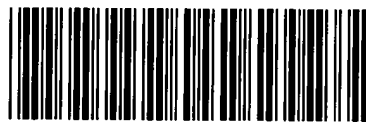


Company Registration No. 04193755 (England and Wales)

YH LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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YH LIMITED

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YH LIMITED

COMPANY INFORMATION

Directors	Adam Hurst Claire Miles David Anderson
Secretary	Christian Wells
Company number	04193755
Registered office	3 Forbury Place Forbury Road Reading Berkshire 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.

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

YH LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their Strategic report for YH Limited (the "Company") for the year ended 31 March 2021.

Principal activities

The Company, which is an indirectly wholly owned subsidiary of Hibu Group, acts as an intermediate holding company and Group financing company.

The Company is incorporated and domiciled in England and Wales.

The Company is an integral part of the Group, 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 9.

The Company had net assets at 31 March 2021 of £85,656,000 (2020: £84,762,000). The directors consider the result for the year and the financial position at 31 March 2021 to be satisfactory.

The Company will continue its principal activities for the foreseeable future.

The COVID-19 pandemic and related lockdown in the UK has affected the business of the Owl Group, which saw a sharp decline in revenue during the first quarter of the year ended 31 March 2021. Whilst it is still too early to reliably conclude on the likely longer-term effects, the Company has however considered several potential outcomes and has consequently taken a total impairment charge of £4,474,000 (2020: £191,340,000) against amounts due from group undertakings resulting in a profit before tax of £21,323,000 (2020: loss before tax of £165,423,000).

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 Owl Group as a whole in the Strategic report of Owl Finance Limited. The key financial risk management objectives and policies are discussed below to the extent they are specific to the Company.

Financial risk management

The Company's operations expose it to a variety of 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 may carry interest on a floating rate basis there is an element of interest rate risk. These 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 Owl Group has £214m of senior secured notes and a £25m revolving credit facility, of which £nil was drawn at 31 March 2021. The senior secured notes are not subject to any financial ratio maintenance covenants. The revolving credit facility is subject to a financial ratio maintenance covenant when £8.75m or more is drawn. The senior secured notes and revolving credit facility are secured on the assets of the Owl Group. Owl Finance Limited and all its subsidiaries, including the Company, are guarantors of the senior secured notes and the revolving credit facility.

YH LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Going concern

The COVID-19 pandemic and related lockdown in the UK had a material effect on the business of the Owl Group in the first part of the year ended 31 March 2021 but since then the results have largely stabilised and the Owl Group's financial forecasts indicate sufficient liquidity to meet all its financial obligations in the current financial year and the year ending 31 March 2023.

In accordance with guidance from the Financial Reporting Council and against the backdrop of uncertainty caused by the COVID-19 pandemic and the revenue trajectory of the two most recent financial years, Owl Group management has modelled an unlikely but possible downside scenario in which, if the recovery of the business faltered and went significantly into reverse with no mitigating cost reductions, the Owl Group would be unable to make its interest payments on the Senior Secured Notes as early as September 2022. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The directors of the Company have considered the implications of this and the risks set out in the Owl Finance Limited Strategic report for the year ended 31 March 2021 and, in particular, whether it is appropriate to prepare the financial statements of the Company on a going concern basis and the adequacy of the going concern disclosures made within the financial statements. The directors have concluded that although there is a material uncertainty regarding the potential longer-term effects of the COVID-19 pandemic on Owl Group's liquidity and hence the Company's ability to continue as a going concern, the Owl Group expects to have sufficient liquidity to meet its liabilities as they fall due for at least twelve months. The directors have consequently concluded that the going concern basis of accounting remains appropriate and that the financial statements do not require the adjustments that would result if the Company were unable to continue as a going concern.

S.172 Statement

The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the directors' statement required under section 414CZA of the Companies Act 2006.

Due to the non-trading nature of the Company's activities, only a limited number of Board meetings were held in the year. Principal decisions during the year were primarily to approve the payment of dividends to the Company's immediate parent company and on Board composition.

The directors are reminded of their S.172 duties at the start of each Board meeting and whilst the Company falls outside of the requirements to adopt and formally report on its principles of corporate governance, its ultimate parent, Hibu Group has an established governance framework, which it reviews periodically, and from which the Company's governance flows.

YH Limited is a wholly owned subsidiary of Hibu Group and more details on how the Group applies its policies and strategy (including S.172 obligations) can be found in Hibu Group's Strategic report on its website – www.hibugroup.com

On behalf of the Board



Claire Miles

Director

30 June 2021

YH LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their Annual Report and the audited financial statements for YH Limited (the "Company") for the year ended 31 March 2021.

Dividends

Ordinary dividends totalling of £18,190,000 (2020: £27,953,000) were paid during the year. The directors do not recommend payment of a final dividend (2020: £nil).

The directors consider the result for the year and the financial position at 31 March 2021 to be satisfactory.

Strategic report

The Company is required by the Companies Act 2006 to set out the development and performance of the business during the financial year ended 31 March 2021 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 2 - 3, 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:

Adam Hurst	(Appointed 18 January 2021)
Claire Miles	
David Anderson	
Michael Ainslie	(Resigned 18 January 2021)

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.

YH LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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). 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 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.

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 responsible for the maintenance and integrity of the 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

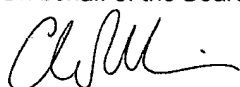
In the case of each director in office at the date the Directors' report is approved:

- 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

30 June 2021

YH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YH LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, YH Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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 2021; 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company's forecasts indicate that it is not expected to encounter any liquidity issues at least for 12 months from the date of approval of these financial statements. The directors believe that they are able to carry out the necessary measures and the Group expects to have sufficient liquidity to meet its liabilities as they fall due for at least twelve months. Accordingly, the directors continue to adopt the going concern basis for accounting in preparing these financial statements. However, there are credible downside scenarios where, if the recovery of the business is slower than is expected due to the COVID-19 pandemic in the United Kingdom, then the Owl Group, of which the company is a subsidiary, would not be able to make its interest payments on the senior secured notes as early as September 2022. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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.

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 on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

YH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YH LIMITED (CONTINUED)

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 Strategic report and Directors' report, 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.

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 2021 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, 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to 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

YH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YH LIMITED (CONTINUED)

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

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 meeting 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 tax positions, recoverability investments and intercompany receivables.

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.



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

30 June 2021

YH LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Impairment of amounts due from group undertakings	5	(4,474)	(191,340)
Administrative expenses	5	(150)	(79)
Operating loss	5	(4,624)	(191,419)
Finance income	6	25,947	25,996
Net finance income	6	25,947	25,996
Profit/(loss) before taxation		21,323	(165,423)
Tax charge	7	(2,239)	(11,495)
Profit/(loss) and total comprehensive income/(expense) for the financial year		19,084	(176,918)

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

YH LIMITED

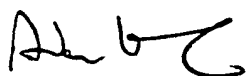
STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Investments in subsidiaries	9	-	-
Trade and other receivables	11	855	74,241
Deferred tax assets	12	950	-
Total non-current assets		1,805	74,241
Current assets			
Trade and other receivables	11	86,135	13,990
Total current assets		86,135	13,990
Total assets		87,940	88,231
Current liabilities			
Trade and other payables	13	(2,284)	(3,469)
Net current assets		83,851	10,521
Total assets less current liabilities		85,656	84,762
Total liabilities		(2,284)	(3,469)
Net assets		85,656	84,762
Equity			
Share capital	14	5	5
Foreign exchange reserve	15	-	(2)
Retained earnings		85,651	84,759
Total equity		85,656	84,762

The notes on pages 12 to 22 are an integral part of these financial statements.

The financial statements on pages 9 to 22 were approved by the Board of directors on 30 June 2021 and signed on its behalf by:



Adam Hurst

Director

Company Registration No. 04193755

YH LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Note	Share capital £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2019		5	(2)	289,630	289,633
Loss and total comprehensive expense for the financial year		-	-	(176,918)	(176,918)
Dividends	8	-	-	(27,953)	(27,953)
Transactions directly with owners		-	-	(27,953)	(27,953)
Balance at 31 March 2020		5	(2)	84,759	84,762
Balance at 1 April 2020		5	(2)	84,759	84,762
Profit and total comprehensive income for the financial year		-	-	19,084	19,084
Reclassification of foreign exchange reserve	15	-	2	(2)	-
Dividends	8	-	-	(18,190)	(18,190)
Transactions directly with owners		-	2	(18,192)	(18,190)
Balance at 31 March 2021		5	-	85,651	85,656

YH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

The Company is a private company limited by shares incorporated in England and Wales under registration number 04193755. The registered office is 3 Forbury Place, Forbury Road, Reading, Berkshire, 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 principal accounting policies adopted, which have been applied consistently in the preparation of these financial statements, 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 paragraph 17 of IAS 24 'Related Party Disclosures';
- 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.

YH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Going concern

The financial statements have been prepared on a going concern basis. The Owl Group has £214m of senior secured notes and a £25m revolving credit facility, of which £nil was drawn at 31 March 2021. The senior secured notes are not subject to any financial ratio maintenance covenants. The revolving credit facility is subject to a financial ratio maintenance covenant when £8.75m or more is drawn. The senior secured notes and revolving credit facility are secured on the assets of the Owl Group. Owl Finance Limited and all its subsidiaries, including the Company, are guarantors of the senior secured notes and the revolving credit facility.

The COVID-19 pandemic and related lockdown in the UK had a material effect on the business of the Owl Group in the first part of the year ended 31 March 2021 but since then the results have largely stabilised and the Owl Group's financial forecasts indicate sufficient liquidity to meet all its financial obligations in the current financial year and the year ending 31 March 2023.

In accordance with guidance from the Financial Reporting Council and against the backdrop of uncertainty caused by the COVID-19 pandemic and the revenue trajectory of the two most recent financial years, Owl Group management has modelled an unlikely but possible downside scenario in which, if the recovery of the business faltered and went significantly into reverse with no mitigating cost reductions, the Owl Group would be unable to make its interest payments on the Senior Secured Notes as early as September 2022. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The directors of the Company have considered the implications of this and the risks set out in the Strategic report for the year ended 31 March 2021 and, in particular, whether it is appropriate to prepare the financial statements of the Company on a going concern basis and the adequacy of the going concern disclosures made within the financial statements. The directors have concluded that although there is a material uncertainty regarding the potential longer-term effects of the COVID-19 pandemic on Owl Group's liquidity and hence the Company's ability to continue as a going concern, the Owl Group expects to have sufficient liquidity to meet its liabilities as they fall due for at least twelve months. The directors have consequently concluded that the going concern basis of accounting is appropriate and that the financial statements do not require the adjustments that would result if the Company were unable to continue as a going concern.

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.

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.

YH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Investments in subsidiaries

Investments are valued at cost less any amounts written down due to impairment based on annual reviews of recoverability.

Any impairment is charged to the statement of comprehensive income account to the extent that it is not covered by amounts previously credited to shareholders' equity through the revaluation surplus. Impairment losses are reversed to the extent that events demonstrate that previously impaired amounts can be recovered.

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.

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.

Borrowings

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

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.

Trade and other receivables

Trade receivables are recognised initially 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 operating profit.

Trade and other payables

Trade and other payables are initially recognised at fair value. This approximates to costs for amounts falling due within one year, due to the short-term nature of these liabilities. Liabilities initially recognised at value other than cost, are subsequently measured at amortised cost using the effective interest rate method.

YH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Dividends

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

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.

2 Standards that have been adopted during the current year

There were no new standards or interpretations adopted during the year. However, the following amendments to existing standards became effective, none of which were material to the Company:

- Amendments to IFRS 3, 'Business Combinations'. This amendment revised the definition of a business with a view to reducing complexity in determining whether a transaction constitutes a business combination.
- Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. These amendments seek to clarify the explanation of the definition of material and ensure a consistent use of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting.
- Amendments to IFRS 9, 'Financial Instruments', IFRS 7 'Financial Instruments: Disclosure' and IAS 39, 'Financial Instruments: Recognition and Measurement'. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting.

YH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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 FRS 101, 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. Judgments 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 (see note 17).

The Company seeks appropriate, competent and professional tax advice before making any judgments 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 tax authorities, and other factors. Whilst the Company believes that its judgments are prudent and appropriate, significant differences in actual experience may materially affect future tax charges.

The Company recognises deferred tax assets and liabilities arising from timing differences where 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.

Expected credit losses

The Company reduces receivables by an allowance for amounts that may not be collectible in the future based on historical loss experiences for the relevant aged category as well as forward-looking information and general market conditions. Once recognised, trade receivables are continuously monitored and updated, taking into account new market information such as the effects of the COVID-19 pandemic. A receivable is written off against the provision when it is believed to be entirely uncollectible. Any monies recovered subsequent to write off are recorded as adjustments to the bad debt provision and considered in the historical loss experience.

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

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

- Estimates of future cashflows used in the going concern and impairment assessments and assessments of recovering deferred tax assets
- Assumptions within our expected credit losses on trade and other receivables.

YH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Directors' emoluments

The directors are remunerated for their services to other companies in the Hibu Group, with no cost borne by or recharged to the company. No amounts were received by them as directors of the Company (2020: £nil).

5 Operating loss

	2021 £'000	2020 £'000
Operating loss for the year is stated after charging:		
Impairment of amounts due from group undertakings (see note 11)	4,474	191,340
Other administrative expenses	150	79
	<u>4,624</u>	<u>191,419</u>

There are no employees of the Company (2020: none).

The auditors' remuneration has been accounted for by the Company. The fees payable to the Company's auditors for the statutory audit of the Company's annual financial statements totalled £5,896 (2020: £5,725). No other fees were paid to PricewaterhouseCoopers LLP for non-audit services to the Company (2020: £nil).

6 Net finance income

	2021 £'000	2020 £'000
Finance income		
Interest receivable on loans due from group companies	<u>25,947</u>	<u>25,996</u>

YH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

7 Tax charge

	2021 £'000	2020 £'000
Current tax		
Current year corporation tax charge	3,950	3,662
Adjustments in respect of prior periods	(35)	74
Foreign withholding tax recoverable (a)	(726)	-
Total current tax charge	3,189	3,736
Deferred tax		
Current year deferred tax charge	950	7,759
Adjustments in respect of prior periods	(1,900)	-
Total deferred tax (credit)/charge	(950)	7,759
Total tax charge for the year	2,239	11,495

(a) Foreign withholding tax recoverable relates to US withholding tax on dividends received in prior periods. A refund claim has been submitted to the US tax authorities for this amount (see note 11).

The tax charge (2020: charge) for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit/(loss) before taxation	21,323	(165,423)
Profit/(loss) before taxation multiplied by standard UK corporation tax rate of 19% (2020: 19%)	4,051	(31,430)
Non-deductible provision against intercompany loans	850	36,355
Deferred tax assets written off	-	6,497
Adjustments in respect of prior periods	(1,935)	74
Foreign withholding tax recoverable	(726)	-
Other	(1)	(1)
Tax charge for the year	2,239	11,495

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The Finance Act 2021 was enacted on 10 June 2021. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that there would be no overall effect of the change on the tax charge for the year.

YH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8	Dividends	2021 £'000	2020 £'000
	Amounts recognised as distributions to equity holders:		
	Ordinary dividends paid	<u>18,190</u>	<u>27,953</u>

Ordinary dividends totalling £18,190,000 (2020: £27,953,000) were paid to the Company's immediate parent company, Owl Finance Limited, during the year.

9	Investments in subsidiaries	2021 £'000	2020 £'000
	Cost		
	At 1 April and 31 March	-	-
	Carrying amount		
	At 31 March	-	-

The carrying value of investments at 31 March 2021 was £1 (2020: £1).

10 Subsidiaries

Details of the Company's subsidiaries at 31 March 2021 and 31 March 2020 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Ownership interest (%)	
			2021	2020
Yell Limited	United Kingdom	Digital marketing services	100	100
Moonfruit Limited	United Kingdom	Holding company	100	100
Sitemaker Software Limited	United Kingdom	Website services	100	100
Yell Mediaworks Limited	United Kingdom	Graphics services	100	100
Yell Sales Limited	United Kingdom	Sales services	100	100
Yell Studio Limited	United Kingdom	Graphics services	100	100

At 31 March 2021, the Company directly held 100% of the ownership interest in Yell Limited. All other companies listed were indirectly held by the Company.

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

The registered office of all subsidiaries is 3 Forbury Place, Forbury Road, Reading RG1 3YL.

YH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts due from group undertakings	85,409	13,868
Foreign withholding tax recoverable	726	-
Corporation tax recoverable	-	122
	<u>86,135</u>	<u>13,990</u>
Amounts falling due after more than one year		
Amounts due from group undertakings	<u>855</u>	<u>74,241</u>

Amounts due from group undertakings falling due within one year include an amount of £284,041,535 (2020: £nil) with a repayment date of 24 March 2022. Interest is charged at 8%+ LIBOR (subject to a 1% minimum) with a three-month interest period. During the year, the Company recognised an impairment provision of £3,572,000 (2020: £188,980,000 against amounts falling due after more than one year) against this receivable, giving a total provision against the loan at 31 March 2021 of £214,804,000 (2020: £211,232,000 against amounts falling due after more than one year). Amounts falling due within one year also include £3,151,694 (2020: £6,373,425) in respect of accrued interest relating to this loan. Other amounts due from group undertakings within one year are repayable at the discretion of the ultimate parent company, Hibu Group. Interest is charged based on the three-month LIBOR rate in the denominated currency and interest rates are reset at the beginning of each quarter. During the year, the Company released an impairment provision of £25,000 (recognised and impairment provision of 2020: £25,000) against these amounts.

The long-term intercompany receivables include an amount of £nil (2020: £284,041,535 less the provision of £211,232,000 as referred to above), with a repayment date of 24 March 2022. Long-term intercompany receivables also include an amount of £4,116,907 (2020: £3,765,904) with a repayment date of 31 March 2023. Interest is charged at 9%. During the year, the Company recognised an impairment provision of £927,000 (2020: £2,335,000) against this receivable giving a total provision against the loan at 31 March 2021 of £3,262,000 (2020: £2,335,000). Accrued interest relating to this loan of £278,145 (2020: £266,502) has been offset against amounts due to other group undertakings.

12 Deferred tax asset

	Tax losses £'000	Total £'000
Deferred tax asset at 1 April 2019	7,759	7,759
Deferred tax movements in prior year:		
Charged to statement of comprehensive income	(7,759)	(7,759)
Deferred tax asset at 31 March 2020	<u>-</u>	<u>-</u>
Deferred tax asset at 1 April 2020	-	-
Deferred tax movements in current year:		
Credited to statement of comprehensive income	950	950
Deferred tax asset at 31 March 2021	<u>950</u>	<u>950</u>

YH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Deferred tax asset

(Continued)

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The same profit projections are used for these purposes as are used by the Group, for example in assessing asset impairments. From 1 April 2018, the amount of taxable profits that can be offset with carried forward tax losses was restricted to 50% of those profits. At 31 March 2021, as a result of future financial forecasting, the Company recognised deferred tax assets of £950,000 (2020: £nil) in respect of carried forward tax losses of £5.0m (2020: £nil). At 31 March 2021, the Company did not recognise deferred tax assets of £59.0m (2020: £60.9m) in respect of carried forward tax losses of £310.4m (2020: £320.6m). The benefits in respect of these tax losses do not time expire.

13 Trade and other payables

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts due to other group undertakings	2,264	3,401
Accruals	20	68
	<u>2,284</u>	<u>3,469</u>

Amounts due to group undertakings falling due within one year are repayable at the discretion of the ultimate parent company, Hibu Group.

14 Share capital

	No. of shares of £0.00000001	No. of shares of US\$0.00000001	No. of shares of € 0.00000001	£'000
Ordinary share:				
Allotted and fully paid				
At 1 April 2020	511,972,264,992	27,032,949,519	9,617,375,162	5
At 31 March 2021	<u>511,972,264,992</u>	<u>27,032,949,519</u>	<u>9,617,375,162</u>	<u>5</u>

All shares rank pari passu in all respects.

15 Other reserves

	Foreign exchange reserve £'000	Total £'000
At 1 April 2019	(2)	(2)
At 31 March 2020	<u>(2)</u>	<u>(2)</u>
At 1 April 2020	(2)	(2)
Reclassification to retained earnings	2	2
At 31 March 2021	<u>-</u>	<u>-</u>

YH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Liquidity

Cash is held in current accounts with 'A' rated banks. The balance of cash and cash equivalents at 31 March 2021 is £nil (2020: £nil).

17 Financial commitments, contingent liabilities and litigation

There are no capital or other commitments (2020: £nil).

There are no contingent liabilities or guarantees other than those referred to in note 1, those arising in the ordinary course of the Company's business and those mentioned below, and on these no material losses are anticipated.

In March 2020, the Company received a notice of tax assessment from HM Revenue and Customs asserting that a tax liability of £122m arose on the Group's debt restructuring transactions undertaken during the year ended 31 March 2014. The Company submitted a robust appeal against the tax assessment on both technical and procedural grounds and, as reported in the financial statements for the year ended 31 March 2020, HMRC agreed to postpone the tax assessed, together with any associated interest, pending resolution of the matter. In addition, HMRC had opened enquiries into the Company covering the years ended 31 March 2015, 2016 and 2017 and, as reported in the financial statements for the year ended 31 March 2020, the Company considered that it was possible that this could have resulted in a reduction in the quantum of carried forward tax losses for which deferred tax assets were not recognised at 31 March 2020 (see note 12). In September 2020, HMRC formally withdrew the notice of assessment in respect of FY14 in full, and issued closure notices in respect of their enquiries into FY15-FY17 without any adjustment to the Company's tax losses.

18 Post balance sheet events

There are no material post balance sheet events to report at the time of signing these financial statements.

19 Controlling party

At 31 March 2021 the Company was a wholly owned subsidiary of Owl Finance Limited. The ultimate holding company and controlling party is Hibu Group.

The smallest group in with the financial statements of the Company are consolidated is 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 are consolidated is Hibu Group, whose financial statements are publicly available at 3 Forbury Place, Forbury Road, Reading, Berkshire, United Kingdom, RG1 3YL.