

**Yell Finance Limited  
Annual Report  
for the year ended  
31 March 2008**

**Company registered number: 04244801**



# **Yell Finance Limited**

## **Annual Report for the year ended 31 March 2008**

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## **Yell Finance Limited**

### **Company Information**

#### **Directors**

J Condrón

J Davis

#### **Secretary**

H Rubenstein

**Company registered number: 04244801**

#### **Registered Office**

Queens Walk

Oxford Road

Reading

Berkshire

RG1 7PT

#### **Registered Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

1 Embankment Place

London

WC2N 6RH

## **Directors' report for the year ended 31 March 2008**

The directors submit their Annual Report and the audited financial statements for the year ended 31 March 2008

### **Results and dividends**

The Company's profit for the financial year to 31 March 2008 was £15,857,000 (2007 £15,201,000)

The directors approved the payment of a dividend of £44,000,000(2007 £nil)

### **Review of business and future developments**

Yell Finance Limited (the "Company"), which is an indirectly wholly owned subsidiary of Yell Group plc ("Yell Group", the "Group"), operates as an investment company and will continue to do so for the foreseeable future

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

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

The Company is not faced with substantial risks

The directors consider the result for the year and the financial year end position to be satisfactory

### **Directors**

The directors of the Company are listed on page 2

### **Directors' remuneration and interests**

None of the directors were remunerated for their services as directors of the Company

The interests of John Condron and John Davis, who are also directors of the ultimate parent company, Yell Group plc, are shown in the Annual Report of that company

## **Directors' report (continued)**

### **Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state that the financial statements comply with IFRSs as adopted by the European Union
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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 1985. They 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.

### **Auditors and disclosure of information to auditors**

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the company in general meeting and the appointment of auditors annually are currently in force. The auditors PricewaterhouseCoopers LLP, will therefore be deemed to have been reappointed at the end of the period of 28 days beginning with the day on which copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

As at the date of signing their report, so far as each director was aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Group's auditors are unaware. The directors have taken necessary steps to make themselves aware of relevant audit information and to establish that the auditors are aware of that information.

**Directors' report (continued)**

By order of the Board

A handwritten signature in black ink, appearing to read 'H Rubenstein', written in a cursive style.

H Rubenstein  
Company Secretary  
3 June 2008

## **Independent auditors' report to the members of Yell Finance Limited**

We have audited the financial statements of Yell Finance Limited for the year ended 31 March 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Change in Shareholders' Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

**Independent auditors' report to the members of Yell Finance Limited (continued)**

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2008 and of its profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

London

3 June 2008



**Yell Finance Limited**  
**Income Statement for the year ended 31 March 2008**

|                                      |       | Year ended<br>31 March<br>2008 | Year ended<br>31 March<br>2007 |
|--------------------------------------|-------|--------------------------------|--------------------------------|
|                                      | Notes | £'000                          | £'000                          |
| Finance income                       | 5     | 22,987                         | 22,239                         |
| Finance costs                        | 6     | (334)                          | (523)                          |
| <b>Profit before taxation</b>        | 7     | 22,653                         | 21,716                         |
| Taxation                             | 8     | (6,796)                        | (6,515)                        |
| <b>Profit for the financial year</b> |       | <u>15,857</u>                  | <u>15,201</u>                  |

**Statement of changes in equity**

|                                      | Share<br>capital | Share<br>premium<br>account | Retained<br>earnings | Total          |
|--------------------------------------|------------------|-----------------------------|----------------------|----------------|
|                                      | £'000            | £'000                       | £'000                | £'000          |
| Balance at 1 April 2006              | 300,000          | 20,728                      | 14,565               | 335,293        |
| Profit for the financial year        | -                | -                           | 15,201               | 15,201         |
| Balance at 1 April 2007              | 300,000          | 20,728                      | 29,766               | 350,494        |
| Profit for the financial year        | -                | -                           | 15,857               | 15,857         |
| Dividends paid in the financial year | -                | -                           | (44,000)             | (44,000)       |
| Balance at 31 March 2008             | <u>300,000</u>   | <u>20,728</u>               | <u>1,623</u>         | <u>322,351</u> |

# Yell Finance Limited

## Balance Sheet at 31 March 2008

|                                   |       | At 31 March<br>2008<br>£'000 | At 31 March<br>2007<br>£'000 |
|-----------------------------------|-------|------------------------------|------------------------------|
|                                   | Notes |                              |                              |
| <b>Non-current assets</b>         |       |                              |                              |
| Trade and other receivables       | 9     | 320,728                      | 320,728                      |
| <b>Current assets</b>             |       |                              |                              |
| Trade and other receivables       | 9     | 2,346                        | 44,340                       |
| <b>Current liabilities</b>        |       |                              |                              |
| Trade and other payables          | 10    | (723)                        | (14,574)                     |
| <b>Net current assets</b>         |       | 1,623                        | 29,766                       |
| <b>Net assets</b>                 |       | 322,351                      | 350,494                      |
| <b>Capital and reserves</b>       |       |                              |                              |
| Share capital                     | 11    | 300,000                      | 300,000                      |
| Share premium account             |       | 20,728                       | 20,728                       |
| Retained earnings                 |       | 1,623                        | 29,766                       |
| <b>Equity shareholders' funds</b> |       | 322,351                      | 350,494                      |

The financial statements on pages 8 to 15 were approved by the board of directors on 3 June 2008 and were signed on its behalf by

J Davis  
Director

# Yell Finance Limited

## Cash Flow Statement for the year ended 31 March 2008

|   |       | Year ended<br>31 March<br>2008<br>£'000 | Year ended<br>31 March<br>2007<br>£'000 |
|---|-------|---|---|
|   | Notes |   |   |
| <b>Cash flows from operating activities</b>         |       |   |   |
| Cash generated from operations                      |       | -                                       | -                                       |
| Interest paid                                       |       | (859)                                   | -                                       |
| Interest received                                   |       | 64,983                                  | -                                       |
| <b>Net cash inflow from operating activities</b>    |       | <b>64,124</b>                           | <b>-</b>                                |
| <b>Cash flows from financing activities</b>         |       |   |   |
| Loans repaid  |       | (20,124)                                | -                                       |
| Dividends paid                                      | 12    | (44,000)                                | -                                       |
| <b>Net Cash outflow from financing activities</b>   |       | <b>(64,124)</b>                         | <b>-</b>                                |
| <b>Net increase in cash and cash equivalents</b>    |       | <b>-</b>                                | <b>-</b>                                |
| Cash and cash equivalents at beginning of year      |       | -                                       | -                                       |
| <b>Cash and cash equivalents at end of the year</b> |       | <b>-</b>                                | <b>-</b>                                |
| <b>Cash generated from operations</b>               |       |   |   |
|   |       | Year ended<br>31 March<br>2008<br>£'000 | Year ended<br>31 March<br>2007<br>£'000 |
| Profit for the year                                 |       | 15,857                                  | 15,201                                  |
| <b>Adjustments for:</b>                             |       |   |   |
| Tax   |       | 6,796                                   | 6,515                                   |
| Finance income                                      |       | (22,987)                                | (22,239)                                |
| Finance costs                                       |       | 334                                     | 523                                     |
| <b>Cash generated from operations</b>               |       | <b>-</b>                                | <b>-</b>                                |

## **Yell Finance Limited**

### **Notes to the financial statements for the year ended 31 March 2008**

#### **1. Accounting policies**

##### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Companies Act 1985. Accordingly these financial statements have been prepared in accordance with IFRS as adopted by the European Union and therefore comply with Article 4 of the EU IAS Resolution.

A summary of the principal accounting policies, which have been applied consistently, is set out below.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current assets or liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets and liabilities. Loans and receivables are classified as trade and other receivables or trade and other payables in the balance sheet.

##### **Taxation**

The charge for taxation is based on the profit for the period and takes into account deferred taxation where transactions or events give rise to temporary differences between the treatment of certain items for taxation and for accounting purposes. Provision is made in full for deferred taxation 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.

Deferred tax is measured at the tax 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 substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

##### **Standards that have been adopted during the current period**

IFRS 7 Financial Instruments: Disclosures and IAS 1 (Amendment) Presentation of Financial Statements - Capital Disclosures (effective from 1 April 2007).

IFRS 7 introduced new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. It replaces IAS 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32 Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRSs. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Company has applied IFRS 7 and the amendment to IAS 1 from 1 April 2007 and restated comparative figures.

## **Yell Finance Limited**

### **Notes to the financial statements for the year ended 31 March 2008 (continued)**

#### **2. Financial risk management**

The Company is not exposed to any significant financial risks factors. The ultimate parent company of Yell Finance Limited is Yell Group plc and the group's risk management programme is detailed in the risk section of the business review of the Yell Group plc Annual Report.

#### **3. Employee information**

The Company has no employees, other than its directors.

#### **4. Directors' emoluments**

The directors did not receive remuneration for their services to Yell Finance Ltd.

| <b>5. Finance income</b>  | <b>Year ended<br/>31 March<br/>2008<br/>£'000</b> | <b>Year ended<br/>31 March<br/>2007<br/>£'000</b> |
|---------------------------|---|---|
| Interest income (Note 14) | <u>22,987</u>                                     | <u>22,239</u>                                     |

| <b>6. Finance costs</b>    | <b>Year ended<br/>31 March<br/>2008<br/>£'000</b> | <b>Year ended<br/>31 March<br/>2007<br/>£'000</b> |
|----------------------------|---|---|
| Interest expense (Note 14) | <u>334</u>  | <u>523</u>  |

#### **7. Profit before taxation**

The auditors' remuneration has been accounted and paid for by Yell Limited, a fellow group company. No other fees were paid to PricewaterhouseCoopers LLP for non-audit services to the company (2007: £nil).

#### **8. Taxation**

The tax charge for the year is equal to the profit before taxation at the standard rate of tax in the UK of 30%.

# Yell Finance Limited

## Notes to the financial statements for the year ended 31 March 2008 (continued)

| 9. Trade and other receivables                 | At 31 March<br>2008<br>£'000 | At 31 March<br>2007<br>£'000 |
|--|------------------------------|------------------------------|
| Non-current loans to related parties (note 14) | <u>320,728</u>               | <u>320,728</u>               |
| Current loans to related parties (note 14)     | <u>2,346</u>                 | <u>44,340</u>                |

Amounts owed by/to related parties are repayable at the discretion of the ultimate parent company, Yell Group plc, and at 31 March 2008 interest is charged at 6.5% (2007: 6.5%) per annum

| 10. Trade and other payables                 | At 31 March<br>2008<br>£'000 | At 31 March<br>2007<br>£'000 |
|--|------------------------------|------------------------------|
| Current loans from related parties (note 14) | <u>723</u>                   | <u>14,574</u>                |

| 11. Called up share capital  | At 31 March<br>2008<br>£'000 | At 31 March<br>2007<br>£'000 |
|--|------------------------------|------------------------------|
| Authorised<br>400,000,000 ordinary shares of £1 each                         | <u>400,000</u>               | <u>400,000</u>               |
| Allotted, called up and fully paid<br>300,000,001 ordinary shares of £1 each | <u>300,000</u>               | <u>300,000</u>               |

| 12. Dividends                    | Year ended<br>31 March<br>2008<br>£'000 | Year ended<br>31 March<br>2007<br>£'000 |
|----------------------------------|---|---|
| Dividend paid of 14.7p per share | <u>44,000</u>                           | <u>-</u>                                |

## 13. Contingent liabilities

At 31 March 2008 and 31 March 2007 there were no contingent liabilities or guarantees

# Yell Finance Limited

## Notes to the financial statements for the year ended 31 March 2008 (continued)

### 14. Related party transactions and controlling entity

The Company is a wholly-owned subsidiary of Yell Holdings 2 Limited and is included in the consolidated financial statements of Yell Group plc, whose financial statements are publicly available. A copy of the consolidated financial statements of Yell Group plc can be obtained from the Secretary, Queens Walk, Oxford Road, Reading, Berkshire, RG1 7PT.

The ultimate holding company and controlling party is Yell Group plc.

Key management did not receive remuneration for their services to Yell Finance Limited.

Details of transactions with other Group undertakings during the years ended 31 March 2008 and 2007 and balances outstanding as at those dates are as follows:

|  | Year ended<br>31 March<br>2008<br>£'000 | Year ended<br>31 March<br>2007<br>£'000 |
|--|---|---|
| <b>Finance income</b>                            |   |   |
| Finance income receivable from Yell Limited      | <u>22,987</u>                           | <u>22,239</u>                           |
|  | Year ended<br>31 March<br>2008<br>£'000 | Year ended<br>31 March<br>2007<br>£'000 |
| <b>Finance costs</b>                             |   |   |
| Finance costs payable to Yell Holdings 2 Limited | <u>334</u>                              | <u>523</u>                              |
|  | At 31 March<br>2008<br>£'000            | At 31 March<br>2007<br>£'000            |
| <b>Non-current assets</b>                        |   |   |
| Amounts receivable from Yell Limited             | <u>320,728</u>                          | <u>320,728</u>                          |
| <b>Current assets</b>                            |   |   |
| Amounts receivable from Yell Limited             | <u>2,346</u>                            | <u>44,340</u>                           |
|  | At 31 March<br>2008<br>£'000            | At 31 March<br>2007<br>£'000            |
| <b>Current liabilities</b>                       |   |   |
| Amounts due to Yell Holdings 2 Limited           | <u>723</u>                              | <u>14,574</u>                           |

### Dividends

A dividend of £44,000,000 was paid to Yell Holdings 2 Limited on 18 March 2008.

**Yell Finance Limited**  
**Notes to the financial statements for the year ended 31 March 2008 (continued)**

**15. Liquidity, credit risk and capital management**

The Company believes that the financial arrangements with other group companies are sufficient to ensure it can meet any obligations to make debt repayments in the coming year

These financial arrangements are with other group companies all controlled by the same ultimate parent company and as such the Company has no reason to establish any allowance for bad debts for amounts receivable

The company's objectives when managing capital are to safeguard the entities ability to continue as a going concern. The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets