares incorporated in England and Wales under registration number 05724156. The registered office is 3 Forbury Place, Forbury Road, Reading, Berkshire, United Kingdom, RG1 3YL.

Basis of preparation

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' ("FRS 101").

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

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The principal accounting policies adopted, which have been applied consistently, are set out below.

Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement';
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a) (iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'; and
- 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.

Going concern

The financial statements have been prepared on a basis other than going concern as the directors intend to liquidate the company in the foreseeable future. No adjustments were required as a result of the financial statements being prepared on a basis other than going concern.

HIBU HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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 at the rate of exchange ruling when the transactions were entered into. Exchange differences are included in the statement of comprehensive income in the period they arise or directly to equity depending upon the nature of the transaction.

Assets and liabilities of the Company's Spanish branch are translated into sterling at the rate of exchange ruling at the date of the statement of financial position. The results of the branch are translated into sterling at average rates of exchange for the year to the extent that these rates approximate the actual rates. Exchange differences arising are included directly in equity and recycled through the income statement when the branch is dissolved.

Finance costs and income

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

Investments in subsidiaries

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

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

An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the investment or by the discounted future earnings of the investment.

Assets held for sale

Net assets classified as assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

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.

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.

HIBU HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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.

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.

Dividends

Interim dividends are recognised when they are paid. Final dividends are recognised when they are approved by shareholders. Dividend income is recognised when the right to receive payment is established.

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 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.

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 the proceeds.

HIBU HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

2 Standards that have become effective during the current year

The following standards, interpretations and amendments became effective during the year but were not material to the Company:

- Amendments to IAS 7, 'Statement of Cash Flows', on the disclosure initiative. These amendments introduce an additional disclosure that will enable users to evaluate changes in liabilities arising from financing activities. They are part of the IASB initiative to improve presentation and disclosure in financial reports and are effective for accounting periods beginning on or after 1 January 2017.
- Amendments to IAS 12, 'Income Taxes' which provide clarification on how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for accounting periods beginning on or after 1 January 2017.
- Annual improvements 2014-16, only significantly affect IFRS12 'Disclosure of interests in other entities'. This amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information. These improvements were endorsed for annual periods beginning on or after 1 January 2017.

3 Critical accounting estimates and judgments

In general, the Group's accounting policies under IFRSs, as adopted by the European Union, which are materially consistent with those applied under FRS101, are consistent with those generally adopted by others operating within the same industry in the UK.

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

Tax

The determination of the Company's 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 it 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 there is 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 it recorded, then it would increase or decrease income as appropriate in the period such determination was made. At 31 March 2018 it believes it has recognised all its potential deferred tax assets.

HIBU HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

3 Critical accounting estimates and judgments

(Continued)

Carrying value of investments

The Company reviews the carrying value of investments annually for impairment or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company compares the carrying value with the estimated recoverable value of the investment. The recoverable value is estimated from a discounted cash flow model that relies on significant key assumptions including post-tax cash flows forecast over an extended period of years, terminal growth and discount rates.

4 Directors' emoluments

The directors are remunerated for their services to other companies within the Hibu Group. No amounts were received by them as directors of the Company (2017: £nil).

5 Operating profit/(loss)

	2018 £'000	2017 £'000
Operating profit/(loss) for the year is stated after (crediting)/charging:		
Gain on release of inter-company loan (see note 15)	(889,180)	-
Loss on disposal of assets held for sale (see note 11)	18,491	-
Foreign exchange gains recycled to profit and loss on dissolution of the Spanish branch	(23,192)	-
Other gains – net (per Income Statement)	(893,881)	-
Consulting and professional fees, including fees relating to the disposal of the Spanish business	1,453	250
Group recharge expense	-	77
Staff costs	-	32

The auditors' remuneration has been accounted for and paid for by Hibu Group Limited. The fees payable to the Company's auditors for the statutory audit of the Company's annual financial statements is £7,000 (2017: £5,000). No other fees were paid to PricewaterhouseCoopers LLP for non-audit services to the Company (2017: £nil).

6 Employees

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

	2018 Number	2017 Number
Administrative	-	1

HIBU HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

6 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	-	26
Social security costs	-	6
	<u>-</u>	<u>32</u>

7 Income from shares in group undertaking

	2018 £'000	2017 £'000
Ordinary dividends received from group undertakings	<u>31,550</u>	<u>-</u>

8 Finance costs

	2018 £'000	2017 £'000
Inter-company interest payable	6,868	42,971
Foreign exchange losses	-	178
Finance costs	<u>6,868</u>	<u>43,149</u>

HIBU HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

9 Tax (credit)/charge

	2018 £'000	2017 £'000
Current tax		
Current year taxation	(34)	-
Adjustments in respect of prior periods	(38)	(16)
Foreign tax credit	-	(7)
Total current tax credit	(72)	(23)
Deferred tax		
Foreign deferred tax charge	-	1,354
Total deferred tax charge	-	1,354
Total tax (credit)/charge for the year	(72)	1,331

The tax credit for the year is higher (2017: the tax charge is higher) than the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £'000	2017 £'000
Profit/(loss) before taxation	917,110	(43,508)
Profit/(loss) before taxation multiplied by standard corporation tax rate 19% (2017: 20%)	174,251	(8,702)
Non-taxable gain on release of inter-company loan	(168,944)	-
Non-taxable dividends receivable	(5,995)	-
Non-taxable gain on recycling of translation reserve	(4,406)	-
Non-deductible loss on sale of subsidiary undertakings	3,789	-
Group relief surrendered for nil consideration	1,297	6,215
Non-deductible finance costs	-	2,375
Foreign deferred tax assets de-recognised	-	1,354
Adjustments in respect of prior periods	(38)	(16)
Other items	(26)	105
Total tax (credit)/charge for the year	(72)	1,331

Factors that may affect future tax charges:

The corporation tax rate in the UK changed from 20% to 19% with effect from 1 April 2017. A further reduction to the corporation tax rate to 17% with effect from 1 April 2020 was substantively enacted in the Finance Act 2016. This further rate reduction has no effect on the Company's financial statements as the Company has not recognised any deferred tax assets or liabilities at 31 March 2018.

HIBU HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Investments in subsidiaries

	2018 £'000	2017 £'000
Cost		
At 1 April	380,869	2,747,557
Transferred to assets held for sale (see note 11)	-	(2,366,688)
At 31 March	380,869	380,869
Impairment		
At 1 April	(380,869)	(2,698,926)
Currency movements	-	4,006
Transferred to assets held for sale (see note 11)	-	2,314,051
At 31 March	(380,869)	(380,869)
Carrying amount		
At 31 March	-	-

On 9 May 2017, the Company sold its investment in hibu Connect SAU to a third party. The carrying value of this investment was transferred to assets held for sale.

11 Assets held for sale

	2018 £'000	2017 £'000
Assets held for resale	-	52,637

Investments in subsidiaries held for sale were stated at the carrying value at the date the asset was transferred to assets held for sale, which, together with the net investment of the Company and its subsidiary undertakings, approximated to the gross disposal proceeds of €35m (£30m) less estimated selling costs.

12 Subsidiaries

Details of the Company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Ownership interest (%)	
			2018	2017
Yell Finance (Jersey) Two Limited	Jersey	Finance company	100	100
Global Patroclo S.L.U.	Spain	Property holding company	100	100

HIBU HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

12 Subsidiaries

(Continued)

The proportion of voting rights held corresponds to the aggregate ownership interest percentage held by the Company and subsidiary undertakings.

Yell Finance (Jersey) Two Limited is incorporated in Jersey but managed and controlled in the United Kingdom. The registered office of Yell Finance (Jersey) Two Limited is 44 Esplanade, St Helier, Jersey, JE4 9WG.

The Company acquired its indirect holding in Global Patroclo S.L.U on 29 March 2017. The registered address of Global Patroclo S.L.U. is Padrillo 5, Bajo Exterior, 28002 Madrid, Spain.

The Company sold its investment in hibu Connect S.A.U., and its subsidiary 11888 Servicio Consulta Telefonica, S.A. to a third party on 9 May 2017.

The Company directly held 100% of the ownership interest in Yell Finance (Jersey) Two Limited and hibu Connect S.A.U. All other companies were indirectly held by the Company. On 24 October 2018, the Company's indirect interest in Global Patroclo S.L.U. was transferred to its immediate parent, Hibu Spain Holdco Limited.

13 Deferred tax asset

	Tax losses	Total
	£'000	£'000
Deferred tax asset at 1 April 2016	1,236	1,236
Deferred tax movements in prior year		
Charged to income statement	(1,354)	(1,354)
Currency movements	118	118
	<u> </u>	<u> </u>
Deferred tax asset at 31 March 2017 and at 31 March 2018	-	-

The Company did not recognise deferred tax assets at 31 March 2018 of £7.8m (2017: £7.8m) in respect of UK net operating losses of £46.0m (2017: £46.0m) as a result of future forecasting.

The Company had a branch that was resident in Spain and that was part of the Spanish tax group. The branch was dissolved on 27 March 2018. The Spanish branch did not recognise deferred tax assets of £465.3m (€543.9m) in respect of Spanish net operating losses and other temporary differences of £1,861.2m (€2,175.8m) at 31 March 2017.

The corporation tax rate in the UK changed from 20% to 19% with effect from 1 April 2017. A further reduction to the corporation tax rate to 17% with effect from 1 April 2020 will substantively enacted in the Finance Act 2016. However, as the deferred tax assets in respect of UK tax losses are unrecognised at 31 March 2018, if the changes had been substantively enacted by the balance sheet date there would be no effect on the deferred tax asset or tax expense for the year.

HIBU HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

14 Trade and other receivables

	2018 £'000	2017 £'000
Amounts falling due within one year		
Amounts due from group undertakings	19,298	-
Prepayments	-	1,035
Current tax receivable	-	2
Other receivables	-	2
	<u>19,298</u>	<u>1,039</u>

Amounts due from group undertakings include an amount of £19,200,371 (2017: £nil) that is repayable on demand. No interest is charged on this loan.

15 Trade and other payables

	2018 £'000	2017 £'000
Amounts falling due within one year		
Amounts due to other group undertakings	-	899,484
Accruals and deferred income	81	1,035
	<u>81</u>	<u>900,519</u>

Amounts due to group undertakings falling due within one year included loans totalling £nil (2017: £891,627,943) denominated in Euros €nil (2017: €1,042,327,679) and up to 30 March 2017 bore interest in an aggregate amount based on an implied rate of 7.83% with no interest accruing after that date. During the prior year, the final repayment date on one loan agreement was extended initially from 26 October 2016 to 30 March 2017. This was subsequently extended to 29 December 2017. The final repayment date on a second loan agreement was extended from 30 March 2017 to 29 December 2017. These amendments did not result in a substantial modification. The loan agreements had also previously been amended to include variable interest amounts of €6,014,048 and €2,010,956 that would become payable at the final repayment date in the event that certain conditions be fulfilled. These amounts became payable on the sale of hibu Connect S.A.U. on 9 May 2017. On 15 March 2018, all amounts payable by the Company in respect of this loan were released and a gain recognised in the income statement.

Other amounts due to group undertakings were repayable at the discretion of the ultimate parent company, Hibu Group. Interest was charged based upon the three-month LIBOR rate in the denominated currency and interest rates were reset at the beginning of each quarter.

HIBU HOLDINGS 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

16 Share capital

	No. of shares of £1 each	£'000
Ordinary shares: Allotted and fully paid		
At 1 April 2017	100,000	100
At 31 March 2018	<u>100,000</u>	<u>100</u>

All shares rank pari passu in all respects.

17 Foreign exchange reserve

	2018 £'000	2017 £'000
At 1 April	50,838	112,809
Other comprehensive expense	(50,838)	(61,971)
At 31 March	<u>-</u>	<u>50,838</u>

The foreign exchange reserve arose from the revaluation of assets and liabilities held by the Company's Spanish branch included within these financial statements. On the dissolution of the branch, the balance on the reserve was recycled to the income statement.

18 Financial commitments, contingent liabilities and litigation

There are no capital or other commitments (2017: £nil).

19 Controlling party

At 31 March 2018 the Company was a wholly owned subsidiary of Hibu Spain Holdco Limited. The ultimate holding company and controlling party is Hibu Group.

The smallest and largest group in which the financial statements of this company are consolidated is Hibu Group, whose financial statements are publicly available at 3 Forbury Place, Forbury Road, Reading, Berkshire, RG1 3YL.