

**Circle Midco 1 Limited (formerly
Footco 11 Limited)**

Annual Report and Financial Statements

17 month period ended 31 October 2022

Company Number 13438485



Circle Midco 1 Limited (formerly Footco 11 Limited)

Company Information

Directors	G R Bell D G Guttridge N F Wass
Registered number	13438485
Registered office	Senate Court Southernhay Gardens Exeter EX1 1NT
Independent auditor	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

Circle Midco 1 Limited (formerly Footco 11 Limited)

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Circle Midco 1 Limited (formerly Footco 11 Limited)

Strategic Report For the 17 month period ended 31 October 2022

Introduction

The directors present their Strategic Report for the 17 month period ended 31 October 2022. The Company was incorporated on 4 June 2021 as part of the corporate structure established to acquire the World of Books group of companies headed by World of Books Group Ltd (the 'Group') on 30 June 2021.

The wider World of Books Group's purpose, vision and strategy is described below.

What we do

We are a circular economy, for profit company that protects the planet and supports charities by helping people reuse. We do this through our consumer focused e-commerce brands (World of Books, World of Rare Books and Ziffit) and our technology service (Shopiago).

World of Books Group Ltd

World of Books Group develops leading edge e-commerce software that supports both our consumer focused brands and a number of our charity partners. Our Shopiago software has enabled leading British charities to significantly increase their online sales across a broad range of products.

World of Books

For over ten years, World of Books has been finding new ways to connect a global community of book lovers with their next favourite read.

We have built an extensive supply chain of used books for resale and recycling. We purchase significant volumes of surplus donated books from UK charities boosting revenues for these good causes. We also source used books through other channels, such as book banks placed on household recycling centres run by local authorities.

These books are processed at our warehouse facilities in Goring-By-Sea and Coventry, then sold through our own website (wob.com) as well as on international marketplaces such as eBay and Amazon. We also work with international wholesale and donation partners, providing them with orders to suit a variety of needs.

World of Rare Books

World of Rare Books acquires old, rare and collectable books, vinyl and other ephemera from World of Books and other third parties. It then resells these products through a wide range of online marketplaces and direct sales channels, including wob.com.

Ziffit

Ziffit enables customers to sell their unwanted books, CDs, DVDs and video games for cash. Customers scan the barcodes of their items using the Ziffit App or visit the Ziffit website and enter them manually.

Goods are then either collected free of charge or dropped off at local outlets. Once processed and quality checked, the goods are paid for via bank transfer or PayPal. Ziffit then sells the goods online through various marketplaces, including wob.com.

Ziffit has continued to expand into the USA after launching in 2020. Our books are processed and stored locally and sold directly to American consumers through our own website and other third party marketplaces. During the period to 31 October 2022, the Group acquired SBYB, Inc. to accelerate our growth in the USA.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Strategic Report (continued) For the 17 month period ended 31 October 2022

Our strategy

Our vision is to be a global leader in re-commerce through innovation and technology.

To achieve our vision, we are investing in a number of areas including:

- Our technology: used by us to sell globally across different marketplaces, and by our charity partners to develop their e-commerce offerings.
- Our infrastructure: to enable us to process thousands of books, CDs, DVDs and games on a daily basis, often through the use of automation, and hold millions of items in inventory.
- Our logistics network: providing a high quality book collection service which collects books from charity stores and book banks across the UK, requiring significant partnerships with third parties and investment in vehicles, drivers, support staff and property.
- Our people: we invest in the training and development of our people, through both dedicated internal trainers and external partners where necessary.

Our people

Growing our business and providing great customer service cannot be achieved without the support of our people. At the period end, we had 774 employees across our various sites, with the vast majority based at our HQ in Goring-by-Sea, our warehouse in Coventry and in our warehouse in Illinois, USA.

Our values and the environment

We honour three core values:

1. Responsibility: We work responsibly, value each other and treat the planet with respect.
2. Action: We take actions that improve our business for customers, colleagues and communities.
3. Pioneering: We find ways to better ourselves, grow our business and reuse more.

These values act as a compass, guiding our decisions whilst helping us evaluate our actions.

Key to both our values and vision is the planet. The business supports the circular economy through re-use and recycling. Our award winning environmental credentials helped us to recycle over 30,000 tonnes of waste paper last year, which is the equivalent of saving over 516,000 trees. We measure our carbon footprint and we are actively taking steps to reduce this whilst also increasing our recycling.

We plan to be recognised as a true innovator of re-commerce solutions while keeping these values that the business was founded on.

In 2019 World of Books Group became a certified B Corporation. B Corp certification is managed by B Lab, a non-profit organization that serves a global movement of entrepreneurs, using the power of business to solve social and environmental issues. In order to demonstrate the obligation to continual improvement, B Lab requires companies to re-certify every three years. In 2022, we worked through the rigorous B Impact Assessment and submitted for verification in September 2022. On March 10, the verification process was completed and we received an improved re-certification score of 102.0; up from 84.8 in 2019.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Strategic Report (continued) For the 17 month period ended 31 October 2022

Our values and the environment (continued)

We also pledged to become carbon neutral in 2022, which we achieved in October 2022. This is an amazing accomplishment for the Group and underscores our commitment to having a positive impact on the planet.

We continue to strive towards our pledge to donate 1 million books to good causes both in the UK and globally. We ended FY22 with 422,922 books donated in total. We continue to pledge donating 200,000 books a year to achieve our 1 million target.

Principal risks and uncertainties

Like any trading business, we face a number of risks, these include:

Increased marketplace commissions

Being reliant on third party marketplaces to sell the majority of our products exposes us to commission increases.

We seek to mitigate the risks associated with marketplace commissions through trading across a wide variety of marketplaces and maintaining a strong relationship with providers. We are also focusing on growing our own website, wob.com which has seen significant growth this period.

Movements in exchange rates

With over 39% of our sales being non UK based, we are exposed to fluctuations in the exchange rate. We mitigate the impact of exchange rates principally through pricing and where appropriate, currency hedging (post period end, we entered into forward contracts on a rolling 12 month basis for HUF:GBP, GBP:AUD, GBP:USD, GBP:EUR, GBP:CAD).

Movements in interest rates

During the period we witnessed a rising cost of living and inflation, with an increase in interest rates. In order to protect ourselves from interest rate exposures, we hedged a portion of our external debt via an interest rate swap arrangement.

IT systems

Being an 100% online retailer, we are reliant on a combination of in-house and third party technology. Any prolonged disruption to our IT systems could impact trading. We mitigate this risk by investing in the latest technology, developing strong relationships with our partners and having a series of backups and alerting systems to minimise the impact of any disruption.

Ukraine

The continuing war between Ukraine and Russia represents a risk to the global economic development and stability for Europe. The United Kingdom, the European Union, and the United States have imposed far-reaching economic sanctions and it is not possible to predict how long the conflict will last. There is a risk that economic development in Europe will be negatively affected in the short and medium term. The Group has taken the necessary actions to mitigate negative impact on the business operations.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Strategic Report (continued) For the 17 month period ended 31 October 2022

2022 in review

2022 has been a difficult year for e-commerce, with ONS data suggesting Great Britain online sales declined by 9% year-on-year. We're proud to have achieved 9% (2021: 32%) revenue growth against the backdrop of such challenging market conditions.

Cost inflation has put pressure on our margins in 2022, with significant increases in staff costs, postage, stock and fuel. We have sought to mitigate cost inflation through changing ways of working and introducing new suppliers. An example of such behaviour has been our continued outsourcing of logistics which reduces cost and saves carbon.

Despite the challenging economic outlook we continue to invest in the business to support future growth. Examples include the hiring of 69 software developers and technical people in Pecs, Hungary; increasing our investment in Shopiigo to £1.2m to better support our charity partners; and the creation of a number of specialised roles in data and marketing. We also completed the acquisition of SBYB Inc. which trades as Sell Back Your Book ('SBYB') in the USA and operates from Chicago.

Section 172 Statement

Being a certified B Corporation, the Group is committed to considering the impact of our business decisions on stakeholders. We take actions that improve our business for customers, colleagues and communities.

Section 172 of the Companies Act 2006 requires us to disclose our key stakeholders and to consider their interests in our decision making. We have identified the following stakeholder groups:

- Our people are crucial to our success. We support our people in many ways, including training (internally and externally provided), a comprehensive benefits and assistance package and a culture of internal promotions. We are committed to continuously improving the working environment, recognising its impact on wellbeing, health, safety and happiness.
- Our customers are why we have a business. We actively engage with our customers through various channels (social media, email, live chat), taking their feedback into account to identify possible improvements in their experience and take action to improve the service we provide for them.
- Our partners are vital to our business and include many local and national charities that support worthy causes. We embrace fair supplier payment policies, maintain open and transparent dialogue and work with partners to improve both our businesses.
- The environment is considered a stakeholder in our business. We actively measure and monitor our energy and water consumption alongside our emissions and waste. We identify areas for improvement and efficiencies in our working practices to reduce our impact where possible.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Strategic Report (continued)
For the 17 month period ended 31 October 2022

Section 172 Statement (continued)

- The wider community is considered an important stakeholder in what we do. We support literacy through our book donations and are active in our local communities through volunteering and fundraising.
- We recognise shareholders as being stakeholders. We maintain regular dialogue with our shareholders, keeping them abreast of significant developments.

The directors confirm that we believe we have acted in good faith to promote the Company's longer-term success for all stakeholders' benefit, in line with Section 172(1)(a-f) of the Companies Act 2006.

Our impact report (published on our website) includes further information on stakeholder engagement.

This report was approved by the board on 4 July 2023.

and signed on its behalf.



G R Bell
Director

Circle Midco 1 Limited (formerly Footco 11 Limited)

Directors' Report For the 17 month period ended 31 October 2022

The directors present their report and the financial statements for the 17 month period ended 31 October 2022.

The Company changed its name from Footco 11 Limited to Circle Midco 1 Limited on 28 June 2021.

Principal activity

The principal activity of the Company is that of an investment holding company.

Results and dividends

The loss for the period, after taxation, amounted to £129,650.

Dividends of £Nil were paid during the period. The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the period and up to the date of this report were:

G R Bell (appointed 30 June 2021)

D G Guttridge (appointed 30 June 2021)

S A Stanford (appointed 4 June 2021, resigned 30 June 2021)

N F Wass (appointed 20 June 2023)

Financial instruments

The Company has appropriate financial arrangements in place to support its ongoing trade and development plans. The management team regularly reviews and tests its liquidity and headroom to ensure that it meets its ongoing obligations. In addition the Company monitors pricing sensitivity, foreign currency and credit exposure to ensure risk is minimised.

Financial risk management

The Company is exposed to various financial risks that arise as a normal part of its operating activities. The main such risks are considered to be interest rate risk, credit risk and liquidity risk.

Interest rate risk

During the period we witnessed a rising cost of living and inflation, with an increase in interest rates. The Company does not hold any external borrowings and the directors regard the Company's interest rate risk on intra-group lending transactions as negligible.

Credit risk

The Company's credit risk is primarily attributable to its intra-Group receivables. Management are satisfied that the Group has sufficient cash resources to support the recoverability of these receivables.

Liquidity risk

Management monitors rolling forecasts of the Company's cash flow requirements and maintains committed credit facilities to cover its expected needs.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Directors' Report (continued) For the 17 month period ended 31 October 2022

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the requirements of the position can be adequately fulfilled by such persons. Where existing employees become disabled it is the Company's policy wherever practicable to provide continuing employment under normal terms.

Health and safety

The Group maintain a Health & Safety Policy which is continually monitored and formally reviewed on an annual basis. The objective of this policy is to attain and maintain high standards of health and safety performance through the Group. All persons conducting activities on behalf of the Group are required to adhere strictly to this policy.

Qualifying third party indemnity provisions

The Company maintains appropriate Directors' and Officers' Liability Insurance on behalf of the directors, general counsel and company secretary. In addition, individual qualifying third party indemnities are given to the directors, general counsel and company secretary which comply with the provisions of Section 234 of the Companies Act 2006, and were in force throughout the period and up to the date of signing the Directors' Report.

Matters covered in the Strategic Report

Future developments and employee involvement are covered in the Strategic Report on pages 1 to 5.

SECR: Emissions and energy consumption

The Company has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the period is lower than 40,000kWh.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Directors' Report (continued) For the 17 month period ended 31 October 2022

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The Company's business activities are set out in the Strategic Report on pages 1 to 5.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for twelve months from the date of approval of these financial statements.

The Group does not foresee any issues in continuing to trade due to its significant financial resources on hand. The directors have reviewed the Group's cash flow forecasts and believes it has sufficient cash for at least the next twelve months from the signing of these financial statements based on the current cash on hand and government support available.

The directors also reviewed detailed forecasts of trading for the coming year from the date of this report, including the funds flow and covenant projections. These forecasts and projections were stress tested to assess the adequacy of liquidity and covenant headroom.

As such, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Subsequent events


There have been no significant events affecting the Company since the period end.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 4 July 2023

and signed on its behalf.



D G Guttridge
Director

Circle Midco 1 Limited (formerly Footco 11 Limited)

Independent Auditor's Report to the Members of Circle Midco 1 Limited (formerly Footco 11 Limited)

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Circle Midco 1 Limited (formerly Footco 11 Limited) ("the Company") for the period ended 31 October 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

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

Circle Midco 1 Limited (formerly Footco 11 Limited)

Independent Auditor's Report to the Members of Circle Midco 1 Limited (formerly Footco 11 Limited) (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Independent Auditor's Report to the Members of Circle Midco 1 Limited (formerly Footco 11 Limited) (continued)

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- We obtained an understanding of the legal and regulatory framework through our accumulated knowledge and consideration of sector information that is applicable to the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements and those related to the financial framework (including but not limited to accounting standards in conformity with the requirements of the Companies Act 2006) were Health & Safety regulations, relevant environmental regulations and tax legislation.
- We have gained an understanding as to how Circle Midco 1 Limited (formerly Footco 11 Limited) are complying with those legal and regulatory frameworks through enquiries of management and members of the Board responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes.
- The relevant laws and regulations identified, in addition to fraud risks and how and where this may occur were communicated to the audit engagement team who remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur by discussing with management where it is considered there was a susceptibility of fraud relating to management override of controls. In addressing the risk of fraud we tested the appropriateness of journal entries and other adjustments, including journals with key words and unusual journal combinations, and assessing the rationale for any significant transactions that are unusual outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.


A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Independent Auditor's Report to the Members of Circle Midco 1 Limited (formerly Footco 11 Limited) (continued)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Michael Philp (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom

Date: 04 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Circle Midco 1 Limited (formerly Footco 11 Limited)

Statement of Comprehensive Income For the 17 month period ended 31 October 2022

		17 month period ended 31 October 2022 £
	Note	
Interest receivable and similar income	6	14,657,721
Interest payable and similar expenses	7	(14,787,371)
Loss before tax		(129,650)
Tax on loss	8	-
Loss for the financial period		(129,650)

There was no other comprehensive income for the period.

The notes on pages 16 to 24 form part of these financial statements.

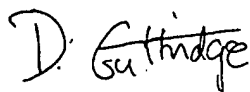
Circle Midco 1 Limited (formerly Footco 11 Limited)

Registered number:13438485

Statement of Financial Position As at 31 October 2022

	Note	2022 £
Fixed assets		
Investments	9	49,923,648
Current assets		
Debtors: amounts falling due within one year	10	122,540,543
Creditors: amounts falling due within one year	11	(67,309,401)
Net current assets		<u>55,231,142</u>
Total assets less current liabilities		<u>105,154,790</u>
Creditors: amounts falling due after more than one year	12	(55,360,792)
Net assets		<u><u>49,793,998</u></u>
Capital and reserves		
Called up share capital	14	3
Share premium account	14,15	49,923,645
Profit and loss account	15	(129,650)
Total equity		<u><u>49,793,998</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 July 2023



D G Guttridge
Director

The notes on pages 16 to 24 form part of these financial statements.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Statement of Changes in Equity For the 17 month period ended 31 October 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
Comprehensive loss for the period				
Loss for the period	-	-	(129,650)	(129,650)
Contributions by and distributions to owners				
Shares issued during the period (note 14)	3	49,923,645	-	49,923,648
At 31 October 2022	<u>3</u>	<u>49,923,645</u>	<u>(129,650)</u>	<u>49,793,998</u>

The notes on pages 16 to 24 form part of these financial statements.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Notes to the Financial Statements For the 17 month period ended 31 October 2022

1. General information

Circle Midco 1 Limited (formerly Footco 11 Limited) is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page. The nature of the Company's operations and its principal activities are outlined in the Strategic Report and Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are presented in Sterling which is the functional currency of the Company and rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b), 12.29A and 12.30; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Circle Topco Limited as at 31 October 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

2.3 Exemption from preparing consolidated financial statements

The Company is an intermediate parent company whose financial statements are included in the consolidated financial statements of Circle Topco Limited, a company established under UK law. See note 17 for the registered office address of Circle Topco Limited. The Company is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Notes to the Financial Statements For the 17 month period ended 31 October 2022

2. Accounting policies (continued)

2.4 Going concern

The Company's business activities are set out in the Strategic Report on pages 1 to 5.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for twelve months from the date of approval of these financial statements.

The Group does not foresee any issues in continuing to trade due to its significant financial resources on hand. The directors have reviewed the Group's cash flow forecasts and believes it has sufficient cash for at least the next twelve months from the signing of these financial statements based on the current cash on hand and government support available.

The directors also reviewed detailed forecasts of trading for the coming year from the date of this report, including the funds flow and covenant projections. These forecasts and projections were stress tested to assess the adequacy of liquidity and covenant headroom.

As such, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Notes to the Financial Statements For the 17 month period ended 31 October 2022

2. Accounting policies (continued)

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to and from fellow group companies.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Notes to the Financial Statements For the 17 month period ended 31 October 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether there are indicators of impairment of the Company's fixed asset investments and amounts due from group undertakings. When assessing impairment of these amounts the factors taken into consideration include the financial position and expected future performance of those entities.

4. Auditor's remuneration

Fees for the audit of the Company amounting to £2,000 were borne by a fellow Group company.

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration. The directors are remunerated by another Group company.

6. Interest receivable

	17 month period ended 31 October 2022 £
Interest receivable from group undertakings (see note 10)	14,657,721

7. Interest payable and similar expenses

	17 month period ended 31 October 2022 £
Interest on loans from group undertakings (see note 11)	8,836,945
Interest on loan notes (see note 13)	5,950,426
	14,787,371

Circle Midco 1 Limited (formerly Footco 11 Limited)

Notes to the Financial Statements For the 17 month period ended 31 October 2022

8. Taxation

	17 month period ended 31 October 2022 £
Corporation tax	
Current tax on losses for the period	-
Total current tax	-
Taxation on loss on ordinary activities	-

Factors affecting tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	17 month period ended 31 October 2022 £
Loss on ordinary activities before tax	(129,650)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(24,634)
Effects of:	
Expenses not deductible for tax purposes	375,354
Group relief claimed	(1,105,947)
Movement in deferred tax not recognised	755,227
Total tax charge for the period	-

Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% have been substantively enacted. This will impact the Company's future tax charge accordingly. The Company has no deferred taxation balances and therefore this change has had no impact on these financial statements.

No deferred tax has been recognised in respect of accrued interest of £3,974,884 that may potentially become tax deductible as the timing and level of tax deductibility is uncertain.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Notes to the Financial Statements For the 17 month period ended 31 October 2022

9. Fixed asset investments

	Investments in subsidiary companies £
Cost and net book value	
Additions	49,923,648
At 31 October 2022	<u>49,923,648</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Circle Midco 2 Limited	Financial services holding companies	Ordinary	100%
Circle Bidco Limited	Intermediate holding company	Ordinary	100%
Gruffalo Topco Limited	Online retail of used books worldwide	Ordinary	100%
Gruffalo Midco Limited	Intermediate holding company	Ordinary	100%
Gruffalo Bidco Limited	Intermediate holding company	Ordinary	100%
World of Books Group Ltd	Software and management services	Ordinary	100%
World of Rare Books Limited	Dormant	Ordinary	100%
World of Books Hungary Kft.	Online retail of used books worldwide	Ordinary	100%
World of Books Limited	Online retail of used books worldwide	Ordinary	100%
SBYB Inc.	Online retail of used books worldwide	Ordinary	100%
World of Books Inc.	Sale of used books	Ordinary	100%
FBA Books Limited	Dormant	Ordinary	100%
World of Books Pty Limited	Sale of used books	Ordinary	100%
Ziffit Ltd	Dormant	Ordinary	100%
FBA Books Limited	Dormant	Ordinary	100%

All subsidiary undertakings are indirectly held other than Circle Midco 2 Limited.

On 30 June 2021 Circle Bidco Limited acquired 100% of Gruffalo Topco Limited and its subsidiaries.

On 30 September 2022 World of Books Limited acquired 100% of SBYB Inc.

The registered office of Circle Bidco Limited, Gruffalo Topco Limited, Gruffalo Midco Limited and Gruffalo Bidco Limited is Senate Court, Southernhay Gardens, Exeter, England, EX1 1NT.

The registered office of World of Books Hungary Kft. is Pécs, Majorossy Imre street 36, 7625, Hungary.

The registered office of SBYB Inc. is 900 Knell Rd, Dock 15, Montgomery, IL 60538, USA.

The registered office of World of Books Inc. is Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle, Delaware, 19801, USA.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Notes to the Financial Statements For the 17 month period ended 31 October 2022

9. Fixed asset investments (continued)

The registered office of World of Books Pty Limited is 7 Winton Street, Kepdowrie Chambers, Warrawee, NSW 2074, Australia.

The registered office of Ziffit Ltd is Unit 2 Holm Oak Business Park, Woods Way, Goring-By-Sea, West Sussex, BN12 4QY, United Kingdom.

The registered office of all other subsidiaries is Mulberry House, Woods Way, Goring-By-Sea, West Sussex, BN12 4QY, United Kingdom.

10. Debtors

2022
£

Amounts owed by group undertakings 122,540,543

Amounts owed by group undertakings are unsecured, repayable on demand and bear interest at 10% per annum.

11. Creditors: amounts falling due within one year

2022
£

Amounts owed to group undertakings 67,309,401

Amounts owed to group undertakings are unsecured, repayable on demand and bear interest at 10% per annum.

12. Creditors: amounts falling due after more than one year

2022
£

Loan notes (note 13) 55,360,792

Circle Midco 1 Limited (formerly Footco 11 Limited)

Notes to the Financial Statements For the 17 month period ended 31 October 2022

13. Loans

Analysis of the maturity of loans is given below:

	2022 £
Amounts falling due after more than 5 years	
Loan notes	<u>55,360,792</u>

The loan notes are due on 31 December 2031 and accrues compound interest at 10% per annum.

14. Share capital

	2022 £
Allotted, called up and fully paid	
3 Ordinary shares of £1.00 each	<u>3</u>

On incorporation, the Company issued 1 Ordinary share of £1 at par.

On 30 September 2022, the Company issued 1 Ordinary share of £1 for total consideration of £33,508,832. On 30 September 2022, the Company issued an additional 1 Ordinary share of £1 for total consideration of £16,414,815. This has resulted in total share premium of £49,923,645.

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

15. Reserves

The Company's reserves are as follows:

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits and losses, net of dividends and other adjustments.

Circle Midco 1 Limited (formerly Footco 11 Limited)

Notes to the Financial Statements For the 17 month period ended 31 October 2022

16. Related party transactions

The Company has taken advantage of the available exemption conferred by section 33.1A of FRS 102 not to disclose transactions with other wholly owned members of the same group.

During the period interest totalling £402,147 was accrued on loan notes held by key management personnel. Interest totalling £402,147 has been accrued on the loan note payable of £3,056,045 at 31 October 2022. See note 13 for further details.

During the period interest totalling £5,548,279 was accrued on loan notes held by Livingbridge. Interest totalling £5,548,279 has been accrued on the loan note payable of £46,354,321 at 31 October 2022. See note 13 for further details.

17. Controlling party

The Company's immediate parent company is Circle Topco Limited, incorporated in England and Wales and whose registered office is Senate Court, Southernhay Gardens, Exeter, EX1 1NT. The ultimate parent company and the Company's controlling party is Livingbridge 7 Global LP. The registered office of Livingbridge 7 Global LP is 100 Wood Street, London, EX2V 7AN.

The smallest and largest group in which the results of the Company are consolidated is that headed by Circle Topco Limited. The registered office of Circle Topco Limited is Senate Court, Southernhay Gardens, Exeter, EX1 1NT.

The consolidated financial statements of Circle Topco Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.