

Registered Number: 05724156

## **hibu Holdings 3 Limited**

**Annual Report for the year ended 31 March 2016**



# hibu Holdings 3 Limited

Annual Report for the year ended 31 March 2016

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# hibu Holdings 3 Limited

## Company information

### Directors

Robert Hall

Paul Russo (resigned 31 May 2016)

Christian Wells (resigned 13 November 2015)

Simon Gupta (appointed with effect from 1 June 2016)

### Company secretary

Christian Wells

### Registered office

One Reading Central

Forbury Road

Reading

Berkshire

RG1 3YL

### Registered number

05724156

### Statutory 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 2013 Limited. All references to the Group are references to Hibu Group and its consolidated subsidiaries.

# hibu Holdings 3 Limited

## Strategic report for the year ended 31 March 2016

The directors present their Strategic report for hibu Holdings 3 Limited (the "Company") for the year ended 31 March 2016.

### Principal activities

The Company is a holding company, which is incorporated and domiciled in England and Wales. On 24 December 2015, the Company's indirect holdings in Argentina, Chile and Peru were disposed.

The Company has a branch that is resident in Spain.

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

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

### Review of the business and future developments

The Company's result for the financial year to 31 March 2016 was a loss of £56,173,000 (2015: loss of £79,496,000).

The loss for the year relates primarily to interest charged on the loan from a fellow group undertaking. Given the nature of the losses recognised, the directors consider the result for the year and the financial position at 31 March 2016 to be satisfactory.

During the year ended 31 March 2016, the Company recognised an impairment loss of £nil (2015: £10,338,000) against investments. In 2015 these losses were caused by a decrease in the forecast cash flows of subsidiary undertakings in Spain and Argentina.

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

### Principal risks and uncertainties

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

# hibu Holdings 3 Limited

Strategic report for the year ended 31 March 2016

## Financial risk management

The Company's operations expose it to a variety of financial risks including foreign currency risk and credit risk. As the Company's operations are principally funded through intra-group loan arrangements it is not exposed directly to external risk factors such as liquidity risk. As these intra-group loan arrangements carry interest on a floating rate basis there is an element of interest rate risk. These risks are managed on a group-wide basis by the Company's ultimate parent Hibu Group. Full disclosure on how these risks are managed is provided in the financial statements of that company.

The Company, amongst other group undertakings, is a guarantor under the terms of the Facilities Agreement, of which hibu Connect S.A.U., a subsidiary of the Company, is the borrower.

Among other conditions and covenants, the hibu Connect S.A.U. borrowing facility ("hibu facility") includes a cross default clause linked to the compliance of fellow Group undertakings with the covenants on a separate borrowing facility on which YH Limited, a fellow group undertaking, is the borrower ("YH facility"). The Company, Group and fellow Hibu Group undertakings were in full compliance with all their respective covenants and undertakings at the date these financial statements were approved. hibu Connect S.A.U. fully repaid all amounts owed under the Facilities Agreement on 17 May 2016, at which time the Company's potential obligations as a guarantor ceased to exist.

## Going concern

The directors have considered the implications of the risk management section above and the risks set out in the 31 March 2016 Hibu Group strategic report, and in particular whether it is appropriate to prepare the financial statements of the Company on a going concern basis and the adequacy of the disclosures made within the financial statements. In reaching a conclusion, the directors note that the directors of Hibu Group reviewed forecasts of future performance, which indicate that Hibu Group and its subsidiaries will continue to comply comfortably with financial covenants, generate sufficient cash flows to make debt repayments and be able to meet fully the interest payments for the next twelve months.

The Company's deficit is tied to inter-company financing which is largely due for repayment within the next twelve months. The Company's ultimate holding company, Hibu Group, has provided a letter of support indicating that all parties are expected to extend the terms of the loan beyond a period of at least twelve months from the date of signing these financial statements.

The directors of the Company 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 Group were unable to continue as a going concern.

On behalf of the Board



Robert Hall

Director

Date: 27 June 2016

# hibu Holdings 3 Limited

## Directors' report for the year ended 31 March 2016

The directors submit their Annual Report and the audited financial statements for the Company for the year ended 31 March 2016.

### Dividends

The directors do not recommend the payment of a dividend (2015: £nil).

### Directors' remuneration and interests

The directors of the Company who were in office during the year and up to the date of signing the financial statements are listed on page 1. None of the directors were remunerated for their services as directors of the Company (2015: none).

Article 77 of the Articles of Association of Hibu Group, the ultimate holding company, permit Hibu Group, subject to the Companies Act 2006 and other applicable legislation, to indemnify any of the directors against any loss or liability in connection with any proven or alleged negligence, default, breach of duty or trust by him, in relation to Hibu Group or any of its subsidiaries. In December 2013, Hibu Group entered deeds of indemnity in favour of its current and former executive and non-executive directors and officers of Hibu Group, its subsidiaries and any other companies to which Hibu Group or any of its subsidiaries has nominated or appointed any such person as a director or officer. The deeds of indemnity, which remain in force, are qualifying third party indemnities for the purposes of section 234 of the Companies Act 2006.

### Strategic report

The Company is required by the Companies Act 2006 to set out development and performance of the business during the financial year ended 31 March 2016 and the position of the Company at the end of the year and of the principal risks and uncertainties facing the Company. By reference to the Strategic report, which can be found on pages 2 - 3, the following information is given:

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

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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.

# hibu Holdings 3 Limited

## Directors' report for the year ended 31 March 2016 (continued)

### Statement of directors' responsibilities (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS101, have been followed subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.


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

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. 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.

### Statement of disclosure of information to auditors

At the date of signing their report, so far as each director was aware, there was no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditors were 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.

On behalf of the Board



Robert Hall

Director

Date: 27 June 2016

# hibu Holdings 3 Limited

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

### Report on the financial statements

#### Our opinion

In our opinion, hibu Holdings 3 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 2016 and of its loss 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 2016;
- the income statement and statement of comprehensive income 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 matters 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic report and the Directors' report 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 Directors' report. We have nothing to report in this respect.



# hibu Holdings 3 Limited

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

### 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 directors' responsibilities set out on page 4, 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 company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# hibu Holdings 3 Limited

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

### 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 director's 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 Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



**Pauline Campbell (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

27 June 2016

# hibu Holdings 3 Limited

## Income statement for the year ended 31 March 2016

		Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
	Note		
Administrative expenses		(357)	(12,302)
Other (costs) income		(168)	77
<b>Operating loss</b>	4	<b>(525)</b>	<b>(12,225)</b>
Income from subsidiary	6	548	-
<b>Profit (loss) on ordinary activities before interest and taxation</b>		<b>23</b>	<b>(12,225)</b>
Finance cost	7	(54,215)	(53,719)
<b>Net finance cost</b>	7	<b>(54,215)</b>	<b>(53,719)</b>
<b>Loss before tax</b>		<b>(54,192)</b>	<b>(65,944)</b>
Tax charge	8	(1,981)	(13,552)
<b>Loss for the year</b>		<b>(56,173)</b>	<b>(79,496)</b>

## Statement of comprehensive income for the year ended 31 March 2016

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Loss for the year	(56,173)	(79,496)
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss:		
Foreign exchange (loss) gain on translation of foreign branch results, assets and liabilities	(55,080)	78,530
<b>Other comprehensive (loss) income for the year, net of tax</b>	<b>(55,080)</b>	<b>78,530</b>
<b>Total comprehensive loss for the year</b>	<b>(111,253)</b>	<b>(966)</b>

# hibu Holdings 3 Limited

Statement of financial position at 31 March 2016

		At 31 March 2016 £'000	At 31 March 2015 £'000
	Note		
<b>Non-current assets</b>			
Investments in subsidiaries	9	48,631	45,008
Deferred tax assets	10	1,236	-
<b>Total non-current assets</b>		<b>49,867</b>	<b>45,008</b>
<b>Current assets</b>			
Trade and other receivables	11	4,710	3,307
Cash and cash equivalents		7	7
<b>Total current assets</b>		<b>4,717</b>	<b>3,314</b>
<b>Current liabilities</b>			
Trade and other payables	12	(794,614)	(6,475)
<b>Total current liabilities</b>		<b>(794,614)</b>	<b>(6,475)</b>
<b>Net current liabilities</b>		<b>(789,897)</b>	<b>(3,161)</b>
<b>Non-current liabilities</b>			
Trade and other payables	12	-	(670,624)
<b>Total non-current liabilities</b>		<b>-</b>	<b>(670,624)</b>
<b>Net liabilities</b>		<b>(740,030)</b>	<b>(628,777)</b>
<b>Equity</b>			
Share capital	13	100	100
Foreign currency translation reserve		112,809	167,889
Accumulated losses		(852,939)	(796,766)
<b>Total equity</b>		<b>(740,030)</b>	<b>(628,777)</b>

The financial statements on pages 9 to 22 were approved by the Board of directors and were signed on 27 June 2016 on its behalf by:



**Robert Hall**  
Director

Registration no 05724156

# hibu Holdings 3 Limited

## Statement of changes in equity for the year ended 31 March 2016

	Share capital £'000	Share premium £'000	Foreign currency translation reserve £'000	Accumulated losses £'000	Total equity £'000
<b>2015</b>					
Balance at 1 April 2014	652,545	1,499,250	89,359	(2,868,965)	(627,811)
Loss for the year	-	-	-	(79,496)	(79,496)
Other comprehensive income	-	-	78,530	-	78,530
Total comprehensive income (loss) for the year	-	-	78,530	(79,496)	(966)
Cancellation of shares	(652,445)	(1,499,250)	-	2,151,695	-
Balance at 31 March 2015	100	-	167,889	(796,766)	(628,777)

	Share capital £'000	Share premium £'000	Foreign currency translation reserve £'000	Accumulated losses £'000	Total equity £'000
<b>2016</b>					
Balance at 1 April 2015	100	-	167,889	(796,766)	(628,777)
Loss for the year	-	-	-	(56,173)	(56,173)
Other comprehensive loss	-	-	(55,080)	-	(55,080)
Total comprehensive loss for the year	-	-	(55,080)	(56,173)	(111,253)
Balance at 31 March 2016	100	-	112,809	(852,939)	(740,030)

# hibu Holdings 3 Limited

## Notes to the financial statements for the year ended 31 March 2016

### 1. Accounting policies

#### Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Information on the effect of the first-time adoption of FRS 101 is given in note 17.

The Company has early adopted the changes to the format of the financial statements made in SI 2015/980.

The Company is a private company, limited by shares and registered in England and Wales, under registration number 05724156. Its registered office is at One Reading Central, Forbury Road, Reading, Berkshire, RG1 3YL.

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

#### First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with International Reporting Standards (IFRSs) as endorsed for use within the European Union.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with EU endorsed IFRS. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of some of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with EU endorsed IFRS.

#### Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 91-97 of IFRS 13 'Fair Value Measurement';
- the requirements of paragraph 38 of IAS1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- the requirements of IAS 7 'Statement of Cash Flows';

# hibu Holdings 3 Limited

## Notes to the financial statements for the year ended 31 March 2016

### 1. Accounting policies (continued)

#### Financial reporting standard 101 - reduced disclosure exemptions (continued)

- 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'; and
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary that is a party to the transaction is wholly owned by such a member.

#### Going concern

The financial statements have been prepared on a going concern basis. The Company and other subsidiaries of Hibu Group, became Guarantors under the terms of Facilities Agreements dated 3 March 2014. Among other conditions and covenants, the hibu Connect SAU borrowing facility includes a cross default clause linked to the compliance of fellow Hibu Group undertakings with the covenants on a separate borrowing facility on which YH Limited, a fellow group undertaking, is the borrower. The Company, Group and fellow Hibu Group undertakings were in full compliance with all their respective covenants and undertakings at the date these financial statements were approved. hibu Connect SAU fully repaid all amounts owed under the Facilities Agreement on 17 May 2016, at which time the Company's potential obligations as a guarantor ceased to exist.

The Company's deficit is tied to inter-company financing which is largely due for repayment within the next twelve months. The Company's ultimate holding company, Hibu Group, has provided a letter of support indicating that all parties are expected to extend the terms of the loan beyond a period of at least twelve months from the date of signing these financial statements.

The directors have concluded that the going concern basis of accounting continues to be appropriate as set out in the strategic report on page 3.

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

#### Finance costs and income

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

#### Foreign currencies

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

#### 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.

# hibu Holdings 3 Limited

## Notes to the financial statements for the year ended 31 March 2016

### 1. Accounting policies (continued)

#### Investments in subsidiaries (continued)

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

#### Trade and other receivables

Trade receivables are recognised initially at fair value. 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.

#### Financial assets and liabilities

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

#### 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.

#### Dividends

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

#### 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.

#### Current and deferred tax

The charge or credit for tax is based on the profit or loss for the year 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.

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.



# hibu Holdings 3 Limited

## Notes to the financial statements for the year ended 31 March 2016

### 1. Accounting policies (continued)

#### Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Standards that have been adopted during the current year

In addition to the adoption of FRS101, the following standards, interpretations and amendments became effective during the year but were not material to the Company:

- Amendment to IAS 19 regarding retirement benefit plans, which sets out narrow-scope amendments that apply to contributions from employees or third parties to defined benefit plans. It has received EU endorsement and was effective for accounting periods beginning on or after 1 February 2015.
- Annual improvements 2012, which include changes from the 2010-12 cycle of the annual improvements project, including changes to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 37 and IAS 39. These improvements were effective for annual periods beginning on or after 1 July 2014, although endorsed for annual periods beginning on or after 1 February 2015.
- Annual improvements 2013, which include changes from the 2011-13 cycle of the annual improvements project, including changes to IFRS 1, IFRS 3, IFRS 13 and IAS 40. These improvements were endorsed for annual periods beginning on or after 1 January 2015.
- IFRIC 21, 'Levies', relating to IAS37 ('Provisions, contingent liabilities and contingent assets'). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. It is effective for annual periods beginning on or after 1 January 2014 although endorsed for annual periods beginning on or after 17 June 2014.

### 2. Critical accounting estimates and judgments

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

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

#### Tax

The determination of the Company's obligation and expense for taxes requires an interpretation of tax law.

# hibu Holdings 3 Limited

## Notes to the financial statements for the year ended 31 March 2016

### 2. Critical accounting estimates and judgments (continued)

#### Tax (continued)

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

The Company recognises deferred tax assets and liabilities arising from timing differences where there is a taxable benefit or obligation in the future as a result of past events.

The Company records deferred tax assets to the extent that it believes they are more likely than not to be realised. Should the Company determine in the future that it would be able to realise deferred tax assets in excess of the recorded amount or that the liabilities are different than the amounts it recorded, then it would increase or decrease income as appropriate in the period such determination was made. At 31 March 2016 it believes it has recognised all its potential deferred tax assets.

#### Carrying value of investments

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

### 3. Directors' emoluments

The directors did not receive remuneration for their services to the Company (2015: £nil).

### 4. Operating loss

There are no employees of the Company (2015: none). Employees referred to in note 5 below are employed by the Company's, Spanish branch.

The auditors' remuneration of £4,800 (2015: £2,500) has been accounted and paid for by hibu (UK) Limited, a fellow group company. No other fees were paid to PricewaterhouseCoopers LLP for non-audit services to the Company (2015: £nil).

The operating loss is stated after charging:

		Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
	Note		
Staff costs	5	87	121
Restructuring costs		160	1,752
Impairment of investments		-	10,338
Other administrative expenses		110	91
Foreign exchange loss (gain)		168	(77)

# hibu Holdings 3 Limited

Notes to the financial statements for the year ended 31 March 2016

## 5. Employees

By activity:	Year ended 31 March 2016	Year ended 31 March 2015
<b>Average monthly number of employees</b>		
Administrative	1	2
<b>Total</b>	<b>1</b>	<b>2</b>

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
<b>Staff costs during the year:</b>		
Wages and salaries	75	106
Social security costs	12	15
<b>Total staff costs</b>	<b>87</b>	<b>121</b>

## 6. Income from subsidiary

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Dividends received from subsidiary	548	-
<b>Total income from subsidiary</b>	<b>548</b>	<b>-</b>

## 7. Net finance costs

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Interest payable on loans from group undertakings	54,215	53,719
<b>Total finance costs</b>	<b>54,215</b>	<b>53,719</b>
<b>Net finance costs</b>	<b>54,215</b>	<b>53,719</b>

# hibu Holdings 3 Limited

Notes to the financial statements for the year ended 31 March 2016

## 8. Tax

		Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
	Note		
<b>Current tax:</b>			
Foreign tax credit for the year		(47)	(1,846)
Adjustments in respect of prior years		3,250	9,562
<b>Total current tax charge</b>		<b>3,203</b>	<b>7,716</b>
<b>Deferred tax:</b>			
Foreign deferred tax (credit) charge for the year	10	(1,222)	5,836
<b>Total deferred tax (credit) charge</b>		<b>(1,222)</b>	<b>5,836</b>
<b>Tax charge</b>		<b>1,981</b>	<b>13,552</b>

The tax charge (2015: charge) for the year is higher (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Loss before tax	(54,192)	(65,944)
Loss before tax multiplied by standard rate of corporation tax in the UK	(10,838)	(13,848)
<b>Effects of:</b>		
Non-deductible finance costs	10,742	-
Adjustments in respect of prior years	3,250	9,562
Foreign deferred tax assets re-recognised	(1,222)	-
UK deferred tax assets arising not recognised	174	-
Non-deductible expenses	32	-
Non-taxable investment income	(110)	-
Group relief surrendered for nil consideration	-	11,179
De-recognition of UK deferred tax asset in respect of losses	-	5,836
Non-deductible impairments	-	2,171
Other items	(47)	(1,348)
<b>Tax charge</b>	<b>1,981</b>	<b>13,552</b>

The main rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. 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. These further rate reductions have no effect on the Company's financial statements as the Company has no deferred tax assets or liabilities in respect of UK tax at 31 March 2016.

A further rate reduction from 18% to 17%, which was announced in the Chancellor's Budget on 16 March 2016 and which is expected to apply from 1 April 2020, was not substantively enacted at the balance sheet date. This rate change would have no effect on the Company's financial statements as the Company has no deferred tax assets or liabilities in respect of UK tax at 31 March 2016.

# hibu Holdings 3 Limited

Notes to the financial statements for the year ended 31 March 2016

## 9. Investments in subsidiaries

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
<b>Cost</b>		
At 1 April	2,747,557	2,747,557
<b>At 31 March</b>	<b>2,747,557</b>	<b>2,747,557</b>
<b>Impairment</b>		
At 1 April	(2,702,549)	(2,686,114)
Impairments of investments	-	(10,338)
Currency movements	3,623	(6,097)
<b>At 31 March</b>	<b>(2,698,926)</b>	<b>(2,702,549)</b>
<b>Carrying value</b>	<b>48,631</b>	<b>45,008</b>

Brief details of the Company's subsidiary undertakings at 31 March 2016 and 2015, all of which are unlisted, are as follows:

Direct subsidiaries	Company activity	Country of incorporation	At 31 March 2016 % owned	At 31 March 2015 % owned	At 31 March 2016	At 31 March 2015
					Carrying value £'000	Carrying value £'000
hibu Connect S.A.U.	Classified Advertising Publisher	Spain	100.00	100.00	48,631	45,005
hibu Mediaworks S.A.U. (a)	Directory Graphics Services	Spain	-	100.00	-	3
Yell Finance (Jersey) Two Limited	Finance company	Jersey (b)	100.00	100.00	-	-
<b>Carrying value</b>					<b>48,631</b>	<b>45,008</b>

During the year ended 31 March 2016, the Company recognised an impairment loss of £nil (2015: £10,338,000) against investments. In 2015 these losses were caused by a decrease in the forecast cash flows of subsidiary undertakings in Spain and Argentina.

# hibu Holdings 3 Limited

Notes to the financial statements for the year ended 31 March 2016

## 9. Investments in subsidiaries (continued)

Indirect subsidiaries	Company activity	Country of incorporation	At 31 March 2016 % owned	At 31 March 2015 % owned
11888 Servicio Consulta Telefonica, S.A.	Directory assistance	Spain	100	100
Directories Holding, B.V. (e)	Holding company	Netherlands	100	100
hibu Argentina, S.A. (c)	Classified advertising publisher	Argentina	-	100
Yell Chile Holding, S.A. (d)	Dormant	Chile	-	100
hibu Chile, S.A. (c)	Classified advertising publisher	Chile	-	100
Publiguias Holding, S.A. (c)	Holding company	Chile	-	100
hibu Peru, S.A.C. (c)	Classified advertising publisher	Peru	-	100

(a) hibu Mediaworks S.A.U merged with hibu Connect S.A.U. on 1 April 2015

(b) Yell Finance (Jersey) Two Limited is incorporated in Jersey but managed and controlled in the United Kingdom.

(c) Disposed during the year.

(d) Dissolved during the year.

(e) In liquidation.

The registered office of Yell Finance (Jersey) Two Limited is Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG.

The registered address of the companies operating in Spain is Avenida de Manoteras, 12, 28050 Madrid, Spain.

The registered address of Directories Holdings, B.V. is Drentestraat, 24BG, 1083 HK Amsterdam, The Netherlands.

## 10. Deferred tax assets

	Year ended 2016 £'000	Year ended 2015 £'000
Deferred tax assets in respect of net operating losses at 1 April	-	5,836
Credited (charged) to income statement (note 8)	1,222	(5,836)
Currency movements	14	-
<b>Recognised deferred tax assets at 31 March</b>	<b>1,236</b>	<b>-</b>

The Company has a branch that is resident in Spain and is head of the Spanish tax group.

The recognised deferred tax assets of £1,222 (€1,564,000) at 31 March 2016 relate to temporary differences within the Company's Spanish branch and have been recognised on the basis of forecast future taxable profits within the Spanish tax group.

# hibu Holdings 3 Limited

## Notes to the financial statements for the year ended 31 March 2016

### 10. Deferred tax assets (continued)

As forecast profitability in the prior year was no longer sufficient to support the recognition of deferred tax assets in respect of UK net operating losses, the deferred tax assets, previously recognised were derecognised.

The Company did not recognise deferred tax assets at 31 March 2016 of £8.4 million (2015: £9.3 million) in respect of UK net operating losses of £46.9 million (2015: £46.4 million).

The branch did not recognise deferred tax assets of £427.3 million (€540.7 million) (2015: £373.1 million (€510.1 million)) in respect of Spanish net operating losses and other temporary differences of £1,709.2 million (€2,162.6 million) (2015: £1,494.4 million (€2,043.1 million)) at 31 March 2016.

### 11. Trade and other receivables

	At 31 March 2016 £'000	At 31 March 2015 £'000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	4,698	3,281
Current tax receivable	12	26
<b>Total amounts falling due within one year</b>	<b>4,710</b>	<b>3,307</b>

Amounts owed by group undertakings are reported as current assets as they are repayable at the discretion of the ultimate parent company, Hibu Group. These amounts are non-interest bearing.

### 12. Trade and other payables

	At 31 March 2016 £'000	At 31 March 2015 £'000
<b>Amounts falling due within one year</b>		
Amounts owed to group undertakings	794,592	6,261
Other payables	22	214
<b>Total amounts falling due within one year</b>	<b>794,614</b>	<b>6,475</b>
<b>Amounts falling due after more than one year</b>		
Amounts owed to group undertakings	-	670,624
<b>Total amounts falling due after more than one year</b>	<b>-</b>	<b>670,624</b>

Amounts owed to group undertakings falling due within one year include loans of £783,102,000 (2015: £nil), denominated in Euros €990,746,000 (2015: €nil), which were previously treated as non-current liabilities. These loans bear interest in an aggregate amount based on an implied interest rate of 7.83%.

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

# hibu Holdings 3 Limited

## Notes to the financial statements for the year ended 31 March 2016

### 12. Trade and other payables (continued)

Amounts owed to group undertakings falling due after more than year of £nil (2015: £670,624,000) are denominated in Euros €nil (2015: €916,851,000) and bear interest in an aggregate amount based on an implied interest rate of 7.83%. On 31 March 2015, the terms of the loan agreements were amended to include a profit participating element. Under the amended terms, variable interest amounts of €6,014,048 and €2,010,956 would become payable at the final repayment dates in the event that certain conditions are fulfilled. These amendments did not result in a substantial modification of the terms of the previous loan agreements.

### 13. Share capital

	No. of shares	£'000
Ordinary shares of £1		
Allotted and fully paid		
At 1 April 2015	100,000	100
At 31 March 2016	100,000	100

All shares rank pari passu in all respects.

### 14. Financial commitments, contingent liabilities and litigation

There are no capital or other commitments.

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

The Company participates in a Group banking arrangement whereby the Company's assets are provided as security against Group loans. The Company and fellow obligors were in full compliance with the financial covenants included within those arrangements at 31 March 2016.

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

### 15. Controlling entity

At 31 March 2016 the Company was a wholly owned subsidiary of Eagle Spain Holdco 2013 Limited. The ultimate holding company and controlling party is Hibu Group.

The smallest group in which the financial statements of this company are consolidated is Eagle Spain Holdco 2013 Limited and the largest is Hibu Group, both of whose financial statements are publicly available at One Reading Central, Forbury Road, Reading, Berkshire, RG1 3YL.

### 16. Post balance sheet events

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

### 17. First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not affected equity or the income statement.