Registered Number: 04205228

Yell Limited (formerly hibu (UK) Limited)

Annual Report for the year ended 31 March 2017

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Annual Report for the year ended 31 March 2017

Yell Limited (formerly hibu (UK) Limited)

Company Information

Directors

Robert Hall
Richard Hanscott
David Sharman

Company secretary

Christian Wells

Registered office

3 Forbury Place
Forbury Road
Reading
RG1 3YL

Registered number

04205228

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

All references to Hibu Group in this document are references to the ultimate parent company Hibu Group Limited (formerly Hibu Group 2013 Limited). All references to the Group are references to Hibu Group and its consolidated subsidiaries.

Yell Limited (formerly hibu (UK) Limited)

Strategic Report for the year ended 31 March 2017

The directors of Yell Limited (formerly hibu (UK) Limited) (the "Company") present their strategic report on the Company for the financial year ended 31 March 2017.

Principal activities

The Company's principal activities during the year were the provision of digital directories, other digital products including website production, search and display solutions, and printed directories. The Company is an integral part of a group of companies whose ultimate holding company is Hibu Group.

The Company is incorporated and domiciled in England & Wales.

Review of business and future developments

The Company's profit for the financial year ended 31 March 2017 was £15.4m (2016: £7.8m). The net liabilities of the Company at 31 March 2017 were £126.7m (2016: £679.1m).

The Company has continued to focus its resources on its core product lines, which help small businesses get found and chosen.

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000	**2017 year on year movement %**	2016 year on year movement %
Digital products	**189,413**	179,895	**5**	7
Digital products – non-recurring	**1,919**	-	**n/a**	n/a
Non-digital products	**43,458**	62,120	**(30)**	(28)
Total revenue for the year	**234,790**	242,015	**(3)**	(5)

	Note	**Year ended 31 March 2017 £'000**	Year ended 31 March 2016 £'000	**2017 year on year movement %**	2016 year on year movement %
Operating profit		**73,001**	68,526	**7**	147
Intercompany bad debt write-back / (charge)	4	**(2,263)**	93		
Restructuring costs		**5,397**	6,890		
Onerous contracts write back	4	**-**	(334)		
Impairment of carrying value of subsidiaries	11	**-**	100		
Share-based payments		**755**	-		
Adjusted operating profit		**76,890**	75,275	**2**	146
Depreciation of property, plant and equipment	12	**1,519**	1,909		
Loss on disposal	4	**207**	27		
Impairment / (release) of leasehold dilapidations	4	**100**	(1,204)		
Amortisation of other intangible assets	9	**3,984**	2,147		
EBITDA		**82,700**	78,154	**6**	44
Generated from digital products		**56,142**	37,227	**51**	n/a
Generated from non-digital products		**26,558**	40,927	**(35)**	(29)

The 2016 year on year percentage increase in EBITDA generated from digital products cannot be calculated as the 2015 EBITDA was negative.

Review of business and future developments (continued)

The principal Key Performance Indicator (KPI) of the Company is adjusted 'earnings before interest, taxation, depreciation and amortisation', hereafter referred to as 'EBITDA'. EBITDA is considered the principal KPI of the Company because of its close alignment to operating cashflow. EBITDA increased from £78.2 million to £82.7 million, an increase of 6%. EBITDA is reconciled from operating profit in the table on page 2.

The decline of total revenue has slowed from 5% to 3% year on year. Revenue from digital products has increased over the prior year, and now represents 81% of total revenue (2016: 74%). This proportional increase is primarily due to the growth in digital revenue and the continued decline in print revenue. Excluded from the underlying results for the year ended 31 March 2017 is a £1.9m benefit from one-off, non-recurring revenue related to prior period billings recognised in the income statement.

The classification of "digital products" is primarily comprised of revenue generated from yell.com, websites, search and display products. This revenue increased by 5% (2016: increase of 7%) in the year, which has been achieved primarily through increasing acquisition and retention of higher-value customers, despite the larger digital revenue base and reduced print migration opportunity. This increase has been helped, in part, by investment in a new customer relationship management (CRM) system providing increased productivity for the salesforce.

Migration of many yell.com customers to monthly rolling contracts provided a positive revenue driver as customers increased their average contract value at the point of renewal. The Company continues to evolve the product and its effectiveness through improvements to the contact model and maintaining value delivery to advertisers.

Decline in non-digital product revenue, primarily generated from print directories, remains steady.

During the year the Company continued with its aggressive management of the cost base, despite upward pressure from digital revenue growth and emerging inflation. A number of material costs (such as severance and contract termination payments) have been incurred in the year as part of this process. With regard to future developments, the Company's management continue to believe there is a strong market for the Company's products and hence the Company will continue to evolve the core product suite to meet future customer requirements.

Risk management and principal risks

The Hibu Group undertakes various activities within a risk management framework to ensure that risk and uncertainty are properly managed, appropriate internal controls are in place and effective risk treatment plans are initiated where necessary.

- The directors have overall responsibility for establishing and maintaining the systems of internal control and risk management, and for reviewing their effectiveness. These systems are designed to manage risks within the risk appetite of the Group and its investors, consider the interactive effects of risk events and increase the likelihood that strategic objectives are realised. The systems also provide reasonable, but not absolute, assurance against material misstatement or loss;

Risk management and principal risks (continued)

- The Group carries out regular risk assessments to identify and document key strategic, operational and financial risks. During the year ended 31 March 2017, the Group established a risk committee at the group level and, after the year end, established local committees in the US and UK to encourage the consideration of risk when making commercial or strategic decisions and when allocating resources. The remit includes risk management and compliance with legislation affecting the businesses. The US and UK risk committees comprise heads of departments, whilst the Group risk committee comprises executive management and representatives of the local committees. The risk committees monitor, review and document risks on a monthly cycle. A systematic approach is adopted that considers a broad spectrum of internal and external risk drivers, assesses the likelihood of risks occurring and the potential effect should they materialise, and where appropriate, risk mitigation plans are developed and monitored. These risks (and corresponding mitigation plans) are discussed on a quarterly basis with the Group Audit Committee and the Group Board. This latter process has been in place for the reporting period covered by this report and up to the date of approval of this Annual Report;

- Internal audit plans are developed to review controls and key auditable mitigating actions highlighted as part of this process and are regularly discussed with the Group Audit Committee and senior management;

- The Group has designed and implemented appropriate financial reporting controls. The financial framework comprises processes that represent a set of coordinated tasks and activities, conducted by both people and IT systems, where significant classes of transactions are initiated, recorded, processed and reported; and

- The Group Board, with advice from the Group's Audit Committee, has completed its annual review of the effectiveness of the system of internal controls. In the Group Board's view, the information it received was sufficient to enable it to review the effectiveness of the Group's system of internal controls.

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

Risk from: Strong competition in existing and new markets

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

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

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

Risk management and principal risks (continued)

Risk from: Market demand uncertainty

Economic uncertainty and tight credit markets can lead to small and medium-sized entities spending less money on advertising, especially in light of Brexit. There continues to be a degree of economic uncertainty in the markets in which the Company operates. Demand for the Company's products could also be affected by changing market trends or market perception of the Company's products.

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

Mitigation: The Company has implemented a cost reduction programme to manage margins and is moving increasingly towards a variable cost model that will allow it to better manage any fluctuations in demand.

Risk from: Dependence on IT

The Company is dependent on effective IT systems to maintain efficient and effective operations. Cyber security is important because the Company is dependent upon the uninterrupted and secure operation of its computer systems and databases. These systems are important to both the legacy print products and to the delivery of the newer digital products.

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

Mitigation: The Company is focusing resources on key, locally managed IT systems and increasingly using cloud services to mitigate the risk of owning and maintaining its own systems. The Group has in place a disaster recovery plan to replicate the data stored on its business-critical computer systems and maintains firewalls and cyber security controls.

Risk from: Key people leaving the business

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

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

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

Risk management and principal risks (continued)

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

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

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

Potential effect - The damage to reputation and the diversion of management time that would result from an authority attempting to sanction the Company could result in lost revenue and profits. There would also be costs associated with any such action.

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

Risk from: UK pension fund

The Company's pension obligations are backed by assets invested across the broad investment market. The Company's most significant obligations (after the net borrowings) relate to the UK pension fund.

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

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

Mitigation: The Management of the Company and the trustee directors of the UK Pension Fund review the scheme funding on various actuarial bases (including the buy-out basis) at least triennially in accordance with legislation. The trustee directors and management work together to mitigate the risk of having insufficient funds. The strategy currently includes an asset-liability matching policy that aims to reduce the volatility of the funding level of the pension plan by investing in assets such as swaps that perform in line with the liabilities of the plan so as to protect against inflation being higher than expected and the purchase of a bulk annuity policy and liability driven investment funds to significantly reduce the volatility of the Plan's funding level by mitigating inflation, interest rate and longevity risks. The trustee directors and management have also agreed a funding arrangement to repair the funding deficit by 2026. The scheme is closed to further accrual.

Risk management and principal risks (continued)

Financial risk management

The financial risks faced by the Company include liquidity, credit risk and the effect of changes in foreign currency exchange and interest rates. The primary role of the Group's treasury function is to ensure that adequate liquidity is available to meet the Group's funding requirements as they arise and that financial risk arising from the underlying operations is effectively identified and managed.

The Company and other subsidiaries of Hibu Group were guarantors under the terms of a Facilities Agreement dated 3 March 2014. On 7 September 2016, the Group restructured its debt through a court approved scheme of arrangement. The Company is a guarantor and obligor under the terms of the Common Terms Agreement dated 7 September 2016. The terms require Hibu Bidco Limited and its subsidiaries ("the Bidco Group") to keep net cash pay debt to less than four times the Bidco Group's EBITDA over the preceding twelve months. The Bidco Group was in compliance with the terms during the relevant period ended 31 March 2017.

Price risk

The Company tries to limit its exposure to market fluctuations through contracts and pricing arrangements with its suppliers. It is always possible, however, that the Company will not be able to renew these arrangements on satisfactory terms, if at all. Failure to agree satisfactory terms or failure of any of the Company's major suppliers to deliver could force the Company to buy services at higher prices until new arrangements are put in place.

Credit risk

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

Liquidity risk

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

Interest rate cash flow risk

The Company has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets and liabilities include cash balances and certain intercompany loans that earn or incur interest at a variable rate. At 31 March 2017 the Company has no financial instruments in place to manage exposure to interest rate fluctuations.

Review of business and future developments (continued)

Going concern

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

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

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

On behalf of the Board

Robert Hall

Director

Date: 3 July 2017

Yell Limited (formerly hibu (UK) Limited)

Report of the directors for the year ended 31 March 2017

The directors present their Annual Report and the audited financial statements of the Company for the year ended 31 March 2017.

With effect from 24 February 2017, the name of the Company was changed from hibu (UK) Limited to Yell Limited.

Results and dividends

The Company's result for the financial year to 31 March 2017 was a profit of £15,445,000 (2016: profit of £7,769,000). The directors do not recommend the payment of a dividend (2016: £nil).

Strategic report

The Company is required by the Companies Act 2006 to set out the development and performance of the business of the Company during the financial year ended 31 March 2017, the position of the Company at the end of the year, and a description of the principal risks and uncertainties facing the Company. By reference to the Strategic report, which can be found on pages 2 to 8, the following information is given:

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

Directors and their interests

The directors who held office during the year and up to the date of approval of the financial statements are stated on page 1. Details of directors' remuneration can be found in note 5.

Article 88 of the Articles of Association of Hibu Group, the Company's ultimate holding company, permit Hibu Group, subject to the Companies Act 2006 and other applicable legislation, to indemnify any of the directors against any loss or liability in connection with any proven or alleged negligence, default, breach of duty or trust by him, in relation to Hibu Group or any of its subsidiaries. In December 2013, Hibu Group entered into deeds of indemnity in favour of current and former executive and non-executive directors and officers of Hibu Group, its subsidiaries, or any other companies to which Hibu Group or any of its subsidiaries has nominated or appointed any such person as a director or officer. The deeds of indemnity are qualifying third party indemnities for the purposes of section 234 of the Companies Act 2006, and were in force during the financial year and at the date of approval of these financial statements.

Employees

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

Our Equal Opportunities Policy contains a code of good practice on disability that states that an individual who becomes disabled whilst in employment will receive support to ensure, wherever possible, they are able to continue in their role. This will involve whatever reasonable adjustments can be made on consultation with the individual. Alternatively, in consultation with the individual, other positions will be considered where the individual's skills and abilities match the requirements of the role, making reasonable adjustments where appropriate.

Employees (continued)

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

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

Forward looking statements

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

Statement of directors' responsibilities

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

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

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

Yell Limited (formerly hibu (UK) Limited)

Report of the directors for the year ended 31 March 2017

Statement of directors' responsibilities (continued)

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

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Independent auditors

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

On behalf of the Board

Robert Hall

Director

Date: 3 July 2017

Independent auditors' report to the members of Yell Limited (formerly hibu (UK) Limited)

Report on the financial statements

Our opinion

In our opinion, Yell Limited (formerly hibu (UK) Limited)'s financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 31 March 2017;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the directors. We have nothing to report in this respect.

Independent auditors' report to the members of Yell Limited (formerly hibu (UK) Limited)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of the directors' responsibilities set out on page 10 and 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent 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.

Independent auditors' report to the members of Yell Limited (formerly hibu (UK) Limited)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Report of the directors, we consider whether those reports include the disclosures required by applicable legal requirements.

Pauline Campbell

Pauline Campbell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 July 2017

Yell Limited (formerly hibu (UK) Limited)

Income statement for the year ended 31 March 2017

	Note	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Revenue	3	**234,790**	242,015
Cost of sales		**(105,920)**	(111,311)
Gross Profit		**128,870**	130,704
Distribution costs		**(7,109)**	(6,494)
Administrative expenses		**(48,760)**	(55,684)
Operating profit	4	**73,001**	68,526
Finance income	6	**4,591**	2,809
Finance costs	6	**(50,399)**	(52,513)
Net finance cost	6	**(45,808)**	(49,704)
Profit before taxation		**27,193**	18,822
Tax charge	7	**(11,748)**	(11,053)
Profit for the financial year		**15,445**	7,769

Statement of comprehensive income for the year ended 31 March 2017

	Note	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Profit for the financial year		**15,445**	7,769
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	20	**13,215**	28,078
Other comprehensive income for the year		**13,215**	28,078
Total comprehensive income for the year		**28,660**	35,847

Yell Limited (formerly hibu (UK) Limited)

Statement of cash flows for the year ended 31 March 2017

	Note	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Cash flows from operating activities			
Cash generated from operations		**66,259**	63,056
Interest received	6	**-**	1,886
Corporation tax refunded		**-**	1,250
Net cash generated from operating activities		**66,259**	66,192
Cash flows from investing activities:			
Purchase of property, plant, equipment and intangibles		**(8,683)**	(4,010)
Net cash used in investing activities		**(8,683)**	(4,010)
Cash flows from financing activities			
Amounts paid by group undertakings		**5,251**	9,889
Amounts paid to group undertakings		**(70,276)**	(71,536)
Net cash used in financing activities		**(65,025)**	(61,647)
Net (decrease) / increase in cash and cash equivalents		**(7,449)**	535
Cash and cash equivalents at beginning of year		**28,487**	27,948
Exchange gains on cash and cash equivalents		**164**	4
Cash and cash equivalents at end of year		**21,202**	28,487

	Note	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Cash generated from operations			
Profit for the financial year		**15,445**	7,769
Adjustments for:			
Tax charge	7	**11,748**	11,053
Depreciation of property, plant and equipment	12	**1,519**	1,909
Impairment / (release) of leasehold dilapidations		**100**	(1,204)
Loss on disposal of property, plant and equipment		**207**	27
Amortisation of intangible assets	9	**3,984**	2,147
Foreign exchange gain on operating activities		**(463)**	(490)
Finance costs due to group undertakings	6	**50,396**	52,513
External finance income	6	**(3,795)**	(1,886)
Finance income due from group undertakings	6	**(793)**	(923)
Defined benefit pension termination and settlement costs	19	**4,028**	-
Defined benefit pension contributions	20	**(10,094)**	(9,632)
Impairment of investments in subsidiaries		**-**	100
Impairment of intercompany receivables	4	**(2,263)**	93
Changes in working capital:			
Trade and other receivables		**9,552**	6,623
Trade and other payables		**(13,312)**	(5,043)
Cash generated from operations		**66,259**	63,056

Yell Limited (formerly hibu (UK) Limited)

Statement of financial position at 31 March 2017

	Note	**31 March 2017 £'000**	31 March 2016 £'000
Non-current assets			
Intangible assets	9	**7,587**	4,061
Goodwill	10	**78,620**	78,620
Investments in subsidiaries	11	**-**	-
Retirement benefit surplus	20	**109,788**	86,001
Property, plant and equipment	12	**4,090**	4,732
Deferred tax assets	13	**7,591**	11,071
Trade and other receivables	14	**5,954**	12,632
Total non-current assets		**213,630**	197,117
Current assets			
Trade and other receivables	14	**41,408**	138,568
Cash and cash equivalents		**21,202**	28,487
Total current assets		**62,610**	167,055
Current liabilities			
Trade and other payables	15	**(59,603)**	(69,126)
Total current liabilities		**(59,603)**	(69,126)
Net current assets		**3,007**	97,929
Non-current liabilities			
Deferred tax liabilities	13	**(18,720)**	(15,479)
Trade and other payables	15	**(324,593)**	(958,665)
Total non-current liabilities		**(343,313)**	(974,144)
Net liabilities		**(126,676)**	(679,098)
Equity			
Called up share capital	16	**-**	-
Share premium	16	**-**	325,971
Other reserves	17	**(50,475)**	(63,690)
Accumulated losses		**(76,201)**	(941,379)
Total shareholders' deficit		**(126,676)**	(679,098)

The notes on pages 19 to 45 are an integral part of these financial statements.

The financial statements on pages 15 to 45 were approved by the Board of directors and were signed on its behalf on 3 July 2017 by:

Robert Hall
Director

Registration number: 04205228

Yell Limited (formerly hibu (UK) Limited)

Statement of changes in equity for the year ended 31 March 2017

2016	**Called up share capital £'000**	**Share premium account £'000**	**Other reserves £'000**	**Accumulated losses £'000**	**Total Shareholders deficit £'000**
Balance at 1 April 2015	-	325,971	(91,768)	(949,148)	(714,945)
Profit for the financial year	-	-	-	7,769	7,769
Other comprehensive income for the year	-	-	28,078	-	28,078
Total comprehensive income for the year	-	-	28,078	7,769	35,847
Balance at 31 March 2016	-	325,971	(63,690)	(941,379)	(679,098)

2017	**Called up share capital £'000**	**Share premium account £'000**	**Other reserves £'000**	**Accumulated losses £'000**	**Total Shareholders deficit £'000**
Balance at 1 April 2016	-	**325,971**	**(63,690)**	**(941,379)**	**(679,098)**
Profit for the financial year	-	-	-	**15,445**	**15,445**
Other comprehensive income for the year	-	-	**13,215**	-	**13,215**
Total comprehensive income for the year	-	-	**13,215**	**15,445**	**28,660**
Partial release of loan principal (see note 16)	-	**523,762**	-	-	**523,762**
Capital reduction (see note 16)	-	**(849,733)**	-	**849,733**	-
Capital contribution in respect of share-based payments (see note 18)	-	-	-	**1,031**	**1,031**
Recharge in respect of share-based payments (see note 18)	-	-	-	**(1,031)**	**(1,031)**
Total transactions with owners, recognised directly in equity	-	**(325,971)**	-	**849,733**	**523,762**
Balance at 31 March 2017	-	-	**(50,475)**	**(76,201)**	**(126,676)**

Yell Limited (formerly hibu (UK) Limited)

Notes to the financial statements for the year ended 31 March 2017

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 true and fair override provisions of the Companies Act 2006 have been invoked in respect of the treatment of goodwill.

The Company is a private company, limited by shares and registered in England and Wales under registration number 04205228. Its registered office is at 3 Forbury Place, Forbury Road, Reading, Berkshire, RG1 3YL. The Company is a wholly-owned subsidiary of YH Limited and is included in the consolidated financial statements of Hibu Bidco Limited (formerly Eagle Bidco 2013 Limited), which are publicly available. Consequently the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

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

The 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 consolidation group financial statements.

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

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

1. Basis of preparation and accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis. The Company and other subsidiaries of Hibu Group were guarantors under the terms of a Facilities Agreement dated 3 March 2014. On 7 September 2016, the Group restructured its debt through a court approved scheme of arrangement. The Company is a guarantor and obligor under the terms of the Common Terms Agreement dated 7 September 2016. The terms require Hibu Bidco Limited and its subsidiaries ("the Bidco Group") to keep net cash pay debt to less than four times the Bidco Group's EBITDA over the preceding twelve months. The Bidco Group was in compliance with the terms during the relevant period ended 31 March 2017.

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

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

The directors have concluded that the going concern basis of accounting continues to be appropriate, as set out in the strategic report on pages 2 - 8.

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

a. Revenue

Company revenue, after deduction of sales allowances, value added tax and other sales taxes, comprises the value of products provided by the Company.

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

b. Cost of sales

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

1. Basis of preparation and accounting policies (continued)

c. Advertising

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

d. Finance costs and income

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

e. Foreign currencies

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

f. Goodwill

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

The Companies Act would normally require the systematic annual amortisation of goodwill. However, the directors believe that this policy of not providing amortisation is necessary in order for the financial statements to be compliant with FRS 101.

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

g. Other intangible assets

Software, including internally developed software, is amortised on a straight-line basis over its useful economic life, which does not generally exceed four years. The amortisation period and method are reviewed and adjusted, if appropriate, at each balance sheet date.

Internally developed software, that is capitalised, includes the software development employee costs and an appropriate portion of overheads. Amortisation is charged to administrative expenses.

h. Property, plant and equipment

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

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

Yell Limited (formerly hibu (UK) Limited)

Notes to the financial statements for the year ended 31 March 2017

1. Basis of preparation and accounting policies (continued)

h. Property, plant and equipment (continued)

The estimated lives assigned to property, plant and equipment are:

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

i. Impairment of non-financial assets

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

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

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

- first, to reduce the carrying amount of any goodwill allocated to the CGU; and
- then, to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU.

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

j. Investments in subsidiaries

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

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

k. Leased assets

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

1. Basis of preparation and accounting policies (continued)

l. Trade and other receivables

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

m. Cash and cash equivalents

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

n. Trade and other payables

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

o. Employee benefits

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

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

All pension schemes are independent of the Company's finances. Actuarial valuations of the defined benefit scheme are carried out as determined by the trustees at intervals of not more than three years, the rates of contribution payable and the pension cost being determined on the advice of the actuaries, having regard to the results of these valuations. In any intervening years, the actuaries review the continuing appropriateness of the contribution rates. See note 20 for a description of the associated risks.

The Statement of Financial Position includes the surplus or deficit in the defined benefit scheme taking assets at their year-end market values and liabilities at their actuarially calculated values discounted at the year-end AA corporate bond interest rates. The Company reports a surplus as an asset if the requirement of IFRIC 14 and any statutory requirements are satisfied. The terms of the trust specify that if any assets remain after all benefits have been provided in full, then benefits could be increased with consent of the principal employer, but that any assets then remaining will be paid to the employers.

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.

1. Basis of preparation and accounting policies (continued)

p. Share-based payments

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

q. Current and deferred tax

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

Current tax is provided at the amounts expected to be paid or recovered under the tax rates that have been enacted or substantively enacted by the statement of financial position date.

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

r. Contingent liabilities - provisions

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

s. Exceptional costs

Exceptional items are material and non-recurring in nature, and are recorded at the amounts expected to be subsequently paid or received where the expenditure or income has not yet crystallised at the date of the statement of financial position. Subsequent revisions of estimates for items initially recognised as exceptional provisions are recorded as exceptional items in the year that the revision is made.

t. 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.

2. Critical accounting estimates and judgments

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

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

Bad debts

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

Carrying value of goodwill

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

During the year the Company recognised impairment losses of £nil (2016: £nil). At 31 March 2017, the fair values of the operations exceeded their carrying value.

Carrying value of long-lived tangible and intangible assets

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

Historically, the Company has not realised large gains or losses on disposals of property, plant and equipment.

2. Critical accounting estimates and judgments (continued)

Pension liabilities

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

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

Pension assets

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

Tax

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

The Company recognises deferred tax assets and liabilities arising from timing differences where it has a taxable benefit or obligation in the future as a result of past events. The Company records deferred tax assets to the extent that it believes they are more likely than not to be realised. Should the Company determine in the future that it would be able to realise deferred tax assets in excess of the recorded amount or that the liabilities are different than the amounts recorded, then the Company would increase or decrease income as appropriate in the period such determination was made. At 31 March 2017 the Company believes it has recognised all potential deferred tax assets.

Standards that have become effective during the year

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

- IFRS14, 'Regulatory Deferral Accounts', which permits first time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements. It is effective for accounting periods beginning on or after 1 January 2016 but will not be EU endorsed as an interim standard.

- Amendments to IFRS 10 and IAS 28 on investment entities applying the consolidation exception. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. They are effective for annual periods beginning on or after 1 January 2016.

2. Critical accounting estimates and judgments (continued)

Standards that have become effective during the year (continued)

- Amendments to IFRS 11, 'Joint Arrangements', which adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. These amendments are effective for annual accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 1, 'Presentation of Financial Statements' on the disclosure initiative. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports and are effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 16, 'Property Plant and Equipment' and IAS 38, 'Intangible assets', which provide clarification that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. In addition, clarification is also given that revenue is an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. These amendments are effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 16, 'Property Plant and Equipment' and IAS 41, 'Agriculture', which change the reporting of bearer plants, such as grape vines so that they should be treated in the same as way as property, plant and equipment and thereby fall under the scope of IAS16. These amendments are effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 27, 'Separate Financial Statements'. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and are effective for accounting periods beginning on or after 1 January 2016.
- Annual improvements 2014, affect four standards changes to IFRS 5, IFRS 7, IAS 19 and IAS 34. These improvements were endorsed for annual periods beginning on or after 1 January 2016.

3. Revenue

Analysis of revenue by category	**Year Ended 31 March 2017 £'000**	Year Ended 31 March 2016 £'000
Digital products	**191,332**	179,895
Non-digital products	**43,458**	62,120
Total revenue	**234,790**	242,015

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

4. Operating profit

Operating profit is stated after charging / (crediting)

	Note	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Staff costs	5	**37,196**	37,003
Amortisation of other intangible assets	9	**3,984**	2,147
Depreciation of property, plant and equipment	12	**1,519**	1,909
Loss on disposal of plant, property and equipment		**207**	27
Impairment / (release) of leasehold dilapidation		**100**	(1,204)
Impairment of investments	11	**-**	100
Operating lease charges	19	**3,654**	3,427
Onerous contracts write back (a)		**-**	(334)
Bad debt provision charge	14	**3,765**	5,065
Intercompany bad debt provision (write back)/charge		**(2,263)**	93
R&D tax credit		**(1,198)**	-
Auditors' remuneration:			
Fees payable for the audit of the Company's financial statements in respect of the current year		**177**	154
Fees payable for the audit of the Company's financial statements in respect of the prior year		**-**	40
Non-audit services:			
Fees payable for the audit of the Company's financial statements of any subsidiary of the Company in respect of the current year		**16**	24
Fees payable for the audit of the Company's financial statements of any subsidiary of the Company in respect of the current year		**-**	-
For services relating to taxation compliance in respect of the current year		**25**	7
For services relating to taxation compliance in respect of the prior year		**15**	14
For services relating to taxation advisory		**-**	2

(a) The Company exited from a number of onerous contracts in the prior year, which gave rise to a credit from the release of provisions made in previous financial years.

5. Employees

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

	Year Ended 31 March 2017 Number	Year Ended 31 March 2016 Number
By activity:		
Marketing and sales	**32**	32
Administrative	**278**	339
Total	**310**	371

	Note	**Year Ended 31 March 2017 £'000**	Year Ended 31 March 2016 £'000
Wages and salaries (including restructuring costs of £1,129,000 (2016: £5,580,000))		**28,808**	31,164
Social security costs		**3,093**	3,185
Other pension costs	20	**1,267**	1,520
Termination benefits (credit) / charge	20	**(72)**	400
Settlement costs	20	**4,100**	734
		37,196	37,003
Amount capitalised		**(5,058)**	(1,264)
Total staff cost recorded in income statement		**32,138**	35,739

Directors' remuneration

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

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Salaries and other short-term benefits	**2,605**	2,003
Amounts received under long-term incentive schemes (other than shares or share options)	**37**	-
Employer's pension contributions	**1**	60
Total directors' emoluments payable for the year	**2,643**	2,063

The highest paid director received £1,613,754 (2016: £1,503,951) in the year, excluding employer's pension contributions, in respect of services to the Company.

A parent company issued restricted equity instruments to three Board members during the year ended 31 March 2017. None of the directors have vested ownership rights at 31 March 2017. No director is a member of the Company's defined benefit pension scheme at 31 March 2017. During the year, the only director who was previously a member left the scheme, and no amounts were paid into the scheme on his behalf during the periods presented.

Yell Limited (formerly hibu (UK) Limited)

Notes to the financial statements for the year ended 31 March 2017

6. Net finance costs

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Interest expense on amounts owed to group undertakings	**(50,396)**	(52,513)
Interest expense on bank deposits	**(3)**	-
Total finance cost	**(50,399)**	(52,513)
Interest income on bank deposits	**-**	122
Interest income on amounts owed by group undertakings	**793**	923
Net finance income on retirement benefit obligations (note 20)	**3,187**	1,572
Net foreign exchange gains on financing activities	**611**	192
Total finance income	**4,591**	2,809
Net finance cost	**(45,808)**	(49,704)

7. Taxation

Tax expense included in the Income statement	**Year Ended 31 March 2017 £'000**	Year Ended 31 March 2016 £'000
Current tax:		
Current tax for the year	**5,872**	89
Adjustments in respect of prior years	**491**	984
Total current tax charge	**6,363**	1,073
Deferred tax:		
Current year charge	**5,901**	12,385
Adjustments in respect of prior years	**(745)**	(2,980)
Effect of changes in tax rate	**229**	575
Total deferred tax charge	**5,385**	9,980
Tax charge	**11,748**	11,053

The tax charge for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Profit before taxation	**27,193**	18,822
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)	**5,439**	3,764
Effects of:		
Non-deductible interest	**6,931**	8,281
Adjustments in respect of prior years	**(254)**	(1,996)
Re-measurement of deferred tax – change in UK tax rate	**229**	575
Non-deductible lease surrender premium	**-**	301
Write-off of foreign tax suffered	**-**	89
Non-deductible dilapidations	**-**	35
Non-taxable (release) / provision against amounts owed by Group undertakings	**(440)**	19
Other	**(157)**	(15)
Tax charge	**11,748**	11,053

7. Taxation (continued)

Tax charged directly to equity is as follows:

	Note	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Deferred tax on actuarial gains	17	**(1,336)**	(4,869)
Tax charge directly to equity		**(1,336)**	(4,869)

The main rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Company's profits for the year ended 31 March 2017 are taxed at a rate of 20%. Further reductions in the UK corporation tax rate to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020 were substantively enacted in the Finance (No. 2) Act 2015 on 26 October 2015. The corporation tax rate with effect from 1 April 2020 was further reduced to 17% as substantively enacted in the Finance Act 2016 on 6 September 2016. At 31 March 2017, the deferred tax assets and liabilities included in these financial statements were based on these reduced rates having regard to their reversal profiles.

In the March 2016 Budget the Government announced that from 1 April 2017 the amount of taxable profits that can be offset with carried forward tax losses will be restricted to 50% of those profits. However, it is likely that the overall effect of the changes, if they had been substantively enacted by the balance sheet date, would be to reduce the deferred tax asset by £166k and increase the tax expense for the year by the same amount.

8. Dividends

No dividend was proposed or paid during the year (2016: £nil).

9. Intangible assets

	At 31 March 2017 £'000
Cost:	
Balance at 1 April 2016	**63,323**
Additions	**7,963**
Disposals	**(49,008)**
Total cost at 31 March 2017	**22,278**
Accumulated amortisation	
Balance at 1 April 2016	**(59,262)**
Charge for the year	**(3,984)**
Disposals	**48,555**
Total amortisation at 31 March 2017	**(14,691)**
Net book value at 31 March 2017	**7,587**
Net book value at 31 March 2016	4,061

Intangible assets comprise software development costs.

10. Goodwill

	2017	2016
	£'000	£'000
Balance at 31 March	**78,620**	78,620

Goodwill is not amortised but is tested annually for impairment. The impairment analysis is based on certain assumptions, including future revenue and profit growth that can change the conclusion on whether goodwill is impaired. These assumptions are set based upon management's experience. Impairment occurs where the carrying value of a CGU exceeds the higher of its fair value less cost to sell and its value in use.

In 2017 and 2016, the Group measured the carrying value against the value in use, using a discounted cash flow model. In both years the cash flow projections were based on Board reviewed cash flow projections extrapolated to five years.

During the year ended 31 March 2017, impairment losses of £ nil (2016: £nil) on goodwill in relation to its operations were recorded. At 31 March 2017, the fair values of the operations exceeded their carrying value by £235m (2016: £226m).

Cash flows beyond the period of extrapolation are calculated using the terminal growth rates stated below. In addition, revenue growth over the five-year period ending 31 March 2022 is a key assumption in the 31 March 2017 valuation as discussed above. The carrying value of goodwill after impairments and the key assumptions used for estimating value in use are as follows:

	At 31 March 2017 £'000	At 31 March 2016 £'000
Net book value		
Carrying value of goodwill	**78,620**	78,620
Compound annual growth rate	**0.3%**	(0.7%)
Terminal growth rate	**0.0%**	0.0%
Pre-tax discount rate	**19.6%**	19.7%

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

Yell Limited (formerly hibu (UK) Limited)

Notes to the financial statements for the year ended 31 March 2017

11. Investments

	At 31 March 2017 £'000	At 31 March 2016 £'000
Cost		
At 1 April	**18,651**	18,651
At 31 March	**18,651**	18,651
Impairment		
At 1 April	**(18,651)**	(18,551)
Impairment of investments	**-**	(100)
At 31 March	**(18,651)**	(18,651)
Carrying value	**-**	-

During the prior year, as part of the ultimate holding company's test for impairment, impairment losses of £100,000 were recognised.

The interests of the Company in its subsidiaries at 31 March 2017 were as follows:

Direct subsidiaries	**Company activity**	**Registered Office**	**2017 % owned**	2016 % owned	**2017 Carrying value £'000**	2016 Carrying value £'000
Yell Sales Limited (formerly hibu Sales Limited)	Advertising space sales	England & Wales	**100**	100	-	-
Moonfruit Limited	Holding company	England & Wales	**100**	100	-	-
hibu pay LLC (a)	Payment services	USA	**100**	100	-	-
Yell Mediaworks Limited (formerly hibu Mediaworks Limited)	Fulfillment of print, video and website advertising	England & Wales	**100**	100	-	-
hibu Global Limited	Digital product sales	England & Wales	**100**	100	-	-
Indirect subsidiaries						
Yell Studio Limited (formerly hibu Studio Limited)	Graphic design	England & Wales	**100**	100	-	-
Sitemaker Software Limited	Website services	England & Wales	**100**	100	-	-
Total carrying value					-	-

(a) hibu pay LLC is incorporated in the USA but managed and controlled in the UK.

The subsidiary undertakings have the same registered address and year end as the Company except for hibu Pay LLC whose registered office is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, USA.

12. Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost				
Balance at 1 April 2016	9,852	46,999	9	56,860
Additions	423	760	-	1,183
Disposals	(457)	(17,471)	-	(17,928)
Total cost at 31 March 2017	**9,818**	**30,288**	**9**	**40,115**
Accumulated depreciation				
Balance at 1 April 2016	(8,676)	(43,443)	(9)	(52,128)
Depreciation charge for the year	(237)	(1,282)	-	(1,519)
Disposals	184	17,438	-	17,622
Total depreciation at 31 March 2017	**(8,729)**	**(27,287)**	**(9)**	**(36,025)**
Net book value at 31 March 2017	**1,089**	**3,001**	**-**	**4,090**
Net book value at 31 March 2016	1,176	3,556	-	4,732

13. Deferred tax

	At 31 March 2017 £'000	At 31 March 2016 £'000
Deferred tax assets	**7,591**	11,071
Deferred tax liabilities	**(18,720)**	(15,479)
	(11,129)	(4,408)

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. No deferred tax has been recognised on capital losses of £1,218,000 (2016: £1,218,000) which do not time expire.

	At 1 April 2016 £'000	(Charge)/Credit to Income Statement £'000	(Charge)/Credit to equity £'000	**At 31 March 2017 £'000**
Accelerated tax depreciation	6,176	(1,092)	-	**5,084**
Goodwill	645	(68)	-	**577**
Provisions	1,466	74	-	**1,540**
Tax losses	2,784	(2,452)	-	**332**
Pensions	(15,479)	(1,847)	(1,336)	**(18,662)**
Total	**(4,408)**	**(5,385)**	**(1,336)**	**(11,129)**

	At 1 April 2015 £'000	(Charge)/Credit to Income Statement £'000	(Charge)/Credit to equity £'000	At 31 March 2016 £'000
Accelerated tax depreciation	8,220	(2,044)	-	6,176
Goodwill	746	(101)	-	645
Provisions	-	1,466	-	1,466
Tax losses	10,071	(7,287)	-	2,784
Pensions	(8,596)	(2,014)	(4,869)	(15,479)
Total	10,441	(9,980)	(4,869)	(4,408)

14. Trade and other receivables

	At 31 March 2017 £'000	At 31 March 2016 £'000
Amounts falling due within one year		
Net trade receivables	**11,132**	11,058
Prepayments	**4,625**	5,033
Other receivables	**388**	787
Accrued income	**10,200**	13,081
Amounts owed by group undertakings	**15,063**	108,609
Total	**41,408**	138,568
Amounts falling due after more than one year		
Amounts owed by group undertakings	**2,817**	4,058
Other receivables	**3,137**	8,574
Total	**5,954**	12,632
Total trade and other receivables	**47,362**	151,200

Other receivables falling due after more than one year comprises deposits made to financial institutions to facilitate the collection of payments made by customers using credit or debit cards. Other receivables falling due within one year primarily comprise security deposits with suppliers.

The interest rate used to calculate the interest on group undertakings due after more than one year was 5% plus the 3-month LIBOR rate (reset quarterly) for the interest-bearing loan with Sitemaker Software Limited. Included in the amount owed by group undertakings falling due within one year for the prior year is an amount of £94,988,780, which carried interest at the three-month LIBOR rate (reset quarterly). All other amounts owed by group undertakings are non-interest bearing and repayable on demand.

Trade receivables are non-interest bearing and generally have terms between 30 days and 10 months. Due to their short maturities and the non-interest bearing nature of these financial assets, the fair value of trade receivables approximates book value. Concentrations of credit risk with respect to trade receivables are limited due to the Company's customer base being large, and unrelated.

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

	2017 £'000	2016 £'000
Balance at 1 April	**(9,280)**	(8,027)
Charged to income statement	**(3,765)**	(5,065)
Utilised	**4,942**	3,812
Balance at 31 March	**(8,103)**	(9,280)

15. Trade and other payables

	At 31 March 2017 £'000	At 31 March 2016 £'000
Amounts falling due within one year		
Trade payables	**1,627**	1,667
Other taxation and social security	**7,569**	8,884
Accruals and other payables	**32,165**	33,670
Deferred income	**14,131**	22,263
Amounts owed by group undertakings	**4,111**	2,642
Total amounts falling due within one year	**59,603**	69,126
Amounts falling due after more than one year		
Other payables	**5,958**	4,452
Amounts owed to group undertakings	**318,635**	954,213
Total amounts falling due after more than one year	**324,593**	958,665
Total trade and other payables	**384,196**	1,027,791

Current amounts owed to group undertakings are repayable at the discretion of Hibu Group. The interest rate on amounts due after more than one year at 31 March 2017 is 8% plus LIBOR (subject to a 1% minimum) with a three-month interest period (2016: 5% plus 1 month LIBOR rate). On 24 March 2017, the Company agreed to the partial release of the principal on this loan (see note 16) and the revised terms.

16. Called up share capital and share premium

Called up share capital:

Authorised	**No of shares of £1 each**	**£**
At 1 April 2016	100	100
At 31 March 2017	**100**	**100**

Allotted, called up and fully paid	**No of shares of £1 each**	**£**
At 1 April 2016	73	73
Share issued	1	1
At 31 March 2017	**74**	**74**

Share premium account:

	£'000
At 1 April 2016	325,971
Partial release of loan principal	523,762
Capital reduction	(849,733)
At 31 March 2017	-

On 24 March 2017, the Company agreed with its immediate parent company, YH Limited, to a partial release of the principal on a loan owed by the Company to its parent. In exchange, the Company issued one £1 ordinary share with the creation of additional premium of £523,762,000.

On 29 March 2017, the Company approved, by special resolution, the cancellation and extinguishment of the entire share premium account thereby reducing the accumulated losses of the Company.

17. Other reserves

Year ended 31 March 2017	Pension reserve £'000	Total other reserves £'000
Balance at 1 April 2016	**(63,690)**	**(63,690)**
Actuarial gain on defined benefit pension scheme	**14,551**	**14,551**
Taxation	**(1,336)**	**(1,336)**
Net income recognised directly in equity	**13,215**	**13,215**
Balance at 31 March 2017	**(50,475)**	**(50,475)**

	Pension reserve £'000	Total other reserves £'000
Year ended 31 March 2016		
Balance at 1 April 2015	(91,768)	(91,768)
Actuarial gain on defined benefit pension scheme	32,947	32,947
Taxation	(4,869)	(4,869)
Net income recognised directly in equity	28,078	28,078
Balance at 31 March 2016	(63,690)	(63,690)

18. Share-based payments

Restricted shares in Hibu Midco Limited (formerly Eagle Midco 2013 Limited), a parent company, were issued to directors and selected employees of the Group (the "participants") for £nil consideration in the year ended 31 March 2017. The rights in the shares vest in four equal tranches on four successive annual anniversaries of the award date, unless there is a change in control, in which case a portion will vest immediately.

The award represented an equity-settled share-based payment under IFRS 2, and the relevant costs were initially allocated to the Company to the extent it employed participants as an increase to equity representing a direct investment from Hibu Midco Limited. The fair value of the grant was determined to be the present value of the estimated future values of the ownership rights that will be transferred to the recipients on each vesting date. The future values were determined from the Group's enterprise value on the date of grant and the estimated effect of the Group's future investor returns (including dividends) on its enterprise value over the relevant periods. The effect of the restrictions was also considered in determining the fair value of the award. The Company initially recognised a share-based payment allocation of £1,031,000 (2016: £nil) in the year ended 31 March 2017 for the relevant costs of its employees. The Company later recorded the £1,031,000 as an intercompany liability owed to Hibu Midco Limited with a compensating decrease to the previous increase in equity. The Company also exchanged recharges (that included a transfer pricing markup) with the ultimate parent company in order to correctly reflect the cost of services received from key management.

19. Financial commitments, contingent liabilities and litigation

Future aggregate minimum operating lease payments for the Company at 31 March 2017 and 2016 were as follows:

	Land and Buildings 2017 £'000	Land and Buildings 2016 £'000	**Other 2017 £'000**	Other 2016 £'000
Payable				
Not later than 1 year	**2,049**	2,238	**1,462**	893
Later than 1 year and not later than 5 years	**6,481**	6,559	**1,762**	989
Later than 5 years	**11,973**	5,273	**-**	-
Total future aggregate minimum operating lease payments	**20,503**	14,070	**3,224**	1,882

Operating lease payments expensed during the year amounted to £3,654,000 (2016: £3,427,000).

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

The Company is party to a Group banking arrangement whereby the Company's shares are provided as security against Group loans and was, until 7 September 2016, providing an undrawn £120m loan facility to Hibu Finance (FX) Limited (formerly Eagle Finance (FX) Limited), a fellow group undertaking. Amongst other things, the external banking arrangements contain a financial covenant, as detailed in Note 1. The Company and fellow obligors were in full compliance with the financial covenant included within those arrangements during the relevant period ended 31 March 2017.

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

20. 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 2017 and 2016 included the following charges below.

Amounts charged to operating loss	**Year Ended 31 March 2017 £'000**	Year Ended 31 March 2016 £'000
Administration expenses	**17**	3
Termination benefit (credit) / charge	**(72)**	400
Settlement cost	**4,100**	734
Amounts charged for defined benefit schemes	**4,045**	1,137
Amounts expensed for defined contribution schemes	**1,267**	1,520
Total operating charge	**5,312**	2,657

Net finance income from defined benefit scheme	**Year Ended 31 March 2017 £'000**	Year Ended 31 March 2016 £'000
Interest income on pension scheme assets	**(20,181)**	(19,947)
Interest cost on pension scheme liabilities	**16,994**	18,375
Net finance income from defined benefit schemes	**(3,187)**	(1,572)

20. Pensions (continued)

Amounts recognised in statement of comprehensive income	**Year Ended 31 March 2017 £'000**	Year Ended 31 March 2016 £'000
Actual return less interest on pension Plan assets	**120,900**	(26,866)
Experience losses arising on the Plan	**5,983**	29,897
Changes in financial assumptions underlying the value of the Plan liabilities	**(123,585)**	20,250
Changes in demographic assumptions underlying the present value of the Plan liabilities	**11,253**	9,666
Actuarial gain	**14,551**	32,947
Tax on actuarial gain recognised in equity (note 7)	**(1,336)**	(4,869)
Actuarial gain, net of tax	**13,215**	28,078

The cumulative actuarial loss net of tax recognised at 31 March 2017 amounts to £22.1m (2016: £35.3m).

UKPP - Defined benefit sections

There are three defined benefit sections of the UKPP, which have been closed to new entrants since 1 October 2001. The Plan offers both pensions in retirement and death benefits to members. The full actuarial valuation at 31 December 2015, updated to 31 March 2017, showed a surplus of £110m. Pension benefits are based on years of qualifying service and final pensionable salary. With effect from 31 March 2011, the defined benefit sections of the Plan were closed to future accrual. Active members at 31 March 2011 were granted leaving service benefits and offered membership of a new Section 6 of the Plan on a defined contribution basis.

The 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 31 December 2015 was the most recent, agreed full funding valuation at 31 March 2017.

Net surplus

The UKPP net surplus at the balance sheet represents the fair value of assets held to fund future benefit payments net of the present value of scheme liabilities, as follows:

	At 31 March 2017 £'000	At 31 March 2016 £'000
Fair value of Plan assets	**698,816**	595,450
Present value of Plan liabilities	**(589,028)**	(509,449)
Net surplus	**109,788**	86,001

20. Pensions (continued)

The following amounts explain the movement in the pension provision for the years ended 31 March 2017 and 2016:

	At 31 March 2017 £'000	At 31 March 2016 £'000
Net surplus at 1 April	**86,001**	42,987
Movement in year:		
Contributions	**10,094**	9,632
Termination benefit (credit) / charge	**72**	(400)
Settlement costs	**(4,100)**	(734)
Administration expenses	**(17)**	(3)
Net finance income	**3,187**	1,572
Actuarial gain	**14,551**	32,947
Net surplus at 31 March	**109,788**	86,001

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

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

Contributions of £10.1m (2016: £9.6m), of which £0.2m (2016: £0.1m) were in respect of benefit augmentations, were made in the year.

Valuation assumptions

The UKPP net surplus at 31 March 2017 and 2016 were based on the valuation at 31 December 2015 updated at 31 March 2017 and 31 March 2016 respectively. The updated valuations were carried out by professionally qualified independent actuaries using the following key assumptions:

	At 31 March 2017 %	At 31 March 2016 %
Discount rate	**2.6**	3.5
Expected return on assets	**n/a**	n/a
Pension increases linked to RPI	**3.2**	3.1
Pension increases linked to CPI	**2.3**	2.1

20. Pensions (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 2017	At 31 March 2016
Male	**29.2**	29.9
Female	**31.2**	32.2

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

	At 31 March 2017	At 31 March 2016
Male	**27.8**	28.2
Female	**29.7**	30.3

Assets

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

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

Asset values will increase and decrease as markets rise and fall. The trustees and management work together to mitigate the risk of having insufficient funds. The trustees have an investment strategy to reduce interest rate and inflation risks. The trustees have exchanged the index linked gilts and some of the equities and corporate bonds for a bulk annuity policy that covers nearly all of the Plan's pensioners and liability driven investment funds.

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 new asset classes match the movements in interest rates and inflation more closely than the index linked gilts did. The trustees have retained a proportion of the higher risk assets to seek higher rates of growth. The trustees also work with management to ensure sufficient assets will be available to settle obligations in the long term.

20. Pensions (continued)

The assets were:

	At 31 March 2017 £'000	**Of which not quoted in an active market £'000**	At 31 March 2016 £'000	Of which not quoted in an active market £'000
Equities	**60,029**	**-**	77,649	-
Diversified growth funds	**189,838**	**-**	58,334	-
Bonds	**73,684**	**-**	67,503	-
Liability driven investments	**175,974**	**-**	159,634	-
Insurance contracts	**178,780**	**178,780**	157,590	157,590
Other	**20,511**	**-**	74,740	-
Total assets at fair value	**698,816**	**178,780**	595,450	157,590

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

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Opening fair value of plan assets	**595,450**	614,272
Interest on assets	**20,181**	19,947
Actuarial gain / (loss)	**120,900**	(26,866)
Contributions by employer	**10,094**	9,632
Administration expenses	**(17)**	(3)
Benefits paid	**(47,792)**	(21,532)
Closing fair value of plan assets	**698,816**	595,450

The actuarial gain or loss in the years ended 31 March 2017 and 2016 represents the difference between expected return on plan assets and the actual return on plan assets as follows:

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Interest on plan assets	**20,181**	19,947
Actuarial gain / (loss)	**120,900**	(26,866)
Actual return on plan assets	**141,081**	(6,919)

20. Pensions (continued)

Liabilities

The present value of scheme liabilities at the date of the statement of financial position are measured by discounting the best estimate of future cash-flows to be paid out by the scheme using the projected unit method. The projected unit method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. Changes in the present value of the defined benefit obligations were as follows:

	Year Ended 31 March 2017 £'000	Year Ended 31 March 2016 £'000
Opening present value of defined benefit liabilities	**509,449**	571,285
Past service cost	**(72)**	400
Settlement cost	**4,100**	734
Interest cost	**16,994**	18,375
Actuarial loss / (gain)	**106,349**	(59,813)
Benefits paid	**(47,792)**	(21,532)
Closing present value of defined benefit liabilities	**589,028**	509,449

The actuarial loss in the year ended 31 March 2017 was primarily the result of a decrease in the AA-rated corporate bond yields and an increase in the assumption for inflation. This was partly offset by an update to the demographic assumptions and inflationary increases to benefits during the year that was lower than expected.

The actuarial gain in the year ended 31 March 2016 was primarily the result of updating the liability calculations to be based on valuation data at October 2015 (compared to April 2014 valuation data from year end 31 March 2015 disclosures) and the fact that inflationary increases to benefits were lower than expected. Furthermore, an increase in the AA-rated corporate bond yields and an update of the demographic assumptions resulted in further actuarial gains, which was partly offset by an increase in inflation and a change to the long-term future improvements in mortality.

Profile of the Plan

The defined benefit obligation includes benefits for deferred members and current pensioners. Broadly, about 65% of the liabilities are attributable to deferred members and 35% 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 23 years reflecting the approximate split of defined benefit obligation between deferred members (duration around 27 years) and current pensioners (duration of 15 years).

20. Pensions (continued)

Sensitivity analysis

The present value of the pension obligations at 31 March 2017 was calculated on the basis that the real interest rate at the balance sheet date was -0.8%, which is the difference between the discount rate and RPI inflation. The discount rate and expected inflation are determined by reference to specific types of debt instruments being traded in the open market. Increasing or decreasing the assumed real interest rate to -0.9% or -0.7% per annum, respectively, would decrease or increase the present value of the pension liabilities by approximately £13.9m. The effect on the market value of assets cannot be estimated because the values of the Plan's investments do not always change in line with real interest rates however we can estimate that the value of the bulk annuity policy would decrease or increase by approximately £2.7m due to the assumed real interest rate increasing or decreasing to -0.9% or -0.7% per annum respectively.

The present value of pension liabilities was determined on assumed life expectancies for men and women as set out in the assumptions above. The Company estimates that an increase in life expectancy of one year for all members could have increased the present value of pension liabilities by approximately £18.2m and would increase the value of the bulk annuity policy by £6.5m.

Risks associated with the plan

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

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Plan holds a material proportion of growth assets (equities, diversified growth fund and global absolute return fund) that are expected to outperform bond yields in the long term while providing volatility and risk in the short term. The allocation to growth assets is monitored such that it is suitable with the Plan's long-term objectives.

Changes in bond yields

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

20. Pensions (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 pension plan by investing in assets such as swaps that perform in line with the liabilities of the plan so as to protect against inflation being higher than expected.

In addition, the trustees of the Plan purchased a bulk annuity policy (or "buy-in" policy) from Pensions Insurance Corporation (PIC) in respect of part of the liabilities of the Plan. The purchase price was £199.4m. A buy-in policy is a single policy with a UK insurance company that 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 nearly all current Plan pensioners, plus their survivors' pensions payable after death. It did not cover any members who have not yet begun to draw their pension. As a result, this buy-in policy significantly reduces the longevity risk to which the plan is exposed, as well as inflation risks and risks associated with changes in bond yields.

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension ("GMP"). The UK is consulting on measures that could result in an increase in the value of GMP benefits. This would increase the defined benefit obligation of the Plan. At this stage, it is not possible to quantify the effect of this change.

UKPP - Defined contribution section

The pension cost in respect of this section represents contributions payable to the funds and amounted to £1,267,000 for the year ended 31 March 2017 (2016: £1,520,000). Outstanding contributions amounted to £nil at 31 March 2017 (2016: £nil).

21. Events after the end of the reporting year

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

22. Controlling entity

At 31 March 2017, the Company's immediate parent undertaking was YH Limited. The ultimate holding company and controlling party is Hibu Group.

At the date of signing these financial statements the smallest group in which the financial statements of this company are consolidated is Hibu Bidco Limited (formerly Eagle Bidco 2013 Limited). The largest group in which the financial statements of this company are consolidated is Hibu Group. Financial statements for both companies are publicly available from 3 Forbury Place, Forbury Road, Reading, Berkshire, RG1 3YL.