

Registered number: 10277047

Owl Finance Limited

Annual report and financial statements for the year ended 31 March 2022



Owl Finance Limited

Annual report for the year ended 31 March 2022

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Owl Finance Limited

Company information

Directors

Claire Miles
David Anderson
Adam Hurst

Company secretary

Paul Manwaring (appointed 1 August 2021)
Christian Wells (resigned 1 August 2021)

Registered office

3 Forbury Place
Forbury Road
Reading
RG1 3YL

Registered number

10277047

Independent auditors

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

All references to the Group are references to the ultimate controlling party, Yell Holdco Limited, and its consolidated subsidiaries.

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

Owl Finance Limited

Strategic report for the year ended 31 March 2022

The directors present their Strategic report for Owl Finance Limited (the "Company") for the year ended 31 March 2022.

Principal activities

The Company, which is an indirectly wholly owned subsidiary of the Group, acts as an intermediate holding company.

The Company is incorporated and domiciled in England and Wales.

The Company is an integral part of the Group, and does not:

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

Review of the business and future developments

The Company's results for the year are set out on page 12. The Company had net assets at 31 March 2022 of £18,629,000 (2021: net liabilities of £129,420,000). The directors consider the result for the year and the financial position at 31 March 2022 to be satisfactory.

During the year, the Group carried out a refinancing whereby the Senior Secured Notes held by the Company's direct subsidiary, Yell Bondco plc, were amended. As a consequence, the intercompany loan payable by the Company to Yell Bondco Plc of £216,362,000 was split into two tranches of £149,000,000 and £67,362,000. Yell Bondco plc released £149,000,000 of intercompany loans due from the Company, in exchange for the novation of a £149,000,000 tranche of the Senior Secured Notes.

The Company in turn novated the Senior Secured Notes to Yell Holdco Limited, the Company's immediate parent undertaking, in exchange for the issue of a further £1 ordinary share and recognised £155,860,000 of share premium. The Company initially recorded the liability for the Senior Secured Notes at fair value, with a net gain on release of the intercompany loan liability recognised directly into equity. On novation of the Senior Secured Notes to Yell Holdco Limited, the amount recorded into equity was reversed with a corresponding amount recognised in the share premium account of the Company for the excess over the nominal value of the share issued, together with the amount released for the carrying value of the Senior Secured Notes. The terms of the remaining intercompany loan payable were amended to have a coupon of 9.0% and a maturity of 31 March 2027.

Following the refinancing, the Company no longer prepares consolidated financial statements, and instead is included within the consolidated financial statements of Yell Holdco Limited.

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

Principal risks and uncertainties

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

The key business risks and uncertainties to which the business is subject, both external and internal, are fully discussed in the context of the Group as a whole in the Strategic report of Yell Holdco Limited. The effect of the COVID-19 pandemic on the Group is included in that report. Whilst these effects were considered in the Company's assessments of going concern and credit losses, the directors have concluded that the COVID-19 pandemic does not have a material effect on the Company. The key financial risk management objectives and policies are discussed further below.

Owl Finance Limited

Strategic report for the year ended 31 March 2022

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 Yell Holdco Limited. Full disclosure on how these risks are managed is provided in the financial statements of that company.

The Yell Holdco Group has £65 million of Senior Secured Notes which are not subject to any financial ratio maintenance covenants. The Company and all its active subsidiaries are guarantors of the Senior Secured Notes, and the Senior Secured Notes are secured on the assets of these companies.

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

Going concern

The Company has net assets of £18,629,000 (2021: net liabilities of £129,420,000).

The Yell Holdco Group has £65,000,000 of Senior Secured Notes at 31 March 2022. The Senior Secured Notes are not subject to any financial ratio maintenance covenants and are secured on the assets of the Company and all its subsidiaries. The Company and all its subsidiaries are guarantors of the Senior Secured Notes.

Yell Holdco Group management have modelled an unlikely but possible downside scenario in which negative external factors such as another pandemic or a decline in the wider macroeconomy have an impact and cause the business's performance to significantly reverse. In this scenario, the Yell Holdco Group would not default on interest payments on the Senior Secured Notes and retain sufficient liquidity to meet all its financial obligations for at least 18 months from the statement of financial position date.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis

S.172 Statement

The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the directors' statement required under section 414CZA of the Companies Act 2006.

During the year under review the Group entered into negotiations with its Bondholders in order to restructure the Group's balance sheet. The successful negotiations, with effect from 30 March 2022, resulted in the Bondholders converting £149 million of the existing Bond Notes (held in Yell Bondco plc) into equity in Yell Holdco Limited. The existing Bondholders now own 95% of the issued share capital of Yell Holdco Limited.

The Company is a wholly owned subsidiary of Yell Holdco Limited ("the Group") and held only a limited number of Board meetings in the year. During the financial year, the principal decisions related to:

1. Approval of the financial restructure of the Group.
2. Approval of a Reduction of Capital involving reducing share premium account of the Company to nil.
3. Board Composition.

The directors are reminded of their S.172 duties at the start of each Board meeting and whilst the Company falls outside of the requirements to adopt and formally report on its principles of corporate governance, the Group has an established governance framework, which it reviews periodically, and from which the Company's governance flows.

More details on how the Group applies its policies and strategy can be found in the Group's Strategic report on its website – <https://about.yell.com/bondholders>

Owl Finance Limited

Strategic report for the year ended 31 March 2022

S.172 Statement (continued)

Investors

The Company has no shareholders outside of the Group.

Our People

The Company has no employees but its subsidiaries, Yell Limited, Yell Studio Limited and Yell Sales Limited ("Yell") do. We define our people as employees who are paid through the Yell payroll.

An engaged and motivated workforce is critical to the delivery of company objectives. Engagement levels also affect voluntary staff churn.

Our people are a good barometer of employee confidence in the strategy and optimism for the future. The Group directors consider employee churn rates on a regular basis and the local initiatives to reduce this turnover and retain employees in the Group. The Remuneration Committee and Board ensures that incentive plans are designed to promote the success of the Company and are appropriate to retain employees and are aligned to the interests of the shareholders.

The safety and wellbeing of our people is very important to the Group and we make every effort to ensure that our employees are safe and secure.

Since the start of the COVID-19 pandemic in March 2020, we continued to follow Government advice in each country. During the year of FY22, this has included providing additional hand hygiene stations, observing social distancing and avoiding visits to customers when this was the prevailing advice. The majority of our employees are enabled to work from home either on a permanent bases or on a hybrid basis. All employees have been supplied with webcams to ensure they are able to have face to face contact with their managers and their colleagues.

In recognition of the effects on mental health from COVID-19 restrictions, and following employee feedback, all UK managers have been trained in mental health awareness and mental health first aiders (MHFA) have been selected and formally trained. Access to MHFA and our employee assist programme are regularly publicised.

An annual UK employee survey was run in November 2021 to provide insight into how employees view working at Yell, the UK strategy, engagement and culture. The results showed improvements in engagement, belief in our strategy, and support for development as a result of action taken based on the results of the survey run in the prior year.

The results of all engagement surveys are reported on Yell's intranet and are reviewed in detail with all managers. As a result of feedback, and also to deliver the overall business objectives, the people plans for FY23 include a continued focus on personal development and upskilling in digital capability.

Yell also operates a regular employee forum, the People Panel, as well as focus groups, which creates a two-way communications channel between the business and our people on a number of initiatives including, business-wide projects, product updates, wellbeing and charity fundraising, whilst ensuring that everyone has the opportunity to raise concerns and voice their and their team's opinions.

Live, interactive, all hands, business update webinars are held by the UK management and UK CEO with open question and answer sessions and, following feedback from employees, these have been supplemented in larger functional groups by interactive sessions with the SLT leader on a fortnightly basis.

Yell operates a whistleblowing service, and all incidents are investigated and reported to the Group Audit Committee and ultimately the main Group Board.

Yell is committed to supporting the principle of equality, diversity and inclusion and opposes all forms of unlawful or unfair discrimination on the grounds of colour, race, nationality, ethnic or national origins, gender, gender reassignment, marital/civil partnership status, disability, part-time or fixed-term status, parental responsibilities, age, sexual orientation, religion or belief, political opinion.

Owl Finance Limited

Strategic report for the year ended 31 March 2022

S.172 Statement (continued)

Our people (continued)

Yell's aim is to recruit, train and promote the best person for the job, to make full use of the talents and resources of all its people and to create a working environment free from unlawful discrimination, victimisation, and harassment in which all individuals are treated with dignity and respect. All employees are made aware of the requirements of the Yell Equality and Diversity Code of Practice and are obliged to co-operate to ensure that it is adhered to. Yell's Gender Pay Gap report can be found on: <https://about.yell.com/legal>

Customers and suppliers

The Company has no customers or suppliers outside the Group.

Pension

Certain employees of the Company's subsidiaries are members of Yell pension plans. Yell has and continues to invest a considerable amount of company resource in both funding and governing our pension schemes for our employees and want all our employees to have appropriate tools to review their personal plans for and throughout their retirement. Yell directors have attended the meetings of the Pension Trustee Board ("PTB") for our legacy defined benefit ("DB") scheme and regular governance meetings are held for the current defined contributions ("DC") scheme.

A main focus for the Company is to ensure adequate ongoing funding for the DB scheme and there is regular communication between the PTB and the Yell representatives to review and feedback on investment strategy. The funding position is communicated annually to the DB members in addition to regular newsletters from the PTB.

Community

The Company understands the importance for brand reputation and employee engagement of being a good business within our communities. During the year Yell engaged with social representatives on opportunities to increase inclusiveness alongside an events calendar to promote charities that are important to employees. Yell provides support for charitable events inside working hours and on our premises.

Environment

The Company recognises its responsibility to act in the interests of the environment and to reduce its carbon footprint wherever possible. COVID-19 restrictions and extended remote working have had a positive effect on the environment with reduced spend on consumables and work-related travel. Full disclosure of the Group's carbon emission information is included in the Strategic report of the Group for the year ended 31 March 2022.

Post balance sheet events

There are no material post balance sheet events to report at the time of signing these financial statements.

On behalf of the Board



Claire Miles

Director

1 July 2022

Owl Finance Limited

Report of the directors for the year ended 31 March 2022

The directors present their Annual Report and the audited financial statements for Owl Finance Limited for the year ended 31 March 2022.

Dividends

Ordinary dividends were paid of £nil (2021: £nil). The directors do not recommend payment of a final dividend.

Strategic report

The Company is required by the Companies Act 2006 to set out the development and performance of the business during the financial year ended 31 March 2022 and the position of the Company at the end of the year and of the principal risks and uncertainties facing the Company. By reference to the Strategic report, which can be found on pages 2 - 5, the following information is given:

- principal activities;
- review of the business and future developments;
- principal risks and uncertainties;
- financial risk management; and
- 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. Details of directors' remuneration can be found in note 6.

Article 96 of the Articles of Association of Yell Holdco Limited ("Holdco"), the Company's ultimate holding company, permit Holdco, subject to the Companies Act 2006 and other applicable legislation, to indemnify any of the directors, former directors or secretary of the Company against any loss or liability in connection with any proven or alleged negligence, default, breach of duty or trust by them, in relation to Holdco or any of its subsidiaries.

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 judgements 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.

Owl Finance Limited

Report of the directors for the year ended 31 March 2022

Statement of directors' responsibilities in respect of the financial statements (continued)

The directors are responsible for the maintenance and integrity of the 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 report of the directors 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

1 July 2022

Owl Finance Limited

Independent auditors' report to the members of Owl Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion, Owl Finance Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss 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 and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2022; the statement of comprehensive income and 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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Owl Finance Limited

Independent auditors' report to the members of Owl Finance Limited

Reporting on other information (continued)

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 Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2022 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 Strategic report and Directors' report.

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 in respect of the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Owl Finance Limited

Independent auditors' report to the members of Owl Finance Limited

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, omitting, advancing or delaying recognition of events and transactions that have occurred during the reporting period and management bias in accounting estimates or judgements to manipulate results.

Audit procedures performed by the engagement team included:

- Discussions with management and internal legal counsel including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of meetings with the Board of Directors;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and journals posted by senior management; and
- Challenging assumptions made by management in their significant accounting estimates, in particular in relation to the treatment of tax positions, recoverability investments and intercompany receivables.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

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.

Owl Finance Limited

Independent auditors' report to the members of Owl Finance Limited

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 obtained 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.



Alex Hookway (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

1 July 2022

Owl Finance Limited

Statement of comprehensive income for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Reversal of impairment of amounts due from Group undertakings		1,164	801
Administrative expenses		(859)	(1,405)
Operating profit/(loss)	4	305	(604)
Income from shares in Group undertakings	7	9,095	18,190
Profit before interest and taxation		9,400	17,586
Finance income	8	5,125	-
Finance costs	8	(24,187)	(20,794)
Net finance costs	8	(19,062)	(20,794)
Loss before taxation		(9,662)	(3,208)
Tax credit	9	1,851	647
Loss and total comprehensive expense for the financial year		(7,811)	(2,561)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

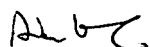
Owl Finance Limited

Statement of financial position at 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Investments in subsidiaries	10	<u>88,566</u>	<u>88,566</u>
Total non-current assets		<u>88,566</u>	<u>88,566</u>
Current assets			
Trade and other receivables	12	<u>2,488</u>	<u>982</u>
Total current assets		<u>2,488</u>	<u>982</u>
Total assets		<u>91,054</u>	<u>89,548</u>
Current liabilities			
Trade and other payables	13	<u>(370)</u>	<u>(1,527)</u>
Total current liabilities		<u>(370)</u>	<u>(1,527)</u>
Net current assets/(liabilities)		<u>2,118</u>	<u>(545)</u>
Non-current liabilities			
Trade and other payables	13	<u>(72,055)</u>	<u>(217,441)</u>
Total non-current liabilities		<u>(72,055)</u>	<u>(217,441)</u>
Total liabilities		<u>(72,425)</u>	<u>(218,968)</u>
Net assets/(liabilities)		<u>18,629</u>	<u>(129,420)</u>
Equity			
Called up share capital	14	-	-
Share premium account	15	-	-
Retained earnings/(accumulated losses)		<u>18,629</u>	<u>(129,420)</u>
Total equity		<u>18,629</u>	<u>(129,420)</u>

The notes on pages 15 to 25 are an integral part of these financial statements.

The financial statements on pages 12 to 25 were approved by the Board of directors on 1 July 2022 and signed on its behalf by:



Adam Hurst

Director

Company Registration No. 10277047

Owl Finance Limited

Statement of changes in equity for the year ended 31 March 2022

	Note	Called up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 April 2020		-	-	(126,859)	(126,859)
Loss and total comprehensive expense for the financial year		-	-	(2,561)	(2,561)
Balance at 31 March 2021		-	-	(129,420)	(129,420)

	Note	Called up share capital £'000	Share premium account £'000	Retained earnings/ (accumulated losses) £'000	Total equity £'000
Balance at 1 April 2021		-	-	(129,420)	(129,420)
Loss and total comprehensive expense for the financial year		-	-	(7,811)	(7,811)
Gain on release of intercompany payable		-	-	132,360	132,360
Share premium on issue of shares		-	155,860	(132,360)	23,500
Capital reduction	15	-	(155,860)	155,860	-
Transactions directly with owners		-	-	155,860	155,860
Balance at 31 March 2022		-	-	18,629	18,629

Owl Finance Limited

Notes to the financial statements for the year ended 31 March 2022

1. Accounting policies

Company information

The Company is a private company limited by shares incorporated in England and Wales under registration number 10277047. The registered office is 3 Forbury Place, Forbury Road, Reading, Berkshire, RG1 3YL.

Basis of preparation

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

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are shown in British pounds sterling.

The principal accounting policies adopted, which have been applied consistently in the preparation of these financial statements, are set out below.

Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement';
- the requirement in 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 to 38D, 39 to 40, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'; and
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary that is a party to the transaction is wholly owned by such a member.

Going concern

The Company has net assets of £18,629,000 (2021: net liabilities of £129,420,000).

The Yell Holdco Group has £65,000,000 of Senior Secured Notes at 31 March 2022. The Senior Secured Notes are not subject to any financial ratio maintenance covenants and are secured on the assets of the Company and all its subsidiaries, which includes the Company. The Company and all its subsidiaries are guarantors of the Senior Secured Notes.

Yell Holdco Group management have modelled an unlikely but possible downside scenario in which negative external factors such as another pandemic or a decline in the wider macroeconomy have an impact and cause the business's performance to significantly reverse. In this scenario, the Yell Holdco Group would not default on interest payments on the Senior Secured Notes and retain sufficient liquidity to meet all its financial obligations for at least 18 months from the statement of financial position date.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

Owl Finance Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

1. Accounting policies (continued)

Principal accounting policies

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

a. 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 at the rate of exchange ruling when the transactions were entered into. Exchange differences are included in the statement of comprehensive income in the period they arise or directly to equity depending upon the nature of the transaction.

b. 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.

Gains and losses on insubstantial modifications as a result of intercompany loans payable being amended, are recognised within finance income and costs at the time of the amendment. These include the gains associated with the waiver of accrued interest, and losses on the fair value discount on the consideration. An effective interest rate basis is used for the amortisation of issue costs, the coupon rate, and the fair value discount on the consideration. These are charged to the statement of comprehensive income, as finance costs over the term of the borrowings, or over a shorter period where the lender can require earlier repayment, or immediately recognised in finance costs upon amendment of the debt to which they relate.

c. Investments in subsidiaries

Investments are valued at cost less any amounts written down due to impairment based on annual reviews of recoverability. 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. Impairment losses are reversed to the extent that events demonstrate that previously impaired amounts can be recovered.

d. Borrowings

All borrowings are initially stated at fair value of consideration received after deduction of issue costs. Borrowings are subsequently stated at amortised cost. An effective interest rate basis is used for the amortisation of issue costs, the coupon rate, and the fair value discount on the consideration. These are charged to the statement of comprehensive income, as finance costs over the term of the borrowings, or over a shorter period where the lender can require earlier repayment. Issue costs relating to amendment of the borrowings are amortised over the revised term of the amended borrowings, where a modification is defined as an insubstantial modification.

e. Financial assets and liabilities

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

f. Trade and other payables

Trade and other payables are initially recognised at fair value. This approximates to costs for amounts falling due within one year, due to the short-term nature of these liabilities. Liabilities initially recognised at value other than cost, are subsequently measured at amortised cost using the effective interest rate method.

Owl Finance Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

1. Accounting policies (continued)

Principle accounting policies (continued)

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 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 the proceeds.

2. Standards that have been adopted during the current year

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2022 that have a material impact on the company's financial statements.

3. Critical accounting estimates and judgements

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

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

Tax

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

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

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

Owl Finance Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3. Critical accounting estimates and judgements (continued)

Tax (continued)

The Company records deferred tax assets to the extent that it believes they are more likely than not to be realised. Should the Company determine in the future that it would be able to realise deferred tax assets in excess of the recorded amount or that the liabilities are different than the amounts it recorded, then it would increase or decrease income as appropriate in the period such determination was made. At 31 March 2022 it believes it has recognised all its potential deferred tax assets.

Carrying value of investments

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

Modification of Senior Secured Notes

On 30 March 2022, the Group agreed with the bondholders to the modification of the terms of the Senior Secured Notes previously issued by Yell Bondco plc, a direct subsidiary of the Company. The existing liability of £214m was bifurcated into two tranches of £65m and £149m. The terms of the £65m tranche were amended and extended. The remaining £149m tranche was novated from Yell Bondco plc to the Company in exchange for the release of a corresponding amount of an intercompany loan owed by the Company to Yell Bondco Limited. The Senior Secured Notes were then in turn novated to Yell Holdco Limited, the Company's immediate parent undertaking, in exchange for the issue of a further £1 ordinary share. Yell Holdco Limited subsequently entered into a debt for equity swap arrangement with the bondholders for the £149m tranche. The Company initially recorded the liability for the Senior Secured Notes at fair value, with a net gain on release of the intercompany loan liability recognised directly in retained earnings. On novation of the Senior Secured Notes to Yell Holdco Limited, the amount recorded in retained earnings was reversed with a corresponding amount recognised in the share premium account of the Company for the excess over the nominal value of the share issued, together with the amount released for the carrying value of the Senior Secured Notes.

The amount recognised for the fair value of the Senior Secured Notes relies on management's estimates and associated assumptions and is, therefore, considered a key source of estimation uncertainty.

Judgements made in assessing the effect of the COVID-19 pandemic on the financial statements

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

- Estimates of future cashflows used in the going concern and impairment assessments.

Owl Finance Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

4. Operating profit/(loss)

	2022 £'000	2021 £'000
Operating profit/(loss) for the year is stated after crediting/(charging):		
Reversal of impairment on amounts due from Group undertakings	1,164	801
Recharges from Yell Group undertakings ^(a)	(758)	(740)
Audit, consulting and professional fees	(101)	(670)
Other	-	5
	<u>305</u>	<u>(604)</u>

(a) Recharges from Yell Group undertakings are recharges in respect of costs incurred by other Yell Group undertakings on behalf of the Company. These are primarily management services costs.

5. Auditors' remuneration

The fees payable to the Company's auditors for the statutory audit of the Company's annual financial statements totalled £23,000 (2021: £22,000). Amounts payable to PricewaterhouseCoopers LLP for tax and advisory services were £385,000 (2021: £174,000) and for other non-audit services were £nil (2021: £nil).

6. Employees' and Directors' remuneration

There are no employees of the Company (2021: none).

The directors are remunerated for their services to other companies within the Yell Group and the Group. No amounts were received by them as directors of the Company. Amounts received in respect of the stewardship of the Company are included within the consolidated financial statements of the Company's immediate parent undertaking, Yell Holdco Limited.

7. Income from shares in Group undertakings

	2022 £'000	2021 £'000
Ordinary dividends received from Group undertakings	9,095	18,190
	<u>9,095</u>	<u>18,190</u>

Ordinary dividends totalling £9,095,000 (2021: £18,190,000) were paid to the Company during the year by its subsidiary undertaking, YH Limited.

Owl Finance Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

8. Net finance costs

	2022 £'000	2021 £'000
Finance income		
Gain on waiver of accrued interest on intercompany loans payable (see note 13)	5,125	-
Total finance income	<u>5,125</u>	<u>-</u>
Finance costs		
Interest payable on loans due to Group undertakings	(19,574)	(19,295)
Amortisation of deferred financing fees attributable to intercompany loans payable	(1,455)	(1,455)
Loss on fair value recognition of intercompany loans payable (see note 13)	(1,474)	-
Loss on derecognition of deferred financing fees	(1,584)	-
Other interest and bank charges	(100)	(44)
Total finance costs	<u>(24,187)</u>	<u>(20,794)</u>
Net finance costs	<u>(19,062)</u>	<u>(20,794)</u>

9. Tax credit

The Company is resident in the UK for tax purposes. The tax credit on the Company's loss (2021: loss) before tax is analysed as follows:

	2022 £'000	2021 £'000
Current tax:		
Corporation tax credit for the year	(1,824)	(610)
Adjustments in respect of prior periods	(27)	(37)
Total current tax credit	<u>(1,851)</u>	<u>(647)</u>
Total tax credit for the year	<u>(1,851)</u>	<u>(647)</u>

Owl Finance Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

9. Tax credit (continued)

The tax credit (2021: credit) for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Loss before taxation	(9,662)	(3,208)
Loss before taxation multiplied by standard UK corporation tax rate of 19% (2021: 19%)	(1,836)	(610)
Effects of:		
Non-taxable dividends receivable	(1,728)	(3,456)
Deferred tax assets not recognised on restricted interest expenses	2,935	3,463
Non-taxable release of provision	(221)	(152)
Adjustments in respect of prior periods	(27)	(37)
Non-deductible expenses	(974)	145
Total tax credit for the year	(1,851)	(647)

Finance Act 2021 included legislation increasing the rate of corporation tax in the UK from 19% to 25% with effect from 1 April 2023. At 31 March 2022, there is no effect of the future tax rate change on the tax charge for the year.

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit is probable through the reversal of deferred tax liabilities and forecast future taxable profits. The same profit projections are used for these purposes as are used by the business, for example in assessing asset impairments.

At 31 March 2022, the Company did not recognise deferred tax assets on restricted UK interest expenses of £79,051,000 (2021: £63,751,000). These tax attributes may be carried forward indefinitely but cannot be accessed by the reversal of deferred tax liabilities or current financial forecasts.

10. Investments in subsidiaries

	2022 £'000	2021 £'000
Cost		
At 1 April and 31 March	384,055	384,055
Impairment		
At 1 April and 31 March	(295,489)	(295,489)
Carrying amount		
At 31 March	88,566	88,566

Owl Finance Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

11. Subsidiaries

Details of the Company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Ownership Interest (%)
Yell Bondco plc	United Kingdom	Finance company	100
YH Limited	United Kingdom	Finance and holding company	100
Yell Limited	United Kingdom	Digital marketing services	100
Moonfruit Limited	United Kingdom	Holding company	100
Sitemaker Software Limited	United Kingdom	Website services*	100
Yell Mediaworks Limited	United Kingdom	Graphics services	100
Yell Sales Limited	United Kingdom	Sales services	100
Yell Studio Limited	United Kingdom	Graphics services	100

*In March 2022 Sitemaker Software Limited ceased trading.

The proportion of voting rights held corresponds to the aggregate ownership interest percentage held by the Company and subsidiary undertakings. At 31 March 2022, the Company directly held 100% of the ownership interest in Yell Bondco plc and YH Limited. All other companies listed are indirectly held by the Company.

The registered office of all subsidiaries incorporated in the United Kingdom is 3 Forbury Place, Forbury Road, Reading RG1 3YL.

12. Trade and other receivables

	2022 £'000	2021 £'000
Amounts falling due within one year		
Amounts due from group undertakings	<u>2,488</u>	<u>982</u>
Total trade and other receivables	<u>2,488</u>	<u>982</u>

Amounts due from group undertakings are repayable at the discretion of the ultimate parent company, Yell Holdco Limited. During the year, the Company released a provision of £1,164,000 (2021: £801,000) against these amounts, as a result of intercompany settlements, giving a total provision against the amounts due from group undertakings at 31 March 2022 of £nil (2021: £1,164,000).

As at 31 March 2022, amounts due from group undertakings falling due within one year include short-term receivables of £920,000, offset against £303,000 in respect of accrued interest on intercompany loans payable.

Owl Finance Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

13. Trade and other payables

	2022 £'000	2021 £'000
Amounts falling due within one year		
Accruals and deferred income	320	34
Amounts due to group undertakings	50	1,311
Amounts due to related parties	-	182
Total amounts falling due within one year	370	1,527
Amounts falling due after more than one year		
Amounts due to group undertakings	72,055	217,441
Total amount falling due after more than one year	72,055	217,441
Total trade and other payables	72,425	218,968

Amounts due to group undertakings falling due after more than one year include an amount of £4,487,000 (2021: £4,117,000) with a repayment date of 31 March 2027. Interest was charged at a fixed rate of 9% until 31 March 2022 and will carry a fixed rate of interest rate of 9.25% from 31 March 2022.

As at 31 March 2021, amounts due to group undertakings falling due within one year included £1,901,000 in respect of accrued interest on intercompany loans, offset against short-term receivables of £591,000.

The Company had previously borrowed £225,000,000 from the Company's direct subsidiary, Yell Bondco plc, of which £8,638,000 had been repaid in previous years. Transaction fees relating to the issue of the intercompany loan payable, were attributed to the loan and were being amortised over the term of the loan. The loan bore an interest rate of 8.75% and had a repayment date of 2 May 2023.

During the year, in association with the modification of the Senior Secured Notes, the Company's direct subsidiary, Yell Bondco plc bifurcated its existing receivable of £216,362,000 into two tranches of £149,000,000 and £67,362,000. Yell Bondco plc released £149,000,000 of intercompany loans due from the Company, in exchange for the novation of a £149,000,000 tranche of the Senior Secured Notes.

The Senior Secured Notes were then in turn novated to Yell Holdco Limited, the Company's immediate parent undertaking, in exchange for the issue of a further £1 ordinary share, and the company recognised £155,860,000 of share premium. The Company initially recorded the liability for the Senior Secured Notes at fair value, with a net gain on release of the intercompany loan liability recognised directly into equity. On novation of the Senior Secured Notes to Yell Holdco Limited, the amount recorded into equity was reversed with a corresponding amount recognised in the share premium account of the Company for the excess over the nominal value of the share issued, together with the amount released for the carrying value of the Senior Secured Notes. The terms of the remaining intercompany loan payable were amended to have a coupon of 9.0% and a maturity of 31 March 2027.

The new modified payable was initially recognised at fair value, with the difference of £1,474,000 between the fair value and the carrying value of the receivable prior to the modification being recognised in the profit and loss. Transaction fees of £1,269,000, relating to the issue of the Senior Secured Notes by Yell Bondco plc have been attributed to the intercompany loan payable and are being amortised over the revised term of the loan. The unamortised amount of £1,269,000 (2021: £3,038,000) is set off against the principal of £68,837,000 (2021: £216,362,000). During the year, interest on intercompany loans payable was partially waived by Yell Bondco plc, and the Company recognised a gain of £5,125,000 on the waiver of accrued interest (see note 8).

Owl Finance Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

14. Called up share capital

	No. of shares of £1.00	£
Ordinary share:		
At 1 April 2021	1	1
Shares issued in the year	<u>1</u>	<u>1</u>
At 31 March 2022	<u>2</u>	<u>2</u>

15. Share premium account

	2022 £'000
At 1 April 2021	-
Novation of intercompany loan payable (see note 13)	155,860
Capital reduction	<u>(155,860)</u>
At 31 March 2022	<u>-</u>

16. Financial commitments, contingent liabilities and litigation

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

The Company is party to the security arrangements associated with the Senior Secured Notes, issued by a subsidiary of the Group. The notes do not require specific financial ratio covenants but are secured on all the assets of the Company.

There are no capital or other commitments (2021: £nil).

17. Related parties

On 30 March 2022, Yell Bidco Limited (formerly Hibu Bidco Limited), which is an indirect subsidiary of Yell Group Limited (formerly Hibu Group Limited), lost control of its indirect subsidiary undertaking, Yell Holdco Limited, following a debt for equity swap. Yell Holdco Limited is the Company's ultimate controlling party as at 31 March 2022. Pursuant to the debt for equity swap, Yell Bidco Limited retained a non-controlling interest in the ordinary share capital of Yell Holdco Limited and consequently, with effect from 30 March 2022, the Company was no longer indirectly wholly owned by Yell Group Limited.

During the year, all balances owed by/to Yell Group undertakings were settled in full, and at 31 March 2022, there were no outstanding amounts owed with Yell Group undertakings.

Owl Finance Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

17. Related parties (continued)

Transactions between the Company and Yell Group and its subsidiary undertakings during the year, together with amounts due to and from those companies at year end were as follows:

Period / year ended 31 March

£'000	2022	2021
Group recharges – amounts charged by:		
Yell Group Limited (formerly Hibu Group Limited)	758	740
Total amounts recharged by related parties	758	740

At 31 March

£'000	2022	2021
Liabilities		
Yell Group Limited (formerly Hibu Group Limited)	-	182
Total amounts owed to related parties	-	182

18. Post balance sheet events

There are no material post balance sheet events to report at the time of signing these financial statements.

19. Controlling party

At 31 March 2022 the Company was a wholly owned subsidiary of Yell Holdco Limited. The ultimate holding company and controlling party is Yell Holdco Limited.

The smallest and largest group in which the financial statements of the Company will be consolidated at 31 March 2022, is Yell Holdco Limited, whose financial statements will be publicly available at 3 Forbury Place, Forbury Road, Reading, Berkshire, United Kingdom, RG1 3YL.