

Registered number: 01674826

Yell Studio Limited

**Annual report and financial statements for the year ended 31 March
2022**

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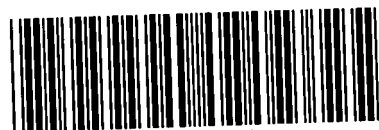


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Yell Studio Limited

Annual report for the year ended 31 March 2022

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Yell Studio Limited

Company information

Directors

Claire Miles
Adam Hurst

Company secretary

Paul Manwaring (appointed 1 August 2021)
Christian Wells (resigned 1 August 2021)

Registered office

3 Forbury Place
Forbury Road
Reading
RG1 3YL

Registered number

01674826

Independent auditors

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

All references to the Group are references to the ultimate controlling party, Yell Holdco Limited, and its consolidated subsidiaries.

All references to Yell Group in this document are references to the previous ultimate parent company Yell Group Limited (formerly Hibu Group Limited), and its consolidated subsidiaries.

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

Yell Studio Limited

Report of the directors for the year ended 31 March 2022

The directors present their annual report and the audited financial statements of Yell Studio Limited (the "Company") for the financial year ended 31 March 2022. This report is prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act.

Principal activities

The principal activity of the Company is the provision of graphic design services to Yell Limited, the Company's intermediate parent undertaking.

Review of business and future developments

The Company is incorporated and domiciled in England & Wales and is an integral part of the Group. The Company incurs costs in respect of the provision of graphic design services to Yell Limited. These costs are recharged to Yell Limited. The principal risk to the Company is the loss of income if Yell Limited ceases to reimburse the Company for the costs incurred. The directors of Yell Limited have no plans to change the current arrangement.

No significant changes to the activities of the Company are expected in the immediate future.

Results and dividends

The Company's profit for the financial year to 31 March 2022 was £79,000 (2021: £nil). The directors do not recommend the payment of a dividend (2021: £nil). The directors consider the result for the year and the financial position at 31 March 2022 to be satisfactory.

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 the Company's ultimate controlling company, Yell Holdco Limited. 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 risks including credit risk. As the Company's trading is with other fellow group undertakings and its operations are principally funded through intra-group loan arrangements it is not exposed directly to external risk factors such as liquidity risk. The Company would be exposed to interest rate risk only to the extent the intra-group loan arrangements carried interest on a floating rate basis. These risks are managed on a group-wide basis by the Company's ultimate parent undertaking Yell Holdco Limited. Full disclosure on how these risks are managed is provided in the financial statements of that company.

The Group has £65,000,000 of Senior Secured Notes which are not subject to any financial ratio maintenance covenants. Owl Finance Limited and all its active subsidiaries, including the Company, are guarantors of the Senior Secured Notes, and the Senior Secured Notes are secured on the assets of these companies.

The Company's operations do not expose it to other financial risks as all its trading is with fellow subsidiaries of Yell Holdco Limited.

Yell Studio Limited

Report of the directors for the year ended 31 March 2022

Going concern

The Company has net assets of £16,000 (2021: net liabilities of £63,000), and is reliant on reimbursement of costs on an ongoing basis from the Parent to continue as a going concern.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue to be available. However, at the date of approval of these financial statements, they have no reason to believe that Yell Limited will not do so, and the directors have reviewed forecasts of future performance that indicate that the Company and related party debtors should continue to generate sufficient cash flows to be able to repay liabilities as they fall due.

The Group has £65,000,000 of Senior Secured Notes at 31 March 2022. The Senior Secured Notes are not subject to any financial ratio maintenance covenants and are secured on the assets of Owl Finance Limited and all its subsidiaries, which include both Yell Limited, and the Company. Owl Finance Limited and all its subsidiaries are guarantors of the Senior Secured Notes.

Yell Holdco Group management have modelled an unlikely but possible downside scenario in which negative external factors such as another pandemic or a decline in the wider macroeconomy have an impact and cause the business's performance to significantly reverse. In this scenario, the Yell Holdco Group would not default on interest payments on the Senior Secured Notes and retain sufficient liquidity to meet all its financial obligations for at least 18 months from the statement of financial position date.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

Directors and their interests

The directors who held office during the year and up to the date of approval of the financial statements are stated on page 1. None of the directors were remunerated for their services as directors of the Company (2021: none).

Article 96 of the Articles of Association of Yell Holdco Limited ("Holdco"), the Company's ultimate holding company, permit Holdco, subject to the Companies Act 2006 and other applicable legislation, to indemnify any of the directors, former directors or secretary of the Company against any loss or liability in connection with any proven or alleged negligence, default, breach of duty or trust by them, in relation to Holdco or any of its subsidiaries.

Statement of directors' responsibilities in respect of the financial statements

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).

Yell Studio Limited

Report of the directors for the year ended 31 March 2022

Statement of directors' responsibilities in respect of the financial statements (continued)

Under company law, 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 judgements 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 responsible for the maintenance and integrity of the company's financial statements published on 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.

Directors' confirmations

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.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the Board



Claire Miles

Director

Date: 1 July 2022

Yell Studio Limited

Independent auditors' report to the members of Yell Studio Limited

Report on the audit of the financial statements

Opinion

In our opinion, Yell Studio Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 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 2022; the income statement, the statement of comprehensive income, and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Yell Studio Limited

Independent auditors' report to the members of Yell Studio Limited

Reporting on other information (continued)

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 31 March 2022 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 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 in respect of the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Yell Studio Limited

Independent auditors' report to the members of Yell Studio Limited

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law, bribery and corruption, tax legislation and data protection, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries omitting, advancing or delaying recognition of events and transactions that have occurred during the reporting period and management bias in accounting estimates or judgements to manipulate results. Audit procedures performed by the engagement team included:

- Discussions with management and internal legal counsel including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of Minutes of meetings with the Board of Directors;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions made by management in their significant accounting estimates, in particular in relation to the treatment of uncertain tax positions.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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 obtained 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.

Yell Studio Limited

Independent auditors' report to the members of Yell Studio Limited

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Report of the Directors; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'Alex Hookway', with a circular flourish underneath.

Alex Hookway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
1 July 2022

Yell Studio Limited

Income statement for the year ended 31 March 2022

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Revenue	3	77	86
Cost of sales		(77)	(86)
Gross profit		-	-
Administrative expenses		-	-
Operating result	4	-	-
Finance income/(costs)	6	17	(1)
Profit/(loss) before taxation		17	(1)
Tax credit	7	62	1
Profit for the financial year		79	-

Statement of comprehensive income for the year ended 31 March 2022

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Profit for the financial year	79	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	79	-

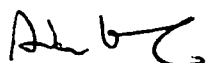
Yell Studio Limited

Statement of financial position at 31 March 2022

	Note	31 March 2022 £'000	31 March 2021 £'000
Current assets			
Trade and other receivables	8	2	2
Corporate income tax assets		14	-
Total current assets		16	2
Current liabilities			
Trade and other payables	9	-	(17)
Corporate income tax liabilities		-	(48)
Total current liabilities		-	(65)
Net assets/(net liabilities)		16	(63)
Equity			
Called up share capital	10	-	-
Retained earnings/(accumulated losses)		16	(63)
Total shareholder's surplus/(deficit)		16	(63)

The notes on pages 12 to 24 are an integral part of these financial statements.

The financial statements on pages 9 to 24 were approved by the Board of directors and were signed on its behalf on 1 July 2022 by:



Adam Hurst
Director

Registered no. 01674826

Yell Studio Limited

Statement of changes in equity for the year ended 31 March 2022

2021	Called up share capital £'000	Accumulated losses £'000	Total Shareholder's deficit £'000
Balance at 1 April 2020	-	(63)	(63)
Result for the financial year	-	-	-
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31 March 2021	-	(63)	(63)

2022	Called up share capital £'000	Retained earnings £'000	Total Shareholder's surplus £'000
Balance at 1 April 2021	-	(63)	(63)
Profit for the financial year	-	79	79
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	79	79
Balance at 31 March 2022	-	16	16

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

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 Company is a private company, limited by shares and registered in England and Wales under registration number 01674826. Its registered office is at 3 Forbury Place, Forbury Road, Reading, Berkshire, RG1 3YL.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

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
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 "Presentation of Financial Statements"
- the requirements of IAS 7 "Statement of Cash Flows"
- the requirements of paragraphs 30 and 31 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
- the requirements of paragraph 17 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

Going concern

The Company has net assets of £16,000 (2021: net liabilities of £63,000), and is reliant on reimbursement of costs on an ongoing basis from the Parent to continue as a going concern.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue to be available. However, at the date of approval of these financial statements, they have no reason to believe that Yell Limited will not do so, and the directors have reviewed forecasts of future performance that indicate that the Company and related party debtors should continue to generate sufficient cash flows to be able to repay liabilities as they fall due.

The Group has £65,000,000 of Senior Secured Notes at 31 March 2022. The Senior Secured Notes are not subject to any financial ratio maintenance covenants and are secured on the assets of Owl Finance Limited and all its subsidiaries, which include both Yell Limited, and the Company. Owl Finance Limited and all its subsidiaries are guarantors of the Senior Secured Notes.

Yell Holdco Group management have modelled an unlikely but possible downside scenario in which negative external factors such as another pandemic or a decline in the wider macroeconomy have an impact and cause the business's performance to significantly reverse. In this scenario, the Yell Holdco Group would not default on interest payments on the Senior Secured Notes and retain sufficient liquidity to meet all its financial obligations for at least 18 months from the statement of financial position date.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

1. Basis of preparation and accounting policies (continued)

Principal accounting policies

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

a. Revenue

Revenue, which excludes value added tax, comprises the value of services provided to Yell Limited, the Company's intermediate parent undertaking, for graphic design services, and is recognised as the service is provided.

b. Cost of sales

Cost of sales is the result of staff costs that are incurred in respect of providing graphic design services for Yell Limited.

c. 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 ('UKPP'), but that was closed to future accrual from 31 March 2011. The Company also offers membership to a defined contribution scheme to its employees.

All pension schemes are independent of the Company's finances. Actuarial valuations of the UKPP 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 11 for a description of the associated risks.

The statement of financial position of Yell Limited includes the surplus or deficit in the defined benefit scheme, see note 11, 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 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" 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.

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.

d. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. An allowance for doubtful debts is recognised on initial recognition of receivables, which is deducted from the gross carrying amount of the receivable. The allowance is calculated by reference to credit losses expected to be incurred over the lifetime of the receivable. Historical loss experience and informed credit assessment alongside other factors such as the current state of the economy and specific market issues are considered in estimating a loss allowance. Reasonable and supportable information that is relevant and available without undue cost or effort is considered in estimating a loss allowance. The loss is recognised in cost of sales.

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

1. Basis of preparation and accounting policies (continued)

Principal accounting policies (continued)

e. Trade and other payables

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

f. Financial assets and liabilities

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

g. 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.

h. 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.

i. New standards that have been adopted during the current year

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2022 that have a material impact on the company's financial statements.

2. Critical accounting estimates and judgements

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's financial statements, the Company's management have made their best estimates and judgements 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 strong likelihood that materially different amounts would be reported related to the accounting policies described in note 1. 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 judgements, or matters that are inherently uncertain.

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

2. Critical accounting estimates and judgements (continued)

Tax

The determination of our obligation and expense for taxes requires an interpretation of tax law. Judgements and estimates are required to determine the appropriate amount of tax to provide for and any required disclosure around contingent tax liabilities at each period end.

The Company seeks appropriate, competent and professional tax advice before making any judgements on tax matters. Provisions for tax liabilities are estimated for existing matters under dispute with tax authorities, as well as for matters that it is considered may be disputed by them, where it is probable that a future liability will arise. The tax liability provided is management's best estimate, taking into account external advice, the anticipated position of the relevant tax authorities, and other factors. Whilst the Company believes that its judgements 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.

Judgements made in assessing the effect of the COVID-19 pandemic on the financial statements

Judgement was exercised in evaluating the effect of the COVID-19 pandemic on the financial statements in the following areas:

- Estimates of the Group's future liquidity used in the going concern assessment, and
- Assumptions within our expected credit losses on trade and other receivables.

3. Revenue

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Analysis by category		
Service charges	77	86
Total revenue	77	86

All revenue is generated solely in the United Kingdom.

4. Operating result

The operating result before interest and taxation is stated after charging:

		Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
	Note		
Staff costs	5	77	86

Auditors' remuneration of £6,422 (2021: £6,117) was borne by Yell Limited, the Company's immediate parent company, and has not been recharged to the Company. Fees for non-audit services were £nil (2021: £nil).

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

5. Employees

	Year ended 31 March 2022	Year ended 31 March 2021
Average monthly number of employees:		
By activity:		
Production	3	3
Total	3	3

	Note	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Staff costs during the year			
Wages and salaries		62	70
Social security costs		5	6
Other pension costs	11	10	10
Total staff costs		77	86

Directors' remuneration

The directors did not receive remuneration for their services to the Company (2021: £nil).

6. Finance income/(costs)

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Reversal of interest expense/(interest expense) on provision for uncertain tax positions	17	(1)
Total finance income/(costs)	17	(1)

7. Tax credit

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Current tax:		
Corporate tax credit for the year	-	(1)
Adjustment in respect of previous periods	(62)	-
Total current tax credit	(62)	(1)
Deferred tax:		
Current year deferred tax charge	-	-
Total deferred tax charge	-	-
Total tax credit	(62)	(1)

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

7. Tax credit (continued)

The tax credit for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Profit/(loss) before taxation	17	(1)
Profit/(loss) before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	3	-
Effects of:		
Adjustments to tax charge in respect of previous periods	(62)	-
Other	(3)	(1)
Tax credit	(62)	(1)

The calculation of the Company's total tax credit involves consideration of certain items whose tax treatment cannot be ultimately determined until final resolution has been reached through negotiation with the relevant tax authorities. The Company has provided corporate income tax liabilities of £nil (2021: £48,000) in respect of open tax periods that have not yet been agreed by UK tax authorities. The final agreed liabilities may vary from the amounts provided as these are dependent upon the outcomes for each open period. The Company has limited control over the timing of the resolution of uncertain tax positions with tax authorities. During the year, the Company revised its assessment in accordance with IFRIC 23 "Uncertainty over Income Tax Treatments" and, as a result, reversed the previous tax and interest provisions. The Company now recognises a corporation tax debtor of £14,000 (2021: £nil).

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 March 2022, the Company did not recognise deferred tax assets on restricted UK interest expenses of £nil (2021: £17,000). The benefits in respect of restricted interest expenses do not time expire.

8. Trade and other receivables

	31 March 2022 £'000	31 March 2021 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	2	2
Total	2	2

Current amounts owed to fellow group undertakings are repayable at the discretion of the Group and do not bear any interest.

9. Trade and other payables

	31 March 2022 £'000	31 March 2021 £'000
Amounts falling due within one year		
Accruals	-	17
Total	-	17

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

10. Called up share capital

Allotted, called up and fully paid	No. of shares of £1 each	£
At 1 April 2021	2	2
At 31 March 2022	2	2

All shares rank pari passu in all respects.

11. 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 2022 and 2021 included the following charges below.

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Amounts charged to operating result		
Contributions payable in respect of defined contribution section	10	10
Total contributions	10	10

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 2021, updated to 31 March 2022, showed a surplus of £149.4m. Pension benefits are based on years of qualifying service and final pensionable salary. With effect from 31 March 2011, the defined benefit sections of the Plan were closed to future accrual. Active members at 31 March 2011 were granted leaving service benefits and offered membership of a new Section 7 of the Plan on a defined contribution basis. Subsequently the Defined Contribution sections were closed and a Mastertrust with Legal & General 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 2022.

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

11. Pensions (continued)

Net surplus

Yell Limited is the sponsoring employer and management consider that it is not reasonably possible to allocate the assets and liabilities to individual entities. As such, the UKPP net surplus on the statement of financial position accounted for in Yell Limited represents the fair value of assets held to fund future benefit payments net of the present value of plan liabilities, as follows:

	At 31 March 2022 £'000	At 31 March 2021 £'000
Fair value of plan assets	653,455	684,901
Present value of plan liabilities	(504,034)	(601,136)
Net surplus	149,421	83,765

The following amounts explain the movement in the pension provision for the years ended 31 March 2021 and 2022:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Net surplus at 1 April	83,765	159,153
Movement in year:		
Contributions	70	-
Settlement costs	(70)	-
Past service credit	-	35
Administration expenses	(1)	(2)
Net finance income	1,759	3,661
Actuarial gain / (loss)	63,898	(79,082)
Net surplus at 31 March	149,421	83,765

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

Contributions of £70,000 (2021: £nil), of which £70,000 (2021: £nil) were in respect of benefit augmentations, were made in the year to 31 March 2022.

Valuation assumptions

The UKPP net surpluses at 31 March 2022 and 31 March 2021 were based on the valuation at 5 April 2021 and 5 April 2018 respectively, updated to 31 March 2022 and 31 March 2021 respectively. The updated valuations were carried out by professionally qualified independent actuaries using the following key assumptions:

	At 31 March 2022 %	At 31 March 2021 %
Discount rate	2.7	2.1
Expected return on assets	n/a	n/a
Pension increases linked to RPI	3.2	3.3
Pension increases linked to CPI	2.8	2.9

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

11. Pensions (continued)

Valuation assumptions (continued)

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 2022	At 31 March 2021
Male	28.3	28.6
Female	31.0	30.9

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

	At 31 March 2022	At 31 March 2021
Male	27.0	27.3
Female	29.7	29.5

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 Yell Limited in accordance with the Plan's trust documentation, as modified by UK statute. An independent professional trustee and two other trustees are appointed by Yell Limited. Two 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 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.

The assets were:

	At 31 March 2022 £'000	Of which not quoted in an active market £'000	At 31 March 2021 £'000	Of which not quoted in an active market £'000
Bonds	194,086	-	203,901	-
Liability driven investments	275,477	-	253,504	-
Insurance contracts	156,108	156,108	190,468	190,468
Other	27,784	-	37,028	-
Total assets at fair value	653,455	156,108	684,901	190,468

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

11. Pensions (continued)

Changes in the present value of the Plan's assets were as follows:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Opening fair value of plan assets	684,901	665,133
Interest on assets	14,167	15,092
Actuarial (loss)/gain	(24,980)	22,703
Contributions by employer	70	-
Administration expenses	(1)	(2)
Benefits paid	(20,702)	(18,025)
Closing fair value of plan assets	653,455	684,901

The actuarial (loss)/gain in the years ended 31 March 2022 and 2021 represents the difference between expected return on plan assets and the actual return on plan assets as follows:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Interest on plan assets	14,167	15,092
Actuarial (loss)/gain	(24,980)	22,703
Actual return on plan assets	(10,813)	37,795

Liabilities

The present value of the Plan's 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 Plan using the projected unit method. The projected unit method is an accrued benefits valuation method in which a scheme's liabilities make allowance for projected earnings. Changes in the present value of the defined benefit obligations were as follows:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Opening present value of defined benefit liabilities	601,136	505,980
Past service cost	-	(35)
Termination benefits	70	-
Interest cost	12,408	11,431
Actuarial (loss)/gain	(88,878)	101,785
Benefits paid	(20,702)	(18,025)
Closing present value of defined benefit liabilities	504,034	601,136

The actuarial gain in the year ended 31 March 2022 was primarily the result of a decrease in the assumption for inflation and an increase in the discount rate assumption. This was partially offset by inflationary increases applied to benefits during the year being higher than expected. In addition to this a change in the mortality assumption placed a slightly lower value on the liability.

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

11. Pensions (continued)

Liabilities (continued)

The actuarial loss in the year ended 31 March 2021 was primarily the result of an increase in the assumption for inflation and a decrease in the discount rate assumption. This was partially offset by inflationary increases applied to benefits during the year being lower than expected. In addition to this a change in the mortality assumption placed a slightly lower value on the liability.

Profile of the Plan

The defined benefit obligation includes benefits for deferred members and current pensioners. Broadly, about 55% of the liabilities are attributable to deferred members and 45% 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 20 years reflecting the approximate split of defined benefit obligation between deferred members (duration around 23 years) and current pensioners (duration of 15 years).

Sensitivity analysis

The present value of the pension obligations at 31 March 2022 was calculated on the basis that the real interest rate at the balance sheet date was -0.7%, 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 discount rate by 0.1% per annum, respectively, would decrease or increase the present value of the pension liabilities by approximately £9.8m. 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 the discount rate, however we can estimate that the value of the bulk annuity policy would decrease or increase by approximately £2.5m due to the assumed discount rate increasing or decreasing by 0.1% per annum respectively.

Similarly, the impact of increasing or decreasing the assumed inflation rate by 0.1% per annum, respectively, would increase or decrease the present value of the pension liabilities by approximately £9.4m and increase or decrease the value placed on the bulk annuity policy by approximately £2.3m.

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 £20.2m and would increase the value of the bulk annuity policy by £6.3m.

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.

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.

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

11. Pensions (continued)

Risks associated with the Plan (continued)

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 that aims to reduce the volatility of the funding level of the 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.

In addition, during the year ended 31 March 2015, 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 that 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 most of the Plan's current pensioners, plus their survivors' pensions payable after death. It does 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. In November 2020 the UK High Court also ruled that GMPs will have to be equalised for past transfers out of the Plan.

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 £0.6m (£0.5m was allowed for in the 31 March 2019 figures for the October 2018 Court case, and an additional £0.1m has been allowed for in 31 March 2021 figures for the November 2020 Court case).

12. Financial commitments, contingent liabilities and litigation

At 31 March 2022, there were no contingent liabilities or guarantees (2021: nil).

The Company is party to the security arrangements associated with the Senior Secured Notes issued by a subsidiary of Yell Holdco Limited. The bonds do not require specific financial ratio covenants but are secured on all the assets of Owl Finance Limited and its active subsidiaries, which include the Company.

There are no capital or other commitments (2021: nil).

Yell Studio Limited

Notes to the financial statements for the year ended 31 March 2022

13. Controlling party

From 1 April 2021 until 8 September 2021, the Company was a wholly owned subsidiary of Yell Sales Limited, on 8 September 2021 the Company became a wholly owned subsidiary of Yell Limited at a consideration of £2. From 1 April 2021 until 30 March 2022, the Company's ultimate holding company and controlling party was Yell Group Limited. The smallest group in which the financial statements of the Company were consolidated at 31 March 2021 was Owl Finance Limited, whose financial statements are publicly available at 3 Forbury Place, Forbury Road, Reading, Berkshire, United Kingdom, RG1 3YL. The largest group in which the financial statements of the Company were consolidated at 31 March 2021 was Yell Group Limited, whose financial statements are publicly available at 3 Forbury Place, Forbury Road, Reading, Berkshire, United Kingdom, RG1 3YL.

On 30 March 2022, Yell Group Limited ceased to be the ultimate holding company and controlling party of the Company, and control was passed to Yell Holdco Limited. The smallest and largest group in which the financial statements of the Company are consolidated at 31 March 2022, is Yell Holdco Limited, whose financial statements are publicly available at 3 Forbury Place, Forbury Road, Reading, Berkshire, United Kingdom, RG1 3YL.

14. Events after the end of the reporting year

There are no material post balance sheet events to report.