

hibu Holdings 3 Limited

Annual Report for the year ended 31 March 2014

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hibu Holdings 3 Limited

Annual Report for the year ended 31 March 2014

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Company information

Directors

Antony Jeffrey Bates (resigned 23 April 2014)
Robert Hall (appointed 27 March 2014)
Christian Wells (resigned 27 March 2014)
David Eckert (appointed 23 April 2014)
Paul Russo (appointed 23 April 2014)

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

hibu Holdings 3 Limited

Strategic report for the year ended 31 March 2014

The directors present their Strategic Report together with the audited consolidated financial statements of hibu Holdings 3 Limited for the year ended 31 March 2014. The financial statements comprise the consolidated financial statements of hibu Holdings 3 Limited (the "Company") and its subsidiaries (together the "Group") on pages 11 to 45 and the financial statements of the Company on pages 46 to 61.

Review of the business and future developments

The Group's result for the financial year to 31 March 2014 was a profit of £250.0m (2013 - loss of £393.5m). The Company's result for the year to 31 March 2014 was a loss of £414.8m (2013 - loss of £401.8m).

The Group has made further progress with its strategic transformation to a digitally focussed business. This is despite the continued difficult economic environment and revenue shift from directories to other forms of media which caused total revenue to decline 22% over the year from £267.1m to £208.3m.

At 31 March 2013, the Company and its subsidiaries were indirectly wholly owned subsidiaries of their ultimate parent company, hibu plc (in administration), which with its subsidiaries comprised the "hibu Group". On 3 March 2014, the Company and its subsidiaries participated in the financial restructuring of the hibu Group through a court approved scheme of arrangement, as discussed below. On 3 March 2014, Eagle Topco 2013 Limited became the ultimate holding company through intermediate holding companies when Eagle Topco 2013 Limited formed the "Eagle Topco Group" by acquiring certain assets of hibu plc (in administration), including the entire shareholding of hibu Holdings 3 Limited. At the same time, new debt structures were put in place separately for the Group and for fellow Eagle Topco Group undertakings.

As part of this financial restructuring, the overall financial indebtedness of the Group and fellow Eagle Topco Group undertakings was reduced, the terms of the Group's borrowing facilities were amended and extended and the Company was released from the guarantees it had given under previous facilities.

As a consequence of the change in ownership of the Group new directors were appointed to the board of the Company in March 2014 which has resulted in a number of important changes to the Groups' strategy. First, it has been recognised that because the markets in which the Group operates differ significantly by geography it is important to have management accountability focused primarily at the country level. It has also been recognised that the Group's resources have been focused too widely, often on initiatives that have not proven themselves successful enough to justify continuation. As a consequence of these changes in strategy a program of aligning the size of the organisation to meet the strategic needs of the business was announced in April 2014.

During the twelve month period, the Group maintained momentum in developing its digital business with digital services revenue growing 16% from £14.7m for the year ended 31 March 2013 to £17.1m for the year ended 31 March 2014. The Group is well placed to help small and medium-sized enterprises (SMEs) take advantage of the evolving digital opportunity. The Group's 900 strong sales force is increasingly offering small businesses sophisticated digital marketing solutions, ranging from being found more effectively on the large search engines to enabling sites for mobile functionality.

Digital directory revenue declined 16% from £63.5m to £53.6m in the twelve months as competition and the difficult economic environment continue to drive fewer customers and a reduction in their average spend. This contrasts with usage which has increased with users in March 2014 7% up on the prior year to 13.5m from 12.6m suggesting that there is a significant opportunity to reverse the decline in revenue.

Print and other directory revenue declined 27% from £188.9m to £137.6m over the prior year which was a similar underlying rate of decline to the prior year. The decline reflects both fewer customers and lower revenue per advertisers as SMEs reduce their expenditure on print and move to other forms of advertising. A strategic review of the community magazine product in Spain and Latin America failed to identify a clear path to achieve near term sustainable profitability and as a consequence a decision was taken to withdraw the product. In the year to 31 March 2014 magazines accounted for £1.8m of revenue.

The Group continues to consolidate its suppliers, rationalise its technology platforms and property portfolio and improve the efficiency of its sales channels. As a result, over the last 12 months, the Group has reduced costs by £27m from £150m to £123m, independent of the decline in revenue. As highlighted above, the expectation is that additional cost savings will be realised going forward.

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Strategic report for the year ended 31 March 2014 (continued)

However, the relatively fixed nature of the Group's cost base means that the decline in print and digital directory revenue has had a significant impact on earnings, leaving EBITDA £31m down on the prior year at £37m (2013 - £68m).

The operating result of the Group has improved by £635m moving from a loss of £407m in 2013 to a profit of £228m in the current year. This reflects three items which together off-set the £31m fall in EBITDA by a significant margin:

- net exceptional gain of £252m in the current year arising from transactions relating to the financial restructuring of the hibu Group completed on 3 March 2014 (2013 - exceptional charge £14m);
- lower impairment charge in the current year of £38m (2013 - £393m); the charge in the current year was largely related to a downward revision in the forecast results of subsidiary undertakings in Latin America; and
- lower amortisation charge relating to intangibles in the current year of £16m (2013 - £62m).

External net interest expense increased by £15m from net interest income of £5m to net interest expense of £10.0m reflecting the fact that the year ended 31 March 2013 benefited from a gain on the settlement of external debts of £22m.

Profit after tax has increased by £644m from a loss of £394m to a profit of £250m is affected by all the factors listed above and a net tax credit in the year of £32m (2013 - £9m) which is mainly due to the release of current and deferred tax liabilities following the conclusion of a tax audit in Spain in the year.

Free cash flow decreased by £20m from £58m in the year ended 31 March 2013 to £28m in the year ended 31 March 2014.

Total net debt reduced £469m from £492m at 31 March 2013 to £23m at 31 March 2014 largely due to the financial restructuring of the Group under which the terms of the Group's borrowing facilities were amended and extended and the Company was released from the guarantees it had given under previous facilities. At the end of March 2014, the Group had £57m (2013 - £45m) of cash and cash equivalents (see note 18).

During the year the Group recognised impairment losses against goodwill and other intangible assets totalling £5.5m (2013 - £392.8m). The Company recognised an impairment loss on its investments of £388.0m (2013 - £352.6m) and charged an amount of £20.0m (2013 - £10.3m) in respect of a provision against its receivables from group undertakings. The losses were largely caused by a decrease in forecast results of subsidiary undertakings in Spain and Latin America.

The non-financial key performance indicators of the Group are as follows:

'000	2014	2013
Unique visitors for month of year end	12,600	13,200
Websites live at the year end	68	73
Unique advertisers	306	295

Risks and uncertainties

(1) Risk from: Debt and financing risk (financial covenants)

In the Report of the directors for the year ended 31 March 2013, it was reported that the 'hibu Group' was in default under the 2009 debt facilities and that it had entered negotiations to determine a new debt and capital structure. As announced on 25 July 2013, the principal terms for the restructuring of the debt were agreed in principle with the coordinating committee of lenders, subject to clearance from the UK pension regulator and court approval. On 3 March 2014, the restructuring became effective and the Company, amongst other group undertakings, became a guarantor under the terms of a new Facilities Agreement dated 3 March 2014 under which a subsidiary of the Company, hibu Connect SAU, is the borrower.

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Strategic report for the year ended 31 March 2014 (continued)

Risks and uncertainties (continued)

(1) Risk from: Debt and financing risk (financial covenants) (continued)

Among other conditions and covenants, the hibu Connect SAU borrowing facility ("hibu facility") includes a cross default clause linked to the compliance of fellow Eagle Topco 2013 Group undertakings with the covenants on a separate new borrowing facility on which YH Limited, a sister company of the Company, is the borrower ("YH facility").

The Company, Group and fellow Eagle Topco Group undertakings were in full compliance with all their respective covenants and undertakings with regards to YH facility at the date these financial statements were approved. However forecasts indicate that there is a risk that the financial covenants of the YH facility may be breached within the next twelve months. Any such breach of covenants relating to YH facility would also result in a default of the hibu facility by virtue of the cross default clause within that facility.

If a financial covenant breach is imminent the directors of Eagle Topco 2013 Limited will approach the lenders to secure a waiver to ensure no breach occurs; this will require the support of two-thirds of the lenders. In the event that the covenants are breached without remedy or waiver, the lenders agent may, and must if directed by two-thirds of the lenders (by reference to debt held) demand immediate repayment of all amounts due to them. The directors consider it unlikely that a covenant waiver will not be obtained and that the lenders would request repayment, but there is a material uncertainty.

Potential effect – in the event that covenants are breached without remedy or waiver, the lenders' agent may, and must if directed by two-thirds of lenders (by reference to debt held) demand immediate repayment of all amounts due to them. In these circumstances it is very unlikely that the Group would be able to continue to trade.

Mitigation - the Company and Group were in full compliance with the financial covenants at the date these accounts were signed. The Directors of Eagle Topco 2013 Limited, the ultimate holding company of the Group, propose to approach the lenders with a view to securing a waiver or reset of the financial covenants to ensure that no breach occurs; this will require the support of two thirds of the lenders by value. The Board considers that it is unlikely that a covenant waiver or reset will not be obtained and that the lenders would request repayment, but clearly, this is a material uncertainty.

The Company believes that the financial arrangements with other group undertakings are sufficient to ensure it can meet any obligations to make debt and interest payments in the coming year. These financial arrangements are with other group undertakings all controlled by the same ultimate parent company.

(2) Risk from: Change of strategy

On 3 March 2014, the Group was acquired by a new ultimate holding company, Eagle Topco 2013 Limited. The new Board immediately implemented a number of wide ranging strategic changes including a significant reduction in the cost base and refocusing the Group back towards a geographical rather than a global organisation structure. As with any change there are execution risks including the risk of an extended period of disruption and a potential loss of market focus.

Potential effect - lost revenue and profits, asset impairments and funding issues.

Mitigation – to mitigate this risk the new strategy has been executed quickly to eliminate any uncertainty and to ensure that the period of disruption is minimised. The Group's organisation structure has also been greatly simplified and a significant number of projects have been stopped to allow the business to focus on a small number of key activities that deliver immediate value.

(3) Risk from: Strong competition in existing and new markets

The Group faces strong competition in all of its markets from both the arrival of new products, such as the replacement of print with digital alternatives, and from the action of other companies, some of whom have significant resources particularly in the Group's new digital markets.

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Strategic report for the year ended 31 March 2014 (continued)

Risks and uncertainties (continued)

(3) Risk from: Strong competition in existing and new markets (continued)

Potential effect - the Group is unable to replace, or replace quickly enough, the cash flow lost as its legacy directory products decline, with income from new products and markets.

Mitigation - the Group has focused its resources on a small range of digital products where it believes that it has a competitive advantage. In addition, significant cost reductions are being made to ensure that the Group remains cash generative so that sufficient resources can be invested to drive growth from the portfolio of digital products where the Group has a strong competitive position.

(4) Risk from: Economic uncertainty

Economic uncertainty and tight credit markets can lead to SMEs spending less money on advertising. The main market in which the Group operates, Spain, has been badly impacted by the Eurozone crisis leading to low or negative growth and high levels of unemployment. The situation however is slowly improving and business confidence is returning. In the other markets in which the Group operates (principally Chile, Peru and Argentina) the Group is exposed to a certain level of economic uncertainty particularly in Argentina where inflation remains high and sovereign debt continues to be an issue.

Potential effect - lost revenue and profits, asset impairments and funding issues.

Mitigation – the Group has implemented an aggressive cost reduction programme and is moving increasingly towards a variable cost model that will allow it to better manage any fluctuations in demand.

(5) Risk from: Dependence on IT

The Group is dependent on effective IT systems and the need to update its systems to maintain efficient and effective operations. These systems are key to both the legacy print products and to the delivery of the newer digital products. The Group is also dependent upon the uninterrupted and secure operation of its computer systems and data bases.

Potential effect - lost revenue and profits, asset impairments, breach of legislation and damage to reputation.

Mitigation – the Group is focusing resources on a small number of key IT 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 IT security controls.

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

Potential effect - lost revenue and profits and damage to reputation

Mitigation - the Group devotes significant resources to the considerable challenge of compliance with applicable current and emerging laws. The Group, through its in-house legal team, establishes specific policies and guidelines as appropriate. The Group 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 Group ensures that the integrity of its control framework is maintained through both internal and external audit.

(7) Risk from: Key people leaving the business

The success of the Group is partly dependent upon the continued service of its key management personnel particularly in relation to 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 remains high and recruiting replacements challenging.

Potential effect - lost revenue and profits, damage to reputation

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Strategic report for the year ended 31 March 2014 (continued)

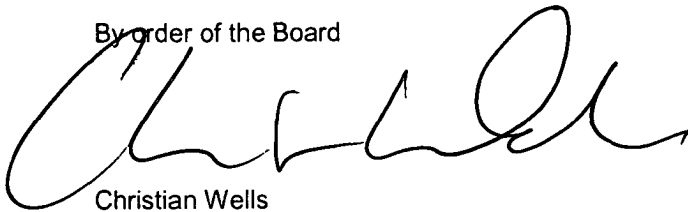
(7) Risk from: Key people leaving the business (continued)

Mitigation - succession planning for key roles is continually being addressed by the Group's Human Resources (HR) department. The HR strategy is also being evolved to have an increased local focus to address the particular challenges the Group faces in each of the geographical markets in which it operates.

Going concern

The directors have considered the implications of 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, which indicate that the Group will continue to generate sufficient cash flows and will be able to fully meet interest payments for the next twelve months. The directors also noted that the debt of the Eagle Topco Group and the equity of Eagle Topco 2013 Limited are traded as a single stapled instrument (up until the point at which the cash pay debt is repaid) meaning that the external shareholders and lenders to the Eagle Topco Group are economically one and the same. Therefore, the directors have concluded that the going concern basis of accounting continues to be appropriate. Nevertheless, the directors are making full disclosure, as required by accounting standards, to indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

By order of the Board



Christian Wells

Company Secretary

Date: 29 July 2014

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Directors' report for the year ended 31 March 2014

The directors present their report and the audited financial statements for hibu Holdings 3 Limited for the year to 31 March 2014. The financial statements comprise the consolidated financial statements of the hibu Holdings 3 Limited (the "Company") and its subsidiaries (together the "Group") on pages 11 to 45 and the financial statements of the Company on 46 to 61.

Dividends

No dividends were paid or proposed during the year ended 31 March 2014 (2013 - £nil).

Directors

The directors who held office during the year and up to the date of signing the financial statements are stated on page 1. Details of directors' remuneration can be found in note 25 of the consolidated financial statements.

Directors qualifying indemnity provisions

Article 69 of the Articles of Association of Eagle Topco 2013 Limited (the Group's ultimate holding company) permit Eagle Topco 2013 Limited, 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 Eagle Topco 2013 Limited or any of its subsidiaries. In December 2013, Eagle Topco 2013 Limited entered deeds of indemnity in favour of its current and former executive and non-executive directors and officers of Eagle Topco 2013 Limited, its subsidiaries any other companies to which Eagle Topco 2013 Limited 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 of the Group during the financial year ended 31 March 2014 and of the position of the Group at the end of the year and a description of the principal risks and uncertainties facing the Group. By reference to the Strategic Report, which can be found on pages 2 to 6, the following information is given:

- Review of the business and future developments;
- Risk and uncertainties; and
- Going concern.

Employees

The Group 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.

Our Equal Opportunities Policy contains a code of good practice on disability which 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, again in consultation with the individual, other positions will be considered where the individual's skills and abilities match the requirements of the role, again, making reasonable adjustments where appropriate.

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 Group such as the intranet, various printed publications and live briefings. These help to ensure that employees are kept fully informed about developments in the Group, including the Group's financial performance.

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Directors' report for the year ended 31 March 2014 (continued)

Employees (continued)

Information provision to employees

The Group seeks feedback from its people on a wide range of topics through day-to-day contact, team meetings and regular "Town Hall" meetings where senior management present information and seek feedback from employees in all the territories and through annual employee feedback surveys.

Each year the Group makes a significant investment in employee communications to ensure that everybody knows and understands the Group's objectives, to ensure everyone is kept up-to-date with progress against its strategic initiatives, and to ensure comprehensive communication of local and Group news.

Statement of directors' responsibilities

The directors are responsible for preparing the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union as issued by the IASB. Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

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

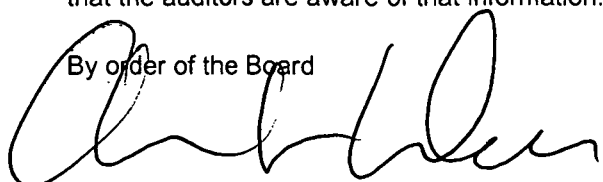
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain group transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Additional details are presented in note 1.

Statement of disclosure to auditors

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 418 of the Companies Act 2006) 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.

By order of the Board



Christian Wells

Company Secretary

Date: 24 July 2014

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2014 and of the group's profit, the company's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

Emphasis of matter - Group - Going concern

In forming our opinion on the group financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's ability to continue as a going concern. There is a significant risk that the Eagle Topco 2013 Group may breach the financial covenants of the YH Limited borrowing facility. A breach not resolved by a remedy or waiver and if voted in favour by two thirds of lenders (by reference to debt held) would result in a demand for immediate repayment of all amounts due to the lenders. The Company and Group, as a result of a cross-default clause in the hibu Connect SAU borrowing facility, would be in default in these circumstances and would be required make immediate repayment of its borrowing if two thirds of lenders (by reference to debt held) voted in favour. This potential breach of covenants and related cross-default creates doubt about the Groups and Company's ability to continue as a going concern. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The group financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Emphasis of matter - Company - Going concern

In forming our opinion on the company financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. There is a significant risk that the Eagle Topco 2013 Group may breach the financial covenants of the YH Limited borrowing facility. A breach not resolved by a remedy or waiver and if voted in favour by two thirds of lenders (by reference to debt held) would result in a demand for immediate repayment of all amounts due to the lenders. The Company and Group, as a result of a cross-default clause in the hibu Connect SAU borrowing facility, would be in default in these circumstances and would be required make immediate repayment of its borrowing if two thirds of lenders (by reference to debt held) voted in favour. This potential breach of covenants and related cross-default creates doubt about the Groups and Company's ability to continue as a going concern. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The company financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

What we have audited

The group financial statements and company financial statements (the "financial statements"), which are prepared by hibu Holdings 3 Limited, comprise:

- Statement of financial position as at 31 March 2014;
- Income statement and Statement of comprehensive income for the year then ended;
- Cash flow statement for the year then ended;
- 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 their preparation is applicable law and IFRSs as adopted by the European Union. 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.

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What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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 group's and 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.

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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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 8, 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 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.



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

29 July 2014

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Group income statement

Year ended 31 March

£m	Note	2014	2013
Revenue	2	208.3	267.1
Cost of sales		(115.8)	(119.1)
Gross profit		92.5	148.0
Distribution costs		(8.4)	(12.5)
Administrative credit/(expense) (including exceptional profit of £251.5m (2013 - cost of £13.9m) and impairment charges of £38.2m (2013 - £392.8m))	6	144.1	(542.3)
Profit/(loss) from operations		228.2	(406.8)
Finance costs	7	(82.8)	(80.5)
Finance income	7	72.8	85.2
Net finance (cost)/income	7	(10.0)	4.7
Profit/(loss) before taxation		218.2	(402.1)
Taxation credit	8	31.8	8.6
Profit/(loss) for the year		250.0	(393.5)

Group statement of comprehensive income

Year ended 31 March

£m	Note	2014	2013
Profit/(loss) for the year		250.0	(393.5)
Other comprehensive income			
<i>Items that will or may be reclassified to profit or loss:</i>			
Exchange loss arising on translation of foreign operations	21	(27.1)	(2.0)
Gain in fair value of financial instruments used as hedges	21	–	0.9
Other reserves movement	21	14.3	4.8
Tax effect of net gains not recognized in the Group income statement	8,21	–	(0.3)
Other comprehensive (expense)/income not recognised in the Group income statement		(12.8)	3.4
Total comprehensive income/(expense) for the year – attributable to the owners of the parent		237.2	(390.1)

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Group statement of financial position

At 31 March

£m	Notes	2014	2013	2012
Non-current assets				
Goodwill	9	–	15.1	33.5
Other intangible assets	11	49.6	100.7	519.0
Property, plant and equipment	12	26.6	29.9	35.5
Deferred tax assets	13	12.0	29.3	136.8
Other non-current assets	14	1.2	1.7	2.7
Total non-current assets		89.4	176.7	727.5
Current assets				
Inventories	15	2.9	3.0	5.9
Trade and other receivables	14	111.8	1,108.8	1,065.0
Cash and cash equivalents		57.2	45.2	37.5
Total current assets		171.9	1,157.0	1,108.4
Total assets		261.3	1,333.7	1,835.9
Current liabilities				
Financial liabilities - loans and other borrowings	17, 19	(0.1)	(536.8)	(61.8)
Accrued interest		(0.1)	(13.2)	(0.1)
Corporate income tax liabilities		(21.4)	(33.8)	(35.0)
Trade and other payables	18	(96.4)	(884.4)	(206.2)
Total current liabilities		(118.0)	(1,468.2)	(303.1)
Non-current liabilities				
Financial liabilities - loans and other borrowings	17	(79.8)	–	(523.9)
Deferred tax liabilities	13	(12.3)	(50.7)	(178.8)
Other non-current payables	18	–	(0.8)	(626.0)
Total non-current liabilities		(92.1)	(51.5)	(1,328.7)
Total liabilities		(210.1)	(1,519.7)	(1,631.8)
Net assets/(liabilities)		51.2	(186.0)	204.1
Equity attributable to owners				
Share capital	20	652.5	652.5	652.5
Share premium and treasury shares		1,499.3	1,499.3	1,499.3
Other reserves	21	(97.3)	(84.5)	(87.9)
Accumulated losses		(2,003.3)	(2,253.3)	(1,859.8)
Total equity		51.2	(186.0)	204.1

The financial statements on pages 11 to 45 were approved by the Board of directors on 29 July 2014 and were signed on its behalf by



Robert Hall
Director

Company registered in England and Wales No. 05724156

hibu Holdings 3 Limited

Group statement of changes in equity

£m	Share capital	Share premium	Other reserves	Accumulated losses	Total equity
At 31 March 2012	652.5	1,499.3	(87.9)	(1,859.8)	204.1
Loss for the year	–	–	–	(393.5)	(393.5)
Other comprehensive expense not recognised in the Group income statement	–	–	3.4	–	3.4
Total comprehensive expense for the year attributable to the owners of the parent	–	–	3.4	(393.5)	(390.1)
At 31 March 2013	652.5	1,499.3	(84.5)	(2,253.3)	(186.0)
Profit for the year	–	–	–	250.0	250.0
Other comprehensive income not recognised in the Group income statement	–	–	(12.8)	–	(12.8)
Total comprehensive expense for the year attributable to the owners of the parent	–	–	(12.8)	250.0	237.2
At 31 March 2014	652.5	1,499.3	(97.3)	(2,003.3)	51.2

See Group notes 20 and 21 for a further analysis of share capital and other reserves.

hibu Holdings 3 Limited

Group cash flow statement

Year ended 31 March

£m	2014	2013
Net cash flows from operating activities		
Cash generated from operating activities	39.0	68.2
Corporate income tax paid	(5.6)	(4.9)
Cash paid for exceptional items	(7.9)	(5.3)
Net movement in hedges	–	0.8
Net cash generated from operating activities	25.5	58.8
Cash flows from investing activities		
Purchase of property, plant and equipment	(2.8)	(2.1)
Interest received	2.9	1.4
Net cash generated from/(used in) investing activities	0.1	(0.7)
Free cash flow	25.6	58.1
Cash flow from financing activities		
Repayment of borrowings at par	–	(24.8)
Cash paid on debt buy backs below par	–	(14.3)
Interest paid	(0.4)	(10.6)
Other related party cash flows	(1.6)	(0.6)
Net cash used in financing activities	(2.0)	(50.3)
Net increase in cash and cash equivalents	23.6	7.8
Cash and cash equivalents at the beginning of the year	45.2	37.5
Exchange losses on cash and cash equivalents	(11.6)	(0.1)
Cash and cash equivalents at the end of the year	57.2	45.2

Cash generated from operating activities

Year ended 31 March

£m	Notes	2014	2013
Profit for the year		250.0	(393.5)
Adjustments for:			
Taxation	8	(31.8)	(8.6)
Finance income	7	(72.8)	(85.2)
Finance costs	7	82.8	80.5
Depreciation of property, plant and equipment	12	1.9	3.0
Impairment goodwill	9	12.4	15.5
Amortisation of other intangible assets	11	16.3	61.6
Impairment of other intangible assets	11	25.8	377.3
Foreign exchange losses/(gains)		1.9	(0.1)
Exceptional items	6	(251.5)	13.9
Loss on disposal		0.1	–
Changes in working capital:			
Increase/decrease in inventory	15	(1.0)	2.7
Decrease in trade and other receivables	14	22.5	39.5
Decrease in trade and other payables	19	(17.6)	(38.4)
Cash generated from operating activities		39.0	68.2

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

1. Basis of preparation and consolidation, significant accounting policies and critical accounting estimates and judgments (continued)

Basis of preparation and consolidation

hibu Holdings 3 Limited (the “Company”) is a private limited company incorporated and domiciled in the UK.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial instruments (including derivative instruments) at fair value in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union (EU) with regard to IFRIC interpretations, IFRSs as issued by the International Accounting Standard Board (IASB) and the Companies Act 2006.

The Group financial statements consolidate the financial statements of the Company and all subsidiaries for the year ended 31 March 2014. Brief details of principal subsidiary undertakings at each year end, all of which are unlisted, are shown in note 24 to the consolidated financial statements.

The Company is preparing consolidated financial statements for the first time. On this basis the consolidated financial statements have been prepared in accordance with IFRS 1 ‘First time adoption of International Reporting Standards’. The Company has previously prepared single entity financial statements in accordance with IFRS's, and as such IFRS 1, is only applicable to the preparation of the consolidated financial statements. Comparative balance sheet information has been presented as at 31 March 2013 and 31 March 2012.

The Company has become a first-time adopter for its consolidated financial statements later than in its separate financial statements, and its subsidiary undertakings. In accordance with IFRS1, the Group has measured its assets and liabilities at the same amounts in both its consolidated and separate financial statements, and the financial statements of its subsidiaries, after adjusting for consolidation and equity accounting adjustments and for the effects of any business combination in which the entity acquired its subsidiary undertakings.

Where the financial statements of subsidiary undertakings do not conform to the Group's accounting policies, appropriate adjustments are made on consolidation in order to present the Group consolidated financial statements on a consistent basis. All transactions between the Group's businesses have been eliminated in the preparation of these consolidated financial statements. The results of companies and businesses acquired during the year are included in the consolidated financial statements from their respective dates of acquisition. Intra-group transactions, which have been eliminated on consolidation of the Group, have not been disclosed, other than those shown in note 25, related party transactions.

The Company is a guarantor of one of the Eagle Topco Group's new borrowing facilities, of which hibu Connect SAU is the borrower. Among other conditions and covenants, the hibu Connect SAU borrowing facility (“hibu facility”) includes a cross default clause linked to the compliance of fellow Eagle Topco 2013 Group undertakings with the covenants on a separate new borrowing facility on which YH Limited, a sister company of the Company, is the borrower (“YH facility”). The Company, Group and fellow Eagle Topco Group undertakings were in full compliance with all their respective covenants and undertakings with regards to YH facility at the date these financial statements were approved. However, forecasts indicate that there is a risk that the financial covenants of the YH facility may be breached within the next twelve months. Any such breach of covenants relating to YH facility would also result in a default of the hibu facility by virtue of the cross default clause within that facility.

If a financial covenant breach is imminent the directors of Eagle Topco 2013 Limited will approach the lenders to secure a waiver to ensure that there is no breach and so no cross default occurs; this will require the support of two-thirds of the lenders by value. In the event that covenants are breached by either the Company or its fellow Eagle Topco Group undertakings without remedy or waiver, the lenders' agent may, and must if directed by two-thirds of lenders (by reference to debt held) demand immediate repayment of all amounts due to them. The directors consider that it is unlikely that a covenant waiver will not be obtained and that the lenders would request repayment, but there is a material uncertainty.

The directors have considered the implications of these circumstances, 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 Group financial statements.

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

1. Basis of preparation and consolidation, significant accounting policies and critical accounting estimates and judgments (continued)

Basis of preparation and consolidation (continued)

In reaching a conclusion the directors reviewed forecasts of future performance, which indicate that the Group will continue to generate sufficient cash flows and will be able to fully meet interest payments for the next twelve months. Therefore, the directors have concluded that the going concern basis of accounting continues to be appropriate. Nevertheless, the directors are making full disclosure, as required by accounting standards, to indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The covenants included in the hibu facility are forecast to be fully complied with for the foreseeable future and the only potential event of default on this facility is the cross default clause set out above.

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

Significant accounting policies

(a) Revenue

Group revenue, after deduction of sales allowances, value added tax and other sales taxes, comprises the value of products provided by Group undertakings. Revenue from classified directories and other directories, mainly comprising advertising revenue, is recognised in the Group income statement upon completion of delivery to the users of the directories. Digital directory revenue is recognised from the point at which service is first provided over the life of the contract. Other digital services revenue is similarly recognised from the point at which service is first provided over the life of the contract with the exception of revenue from building web sites which is recognised when the site is successfully delivered to the customer.

(b) Cost of sales

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

(c) Advertising

The Group expenses the costs of advertising its own products and services as the costs are incurred.

(d) 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.

(e) Exceptional items

Exceptional items are transactions that by virtue of their incidence, size, nature, or a combination of all three, are disclosed separately in the notes to the consolidated financial statements.

(f) Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are prepared in 'pound sterling', which is the Group's presentation currency.

On consolidation, the assets and liabilities of foreign undertakings are translated into sterling at the rates of exchange ruling at the date of the Group statement of financial position. The results of foreign undertakings are translated into sterling at average rates of exchange for the year to the extent that these rates approximate the actual rates.

Trading transactions denominated in foreign currency are translated locally at the rate of exchange when the transactions were entered into. Exchange differences are included in the Group income statement in the period in which they arise or directly in equity depending upon the nature of the transaction.

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

1. Basis of preparation and consolidation, significant accounting policies and critical accounting estimates and judgments (continued)

Significant accounting policies (continued)

(g) Goodwill

Goodwill arising from the purchase of subsidiary undertakings represents the excess of the fair value of the purchase consideration over the fair value of the net assets. Goodwill arising on acquisitions is capitalised and is subject to impairment review, both annually and when there are indications that the carrying value may not be recoverable. Goodwill is carried at cost less accumulated impairment losses.

(h) Other non-current intangible assets

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These net assets may include software development costs, brand names, non-compete agreements, contracts, customer commitments and customer lists, all of which are recorded as intangible assets and held at cost less accumulated amortisation.

Software, including internally developed software, is amortised on a straight-line basis over its useful economic life, which does not generally exceed four years. Brand names are amortised on a straight-line basis over their useful economic lives which do not exceed 40 years. Contracts are amortised on a straight-line basis over the term of the contract. Customer commitments are amortised as the directories to which the commitments relate are published. Customer lists are amortised on a basis that takes into account the estimated customer retention rate at the date of acquisition. The useful economic lives of customer lists do not generally exceed eight years. The amortisation period and method are reviewed and adjusted, if appropriate, at each Group statement of financial position date.

Internally developed software that is capitalised includes the employee costs of developing the software and an appropriate portion of overheads.

(i) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Cost comprises the purchase price and 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.

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

Land	Not depreciated
Buildings	Ten to forty years
Leasehold improvements	Five years or life of lease if less than five years
Motor vehicles	Four to five years
Computers and equipment	Two to six years

(j) Asset impairment

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 discounted future earnings from operating the assets.

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Notes to the consolidated financial statements for the year ended 31 March 2014

1. Basis of preparation and consolidation, significant accounting policies and critical accounting estimates and judgments (continued)

Significant accounting policies (continued)

(j) Asset impairment (continued)

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:

- i) First, to reduce the carrying amount of any goodwill allocated to the CGU;
- ii) Then, to reduce the carrying amount of any intangible assets allocated to the CGU; and
- iii) 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.

(k) Leased assets

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

Assets held under finance leases where substantially all the benefits and risks of ownership are transferred to the Group are capitalised in property, plant and equipment at the present value of the minimum lease payments payable during the lease term and depreciated over the shorter of their useful economic lives or the lease term. The capital element of the future obligations under the lease is included as a liability in the Group statement of financial position, classified as appropriate as a payable due within or after one year. Lease payments are split between capital and interest elements using the interest rate implicit in the lease. Interest is charged to the Group income statement.

(l) Inventory

Inventory is stated at the lower of cost and net realisable value and is valued using a "first in, first out" basis. Inventory comprises paper stocks and the paper and printing costs of books awaiting shipment.

(m) Trade 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 Group will not be able to collect all amounts due according to the original terms of receivables. The loss is recognised in cost of sales. The provision is calculated by estimating future cash flows from trade receivables on the basis of historical loss experience.

(n) Trade payables

Trade payables are stated at amortised cost. Other payables are initially recognised at fair value and subsequently re-measured at amortised cost.

(o) 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.

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Notes to the consolidated financial statements for the year ended 31 March 2014

1. Basis of preparation and consolidation, significant accounting policies and critical accounting estimates and judgments (continued)

Significant accounting policies (continued)

(p) Borrowings

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

(q) 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.

(r) Taxation

The charge or credit for taxation is based on the profit or loss for a year 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 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 reversing taxable temporary timing differences exist.

Current tax is provided for 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 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 substantively enacted by the Group statement of financial position date. Deferred tax assets and liabilities are not discounted.

No provision is made for unremitted earnings of foreign subsidiaries or temporary differences relating to investments in subsidiaries where realisation of such differences can be controlled and is not probable in the foreseeable future.

(s) Financial assets

The Group shows its financial assets as loans or receivables where they are non-derivative with fixed or determinable prices and they are included in current assets. The Group has no non-derivative financial assets held at fair value through the Group income statement as no such assets are held for trading.

(t) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and the fair value is subsequently remeasured at period end. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- Hedges of highly probable forecast transactions (cash flow hedges)
- Hedges of net investments in foreign operations (net investment hedges).

The Group has not designated any derivatives as fair value hedges. Changes in the fair value of derivatives that qualify as fair value hedges would be recorded in the Group income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the period when the hedged item affects income (for instance, when the forecast transaction that is hedged takes place).

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

1. Basis of preparation and consolidation, significant accounting policies and critical accounting estimates and judgments (continued)

Significant accounting policies (continued)

(t) Derivative financial instruments (continued)

Foreign currency borrowings are used as hedges for net investments in foreign operations. Any gain or loss on foreign currency borrowings used as a hedge is recognised in equity.

Amounts deferred in equity on hedges of net investments are recycled when the underlying investment is disposed of. The Group does not hold or issue derivative financial instruments for speculative purposes. Changes in the fair value of derivative instruments or elements of derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

(u) Dividends

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

(v) Contingent liabilities

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

(w) Employee share schemes

The fair value of employee share-based payments is calculated using the Black-Scholes model. In accordance with IFRS 2, Share-based Payments, the resulting cost is charged against income over the vesting period of the awards. The value of the charge is adjusted to reflect expected and actual levels of options vesting when the vesting conditions are not market related.

Critical accounting estimates and judgments

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

Bad debts

The Group reduces receivables by an allowance for amounts that may not be collectible in the future. The allowance is determined by estimating the future cash flows 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 Group 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 Group compares the carrying value of its operations to their estimated recoverable values to determine whether goodwill is impaired. The Group estimates the recoverable value using a discounted cash flow model that relies on significant key assumptions, including after-tax cash flows forecasted over an extended period of years, terminal growth rates and discount rates.

Details of the amounts impaired during 2014 and 2013 are given in note 9. The cashflows in the 2014 and 2013 calculations are lower than what the Group believes can be achieved under the new strategy. The Group expects that over the medium term Group EBITDA and cashflows will return to growth as a result of substantial strategic changes in the business. At 31 March 2014 the fair values of the operations in Spain and Latin America equaled their carrying values and consequently, any adverse change in a key assumption with all other assumptions held unchanged would cause recognition of further impairment losses.

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

1. Basis of preparation and consolidation, significant accounting policies and critical accounting estimates and judgments (continued)

Carrying value of long-lived tangible and intangible assets

Other non-current intangible assets and property, plant and equipment are long-lived assets that Group 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 Group reviews the values of property, plant, equipment and assets with indefinite lives annually for impairment. The Group 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 Group has not realised large gains or losses on disposals of property, plant and equipment.

Taxation

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

The Group recognises deferred tax assets and liabilities arising from temporary differences where hibu has a taxable benefit or obligation in the future as a result of past events. hibu records deferred tax assets to the extent that hibu believes they are more likely than not to be realised. Should hibu 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 to the amounts recorded, then it would increase or decrease income as appropriate in the period such determination was made.

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

Financial instruments

The only commodity exposing the Group to market risk is paper, which would have increased or decreased EBITDA by £(0.9)m if paper prices had been 10% lower or higher, respectively.

Financial instruments affected by market risk include borrowings and deposits. The following table, required by IFRS 7, is intended to illustrate the sensitivity to changes in market variables, being interest rates and the Euro to sterling exchange rate on the Group's financial statements. The analyses are only valid when all other factors are held constant.

Financial instrument analyses

	2014 Income statement	2014 Shareholder's Equity	2013 Income statement	2013 Shareholder's Equity
£m (loss)/gain at 31 March				
Variable interest rates 1% higher	(4.4)	–	(5.2)	–
Variable interest rates 1% lower	4.4	–	5.2	–
Euro to pounds sterling exchange rate 10% higher	(2.0)	7.3	(2.3)	49.5
Euro to pounds sterling exchange rate 10% lower	2.0	(8.9)	2.3	(60.5)

There are no hedging arrangements at 31 March 2014 (2013 - none).

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

1. Basis of preparation and consolidation, significant accounting policies and critical accounting estimates and judgments (continued)

Standards that have been adopted during the current period

The following standards, interpretations and amendments became effective and were not material to the Group.

- Amendment to IFRS 1, 'First time adoption' on government loans which addresses how a first-time adopter would account for government loans with a below-market rate on transitioning to IFRS.
- Amendment to IFRS 1, 'First time adoption' on fixed dates and hyperinflation. The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate de-recognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs because its functional currency was subject to severe hyperinflation.
- Amendments to IFRS 7, This Amendment introduces disclosures intended to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position. This includes the effect or potential effect of rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities that are either off-set as a result of the application of the requirements of IAS 32.42 or that are subject to an enforceable master netting arrangement or similar agreement, which is outside of the scope of that paragraph.

The Amendment introduces both qualitative and quantitative disclosures and represents a harmonisation of the IFRS and US GAAP requirements in this area.

- IFRS 13, 'Fair Value Measurement' which aims to improve consistency and reduce complexity by providing a precise definition of fair value and single source of measurement and disclosure requirements across IFRSs.
- Amendment to IAS 19, 'Employee Benefits' will eliminate the corridor approach and calculate finance costs on a net funding basis.
- Amendment to IAS 1, 'Financial Statement Presentation', sets out a requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.
- Amendment to IAS 12, 'Income Taxes', will require an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying value of an asset through use or sale.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2014 or later periods but which the Group has chosen not to adopt early. There is no intention to early adopt in respect of any of the new standards. IFRS 9, 'Financial Instruments' is a standard on classification of financial assets and liabilities that will replace IAS 39. The effective date has not yet been determined, and is subject to EU endorsement.

- IFRS 10, 'Consolidated Financial Statements' which builds on the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.
- IFRS 11, 'Joint Arrangements' provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.

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Notes to the consolidated financial statements for the year ended 31 March 2014

1. Basis of preparation and consolidation, significant accounting policies and critical accounting estimates and judgments (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

- IFRS 12, 'Disclosure of interests in Other Entities' includes the disclosure requirements for all forms of interests in other entities. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.
- Amendment to IAS 27 (Revised 2011), 'Separate Financial Statements' includes provisions on separate financial statements that are left behind after the control provisions of IAS 27 have been included in the new IFRS 10. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.
- Amendment to IAS 28 (Revised 2011), 'Associates and Joint Ventures' includes requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.
- Amendment to IAS 32, 'Financial Instruments: Presentation' aims to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.
- Amendment to IAS 36, 'Impairment of assets' addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.
- Amendment to IAS 39, 'Financial Instruments: Recognition and measurement' will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws of regulation, if specific conditions are met. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.

2. Revenue

Year ended 31 March

£m	2014	2013
Print and other directory services	137.6	188.9
Digital directories	53.6	63.5
Other digital services	17.1	14.7
Total revenue	208.3	267.1

3. Expenses by nature

The profit/(loss) from operations is stated after charging:

Year ended 31 March

£m	Note	2014	2013
Depreciation of property, plant and equipment		1.9	3.0
Goodwill, intangible assets and other impairment charge		38.2	392.8
Amortisation of other intangible assets		16.3	61.6
Exceptional (gains)/losses	6	(251.5)	13.9
Foreign exchange loss/(gain)		1.9	(0.1)
Operating lease expenses – property, plant and machinery		2.3	2.8

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Notes to the consolidated financial statements for the year ended 31 March 2014

4. Auditors' remuneration

The following fees were paid or are payable to the Group's auditors for the years ended 31 March 2014 and 2013:

Year ended 31 March

£m	2014	2013
Fees payable to the Group's auditor for the audit of the consolidated group entities' annual financial statements	0.5	0.3
Audit of the Company's subsidiaries	0.2	0.2
Total fees payable for audit services	0.7	0.5
Fees payable to the Group's auditor and its associates for other services:		
Audit-related assurance services	–	0.1
All other non-audit services	–	0.1
Total fees payable for non-audit services	–	0.2
Total auditors' remuneration	0.7	0.7

5. Employees

Year ended 31 March

	2014	2013
Average monthly number of employees in the Group (including executive directors):		
Spain and Latin America	1,712	1,941
Total employees	1,712	1,941
Sales	900	1,034
Marketing	66	143
Other	746	764
Total employees	1,712	1,941

Year ended 31 March

£m	2014	2013
Staff costs for the Group during the year (including executive directors):		
Wages and salaries	57.4	61.9
Social security costs	8.5	11.0
Severance costs	0.7	1.6
Exceptional restructuring (credit)/costs	(1.1)	12.2
Share based payments	–	0.7
Total staff costs expensed to the income statement	65.5	87.4

The directors received no remuneration in respect of their services as directors of the Company (2013 - nil).

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Notes to the consolidated financial statements for the year ended 31 March 2014

6. Exceptional items

Exceptional items are transactions that by virtue of their incidence, size or a combination of both, are disclosed separately. Exceptional items comprise the following:

Year ended 31 March

£m	2014	2013
Restructuring – employment costs	(1.1)	12.2
Restructuring – other	1.2	1.7
Impairment of loans with related party	20.0	–
Gain on acquisition of subsidiary (see note 22)	(300.4)	–
Interest due from former related party waived as part of financial restructuring	28.8	–
Net exceptional (gains)/losses in Group profit/loss before tax	(251.5)	13.9
Net tax credits	–	(4.1)
Net exceptional (gains)/losses in Group profit/loss after tax	(251.5)	9.8

7. Net finance costs

Year ended 31 March

£m	2014	2013
Interest payable on bank loans	(20.3)	(22.7)
Underlying fair value losses on cash flow hedges transferred from equity	–	(0.8)
Interest payable on loans from related parties	(54.0)	(48.2)
Amortisation of deferred finance fees	(7.8)	(7.6)
Other finance costs	(0.7)	(1.2)
Total finance costs	(82.8)	(80.5)
Sundry interest receivable	3.1	1.5
Interest receivable on loans from related parties	66.8	61.3
Gain on settlement of external debt	–	22.4
Other finance income	2.9	–
Total finance income	72.8	85.2
Net finance (costs)/income	(10.0)	4.7

8. Taxation

The Company is resident in the UK for corporate income tax purposes. The tax credit on the Group's profit/(loss) before tax is analysed as follows:

Year ended 31 March

£m	2014	2013
Current tax		
UK corporation tax current year credit	(8.5)	(0.4)
Foreign corporate income tax current year charge	11.3	11.8
Adjustments in respect of prior years	(16.5)	3.8
Total current tax (credit)/charge	(13.7)	15.2
Deferred tax		
Foreign deferred tax current year credit	(6.4)	(39.5)
Adjustments in respect of prior years	(11.7)	15.7
Total deferred tax credit	(18.1)	(23.8)
Total tax credit on profit/loss before tax	(31.8)	(8.6)

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Notes to the consolidated financial statements for the year ended 31 March 2014

8. Taxation (continued)

The tax credit for the current and prior year is lower than the standard rate of corporation tax in the United Kingdom of 23% (2013 - 24%). The differences are explained below:

Year ended 31 March

£m	2014	2013
Profit/(loss) before taxation	218.2	(402.1)
Profit/(loss) before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 23% (2013 - 24%)	50.2	(96.5)
Effects of :		
Non-deductible financial restructuring transactions/impairments	(62.1)	–
Adjustments in respect of prior years	(28.2)	19.5
Deferred tax assets not recognised	21.4	105.9
Differing tax rates on foreign losses	(15.3)	(23.6)
Other	2.2	(13.9)
Tax credit on profit/loss before tax	(31.8)	(8.6)
Effective tax rate on profit/loss before tax	14.6%	2.1%

Legislation to reduce the UK corporation tax rate from (i) 23% to 21% with effect from 1 April 2014 and (ii) 21% to 20% with effect from 1 April 2015 was substantially enacted at the date of the Group statement of financial position. These changes do not have any effect on these financial statements.

Taxation charged directly to equity is as follows:

Year ended 31 March

£m	2014	2013
Deferred tax on fair valuations of financial instruments used as hedges	–	0.3
Total taxation recorded in equity	–	0.3

9. Goodwill

Year ended 31 March

£m	2014	2013
Cost		
Balance at beginning of year	1,595.8	1,637.5
Currency movements	(34.4)	(41.7)
Cost at 31 March	1,561.4	1,595.8
Accumulated impairment		
Balance at beginning of year	(1,580.7)	(1,604.0)
Impairment charge	(12.4)	(15.5)
Currency movements	31.7	38.8
Accumulated impairment at 31 March	(1,561.4)	(1,580.7)
Net book value at 31 March	–	15.1

Goodwill and other intangible assets have been allocated to the Group's Cash Generating Units (CGUs), each of which comprises all the operations based within a country. See note 10 for analysis of impairments in the year.

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Notes to the consolidated financial statements for the year ended 31 March 2014

10. Impairments

Goodwill is not amortised but is tested, at least 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. Impairment occurs where the carrying value of a Cash Generating Unit (CGU) exceeds the higher of its fair value less cost to sell and its value in use. Any impairment loss is applied against goodwill first (see note 9) and if it exceeds the amount of goodwill, then the excess is allocated to other long-lived intangible assets (see note 11).

In 2014 and 2013 the Group measured the carrying value against the value in use, which was calculated by using a discounted cash flow model. In both years the cash flow projections were based on Board reviewed cash flow projections extrapolated to 5 years in 2014 and 6 years in 2013. In accordance with IAS 36, future financial results expected for all Group operations were reduced in 2014 and 2013 to reflect the difficult economic outlook in all of the Group's markets and the latest revenue trends.

During the years ended 31 March 2014 and 31 March 2013 the Group recognised the following net impairment losses which are included in the administrative costs line item in the Group income statement:

Year ended 31 March 2014

Detail by CGU (£m)	Spain	Chile	Peru	Argentina	Total
Goodwill	–	–	0.7	11.7	12.4
Other intangible assets	2.8	–	17.1	5.9	25.8
Charge before tax	2.8	–	17.8	17.6	38.2
Related taxation	(0.2)	–	(5.8)	(2.1)	(8.1)
Charge net of tax	2.6	–	12.0	15.5	30.1

Year ended 31 March 2013

Detail by CGU (£m)	Spain	Chile	Peru	Argentina	Total
Goodwill	–	–	–	15.5	15.5
Other intangible assets	317.3	53.4	–	–	370.7
Other assets	–	6.6	–	–	6.6
Charge before tax	317.3	60.0	–	15.5	392.8
Related taxation	(95.1)	(17.0)	–	–	(112.1)
Charge net of tax	222.2	43.0	–	15.5	280.7

At 31 March 2014 the fair values of the operations in Spain, Argentina, Peru and Chile equaled their carrying values and consequently, any adverse change in a key assumption with all other assumptions held unchanged would cause recognition of further impairment losses.

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Notes to the consolidated financial statements for the year ended 31 March 2014

10. Impairments (continued)

Cash flows beyond the period of extrapolation are calculated using the terminal growth rates stated below. In addition, revenue growth is a key assumption in the valuations as discussed above. The carrying value of goodwill after impairments and the key assumptions used for estimating the value of each CGU are as follows:

Detail by CGU	Spain	Chile	Peru	Argentina
2014				
Carrying value of goodwill (£m)	–	–	–	–
Revenue compound annual growth rate (%)	(12.8)	(5.1)	(11.8)	(13.5)
Revenue terminal growth rate (%)	–	–	2.0	2.2
Pre-tax discount rate (%)	17.1	16.5	18.0	28.6
2013				
Carrying value of goodwill (£m)	–	–	0.8	14.3
Revenue compound annual growth rate (%)	(2.4)	2.7	2.8	(0.3)
Revenue terminal growth rate (%)	1.3	3.3	3.5	2.2
Pre-tax discount rate (%)	14.6	17.9	17.9	32.6

The discounted cash flow calculations are sensitive to changes in the terminal growth rates and discount rates. The terminal growth rates used were below the forecasts of long-term national growth rates included in industry reports, reflecting the maturity of the Group's products. The discount rates used are based on estimated weighted average costs of capital in each country before tax and reflect specific risks relating to the relevant units. The following table sets out how far certain assumptions would have to change before the carrying value would be impaired.

The table below is intended to illustrate the sensitivity to changes to the assumptions underlying the discounted cash flow calculations on which the impairment charge is based.

£m	Spain	Chile	Peru	Argentina
Change in assumption				
Annual revenue growth rate – 1%	(8.0)	–	(1.8)	(1.7)
Terminal growth rate – 1%	(2.4)	–	(0.7)	(0.5)
Discount rate + 1%	(3.8)	–	(1.1)	(1.0)

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Notes to the consolidated financial statements for the year ended 31 March 2014

11. Other intangible assets

Year ended 31 March 2014

£m	Customer contracts	Customer lists	Brand names ^(a)	Software costs	Total
Cost					
Balance at beginning of year	27.3	320.4	268.2	70.3	686.2
Additions	–	–	–	1.8	1.8
Disposals and write offs	–	–	–	(0.2)	(0.2)
Impairment of intangible assets	(6.8)	–	(19.0)	–	(25.8)
Currency movements	(7.3)	(2.2)	(10.1)	(3.3)	(22.9)
Transfers	(3.0)	–	(0.2)	0.1	(3.1)
Cost at 31 March	10.2	318.2	238.9	68.7	636.0
Accumulated amortisation					
Balance at beginning of year	(13.9)	(319.3)	(184.0)	(68.3)	(585.5)
Charge for the year	(1.6)	(1.0)	(11.9)	(1.8)	(16.3)
Disposals and write offs	–	–	–	0.1	0.1
Currency movements	2.8	2.1	5.7	1.8	12.4
Transfers	2.9	–	0.1	(0.1)	2.9
Accumulated amortisation at 31 March	(9.8)	(318.2)	(190.1)	(68.3)	(586.4)
Net book value at 31 March	0.4	–	48.8	0.4	49.6

(a) Brand names have, on average, approximately a remaining economical useful life of 6 years before being fully amortised.

Year ended 31 March 2013

£m	Customer contracts	Customer lists	Brand names ^(a)	Other intangibles	Software costs	Total
Cost						
Balance at beginning of year	32.8	343.8	583.4	13.3	70.5	1,043.8
Additions	–	–	–	–	0.5	0.5
Disposals and write offs	(4.8)	–	(0.3)	(12.9)	(1.6)	(19.6)
Impairment of intangible assets	–	(35.9)	(332.8)	–	(2.0)	(370.7)
Currency movements	(0.7)	12.5	17.9	(0.4)	3.2	32.5
Transfers	–	–	–	–	(0.3)	(0.3)
Cost at 31 March	27.3	320.4	268.2	–	70.3	686.2
Accumulated amortisation						
Balance at beginning of year	(17.1)	(272.6)	(163.9)	(13.3)	(57.9)	(524.8)
Charge for the year	(1.4)	(34.9)	(16.4)	–	(8.9)	(61.6)
Disposals and write offs	4.8	–	0.3	12.9	1.6	19.6
Currency movements	(0.2)	(11.8)	(4.0)	0.4	(3.1)	(18.7)
Transfers	–	–	–	–	–	–
Accumulated amortisation at 31 March	(13.9)	(319.3)	(184.0)	–	(68.3)	(585.5)
Net book value at 31 March	13.4	1.1	84.2	–	2.0	100.7

(a) Brand names have, on average, approximately a remaining economical useful life of 7 years before being fully amortised.

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Notes to the consolidated financial statements for the year ended 31 March 2014

12. Property, plant and equipment

Property, plant and equipment is summarised as follows:

Year ended 31 March 2014

£m	Land	Buildings	Leasehold Improvements	Motor vehicles	Computers and equipment	Total
Cost						
Balance at beginning of year	15.0	15.7	–	0.2	17.3	48.2
Additions	–	–	–	–	0.6	0.6
Disposals and write offs	–	–	–	–	(0.4)	(0.4)
Transfers	–	–	0.2	–	(0.4)	(0.2)
Currency movements	(0.5)	(1.2)	–	–	(1.3)	(3.0)
Cost at 31 March	14.5	14.5	0.2	0.2	15.8	45.2
Accumulated depreciation						
Balance at beginning of year	–	(4.3)	–	(0.1)	(13.9)	(18.3)
Charge for the year	–	(0.6)	–	–	(1.3)	(1.9)
Disposals and write offs	–	–	–	–	0.4	0.4
Transfers	–	–	(0.1)	–	0.2	0.1
Currency movements	–	0.2	–	0.1	0.8	1.1
Accumulated depreciation at 31 March	–	(4.7)	(0.1)	–	(13.8)	(18.6)
Net book value at 31 March	14.5	9.8	0.1	0.2	2.0	26.6

Year ended 31 March 2013

£m	Land	Buildings	Motor vehicles	Computers and equipment	Total
Cost					
Balance at beginning of year	15.6	18.9	0.9	18.4	53.8
Additions	–	–	–	1.0	1.0
Disposals and write offs	–	–	(0.6)	(0.6)	(1.2)
Transfers	–	–	–	0.4	0.4
Currency movements	(0.6)	(3.2)	(0.1)	(1.9)	(5.8)
Cost at 31 March	15.0	15.7	0.2	17.3	48.2
Accumulated depreciation					
Balance at beginning of year	–	(4.3)	(0.5)	(13.5)	(18.3)
Charge for the year	–	(0.8)	(0.2)	(2.0)	(3.0)
Disposals and write offs	–	–	0.6	0.5	1.1
Transfers	–	–	–	–	–
Currency movements	–	0.8	–	1.1	1.9
Accumulated depreciation at 31 March	–	(4.3)	(0.1)	(13.9)	(18.3)
Net book value at 31 March	15.0	11.4	0.1	3.4	29.9

The net book value of property, plant and equipment included amounts of £0.1m (2013 – £0.1m) in respect of assets held under finance leases.

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Notes to the consolidated financial statements for the year ended 31 March 2014

13. Deferred taxation

Deferred tax assets

At 31 March

£m	2014	2013
Balance at beginning of year	29.3	136.8
Charged to income statement	(14.8)	(111.1)
Charged directly to equity	–	(0.3)
Reclassifications	–	(0.1)
Currency movements	(2.5)	4.0
Balance at 31 March	12.0	29.3

The elements of all net deferred tax assets recognised in the financial statements, including the cumulative effect of net operating losses, were as follows:

At 31 March

£m	2014	2013	2012
Tax effect of timing differences due to:			
Net operating losses	5.8	19.9	122.3
Bad debt provision	2.7	3.9	6.2
Other allowances and accrued expenses	2.6	3.1	1.9
Depreciation	0.2	0.4	0.1
Recognition of revenue and expenses	–	–	0.9
Share based payments	–	0.2	–
Financial instruments	–	–	0.2
Other	0.7	1.8	5.2
Recognised deferred tax assets	12.0	29.3	136.8

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of £467.3m (2013 - £695.2m) in respect of tax loss carry forwards of £1,565.9m (2013 - £2,330.6m). The reduction in tax loss carry forwards reflects the outcome of a tax audit in Spain which was concluded during the year. The benefits available in respect of £1,540.8m of these tax loss carry forwards expire between 2024 and 2032 if not used and the remaining £25.1m do not time expire. In addition, the Group did not recognise deferred income tax assets of £37.5m (2013 - £33.1m) in respect of other assets of £136.1m (2013 - £116.0m).

Deferred tax liabilities

At 31 March

£m	2014	2013
Balance at beginning of year	(50.7)	(178.8)
Credited to income statement	32.9	134.9
Reclassifications	–	(0.1)
Currency movements	5.5	(6.7)
Balance at 31 March	(12.3)	(50.7)

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Notes to the consolidated financial statements for the year ended 31 March 2014

13. Deferred taxation (continued)

The elements of all net deferred tax liabilities recognised in the financial statements were as follows:

At 31 March

£m	2014	2013	2012
Tax effect of timing differences due to:			
Intangible assets	(8.7)	(37.2)	(162.7)
Unremitted earnings	(3.6)	(10.8)	(11.5)
Recognition of revenue and expenses	–	–	(2.3)
Other	–	(2.7)	(2.3)
Recognised deferred tax liabilities	(12.3)	(50.7)	(178.8)

14. Trade and other receivables

At 31 March

£m	2014	2013	2012
Amounts falling due within one year			
Net trade receivables	82.4	116.6	146.4
Accrued income	22.0	32.0	35.7
Corporate income tax receivable	1.0	3.1	14.1
Amounts due from related parties (note 25)	5.8	956.3	864.9
Other current receivables	0.1	–	3.1
Total financial assets other than cash and cash equivalents classified as loans and receivables	111.3	1,108.0	1,064.2
Prepayments	0.5	0.8	0.8
Total falling due within one year	111.8	1,108.8	1,065.0
Amounts falling due after more than one year			
Other non-current receivables	1.2	1.7	2.7
Total falling due after more than one year	1.2	1.7	2.7
Total trade and other receivables	113.0	1,110.5	1,067.7

Trade receivables are non-interest bearing and generally have terms of between thirty days and ten months. Due to their short maturities and the non-interest bearing nature of these financial assets, the fair value of trade and other receivables approximates their book value. The maximum exposure to credit risk at the reporting date is the fair value of each class of financial assets mentioned above. Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large, geographically diverse and unrelated. The Group does not hold any collateral as security.

The carrying amounts of trade and other receivables are denominated in the following currencies, which are the functional currency of the respective subsidiaries. The Group does not have any other significant exposure to currency risk on these amounts.

At 31 March

£m	2014	2013	2012
Euro	58.4	1,037.2	984.7
Latin America ^(a)	54.6	73.3	82.8
Total receivables	113.0	1,110.5	1,067.5

(a) Latin American currencies are those of Chile, Peru and Argentina.

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Notes to the consolidated financial statements for the year ended 31 March 2014

14. Trade and other receivables (continued)

The carrying amounts of the Group's trade receivables are stated after deducting a provision of £48.5m at 31 March 2014 (2013 - £59.8m, 2012 - £58.4m) for doubtful debts and sales allowances.

The movements in the provision for doubtful debts were as follows for the years ended 31 March 2014, 2013 and 2012:

£m	2014	2013
At beginning of year	59.8	58.4
Charged to Group income statement	5.5	6.1
Write offs and exchange (gains)	(16.8)	(4.7)
Balance at 31 March	48.5	59.8

Trade receivables can become impaired, generally when customers are in financial distress, before being considered uncollectible. Trade receivables are considered impaired only after completion of collection processes designed locally to collect monies from slow payers or, if earlier, when amounts are more than one year past due. At 31 March 2014, the carrying value and estimated recoverable amount of trade receivables past due and impaired was £nil (2013 - £nil, 2012 - £nil), after deducting the related provision of £48.5m (2013 - £58.5m, 2012 - £55.8m for doubtful debts).

At 31 March 2014, gross trade receivables of £4.1m (2013 - £10.3m, 2012 - £8.2m) were past due but not impaired. At 31 March the ageing analysis of these gross trade receivables is as follows:

£m	2014	2013	2012
Up to one month past due	2.3	4.5	4.8
One to three months past due	1.7	4.9	2.2
Three to nine months past due	0.1	0.6	1.1
Over nine months past due	–	0.3	0.1
Total gross receivables past due but not impaired	4.1	10.3	8.2

The credit quality of trade receivables past due but not impaired is assessed using a statistical approach to determine the historical allowance rate for each ageing tranche. This allowance rate is then applied to the debt tranches at the end of the reporting period and a provision for doubtful debts recognised.

Trade receivables not yet due of £78.3m (2013 - £107.6m, 2012 - £140.8m) have a provision of £nil (2013 - £1.3m, 2012 - £2.6m) set against them. The Group does not hold any collateral as security.

The credit quality of financial assets that are neither past due nor impaired is assessed by credit exposures using an external credit rating system. Concentrations of credit risk with respect to trade receivables are limited due to the Company's customer base being large, geographically diverse and unrelated. These parties do not have a history of default.

15. Inventory

Inventory of £2.9m (2013 - £3.0m, 2012 - £5.9m), comprises paper stocks to be used in production of books and the paper and printing costs of books awaiting shipment. The cost of paper recognised as an expense and included in cost of sales amounted to £9.0m (2013 - £11.5m).

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Notes to the consolidated financial statements for the year ended 31 March 2014

16. Financial instruments - Risk management

Overview

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

The treasury function is not a profit centre and its objective is to manage risk at optimum cost. hibu's treasury function conducts its operations in accordance with policies and procedures approved by the Board. Derivative financial instruments are executed only for hedging purposes, and transactions that would be speculative in nature are expressly forbidden.

17. Financial instruments

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern. The accounting classification of each class of the Group's financial assets and financial liabilities, together with their fair values, is as follows:

At 31 March 2014

£m	Receivables	Amortised cost loans and other liabilities	Total book value	Total fair value
Assets				
Cash and cash equivalents ^(a)	57.2	–	57.2	57.2
Trade and other receivables ^(a)	112.5	–	112.5	112.5
Total financial assets	169.7	–	169.7	169.7
Liabilities				
Trade and other payables ^(a)	–	(33.8)	(33.8)	(33.8)
Short-term borrowings ^(b)	–	(0.1)	(0.1)	(0.1)
Long-term borrowings ^(b)	–	(79.8)	(79.8)	(79.8)
Total financial liabilities	–	(113.7)	(113.7)	(113.7)

At 31 March 2013

£m	Receivables	Amortised cost loans and other liabilities	Total book value	Total fair value
Assets				
Cash and cash equivalents ^(a)	45.2	–	45.2	45.2
Trade and other receivables ^(a)	1,109.7	–	1,109.7	1,109.7
Total financial assets	1,154.9	–	1,154.9	1,154.9
Liabilities				
Trade and other payables ^(a)	–	(798.4)	(798.4)	(798.4)
Short-term borrowings ^(b)	–	(536.8)	(536.8)	(536.8)
Long-term borrowings ^(b)	–	–	–	–
Total financial liabilities	–	(1,335.2)	(1,335.2)	(1,335.2)

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Notes to the consolidated financial statements for the year ended 31 March 2014

17. Financial instruments (continued)

At 31 March 2012

£m	Receivables	Amortised cost loans and other liabilities	Total book value	Total fair value
Assets				
Cash and cash equivalents ^(a)	37.5	–	37.5	37.5
Trade and other receivables ^(a)	1,066.9	–	1,066.9	1,066.9
Total financial assets	1,104.4	–	1,104.4	1,104.4
Liabilities				
Trade and other payables ^(a)	–	(733.2)	(733.2)	(733.2)
Short-term borrowings ^(b)	–	(61.8)	(61.8)	(61.8)
Long-term borrowings ^(b)	–	(523.9)	(523.9)	(523.9)
Total financial liabilities	–	(1,318.9)	(1,318.9)	(1,318.9)

(a) The fair value of trade and other receivables, cash and cash equivalents, and trade and other payables approximated their carrying value due to the short maturity of the instruments.

(b) Total book values and total fair values both include unamortised deferred financing fees at amortised cost.

There are no material monetary assets or liabilities denominated in currencies other than pounds sterling, euros and Latin American currencies (Argentina, Chile and Peru).

More detail on the Group's accounting for financial instruments is included in the Group's significant accounting policies on pages 16 to 20.

Currency profile and interest rate risk

The interest rate profile of the Group's material financial assets and liabilities, after taking into account interest rate swaps, is as follows:

At 31 March 2014

£m	Financial assets floating rate	Financial liabilities ^(a)		Total	Net financial (liabilities)/ assets
		Fixed or capped rate	Floating rate		
Currency					
Sterling	–	–	–	–	–
Euro	35.9	–	(79.8)	(79.8)	(43.9)
Other	21.3	(0.1)	–	(0.1)	21.2
Total	57.2	(0.1)	(79.8)	(79.9)	(22.7)

At 31 March 2013

£m	Financial assets floating rate	Financial liabilities ^(a)		Total	Net financial (liabilities)/ assets
		Fixed or capped rate	Floating rate		
Currency					
Euro	17.9	–	(544.5)	(544.5)	(526.6)
Other	27.3	(0.1)	–	(0.1)	27.2
Total	45.2	(0.1)	(544.5)	(544.6)	(499.4)

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

17. Financial instruments (continued)

At 31 March 2012

£m	Financial assets floating rate	Financial liabilities ^(a)			Net financial (liabilities)/ assets
		Fixed or capped rate	Floating rate	Total	
Currency					
Euro	3.7	(365.4)	(235.1)	(600.5)	(596.8)
Other	33.9	(0.2)	–	(0.2)	33.7
Total	37.6	(365.6)	(235.1)	(600.7)	(563.1)

(a) Financial liabilities are presented gross; before unamortised finance costs that amounted to £nil at 31 March 2014 (£7.8m at 31 March 2013), (£15.0m at 31 March 2012).

At 31 March 2014

£m	Due within one year	Due between two and four years	Due between four and five years	Total amounts owed	Deferred finance costs	Carrying value	Fair value ^(a)
Term loans – new facilities:							
Sterling	–	–	–	–			
USD	–	–	–	–			
Euro ^(e)	–	–	79.8	79.8			79.8
	–	–	79.8	79.8			79.8
Other loans and finance leases	0.1	–	–	0.1			0.1
Total loans and other borrowings	0.1	–	79.8	79.9	–	79.9	79.9
Fixed rate interest	1.2	3.7	1.1	6.0			
Total payments	1.3	3.7	80.9	85.9			
Contractual payments analysed between:							
Euro	1.3	3.7	80.1	85.9			
Total payments	1.3	3.7	80.1	85.9			
Contractual payments analysed between:							
Fixed	1.3	3.7	80.1	85.9			
Total payment	1.3	3.7	80.1	85.9			

At 31 March 2014 an amount of £0.1m was accrued relating to unpaid interest in respect of the term loans (2013 - £13.2m), (2012 - £0.1m).

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

17. Financial instruments (continued)

At 31 March 2013

£m	Due within one year	Due between one and two years	Due between two and three years	Total amounts owed	Deferred finance costs	Carrying value	Fair value ^(a)
Term loans – 2009 facilities:							
Sterling	–	–	–	–			
USD	–	–	–	–			
Euro ^(c)	544.5	–	–	544.5			
	544.5			544.5			
Other loans and finance leases	0.1	–	–	0.1			
Total loans and other borrowings	544.6	–	–	544.6	(7.8)	536.8	99.4

At 31 March 2012

£m	Due within one year	Due between one and two years	Due between two and three years	Total amounts owed	Deferred finance costs	Carrying value	Fair value ^(a)
Term loans – 2006 facilities:							
Euro ^(b)	37.7	–	–	37.7			
Term loans – 2009 facilities:							
Euro ^(c)	31.1	11.7	520.0	562.8			
	68.8	11.7	520.0	600.5			
Other loans and finance leases	0.2	–	–	0.2			
Total loans and other borrowings	69.0	11.7	520.0	600.7	(15.0)	585.7	526.2

(a) At 31 March 2014, the fair value of total amounts owed has been calculated with reference of discounted projection of future earnings. At 31 March 2013, the fair value of the total amounts owed was calculated based on prices in the secondary debt market. At 31 March 2012, the fair value of the total amounts owed was calculated using a discount rate based on projections of future floating interest rates plus a credit margin determined by reference to margins observed on the debt of comparable businesses. This discount rate was used to derive the present value of contractually scheduled interest and principal payments.

(b) The final maturity date for tranche B was 29 October 2012.

(c) The final payment for tranche A was due on 30 April 2014 and the final maturity date for tranche B was 31 July 2014. As the Group was in default under the 2009 Facility Agreement at 31 March 2013, the lenders facility agent could and had to if directed by two thirds of the lenders, demand immediate repayment of all amounts due. Accordingly, all outstanding amounts were treated as current liabilities at 31 March 2013.

(d) The final payment is due on 3 March 2019.

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

17. Financial instruments (continued)

- (e) The Group's facility agreement contains no obligations to make scheduled repayments of pre-determined value until the final maturity date. Any obligation to make repayments prior to the final maturity date is based on Excess Cash as set out in the Cash Sweep Account provisions of the facility agreement. Excess Cash, if any, is to be repaid at 3 monthly intervals commencing 22 September 2014 based on the excess above €23.5m of the opening cash balances held in Spain and Peru at the beginning of that month and on the excess above €23.5m of the opening cash balances held in the Spain and Peru at the beginning of the month 3 months earlier. Subject to the opening cash balances held in the Spain and Peru at the beginning of that month being in excess of €23.5m, the entire amount of the Excess Cash at the beginning of the month 3 months earlier is to be repaid. To the extent that the opening cash balances held in the Spain and Peru at the beginning of that month amount to less than €23.5m, the difference between the opening cash balances that month and €23.5m is to be retained by the Group up to the entire amount of Excess Cash at the beginning of the month 3 months earlier. Any remaining balance of Excess Cash from the beginning of the month 3 months earlier is to be repaid at the end of each 3 monthly interval.

18. Trade and other payables

At 31 March

£m	2014	2013	2012
Amounts falling due within one year			
Trade payables	11.7	21.4	42.0
Other payables ^(a)	16.2	18.5	16.6
Amounts owed to related parties	5.9	757.7	48.6
Total financial liabilities excluding loans and borrowings classified as financial liabilities measured at amortised cost	33.8	797.6	107.2
Accruals	20.1	31.6	29.9
Deferred income ^(b)	39.4	50.6	64.3
Other taxation and social security	3.1	4.6	4.8
Total falling due within one year	96.4	884.4	206.2
Amounts falling due after more than one year			
Other payables	–	0.8	0.2
Amounts owed to related parties	–	–	625.8
Total financial liabilities excluding loans and borrowings classified as financial liabilities measured at amortised cost	–	0.8	626.0
Total falling due after more than one year	–	0.8	626.0
Total trade and other payables	96.4	885.2	832.2

(a) The Group has expensed but not paid a restructuring provision of £2.5m (2013 - £10.0m), which is expected to be paid in the coming year.

(b) Deferred income is lower than previous year due to changes in billing practices and contract terms. See also note 14, Trade and other receivables.

Due to their short maturities, the fair value of trade and other payables approximates their book value. The effect of discounting has been considered for payables falling due after more than one year, and the difference between fair value and book value is not material, therefore the fair value approximates their book value.

The carrying amounts of trade and other payables are denominated in the following currencies, which are the functional currency of the respective subsidiaries. The Group does not have any other significant exposure to currency risk on these amounts.

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

18. Trade and other payables (continued)

At 31 March

£m	2014	2013	2012
Euro	66.1	846.0	788.8
Latin America ^(a)	30.3	39.2	43.5
Total trade and other payables	96.4	885.2	832.2

(a) Latin American currencies are those of Argentina, Chile and Peru.

19. Loans, other borrowings and net debt

The Group manages its capital requirements by maintaining leverage of the Group within the terms of its debt facilities agreement.

The following table sets out the borrowings and total net debt of the Group:

At 31 March

£m	Interest rate %	2014	2013	2012
Amounts falling due within one year				
Term loans under secured credit facilities		–	536.7	61.6
Net obligations under finance leases and other short-term borrowings		0.1	0.1	0.2
Total amounts falling due within one year		0.1	536.8	61.8
Amounts falling due after more than one year				
Senior credit facilities	1.5	79.8	–	523.9
Total amounts falling due after more than one year		79.8	–	523.9
Total loans and other borrowings		79.9	536.8	585.7
Cash and cash equivalents		(57.2)	(45.2)	(37.5)
Total net debt		22.7	491.6	548.2

The carrying amounts of borrowings are denominated in the following currencies:

At 31 March

£m	2014			2013		
	Principal amount	Deferred finance costs	Net balance	Principal amount	Deferred finance costs	Net balance
Euro	79.8	–	79.8	544.5	(7.8)	536.7
Other	0.1	–	0.1	0.1	–	0.1
Total loans and borrowings	79.9	–	79.9	544.6	(7.8)	536.8

Details of the currency denomination of interest and maturity profiles of borrowings are given in note 17. There are no material borrowings denominated in currencies other than euros.

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

20. Share capital

£m	2014 No of shares	2013 No of shares	2014 £m	2013 £m
Ordinary shares of £1 each				
At the beginning of the year	652,544,690	652,544,690	652.5	652.5
At 31 March	652,544,690	652,544,690	652.5	652.5

21. Reserves

The following describes the nature and purpose of each reserve within equity:

<i>Hedging reserves</i>	Gains/losses arising on the effective portion of hedging instruments carried at fair value in a qualifying cash low hedge.
<i>Translation reserves</i>	Gains/losses arising on retranslating the net assets of overseas operations in to British pound sterling (GBP).
<i>Other non-distributable reserves</i>	Non-distributable reserves arising on the acquisition of overseas subsidiaries.
<i>Retained earnings</i>	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Total other reserves are analysed as follows:

£m	Hedging reserve	Translation reserve	Other non- distributable reserves	Other reserves
At 31 March 2012	(0.6)	23.6	(110.9)	(87.9)
Gain in fair value of financial instruments used as hedges	0.9	–	–	0.9
Movement in other reserves	–	–	4.8	4.8
Exchange losses arising on translation of foreign operations	–	(2.0)	–	(2.0)
Taxation	(0.3)	–	–	(0.3)
Net (income)/expense recognised directly in equity	0.6	(2.0)	4.8	3.4
At 31 March 2013	–	21.6	(106.1)	(84.5)
Movement in other reserves	–	–	14.3	14.3
Exchange losses arising on translation of foreign operations	–	(27.1)	–	(27.1)
Taxation	–	–	–	–
Net income recognised directly in equity	–	(27.1)	14.3	(12.8)
At 31 March 2014	–	(5.5)	(91.8)	(97.3)

22. Acquisition

On 3 March 2014, as part of the financial restructuring, the Group acquired 100% of the ordinary share capital of Yell Finance (Jersey) Two Limited from Yell Holdings 2 Limited (in administration) in exchange for the release of liabilities owed by the Group of £380.9m. The only significant asset of Yell Finance (Jersey) Two Limited was its £693.0m loan receivable from the Group such that the Group realized a net exceptional gain of £300.4m.

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

23. Financial commitments and contingent liabilities

Future aggregate minimum operating lease payments for the Group at 31 March 2014 and 2013 are as follows:

At 31 March

£m	2014	2013
Payable		
Not later than one year	1.4	1.8
Later than one year and not later than five years	5.1	6.8
Later than five years	4.6	3.4
Total future aggregate minimum operating lease payments	11.1	12.0

Operating lease payments expensed during the year amounted to £2.3m (2013 - £2.8m).

24. Subsidiary undertakings

Details of principal subsidiary undertakings at 31 March 2014, all of which are unlisted and included in these Group financial statements, are as follows:

Name	Activity	Countries of incorporation and principal place of operation	Group interest in allotted capital ^(a)
Direct undertakings			
hibu Connect S.A.U.	Classified advertising publisher	Spain	100% ordinary
hibu Mediaworks S.A.U.	Directory graphics services	Spain	100% ordinary
Yell Finance (Jersey) Two Limited ^(b)	Finance company	Jersey ^(b)	100% ordinary
Indirect undertakings			
hibu Argentina, S.A.	Classified advertising publisher	Argentina	100% ordinary
hibu Chile, S.A.	Classified advertising publisher	Chile	100% ordinary
hibu Peru, S.A.	Classified advertising publisher	Peru	100% ordinary

(a) The proportion of voting rights held corresponds to the aggregate interest percentage held by the Company and subsidiary undertakings, unless otherwise stated.

(b) Jersey incorporated entity which became part of the hibu Holdings 3 Limited Group as a result of the financial restructuring of the hibu Group, is managed and controlled in the UK.

The companies listed include those that materially affect the amount of net profit and net assets of the Group. A full list of all the Group's subsidiary undertakings at the date of this document is available for inspection at the registered office of the Company.

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Notes to the consolidated financial statements for the year ended 31 March 2014

25. Related party transactions

Year ended 31 March

£m	2014	2013
Group recharges - amounts owed by:		
hibu (UK) Limited	1.8	3.5
hibu Inc	3.4	0.3
Total Group recharge amounts owed by Group companies	5.2	3.8

Year ended 31 March

£m	2014	2013
Group recharges - amounts owed to:		
hibu (UK) Limited	(3.9)	(3.6)
hibu Inc	(3.6)	(3.9)
Yell Holdings 2 Limited (in administration) ^(a)	–	–
Total Group recharge amounts owed to Group companies	(7.5)	(7.5)

Year ended 31 March

£m	2014	2013
Interest payable to Yell Holdings 2 Limited (in administration) ^(a)	54.0	48.2
Total finance costs	54.0	48.2

Year ended 31 March

£m	2014	2013
Interest receivable from Yell Holdings 2 Limited (in administration) ^(a)	66.8	61.3
Total finance income	66.8	61.3

At 31 March

£m	2014	2013
Current assets		
Amounts owed by hibu Inc	3.2	0.4
Amounts owed by hibu (UK) Limited	2.6	3.7
Amounts owed by Yell Holdings 2 Limited (in administration) ^(a)	–	952.2
Total current amounts owed by Group companies	5.8	956.3

At 31 March

£m	2014	2013
Current liabilities		
Amounts owed to hibu Inc	3.3	4.0
Amounts owed to hibu (UK) Limited	2.6	4.0
Amounts owed to Yell Holdings 2 Limited (in administration) ^(a)	–	749.7
Total amounts owed to Group companies	5.9	757.7

(a) Yell Holdings 2 Limited (in administration) is recognised as related party because it was a fellow group undertaking until 3 March 2014.

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

25. Related party transactions (continued)

Subsidiary undertakings

Details of the principal direct subsidiary undertakings each year end, all of which are unlisted, are shown in note 24 of these Group financial statements.

Directors' remuneration

The aggregate emoluments of the directors, allocated in respect of their services to the Group, were as follows;

Year ended 31 March

£m	2014	2013
Salaries and other short-term benefits i.e. including bonuses, excluding share based payments	0.1	0.1
Employer's pension contributions	–	–
Total remuneration	0.1	0.1

Key management compensation

Year ended 31 March

£m	2014	2013
Salaries and other short-term benefits i.e. including bonuses, excluding share based payments	0.2	0.2
Amount received under long term incentive schemes (other than shares or share options)	0.1	0.2
Total key management compensation	0.3	0.4

No share based payment expense has been included, as no share options were exercised during the year to 31 March 2014 (2013: none) and share options outstanding at 31 March 2014 are considered to have no value (see note 29). An amount of £0.1m has been agreed in respect of compensation for loss of office.

26. Employee share schemes

The Group's employees participated in various stock options and other share plans awarded by hibu plc (in administration), the Company's former ultimate holding company. The Group has accounted for the plans in accordance with the fair value recognition provisions of IFRS 2 Share Based Payments. IFRS 2 applies to equity settled awards granted after 7 November 2002 not vested by 1 March 2005 and all cash settled awards outstanding at 1 March 2005.

On 25 July 2013, the hibu Group announced that the outcome of the financial restructuring allowed for no payments to shareholders and that the shares of hibu plc (in administration) had no value. The Board further announced that the trading of the shares on the London Stock Exchange was to be suspended with immediate effect. No further awards or options were granted under the employee share-schemes. On 28 November 2013, hibu plc (in administration) was delisted.

Any unamortised costs have been accelerated and included within the share based payment expense in the Group income statement (see note 5).

On 3 March 2014, the Company became an indirectly wholly owned subsidiary of Eagle Topco 2013 Limited when Eagle Topco 2013 Limited formed the "Eagle Topco Group" by purchasing certain assets of the hibu Group.

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

26. Employee share schemes (continued)

At 31 March 2014, any remaining share plans relating to hibu plc (in administration) that have not been exercised are considered to have no value to the employees. No other stock options or other share plans have been issued to the Group's employees.

Full details of the schemes that were in existence are given below:

(a) The Yell Group plc Executive Share Option Scheme

The Yell Group plc Executive Share Option Scheme (the UK Option Scheme) was established in July 2003, and contains an unapproved section and a section approved by HM Revenue and Customs. The price per ordinary share at which options will be exercised will be not less than the market value of the ordinary shares at the date of grant. Options will normally be granted within a period of 42 days commencing on the day after the date on which the Group releases its quarterly, half-yearly or final results for any financial period. In most circumstances an objective performance condition must be satisfied before an option can be exercised. Normally, options may only be exercised three years after their initial date of grant. The option life under this plan is ten years from the date of grant. On Change of Control, options become exercisable for up to six months from Change of Control, subject to achievement of performance conditions or can be exchanged for an equivalent option in the acquiring company.

(b) The Capital Accumulation Plan

The Yell Group plc Capital Accumulation Plan (the CAP) was established in February 2004. It allows the Company to make awards of ordinary shares, which vest three years from the date of grant, to employees. There are no performance criteria attached to the vesting of these shares, which are awarded to employees whom the Company wishes to retain as key talent within the organisation. Awards are satisfied by purchasing existing shares on the open market rather than by issue of new shares. On Change of Control, awards vest in full.

(c) The Long-term Incentive Plan

The Yell Group plc Long-term Incentive Plan (the LTIP) was established in July 2003 and is not intended to be approved by HM Revenue and Customs. The Board has sole discretion to determine which executives are granted awards under the LTIP. Awards are granted in the form of performance shares and in most circumstances an objective performance condition must be satisfied before an award vests. Normally, awards may only vest three years after their initial date of grant. On Change of Control, options become exercisable and performance condition requirements fall away but pro-rating for time applies. Options may be exercised for such reasonable period as the Trustee may determine.

Options under share schemes:

Options granted, exercised and lapsed under the savings related schemes and other share option schemes during the prior year ended 31 March 2013 and options exercisable at 31 March 2013 were as follows:

	Other share option schemes	Total options outstanding	Exercise price range	Weighted average exercise price
Outstanding at 31 March 2012	7,563,645	7,563,645	0.0p-67.0p	15p
Granted	—	—	—	—p
Exercised	—	—	—	—p
Expired, cancelled or forfeited	(4,485,148)	(4,485,148)	0.0p-67.0p	6p
Outstanding at 31 March 2013	3,078,497	3,078,497	0.0p-67.0p	29p
Exercisable at 31 March 2013	1,330,220	1,330,220	0.0p-67.0p	67p

hibu Holdings 3 Limited

Notes to the consolidated financial statements for the year ended 31 March 2014

27. Ultimate parent company and controlling party

At 31 March 2013 the ultimate holding company and controlling party was hibu plc (in administration). On 3 March 2014, the Company's immediate holding company Yell Holdings 2 Limited (in administration) sold its interest in the Company to Eagle Spain Holdco 2013 Limited, an indirectly wholly owned subsidiary of Eagle Topco 2013 Limited. At 31 March 2014, the ultimate holding company and controlling party was Eagle Topco 2013 Limited.

28. Liquidity and funding

The Group has no contractually fixed debt repayment obligations other than at maturity and as explained in note 1. Its cash generation is expected to be more than sufficient to cover its cash interest payment obligations for the next twelve months. The Group maintains cash balances sufficient to meet expected fluctuations in its working capital requirements; every three months any cash in excess of €23.5m is put to one side for three months, after which, to the extent that it not required to restore the Group's cash balances to €23.5m, it is used to prepay the Group's debt. Consequently, the Group has no available but undrawn finance facilities.

The Group has given one financial covenant to its Lenders, which is to maintain minimum cash balances of €5m at the end of each month. A discussion of the risks associated with these covenants and other undertakings is presented on pages 15 and 16.

The Group holds its short term liquidity as cash in current or deposit banks accounts or as investments in liquidity funds operated by highly rated, major banks and substantial financial institutions in their various local markets.

hibu Holdings 3 Limited

Company income statement

Year ended 31 March

£'000	Note	2014	2014
Administrative costs	3	(388,439)	(353,005)
Other income/(costs)		194	(94)
Loss from operations		(388,245)	(353,099)
Finance costs	5	(53,701)	(48,086)
Finance income	5	12,993	14,292
Net finance costs	5	(40,708)	(33,794)
Loss before taxation	6	(428,953)	(386,893)
Taxation credit/(charge)	7	14,137	(14,892)
Loss for the year attributable to owners of the company		(414,816)	(401,785)

Statement of comprehensive income

Year ended 31 March

£'000	2014	2013
Loss for the year	(414,816)	(401,785)
Exchange gain on translation of foreign branch results, assets and liabilities	13,729	2,169
Other comprehensive income not recognised in the income statement	13,729	2,169
Total comprehensive expense for the year	(401,087)	(399,616)

hibu Holdings 3 Limited

Company statement of financial position

At 31 March

£'000	Note	2014	2013
Non-current assets			
Investments in subsidiaries	8	61,443	70,031
Deferred tax assets	11	5,836	-
Total non-current assets		67,279	70,031
Current assets			
Trade and other receivables	10	11,790	400,047
Corporate income tax receivable		84	393
Cash and cash equivalents		4	6
Total current assets		11,878	400,446
Total assets		79,157	470,477
Current liabilities			
Trade and other payables	10	(5,668)	(697,201)
Total current liabilities		(5,668)	(697,201)
Non-current liabilities			
Trade and other payables	10	(701,300)	-
Total non-current liabilities		(701,300)	-
Total liabilities		(706,968)	(697,201)
Net liabilities		(627,811)	(226,724)
Equity attributable to owner			
Share capital	12	2,151,795	2,151,795
Translation reserve		89,359	75,630
Accumulated losses		(2,868,965)	(2,454,149)
Total equity		(627,811)	(226,724)

The financial statements on pages 46 to 61 were approved by the Board of directors on 29 July 2014 and were signed on its behalf by:



Robert Hall
Director

Registration no 05724156

hibu Holdings 3 Limited

Company statement of changes in equity

At 31 March 2014

£'000	Share capital	Share premium	Translation reserve	Accumulated losses	Total equity
Balance at beginning of year	652,545	1,499,250	75,630	(2,454,149)	(226,724)
Loss for the year	-	-	-	(414,816)	(414,816)
Other comprehensive income not recognised in the income statement	-	-	13,729	-	13,729
Total comprehensive income (expense) for the year attributable to the owner	-	-	13,729	(414,816)	(401,087)
Balance at 31 March 2014	652,545	1,499,250	89,359	(2,868,965)	(627,811)

At 31 March 2013

£'000	Share capital	Share premium	Translation reserve	Accumulated losses	Total equity
Balance at beginning of year	652,545	1,499,250	73,461	(2,052,364)	172,892
Loss for the year	-	-	-	(401,785)	(401,785)
Other comprehensive income not recognised in the income statement	-	-	2,169	-	2,169
Total comprehensive income (expense) for the year attributable to the owner	-	-	2,169	(401,785)	(399,616)
Balance at 31 March 2013	652,545	1,499,250	75,630	(2,454,149)	(226,724)

hibu Holdings 3 Limited

Company cash flow statement

Year ended 31 March

£'000	2014	2013
Cash flows from operating activities:		
Cash used in operating activities	(383)	(204)
Interest received	41	16
Corporate income tax paid	-	(441)
Net cash outflow from operating activities	(342)	(629)
Cash flows from investing activities:		
Loans to other group undertakings	(2,228)	(1,622)
Loan repayments from other group undertakings	2,568	1,260
Net cash inflow/(outflow) from investing activities	340	(362)
Cash flows from financing activities:		
Loans from other group undertakings	-	988
Net cash inflow from financing activities	-	988
Net decrease in cash and cash equivalents	(2)	(3)
Cash and cash equivalents at beginning of year	6	9
Cash and cash equivalents at end of year	4	6

Cash used in operating activities

Year ended 31 March

£'000	2014	2013
Loss for the year	(414,816)	(401,785)
Adjustments for:		
Taxation	(14,137)	14,892
Finance income	(12,993)	(14,292)
Finance costs	53,701	48,086
Impairment of investments	387,993	352,633
Foreign exchange (gains)/losses	(194)	94
Changes in working capital:		
Movement in trade and other payables	63	168
Cash used in operating activities	(383)	(204)

hibu Holdings 3 Limited

Notes to the financial statements (Company only) for the year ended 31 March 2014

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis as explained below under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union with regard to IFRIC interpretations, and the Companies Act 2006. Accordingly these financial statements comply with Article 4 of the EU IAS Resolution.

The financial statements on pages 46 to 61 present information about the Company as an individual undertaking, and not as a group. The Company has also prepared consolidated financial statements on pages 11 to 45.

At 31 March 2013, the Company was an indirectly wholly owned subsidiary of its ultimate parent company, hibu plc (in administration), which with its subsidiaries comprised the "hibu Group". On 3 March 2014 the Company participated in the financial restructuring of the hibu Group through a court approved scheme of arrangement, as discussed below. On 3 March 2014, Eagle Topco 2013 Limited became the Company's ultimate holding company through intermediate holding companies when Eagle Topco 2013 Limited formed the "Eagle Topco Group" by acquiring certain assets of hibu plc (in administration), including the entire shareholding of the Company. At the same time, new debt structures were put in place separately for the Group and for fellow Eagle Topco Group undertakings.

As part of this financial restructuring, the overall financial indebtedness of the Group and fellow Eagle Topco Group undertakings was reduced, the terms of the Group's borrowing facilities were amended and extended and the Company was released from the guarantees it had given under previous facilities.

In return for this, the Company became a party to various contractual arrangements associated with the restructuring, including as a guarantor of the Group's new borrowing facilities. The Company's subsidiary, hibu Connect SAU is also the borrower under one of the new borrowing facilities. Amongst other things, these borrowing facilities contain financial covenants, covenants over minimum available liquidity and a cross default clause linked to the compliance of fellow Eagle Topco Group undertakings with separate new borrowing facilities. The Company, Group and fellow Eagle Topco Group undertakings were in full compliance with their respective covenants and undertakings at the date these financial statements were signed. However forecasts indicate that there is a risk that the financial covenants may be breached within the next twelve months. The directors of the Eagle Topco Group propose to approach the lenders of both borrowing facilities with a view to securing a waiver or reset of the financial covenants to ensure that no breach and therefore no cross default occurs; this will require the support of two-thirds of the lenders by value. In the event that covenants are breached by either the Group or its fellow Eagle Topco Group undertakings without remedy or waiver, the lenders' agent may, and must if directed by two-thirds of lenders (by reference to debt held) demand immediate repayment of all amounts due to them. The Board considers that it is unlikely that a covenant waiver or reset will not be obtained and that the lenders would request repayment, but clearly, this is a material uncertainty.

The directors have considered the implications of these circumstances and the disclosures in the consolidated financial statements of the Group, and in particular whether it is appropriate to prepare the financial statements on a going concern basis. In reaching a conclusion the directors reviewed forecasts of future performance which indicate that the Group will continue to generate positive cash returns and will be able to fully meet interest payments for the next twelve months. Therefore, the directors have concluded that the going concern basis of accounting for the Company continues to be appropriate. Nevertheless, the directors are making full disclosure, as required by accounting standards, to indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. The financial information does not include the adjustments that would result if the Company were unable to continue as a going concern.

hibu Holdings 3 Limited

Notes to the financial statements (Company only) for the year ended 31 March 2014

1. Accounting policies (continued)

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

(a) 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.

(b) 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.

(c) Investments

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.

(d) 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. Loans and receivables are classified as trade and other receivables or trade and other payables in the statement of financial position.

(e) 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.

(f) Taxation

The charge or credit for taxation is based on the profit or loss for the year 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 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 reversing taxable temporary timing differences exist.

Current tax is provided at the amounts expected to be paid or recovered under the tax rates that have been enacted or substantially 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 substantially 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.

(g) Share capital

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.

hibu Holdings 3 Limited

Notes to the financial statements (Company only) for the year ended 31 March 2014

1. Accounting policies (continued)

Standards that have been adopted during the current year

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

Amendment to IFRS 1, 'First time adoption' on government loans which addresses how a first-time adopter would account for government loans with a below-market rate on transitioning to IFRS.

Amendment to IFRS 1, 'First time adoption' on fixed dates and hyperinflation. The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs because its functional currency was subject to severe hyperinflation.

IFRS 13, 'Fair Value Measurement' which aims to improve consistency and reduce complexity by providing a precise definition of fair value and single source of measurement and disclosure requirements across IFRSs.

Amendment to IAS 12, 'Income Taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying value of an asset through use or sale.

Amendment to IAS 19, 'Employee Benefits' eliminates the corridor approach and calculates finance costs on a net funding basis.

Amendment to IAS 1, 'Financial Statement Presentation', sets out a requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

Amendment to IFRS 7, 'Financial Instruments Disclosures', which aims to facilitate comparison between those entities which prepare IFRS financial statements and those that prepare US GAAP financial statements.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2014 or later periods but which the Company has chosen not to early adopt. The Company has not chosen to early-adopt any IFRIC interpretations. There are three new standards and five amendments to current standards that could be relevant to the Group's operations:

IFRS 10, 'Consolidated Financial Statements' which builds on the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.

IFRS 11, 'Joint Arrangements' provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.

IFRS 12, 'Disclosure of interests in Other Entities' includes the disclosure requirements for all forms of interests in other entities. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.

hibu Holdings 3 Limited

Notes to the financial statements (Company only) for the year ended 31 March 2014

1. Accounting policies (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

Amendment to IAS 27 (Revised 2011), 'Separate Financial Statements' includes provisions on separate financial statements that are left behind after the control provisions of IAS 27 have been included in the new IFRS 10. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.

Amendment to IAS 28 (Revised 2011), 'Associates and Joint Ventures' includes requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.

Amendment to IAS 32, 'Financial Instruments: Presentation' aims to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.

Amendments to IAS 36 'Impairment of assets' will address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The amendments have received EU endorsement and are effective for accounting periods beginning after 1 January 2014.

Amendment to IAS 39, 'Financial Instruments: Recognition and measurement' will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws of regulation, if specific conditions are met. It has received EU endorsement and is effective for accounting periods beginning after 1 January 2014.

2. Directors' emoluments

The directors did not receive remuneration for their services to the Company (2013 - £nil).

3. Administrative expenses

Year ended 31 March

£'000	Note	2014	2013
Staff costs	4	154	179
Impairment of investments		387,993	352,633
Other administrative expenses		292	193
Total		388,439	353,005

hibu Holdings 3 Limited

Notes to the financial statements (Company only) for the year ended 31 March 2014

4. Employees

Year ended 31 March

	2014	2013
Average monthly number of employees		
Administrative	3	4
Total	3	4

Year ended 31 March

£'000	2014	2013
Staff costs during the year:		
Wages and salaries	125	154
Social security costs	29	25
Total staff costs	154	179

5. Net finance costs

Year ended 31 March

£'000	Note	2014	2013
Interest payable on loans from group undertakings	14	(53,472)	(48,020)
Amortisation of finance fees		-	(66)
Other interest payable		(229)	-
Total finance costs		(53,701)	(48,086)
Interest receivable on loans to group undertakings	14	12,993	14,292
Total finance income		12,993	14,292
Net finance costs		(40,708)	(33,794)

6. Loss before taxation

The auditors' remuneration 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 (2013 - £nil). See Group note 4 for further detail.

hibu Holdings 3 Limited

Notes to the financial statements (Company only) for the year ended 31 March 2014

7. Taxation

Year ended 31 March

£'000	Note	2014	2013
Current tax:			
UK corporation tax current year credit		(9,562)	-
Foreign corporate income tax current year charge		1,261	-
Adjustments in respect of prior years		-	119
Total current tax (credit)/charge		(8,301)	119
Deferred tax:			
UK deferred tax current year credit	11	-	(504)
Foreign deferred tax current year credit		(5,836)	-
Adjustments in respect of prior years	11	-	15,277
Total deferred tax (credit)/charge		(5,836)	14,773
Total tax (credit)/charge on loss before tax		(14,137)	14,892

The tax credit (2013 - charge) for the year is lower (2013 - higher) than the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

Year ended 31 March

£'000	2014	2013
Loss before taxation	(428,953)	(386,893)
Loss before tax multiplied by standard rate of corporation tax in the United Kingdom of 23% (2013 - 24%)	(98,659)	(92,854)
Effects of non-deductible impairments of investments	89,238	84,632
Deferred tax assets (recognised)/not recognised	(5,836)	8,155
Adjustments in respect of prior years	-	15,396
Release of deferred tax liabilities on impairment of investments	-	(504)
Other	1,120	67
Tax (credit)/charge on loss before tax	(14,137)	14,892

Legislation to reduce the UK corporation tax rate from (i) 23% to 21% with effect from 1 April 2014 and (ii) from 21% to 20% with effect from 1 April 2015 was substantively enacted at the date of the statement of financial position. These changes do not have any effect on these financial statements.

hibu Holdings 3 Limited

Notes to the financial statements (Company only) for the year ended 31 March 2014

8. Investments in subsidiaries

At 31 March

£'000	2014	2013
Cost		
Balance at beginning of year	2,366,688	2,366,688
Additions	380,869	-
At 31 March	2,747,557	2,366,688
Accumulated impairment		
Balance at beginning of year	(2,296,657)	(1,956,036)
Impairments	(387,993)	(352,633)
Currency movements	(1,464)	12,012
Accumulated impairment at 31 March	(2,686,114)	(2,296,657)
Net book value at 31 March	61,443	70,031

Details of the Company's principal subsidiary undertakings at 31 March 2014 and 2013, all of which are unlisted are as follows:

At 31 March

			2014	2013	2014	2013
		Country of	%	%	Carrying	Carrying
Direct subsidiaries	Company activity	incorporation	owned	owned	value	value
					£'000	£'000
hibu Connect S.A.U.	Classified Advertising Publisher	Spain	100.00	100.00	61,440	70,028
hibu Mediaworks S.A.U.	Directory Graphics Services	Spain	100.00	100.00	3	3
Yell Finance (Jersey) Two Limited	Finance Company	Jersey	100.00	-	-	-

Indirect undertakings	Company activity	Country of incorporation	% owned
hibu Argentina, S.A.	Classified Advertising Publisher	Argentina	100% ordinary
hibu Chile, S.A.	Classified Advertising Publisher	Chile	100% ordinary
hibu Peru, S.A.	Classified Advertising Publisher	Peru	100% ordinary

On 3 March 2014, as part of the financial restructuring, the Company acquired 100% of the ordinary share capital of Yell Finance (Jersey) Two Limited from its former parent company, Yell Holdings 2 Limited (in administration), in exchange for the release of its liabilities to the Company. Immediate provision was made against the cost of investment of £380,868,872.

During the year, as part of the ultimate holding company's test for impairment, impairment losses of £7,124,000 (2013 - £352,633,000) in respect of operations in Spain, Argentina and Peru were recognised (2013 - Spain, Chile and Peru). Accordingly, an impairment charge has been made against the Company's investment in hibu Connect S.A.U.

hibu Holdings 3 Limited

Notes to the financial statements (Company only) for the year ended 31 March 2014

9. Trade and other receivables

At 31 March

£'000	Note	2014	2013
Amounts falling due within one year			
Amounts owed by group undertakings	14	11,790	399,947
Other current receivables		-	100
Total amounts falling due within one year		11,790	400,047
Total trade and other receivables		11,790	400,047

Amounts owed by group undertakings are reported as current assets as they are repayable at the discretion of the ultimate parent company, Eagle Topco 2013 Limited. Included within the amounts owed by group undertakings are amounts of £nil (2013 - £237,612,627) which bears interest based upon the three month GBP LIBOR rate plus a fixed margin which was 4.02% at 31 March 2013 (2014 - not applicable) and £nil (2013 - £104,199,760) which bears interest based upon the one month GBP LIBOR rate plus a fixed margin which was 3.99% at 31 March 2013 (2014 - not applicable). Remaining amounts bear interest based upon the three month LIBOR rate in the denominated currency and interest rates are reset at the beginning of each quarter.

10. Trade and other payables

At 31 March

£'000	Note	2014	2013
Amounts falling due within one year			
Other current payables		67	104
Amounts owed to group undertakings	14	5,601	697,097
Total amounts falling due within one year		5,668	697,201
Amounts falling due after more than one year			
Amounts owed to group undertakings	14	701,300	-
Total amounts falling due after more than one year		701,300	-
Total trade and other payables		706,968	697,201

Current amounts owed to group undertakings in 2013 of £683,874,000 were denominated in Euros (€809,597,000) and bore interest in an aggregate amount based on an implied rate of 7.83% (2014 - classed as non-current). The remaining amounts are repayable at the discretion of the ultimate parent company, Eagle Topco 2013 Limited. 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.

Non-current amounts owed to group undertakings of £701,300,000 are denominated in Euros (€848,516,000) and bear interest in an aggregate amount based on an implied interest rate of 7.83%. In 2013 the amount due was classified as current, pending the resolution of the financial restructuring process.

hibu Holdings 3 Limited

Notes to the financial statements (Company only) for the year ended 31 March 2014

11. Deferred tax

Deferred tax assets

At 31 March

£'000	2014	2013
Balance at beginning of year	-	15,229
Credited/(charged) to income statement	5,836	(15,277)
Currency movements	-	48
Balance at 31 March	5,836	-

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The deferred tax assets recognised in the financial statements at 31 March 2014 and at 1 April 2012 relate to tax net operating losses.

The Company did not recognise deferred income tax assets at 31 March 2014 of £4.9m (2013 - £18.1m) in respect of tax losses of £24.7m (2013 - £73.4m) that do not time expire.

Deferred tax liabilities

At 31 March

£'000	2014	2013
Balance at beginning of year	-	504
Credited to income statement	-	(504)
Balance at 31 March	-	-

The deferred tax liabilities recognised in the financial statements at 1 April 2012 related to other timing differences.

12. Share capital

	2014 No. of shares	2013 No. of shares	2014 £'000	2013 £'000
Ordinary shares of £1				
At beginning of the year	652,544,690	652,544,690	652,545	652,545
At 31 March	652,544,690	652,544,690	652,545	652,545

On 24 April 2014, the Company cancelled 652,444,690 ordinary £1 shares and cancelled and extinguished its entire share premium thus creating a realised profit of £2,151,694,692 and reducing the Company's accumulated losses.

hibu Holdings 3 Limited

Notes to the financial statements (Company only) for the year ended 31 March 2014

13. Contingent liabilities

At 31 March 2014 there were no contingent liabilities or guarantees other than that mentioned below and those arising in the ordinary course of the Company's business, and on these no material losses are anticipated.

On 3 March 2014, the Company was party to the completion of a debt restructuring whereby new debt structures were put in place separately for the Company and its subsidiaries and for fellow Eagle Topco Group undertakings. At 31 March 2014, the Company was party to various contractual arrangements associated with the restructuring, including as a guarantor of one of the new borrowing facilities. The Company's subsidiary, hibu Connect SAU is the borrower under these new borrowing facilities. Amongst other things, these borrowing facilities contain financial covenants, covenants over minimum available liquidity and a cross default clause linked to the compliance of fellow Eagle Topco Group undertakings with separate new borrowing facilities. The Company, and fellow Eagle Topco Group undertakings were in full compliance with their respective covenants and undertakings at the date these financial statements were signed.

Under the terms of the 2009 loan facilities the Company participated in a set of cross guarantees with other members of the hibu Group whereby the Company guaranteed the obligations of those other members with regards to the Group Senior Facility loans. In addition, its assets were provided as security against those loans. At 31 March 2013 the hibu Group was in default under the terms of the 2009 facilities. The lenders' Facility Agent was able, and had to if directed by two thirds of lenders, demand immediate repayment of £2.3bn, being all amounts due at that time.

The other companies participating in the cross guarantees were as follows: Yell Finance BV (in administration), Yell Holdings 2 Limited (in administration), hibu (UK) Limited, YH Limited, Yellow Pages Limited (in administration), hibu Inc., hibu Connect S.A.U., hibu Holdings (USA) Inc., hibu Finance (UK) Limited (in administration), hibu (USA) LLC, Znode. Inc., hibu of Pennsylvania. Inc., hibuTel. Inc. and Yell Finance (Jersey) Two Limited. YH Limited guaranteed the obligations of those other members and a full provision was made in the financial statements of YH Limited at 31 March 2013. None of the other guarantors listed above have recognised a provision. The restructuring of all the external borrowings became effective on 3 March 2014. As a result, all the provisions were released.

14. Related party transactions

Details of transactions with other group undertakings during the years ended 31 March 2014 and 2013 and balances outstanding as at those dates are as follows:

Finance income

At 31 March

£'000	2014	2013
Interest receivable from Yell Holdings 2 Limited (in administration) ^(a)	12,989	14,270
Interest receivable from hibu Mediaworks S.A.U.	3	-
Interest receivable from hibu Connect S.A.U.	1	22
Total finance income	12,993	14,292

Finance income

At 31 March

£'000	2014	2013
Interest payable to Yell Holdings 2 Limited (in administration) ^(a)	(49,274)	(47,994)
Interest payable to Yell Finance (Jersey) Two Limited	(4,186)	-
Interest payable to hibu Connect S.A.U.	(12)	(26)
Total finance costs	(53,472)	(48,020)

hibu Holdings 3 Limited

Notes to the financial statements (Company only) for the year ended 31 March 2014

14. Related party transactions (continued)

Current assets

At 31 March

£'000	2014	2013
Amounts owed by Yell Holdings 2 Limited (in administration) ^(a)	-	374,729
Amounts owed by Yell Finance (Jersey) Two Limited	9,562	-
Amounts owed by hibu Mediaworks S.A.U.	-	1,393
Amounts owed by hibu Connect S.A.U.	-	13,729
Amounts owed by 11888 Servicio Consulta Telefonica S.A.	2,151	9,326
Amounts owed by Yell Publicidad Internacional S.A.U.	77	770
Total trade and other receivables	11,790	399,947
Total current assets	11,790	399,947

Current liabilities

At 31 March

£'000	2014	2013
Trade and other payables		
Amounts owed to Yell Holdings 2 Limited (in administration) ^(a)	-	(696,045)
Amounts owed to hibu Mediaworks SAU	(231)	-
Amounts owed to hibu Connect S.A.U.	(5,370)	(1,052)
Total trade and other payables	(5,601)	(697,097)
Total current liabilities	(5,601)	(697,097)

Non-current liabilities

At 31 March

£'000	2014	2013
Trade and other payables		
Amounts owed to Yell Finance (Jersey) Two Limited	(701,300)	-
Total trade and other payables	(701,300)	-
Total non-current liabilities	(701,300)	-

(a) Yell Holdings 2 Limited (in administration) is treated as a related party as it was a fellow group undertaking until 3 March 2014.

15. Ultimate parent company and controlling party

On 3 March 2014, the Company's immediate holding company Yell Holdings 2 Limited (in administration) sold its interest in the Company to Eagle Spain Holdco 2013 Limited, an indirectly wholly owned subsidiary of Eagle Topco 2013 Limited. At 31 March 2014, the ultimate holding company and controlling party was Eagle Topco 2013 Limited.

hibu Holdings 3 Limited

Notes to the financial statements (Company only) for the year ended 31 March 2014

16. Liquidity, credit risk and risk management

Cash is held in current and deposit accounts with 'AA' rated banks.

The Company's objectives when managing capital are to safeguard the entity's 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.

The Company's significant risk factors are set out in note 1.