

Registered number: 06649631

Yell Mediaworks Limited

Annual report for the year ended 31 March 2020

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Yell Mediaworks Limited

Annual report for the year ended 31 March 2020

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Yell Mediaworks Limited

Company information

Directors

Claire Miles (appointed 9 October 2019)
Oliver Wilson (resigned 24 February 2020)
Malcolm Green (resigned 10 October 2019)
David Sharman (resigned 6 December 2019)
Michael Ainslie (appointed 24 February 2020)

Company secretary

Christian Wells

Registered office

3 Forbury Place
Forbury Road
Reading
RG1 3YL

Registered number

06649631

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
3 Forbury Place
23 Forbury Road
Reading
RG1 3JH

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

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

Yell Mediaworks Limited

Report of the directors for the year ended 31 March 2020

The directors present their annual report and the audited financial statements of Yell Mediaworks Limited (the "Company") for the year ended 31 March 2020. This report is prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act.

Principal activities

The Company's principal activity was the fulfilment of print advertisements, videos and websites sold by Yell Limited, the Company's immediate parent undertaking (the "Parent").

Review of business and future developments

The Company is incorporated and domiciled in England & Wales and is an integral part of the Group. The Company incurs costs in respect of the fulfilment of print advertisements, videos and websites sold by the Parent. These costs are recharged to the Parent. The principal risk to the Company is the loss of income if the Parent ceases to reimburse the Company for the costs incurred. The directors of the Parent have no plans to change the current arrangement.

No significant changes to the activities of the Company are expected in the immediate future.

Results and dividends

The Company's profit for the financial year to 31 March 2020 was £5,175,000 (2019: £1,000). The directors do not recommend the payment of a dividend (2019: £nil).

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties to which the business is subject, both external and internal, are fully discussed in the context of the Owl Group as a whole in the Strategic Report of the Company's intermediate parent company, Owl Finance Limited. The key financial risk management objectives and policies are discussed further below.

Financial risk management

The Company's operations expose it to a variety of risks including credit risk. As the Company's trading is with other fellow group undertakings and its operations are principally funded through intra-group loan arrangements it is not exposed directly to external risk factors such as liquidity risk. The Company would be exposed to interest rate risk only to the extent the intra-group loan arrangements carried interest on a floating rate basis. These risks are managed on a group-wide basis by the Company's ultimate parent undertaking Hibu Group. Full disclosure on how these risks are managed is provided in the financial statements of that company.

The Owl Group has £214 million of senior secured notes and a £25 million revolving credit facility, of which £8.8 million was drawn at 31 March 2020, issued and drawn by subsidiaries of the Company's intermediate parent, Owl Finance Limited. The senior secured notes are not subject to any financial ratio maintenance covenants. The revolving credit facility is subject to a financial ratio maintenance covenant with which the Owl Group is in compliance at the date of this report. The senior secured notes and revolving credit facility are secured on the assets of the Owl Group. Owl Finance Limited and all its subsidiaries, including the Company, are guarantors of the senior secured notes and the revolving credit facility.

The Company's operations do not expose it to other financial risks as all its trading is with fellow subsidiaries of Owl Finance Limited.

Yell Mediaworks Limited

Report of the directors for the year ended 31 March 2020

Going concern

The Company's net current liabilities and related negative net assets are tied to a provision for uncertain tax positions that, if crystallised, will ultimately have to be funded by Yell Limited (the "Parent"). The Covid-19 pandemic and related lockdown in the UK has had a material effect on the business of the Owl Group and the Parent in the first quarter of the year ending 31 March 2021. It is still too early to reliably conclude on the likely longer-term effects. The Owl Group's and Parent's base planning scenario indicates that it is not expected to encounter any liquidity issues in either the current financial year or the year ending 31 March 2022. There are however credible downside scenarios, if the recovery of the business is slower than is expected, in which the Owl Group would be unable to make its interest payments on the Senior Secured Notes as early as September 2021. The board of Owl Finance Limited has been advised by the board of Hibu Group that it does not consider that it would be in the interests of its shareholders to commit to providing financial support to the Owl Group. In this context the Owl Group has commenced discussion with both the board of Hibu Group and the largest bondholders regarding the long-term capital structure of the Owl Group which may result in it ceasing to be part of the Group.

The directors of the Company have considered the implications of the above and the risks set out in the Owl Finance Limited strategic report for the year ended 31 March 2020 and in particular whether it is appropriate to prepare the financial statements of the Company on a going concern basis and the adequacy of the disclosures made within the financial statements. In reaching a conclusion the directors reviewed forecasts of future performance that indicate that the Company and related party debtors should continue to generate sufficient cash flows to be able to repay liabilities as they fall due. However, the directors acknowledge that the Company's net current liabilities and the lack of certainty in relation to the longer-term effects of the Covid-19 pandemic on Owl Group's liquidity are material uncertainties.

The directors have concluded that it is appropriate for the financial statements to be prepared on a going concern basis however they 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 directors have concluded that the financial statements do not require the adjustments that would result if the Company were unable to continue as a going concern.

Directors and their interests

The directors who held office during the year and up to the date of approval of the financial statements are stated on page 1. None of the directors were remunerated for their services as directors of the Company (2019: none).

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

Yell Mediaworks Limited

Report of the directors for the year ended 31 March 2020

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

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

The directors are responsible for the maintenance and integrity of the company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

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

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the Board



Claire Miles

Director

Date: 30 June 2020

Yell Mediaworks Limited

Independent auditors' report to the members of Yell Mediaworks Limited

Report on the audit of the financial statements

Opinion

In our opinion, Yell Mediaworks Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 March 2020; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company's forecasts indicate that it is not expected to encounter any liquidity issues at least for 12 months from the date of approval of these financial statements. The directors believe that they are able to carry out the necessary measures and the company expects to have sufficient liquidity to meet its liabilities as they fall due for at least twelve months. Accordingly, the directors continue to adopt the going concern basis for accounting in preparing these financial statements. However, there are credible downside scenarios where, if the recovery of the business is slower than is expected due to the COVID-19 pandemic and related lockdown in the United Kingdom, then the Owl Group, of which the company is a subsidiary, would not be able to make its interest payments on the senior secured notes as early as September 2021. There are risks associated with the matters as outlined above and these conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Yell Mediaworks Limited

Independent auditors' report to the members of Yell Mediaworks Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Report of the directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Report of the directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the directors for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Yell Mediaworks Limited

Independent auditors' report to the members of Yell Mediaworks Limited

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Report of the directors; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Alex Hookway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
30 June 2020

Yell Mediaworks Limited

Income statement for the year ended 31 March 2020

	Note	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Revenue	3	106	158
Cost of sales		(64)	(158)
Gross profit		42	-
Administrative expenses		(42)	-
Operating result	4	-	-
Other gains	6	5,175	-
Profit before interest and tax		5,175	-
Finance costs	7	(1)	-
Profit before taxation		5,174	-
Tax credit	8	1	1
Profit for the financial year		5,175	1

Statement of comprehensive income for the year ended 31 March 2020

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Profit for the financial year	5,175	1
Other comprehensive income for the year	-	-
Total comprehensive income for the year	5,175	1

Yell Mediaworks Limited

Statement of financial position at 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Current assets			
Trade and other receivables	9	1	-
Total current assets		1	-
Current liabilities			
Trade and other payables	10	(8)	(5,175)
Corporate income tax liabilities		(32)	-
Total current liabilities		(40)	(5,175)
Net liabilities		(39)	(5,175)
Equity			
Called up share capital	11	-	-
Share premium account	11	3,900	3,900
Accumulated losses		(3,939)	(9,075)
Total shareholders deficit		(39)	(5,175)

The financial statements on pages 8 to 19 were approved by the Board of directors and were signed on its behalf on 30 June 2020 by:



Michael Ainslie
Director

Registered no: 06649631

Yell Mediaworks Limited

Statement of changes in equity for the year ended 31 March 2020

	Called up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total shareholders deficit £'000
2019				
Balance at 1 April 2018	-	3,900	(9,076)	(5,176)
Profit for the financial year	-	-	1	1
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1	1
Balance at 31 March 2019	-	3,900	(9,075)	(5,175)
2020				
Balance at 1 April 2019	-	3,900	(9,075)	(5,175)
Changes in accounting policy – adoption of IFRIC 23	-	-	(39)	(39)
Restated balance at 1 April 2019	-	3,900	(9,114)	(5,214)
Profit for the financial year	-	-	5,175	5,175
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	5,175	5,175
Balance at 31 March 2020	-	3,900	(3,939)	(39)

* The change in accounting policy is a result of adoption of IFRIC 23. For more details refer to Note 16.

Yell Mediaworks Limited

Notes to the financial statements for the year ended 31 March 2020

1. Basis of preparation and accounting policies

Entity information

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

The Company is a private company, limited by shares and registered in England and Wales under registration number 06649631. Its registered office is at 3 Forbury Place, Forbury Road, Reading, Berkshire, RG1 3YL.

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

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

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

Going concern

The financial statements have been prepared on a going concern basis. The Owl Group has £214 million of senior secured notes and a £25 million revolving credit facility, of which £8.8 million was drawn at 31 March 2020, issued and drawn by subsidiaries of the Company's intermediate parent, Owl Finance Limited. The senior secured notes are not subject to any financial ratio maintenance covenants. The revolving credit facility is subject to a financial ratio maintenance covenant with which the Owl Group is in compliance at the date of this report. The senior secured notes and revolving credit facility are secured on the assets of the Owl Group. Owl Finance Limited and all its subsidiaries, including the Company, are guarantors of the senior secured notes and the revolving credit facility.

The Company's net current liabilities and related negative net assets are tied to a provision for uncertain tax positions that, if crystallised, will ultimately have to be funded by Yell Limited (the "Parent"). The Covid-19 pandemic and related lockdown in the UK has had a material effect on the business of the Owl Group and the Parent in the first quarter of the year ending 31 March 2021. It is still too early to reliably conclude on the likely longer-term effects. The Owl Group's and Parent's base planning scenario indicates that it is not expected to encounter any liquidity issues in either the current financial year or the year ending 31 March 2022. There are however credible downside scenarios, if the recovery of the business is slower than is expected, in which the Owl Group would be unable to make its interest payments on the Senior Secured Notes as early as September 2021. The board of Owl Finance Limited has been advised by the board of Hibu Group that it does not consider that it would be in the interests of its shareholders to commit to providing financial support to the Owl Group. In this context the Owl Group has commenced discussion with both the board of Hibu Group and the largest bondholders regarding the long-term capital structure of the Owl Group which may result in it ceasing to be part of the Group.

Yell Mediaworks Limited

Notes to the financial statements for the year ended 31 March 2020

1. Basis of preparation and accounting policies (continued)

Going concern (continued)

The directors of the Company have considered the implications of the above and the risks set out in the Directors' Report on pages 2 to 3 and Owl Finance Limited strategic report for the year ended 31 March 2020 and in particular whether it is appropriate to prepare the financial statements of the Company on a going concern basis and the adequacy of the disclosures made within the financial statements. In reaching a conclusion the directors reviewed forecasts of future performance that indicate that the Company and related party debtors should continue to generate sufficient cash flows to be able to repay liabilities as they fall due. However, the directors acknowledge that the Company's net current liabilities and the lack of certainty in relation to the longer-term effects of the Covid-19 pandemic on Owl Group's liquidity are material uncertainties.

The directors have concluded that it is appropriate for the financial statements to be prepared on a going concern basis however they 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 directors have concluded that the financial statements do not require the adjustments that would result if the Company were unable to continue as a going concern.

Principal accounting policies

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

a. Revenue

Revenue, which excludes value added tax, comprises the value of services provided to Yell Limited, the Company's parent undertaking, for print advertising fulfilment services, and is recognised as the service is provided.

b. Cost of sales

Cost of sales is the result of staff costs incurred in respect of providing the fulfilment of presentation products for Yell Limited.

c. Employee benefits

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

Pension obligations

Employees are members of the Company's defined contribution scheme. Contributions are charged against profit as incurred. All pension schemes are independent of the Company's finances.

d. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. An allowance for doubtful debts is recognised on initial recognition of receivables, which is deducted from the gross carrying amount of the receivable. The allowance is calculated by reference to credit losses expected to be incurred over the lifetime of the receivable. Historical loss experience and informed credit assessment alongside other factors such as the current state of the economy and specific market issues are considered in estimating a loss allowance. Reasonable and supportable information that is relevant and available without undue cost or effort is considered in estimating a loss allowance. The loss is recognised in cost of sales.

Yell Mediaworks Limited

Notes to the financial statements for the year ended 31 March 2020

1. Basis of preparation and accounting policies (continued)

e. Trade and other payables

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

f. Financial assets and liabilities

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

g. Current and deferred tax

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

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

Deferred tax is measured at the rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax assets and liabilities are not discounted.

h. Share capital

Ordinary shares are classified as equity.

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

i. Standards that have become effective during the year

The following standards, interpretations and amendments became effective during the year. Only the adoption of IFRIC 23 was material to the Company:

- IFRS 16, 'Leases'. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting for leases, particularly for lessees. Under IAS17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use' asset for virtually all lease contracts. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. It has received EU endorsement and is effective for annual periods beginning on or after 1 January 2019.
- IFRIC 23, 'Uncertainty over Income Tax treatments'. This IFRIC clarifies how the recognition and measurement requirements of IAS12, 'Income Taxes', are applied where there is uncertainty over income tax treatments. It has received EU endorsement and is effective for annual periods beginning on or after 1 January 2019.

Yell Mediaworks Limited

Notes to the financial statements for the year ended 31 March 2020

1. Basis of preparation and accounting policies (continued)

Standards that have become effective during the year (continued)

- 'Annual Improvements 2015-17'. These amendments include minor changes and affect four standards being IFRS 3, 'Business Combinations', IFRS 11, 'Joint Arrangements', IAS 12, 'Income taxes' and IAS 23 'Borrowing costs'. These amendments have received EU endorsement and are effective for annual periods beginning on or after 1 January 2019.
- Amendment to IFRS 9, 'Financial Instruments'. This amendment confirms two points relating to negative compensation and the modification of financial liabilities. It has received EU endorsement and is effective for annual periods beginning on or after 1 January 2019.
- Amendments to IAS 19, 'Employee Benefits'. These amendments require an entity to use updated assumptions to determine the current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and recognise in profit or loss the part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the effect of the asset ceiling. It has received EU endorsement and is effective for annual periods beginning on or after 1 January 2019.
- Amendments to IAS 28, 'Investments in Associates'. These amendments clarify that companies account for long-term interests in an associate or joint venture to which the equity method is not applied, using IFRS9. It has received EU endorsement and is effective for annual periods beginning on or after 1 January 2019.

2. Critical accounting estimates and judgments

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

In preparing the Company's financial statements, the Company's management have made their best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality.

The Company regularly reviews these estimates and updates them when required. Actual results could differ from these estimates. Unless otherwise indicated, the Company does not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described in Note 1. The Company considers the following to be a description of the most significant estimates, which require the Company's management to make subjective and complex judgments, or matters that are inherently uncertain.

Tax

The determination of our obligation and expense for taxes requires an interpretation of tax law. Judgments and estimates are required to determine the appropriate amount of tax to provide for and any required disclosure around contingent tax liabilities at each period end.

The Company seeks appropriate, competent and professional tax advice before making any judgments on tax matters. Provisions for tax liabilities are estimated for existing matters under dispute with tax authorities, as well as for matters that it is considered may be disputed by them, where it is probable that a future liability will arise. The tax liability provided is management's best estimate, taking into account external advice, the anticipated position of the relevant tax authorities, and other factors. Whilst the Company believes that its judgments are prudent and appropriate, significant differences in actual experience may materially affect future tax charges.

Yell Mediaworks Limited

Notes to the financial statements for the year ended 31 March 2020

2. Critical accounting estimates and judgments (continued)

Tax (continued)

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

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

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

- Estimates of Owl Group's future liquidity used in the going concern assessment, and
- Assumptions within our expected credit losses on trade and other receivables.

3. Revenue

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Analysis by category		
Service charges	106	158
Total revenue	106	158

All revenue is generated solely in the United Kingdom.

4. Operating result

The operating result before taxation is stated after charging/(crediting):

		Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
	Note		
Staff costs	5	106	158

Auditors' remuneration of £5,939 (2019: £5,550) was borne by Yell Limited, the Company's direct parent, and has not been recharged to the Company. Fees for non-audit services were £nil (2019: £nil).

Yell Mediaworks Limited

Notes to the financial statements for the year ended 31 March 2020

5. Employees

	Year ended 31 March 2020	Year ended 31 March 2019
Average monthly number of employees (including executive directors):		
By activity:		
Marketing and office	1	1
Production	2	4
Total	3	5

	Note	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Staff costs during the year			
Wages and salaries		96	137
Social security costs		8	15
Other pension costs	12	2	6
Total staff costs		106	158

Directors' remuneration

The directors did not receive remuneration for their services to the Company (2019: £nil).

6. Other gains

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Gain on release of loan due to parent company	5,175	-

The Company was released from its loan obligations with its parent company during the year and has recognised a gain of £5,175,000 (2019: £nil).

7. Finance costs

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Interest on provision for uncertain tax positions	1	-
Total finance costs	1	-

Yell Mediaworks Limited

Notes to the financial statements for the year ended 31 March 2020

8. Tax credit

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Current tax:		
Corporation tax credit	(1)	(1)
Total current tax credit	(1)	(1)
Deferred tax:		
Deferred tax charge for the year	-	-
Total deferred tax charge	-	-
Total tax credit	(1)	(1)

The tax credit for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Profit before taxation	5,174	-
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	983	-
Effects of:		
Non-taxable release of inter-company loans	(983)	-
Other tax deductible items	(1)	(1)
Tax credit	(1)	(1)

The calculation of the Company's total tax charge involves consideration of certain items whose tax treatment cannot be ultimately determined until final resolution has been reached through negotiation with the relevant tax authorities. The Company has provided corporate income tax liabilities of £32,000 (2019: £nil) in respect of open tax periods that have not yet been agreed by UK tax authorities. The final agreed liabilities may vary from the amounts provided as these are dependent upon the outcomes for each open period. The company has limited control over the timing of the resolution of uncertain tax positions with tax authorities. Acknowledging this inherent unpredictability, and on the basis of currently available information, the Company does not expect material changes to occur to the level of provisions against uncertain tax positions during the next twelve months.

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 March 2020, the Company did not recognise deferred tax assets of £2,000 (2019: £nil) in respect of £9,000 (2019: £nil) restricted interest expenses. The benefits in respect of restricted interest expenses do not time expire.

In the Spring Budget 2020, the UK government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020 and therefore 19% has been used for the measurement of closing deferred tax balances.

Yell Mediaworks Limited

Notes to the financial statements for the year ended 31 March 2020

9. Trade and other receivables

	31 March 2020 £'000	31 March 2019 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	1	-
Total	1	-

10. Trade and other payables

	31 March 2020 £'000	31 March 2019 £'000
Amounts falling due within one year		
Amounts owed to group undertakings	-	5,175
Accruals	8	-
Total	8	5,175

11. Called up share capital and share premium account

Called up share capital:

	No. of shares of £1 each	£
Allotted, called up and fully paid		
At 1 April 2019	12	12
At 31 March 2020	12	12

All shares rank pari passu in all respects.

Share premium account:

	£'000
At 1 April 2019	3,900
At 31 March 2020	3,900

12. Pensions

The Company operates a defined contribution scheme for its employees. The Company's income statement for the years ended 31 March 2020 and 2019 included the following charges:

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Amounts charged to operating result		
Amounts expensed for defined contribution schemes	2	6
Total operating charge	2	6

The above pension cost in respect of this section represents contributions payable to the funds. Outstanding contributions amounted to £nil at 31 March 2020 (2019: £nil).

Yell Mediaworks Limited

Notes to the financial statements for the year ended 31 March 2020

13. Financial commitments, contingent liabilities and litigation

At 31 March 2020, there were no contingent liabilities or guarantees (2019: £nil).

The Company is party to the security arrangements associated with the high-yield bonds issued in the prior year by a subsidiary of Owl Finance Limited. The bonds do not require specific financial ratio covenants but are secured on all the assets of Owl Finance Limited and its subsidiaries.

There are no capital or other commitments (2019: £nil).

14. Controlling entity

The immediate parent undertaking is Yell Limited. The ultimate holding company and controlling party at 31 March 2020 is Hibu Group.

At the date of signing these financial statements the smallest group in which the financial statements of the Company are consolidated is Owl Finance Limited and the largest group in which the financial statements of the Company are consolidated is Hibu Group. The financial statements of Hibu Group and Owl Finance Limited are publicly available from 3 Forbury Place, Forbury Road, Reading, Berkshire, RG1 3YL.

15. Events after the end of the reporting year

There are no material post balance sheet events to report, other than the effect of the Covid-19 pandemic as discussed in the Report of the Directors, at the time of signing these financial statements

16. Adoption of IFRIC 23

On 1 April 2019, the Company applied IFRIC 23 using the modified retrospective method so has not restated the prior year comparatives. This IFRIC clarifies how the recognition and measurement requirements of IAS12, 'Income Taxes', are applied where there is uncertainty over income tax treatments. The changes resulted in a recognition of a tax provision and interest accrual of £32,000 and £7,000 respectively in respect of previous years.