

# **Excalibur Debtco Limited**

**Annual Report and Financial Statements**

**For the period from incorporation (17 November 2015) to 2 October 2016**

**Registration Number 09876132**

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# **Excalibur Debtco Limited**

**Annual report and financial statements  
for the period from 17 November 2015 to 2 October 2016**

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# **Excalibur Debtco Limited**

**Annual report and financial statements  
for the period from 17 November 2015 to 2 October 2016**

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## **Company information**

### **Directors**

Roland Patrick Bryan (appointed 26 November 2015)  
Karen Louise Kemble-Diaz (appointed 26 November 2015)  
Andrew Peter MacKinnon (appointed 01 December 2015)  
Colin John Tenwick (appointed 26 November 2015)  
Simon Russell Davidson (appointed 17 November 2015, resigned 26 November 2015)  
Christopher Michael Graham (appointed 17 November 2015, resigned 26 November 2015)

### **Registration number**

09876132

### **Registered office**

12-27 Swan Yard  
London  
England  
N1 1SD

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

# Excalibur Debtco Limited

## Strategic report for the period from 17 November 2015 to 2 October 2016

### Introduction

The Directors in preparing this Strategic Report have complied with section 414c of the Companies Act 2006.

### Principal activities

The principal activity of the Company is as holding company.

### Results and performance

These financial statements are for the first period of trading for the Excalibur Debtco Limited. The Company was incorporated on 17 November 2015.

During the financial period, the Company acquired the entire issued share capital of Excalibur Midco Limited, which acquired in the period the entire issued share capital of Excalibur Bidco Limited. On 26 November 2015, Excalibur Bidco acquired: (i) Wowcher Limited; and (ii) LivingSocial Limited and LivingSocial Europe Limited (together, "LivingSocial"). Both Wowcher Limited and LivingSocial focus on the provision of daily voucher deals and online discounts for local services, travel and goods.

The Company is funded by loan notes listed on the Channel Islands Securities Exchange ("CISE") as well as funding from its immediate parent company Excalibur Holdco Limited. The loan notes are all held by shareholders in Excalibur Holdco Limited. The total nominal value of listed loan notes as at 2 October 2016 was £68,447,000. The value on the balance sheet at the same date was £72,257,000, which includes interest accrued but not paid at that date and is net of capitalised and unamortised financing costs.

The Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to produce group financial statements. These financial statements therefore present information about the Company as an individual entity, rather than the consolidated group.

As shown in the Company's income statement, the Company's loss before taxation for the period was (£6,044,000), primarily reflecting unpaid accrued interest on loan notes.

### Key Performance Indicators

The Group's key financial and other performance indicators during the period were as follows:

	Unit	Period ended 2 October 2016
Operating loss	£000	(22)

### Post balance sheet events and future developments

On 21 December 2016, the Company redeemed £28,862,000 of loan notes and paid the £3,138,000 of accrued interest on those loan notes. This was funded by the partial repayment by Excalibur Midco Limited of intercompany balances owed to the Company.

On 8 February 2017, the Company issued £6,000,000 of additional loan notes. The proceeds were loaned to Excalibur Silver Bidco Limited, a subsidiary that was incorporated on 20 January 2017. Excalibur Silver Bidco Limited has in turn loaned amounts to Secret Sales Limited, a company that it acquired on 8 February 2017 to fund its working capital requirements.

# Excalibur Debtco Limited

Strategic report  
for the period from 17 November 2015 to 2 October 2016 (*continued*)

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## Principal risks

### *Demand risk*

The activity of certain of the Company's indirect subsidiaries is to offer daily voucher deals and online discounts. The principal risk to the revenues of those subsidiaries is a downturn in demand in daily voucher activity, caused by economic uncertainty and a change in consumer spending habits. In addition, the daily voucher discount market remains competitive. The internet provides both a threat to online discount sales and an opportunity for the business to develop new areas. This necessitates investment in new technologies and the people required to develop the Company's business.

### Financial risk

Management is responsible for managing the Company's liquidity and ensuring that the Company has sufficient available funds for operations as they arise.

## Corporate responsibility review

### *Employees*

Details of the number of Company employees and related costs can be found in the notes to the financial statements.


### *Employment of disabled persons*

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from disability.

### *Employee involvement*

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that employees are aware of the performances of their business units and of the Company as a whole. Communication with employees continues through newsletters and briefing groups.

Approved by the Board on 26 April 2017 and signed on its behalf by:



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Andrew MacKinnon  
Director

Date: 26 April 2017

# **Excalibur Debtco Limited**

## **Directors' report for the period from 17 November 2015 to 2 October 2016**

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### **Directors' report**

The Directors present their report and the audited financial statements of Excalibur Debtco Limited for the period from 17 November 2015 to 2 October 2016.

### **Post balance sheet events and likely future developments**

Particulars of material post balance sheet events and information on likely future developments in the business of the Company have been included in the Strategic Report on page 2.

### **Directors**

The Directors who served during the financial period and up to the date of signing the financial statements, unless otherwise stated, were:

Roland Patrick Bryan (appointed 26 November 2015)  
Karen Louise Kemble-Diaz (appointed 26 November 2015)  
Andrew Peter MacKinnon (appointed 01 December 2015)  
Colin John Tenwick (appointed 26 November 2015)  
Simon Russell Davidson (appointed 17 November 2015, resigned 26 November 2015)  
Christopher Michael Graham (appointed 17 November 2015, resigned 26 November 2015)

### **Employees**

Particulars of employees are set out in the Strategic Report on page 3.

### **Qualifying third party indemnity provisions**

The Company's immediate parent company, Excalibur Holdco Limited, maintains Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company. These policies were put in place on 26 November 2015 and maintained until the date of approval of these financial statements. These policies meet the Companies Act 2016 definition of qualifying third party indemnity provisions.

### **Existence of branches of the Company outside of the United Kingdom**

The Company has no branches overseas.

### **Financial instruments**

The Company is funded by loan notes listed on the Channel Islands Securities Exchange ("CISE") as well as funding from its immediate parent company Excalibur Holdco Limited.

The loan notes are all held by shareholders in Excalibur Holdco Limited. The loan notes accrue interest at a fixed rate and are due for redemption on 31 December 2025. The total nominal value of listed loan notes as at 2 October 2016 was £68,447,000. The value on the balance sheet at the same date was £72,257,000, which includes interest accrued but not paid at that date and is net of capitalised and unamortised financing costs.

On 21 December 2016, the Company redeemed £28,862,000 of loan notes and paid the £3,138,000 of accrued interest on those loan notes. This was funded by the partial repayment by Excalibur Midco Limited of intercompany balances owed to the Company.

On 8 February 2017, the Company issued £6,000,000 of additional loan notes, and loaned an amount equal to the proceeds to Excalibur Silver Bidco Limited, a subsidiary that was incorporated on 20 January 2017.

# **Excalibur Debtco Limited**

**Directors' report**  
**for the period from 17 November 2015 to 2 October 2016**

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## **Financial risks**

Financial risks are considered in the Strategic Report on page 3.

## **Going concern**

The Company meets its day-to-day working capital requirements through inter-company borrowings from direct and indirect subsidiaries that have cash held at bank, and also have access to committed bank facilities.

The Directors have considered the ability of the Company to continue in operational existence for the foreseeable future as well as the relevant business and financial risks. In doing this, they have considered the Company's business activities, together with the factors likely to affect its future development, performance and position.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

## **Proposed dividend**

The Directors do not recommend the payment of a dividend.

# Excalibur Debtco Limited

## Directors' report for the period from 17 November 2015 to 2 October 2016 (*continued*)

### Statement of Directors' responsibilities

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 46 week period. 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

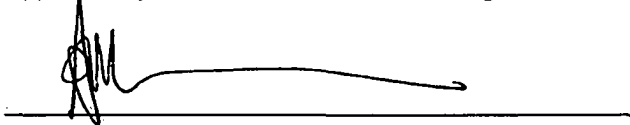
The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

### Approval

Approved by the Board of Directors and signed on its behalf by:



Andrew MacKinnon

Director

Date:

26 April 2017



# ***Independent auditors' report to the members of Excalibur Debtco Limited***

## **Report on the financial statements**

### **Our opinion**

In our opinion, Excalibur Debtco Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 2 October 2016 and of its loss for the 46 week period (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.

### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 2 October 2016;
- the Income statement and Statement of Comprehensive Income for the period then ended;
- the Statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

# **Responsibilities for the financial statements and the audit**

## **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

## **What an audit of financial statements involves**

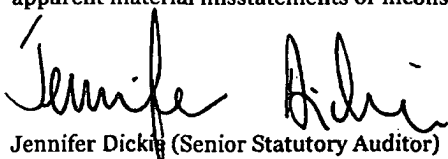
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

26 April 2017

# Excalibur Debtco Limited

## Income statement for the period from 17 November 2015 to 2 October 2016

	<i>Note</i>	<b>Period ended 2 October 2016 £000</b>
Administrative expenses		(22)
<b>Operating loss</b>	<b>2</b>	<b>(22)</b>
Finance costs	<b>5</b>	(6,022)
<b>Loss on ordinary activities before taxation</b>		<b>(6,044)</b>
Income tax expense	<b>6</b>	-
<b>Loss for the financial period</b>		<b>(6,044)</b>

The results for the financial period are derived from continuing operations.

# Excalibur Debtco Limited

## Statement of comprehensive income for the period from 17 November 2015 to 2 October 2016

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	Period ended 2 October 2016 £000
<b>Loss for the financial period</b>	<b>(6,044)</b>
Other comprehensive income	-
<b>Other comprehensive income for the financial period, net of tax</b>	<b>-</b>
<b>Total comprehensive loss for the financial period</b>	<b>(6,044)</b>

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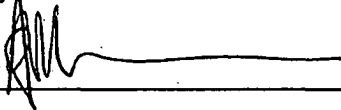
The notes on pages 13 to 23 form part of these financial statements.

# Excalibur Debtco Limited

Balance sheet  
as at 2 October 2016

	Note	As at 2 October 2016 £000
<b>Fixed assets</b>		
Investments in subsidiary undertakings	16	344
		<u>344</u>
<b>Current assets</b>		
Debtors	7	66,230
Creditors – amounts falling due within one year	8	(17)
		<u>66,213</u>
<b>Net current assets</b>		
		<u>66,557</u>
<b>Total assets less current liabilities</b>		
Creditors – amounts falling due after more than one year	8	(72,257)
		<u>(5,700)</u>
<b>Net liabilities</b>		
		<u>(5,700)</u>
<b>Capital and reserves</b>		
Called up share capital	11	3
Share premium account		341
Accumulated losses		(6,044)
		<u>(5,700)</u>
<b>Total equity</b>		
		<u>(5,700)</u>

These financial statements of Excalibur Debtco Limited, registration number 09876132, on pages 9 to 23 were approved and authorised for issue by the Board of Directors on 26 April 2017 and signed on its behalf by:



Andrew MacKinnon

Director

Date:

26 April 2017

# Excalibur Debtco Limited

## Statements of changes in equity For the period from 17 November 2015 to 2 October 2016

	Called up share capital	Share premium account	Accumulated losses	Total deficit
	£000	£000	£000	£000
<b>Balance as at 17 November 2015</b>	-	-	-	-
Loss for the financial period	-	-	(6,044)	(6,044)
Total comprehensive expense for the period	-	-	(6,044)	(6,044)
Issue of shares	3	341	-	344
Total transactions with owners, recognised directly in equity	3	341	-	344
<b>Balance as at 2 October 2016</b>	<b>3</b>	<b>341</b>	<b>(6,044)</b>	<b>(5,700)</b>

# Excalibur Debtco Limited

## Notes forming part of the financial statements for the period from 17 November 2015 to 2 October 2016

### 1 Accounting policies

#### General information

The principal activity of Excalibur Debtco Limited ("the Company") is as holding company.

Excalibur Debtco Limited is a private company limited by shares and it is incorporated in the United Kingdom. The address of its registered office is 12-27 Swan Yard, London, England N1 1SD.

#### Statement of compliance

The financial statements of Excalibur Debtco Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company has also early adopted the Amendments to FRS 102 (issued in July 2015).

#### Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

##### (a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with the Companies Act 2006, as modified for the fair value of certain assets and liabilities, and in accordance with the applicable accounting standards in the United Kingdom.

This is the first period in which financial statements have been prepared under FRS 102.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(i).

The Company has taken advantage of exemptions from disclosing the Statement of Cashflows and producing consolidated accounts in preparing its first financial statements under FRS 102.

##### (b) Going concern

The Company meets its day-to-day working capital requirements through inter-company borrowings from direct and indirect subsidiaries that have cash held at bank, and also have access to committed bank facilities.

The Directors have considered the ability of the Company to continue in operational existence for the foreseeable future as well as the relevant business and financial risks. In doing this, they have considered the Company's business activities, together with the factors likely to affect its future development, performance and position.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

# Excalibur Debtco Limited

Notes forming part of the financial statements  
for the period from 17 November 2015 to 2 October 2016 (*continued*)

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## 1 Accounting policies (*continued*)

### (c) Foreign currency

#### (i) *Functional and presentation currency*

The Company's functional and presentation currency is pound sterling.

#### (ii) *Transaction and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### (d) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

#### (i) *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

#### (ii) *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

Deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.



# Excalibur Debtco Limited

## Notes forming part of the financial statements for the period 17 November 2015 to 2 October 2016 (continued)

### 1 Accounting policies (continued)

#### (e) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

#### (f) Investments - Company

Investment in a subsidiary company is held at cost less accumulated impairment losses.

#### (g) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### (h) Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### (i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

# Excalibur Debtco Limited

## Notes forming part of the financial statements for the period 17 November 2015 to 2 October 2016 (continued)

### 1 Accounting policies (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### (ii) Financial Liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### (iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

All financial assets and liabilities of the Company are considered basic, in that they do not constitute financing arrangements either in substance or in form.

#### (iv) Hedging arrangements

The Company does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

The Company applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate derivatives may be held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

# Excalibur Debtco Limited

Notes forming part of the financial statements  
for the period 17 November 2015 to 2 October 2016 (continued)

## 1 Accounting policies (continued)

### (i) Critical judgements and estimates in applying the accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### (j) Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

## 2 Operating loss

Period ended  
2 October 2016  
£000

Operating loss is stated after charging:

Auditors' remuneration – audit fees

1

There were no fees payable to PricewaterhouseCoopers LLP and its associates for non-audit services during the financial period.

## 3 Employees

The Company did not have any employees during the period.

## 4 Directors' remuneration

No Directors received any remuneration for their services to the Company during the period.

# Excalibur Debtco Limited

Notes forming part of the financial statements  
for the period from 17 November 2015 to 2 October 2016 (*continued*)

## 5 Finance costs

Period ended  
2 October 2016  
£000

Interest on unsecured loan notes	5,835
Amortisation of capitalised issue costs	187
	<u>6,022</u>

## 6 Income tax expense

Tax on profit on ordinary activities:

Period ended  
2 October 2016  
£000

### Current tax

UK corporation tax at 20.0%

Current tax charge

### Deferred tax

Origination and reversal of timing differences

### Total deferred tax

Tax on profit on ordinary activities

# Excalibur Debtco Limited

Notes forming part of the financial statements  
for the period from 17 November 2015 to 2 October 2016 (*continued*)

## 6 Income tax expense (*continued*)

The tax assessed for the financial period is lower than the standard rate of corporation tax in the UK (20%). The differences are explained below:

	Period ended 2 October 2016
	£000
Loss on ordinary activities before tax	(6,044)
UK corporation tax at 20.0% based on profit for the financial period	(1,209)
Effects of:	
Expenses not deductible for tax purposes	585
Adjust closing deferred tax to average rate of 20%	9
Deferred tax not recognised	49
Group relief surrendered	566
Total tax	-

### Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax current tax charge accordingly.

# Excalibur Debtco Limited

Notes forming part of the financial statements  
for the period from 17 November 2015 to 2 October 2016 (*continued*)

## 7 Debtors

2 October 2016  
£000

### Amounts falling due after more than one year

Excalibur Midco Limited	66,230
	<hr/>
	66,230
	<hr/>

Amounts owed by Excalibur Midco Limited are unsecured, interest free and repayable on demand.

## 8 Creditors

### Amounts falling due within one year

2 October 2016  
£000

Excalibur Bidco Limited	17
	<hr/>
	17
	<hr/>

Amounts owed by Excalibur Bidco Limited are unsecured, interest free and repayable on demand.

### Amounts falling due after more than one year

2 October 2016  
£000

External loans	74,282
Capitalised issue costs	(2,025)
	<hr/>
	72,257
	<hr/>

Fixed Rate Unsecured Loan Notes of £68,447,000 were issued by the Company on 26 November 2015. Interest is calculated at a fixed rate of 10% per annum and the final date for the repayment of principal is 31 December 2025. On 21 December 2016, the Company redeemed £28,862,000 of these loan notes and paid £3,138,000 of accrued interest.

# Excalibur Debtco Limited

Notes forming part of the financial statements  
for the period from 17 November 2015 to 2 October 2016 (*continued*)

## 9 Financial instruments

The Company has the following financial instruments:

2 October 2016  
£000

<b>Financial assets at fair value through profit or loss</b>	-
Amounts owed by Group undertakings	66,230
<b>Financial assets that are debt instruments measured at amortised cost</b>	66,230
<b>Financial assets that are equity instruments measured at cost less impairment</b>	-
<b>Financial liabilities measured at fair value through profit or loss</b>	-
Amounts owed to Group undertakings	(17)
<b>Financial liabilities measured at amortised cost</b>	(17)
Loan notes	(72,257)
<b>Other financial liabilities measured at fair value</b>	(72,257)
	(6,044)

## 10 Commitments under operating leases

At 2 October 2016, the Company had no financial commitments under non-cancellable operating leases.

# Excalibur Debtco Limited

Notes forming part of the financial statements  
for the period from 17 November 2015 to 2 October 2016 (continued)

## 11 Called up share capital

	2 October 2016 Number	£000
<b>Allotted, issued and fully paid:</b>		
Ordinary shares of £0.01 each	343,957	3
	<u>343,957</u>	<u>3</u>

## 12 Contingent liabilities

At 2 October 2016, the Company had no contingent liabilities.

## 13 Related party transactions

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 not to disclose related party transactions with other Group companies.

DMG Media Investments Limited ("DMG Media") is considered to be a related party. It is a shareholder of the Company ultimate parent company Excalibur Holdco Limited and has significant influence over the Excalibur Bidco Limited by virtue of votes held and rights held under the terms of the Subscription and Shareholder Deed.

The following related party transactions were undertaken by the Company:

Name of related party	How related to the Group	Interest Accrued (£000)	Balance at 2 October 2016 (£000)
Exponent Private Equity Fund III, LP	Significant shareholder	4,071	51,831
DMG Media Investments Limited	Significant shareholder	1,745	22,213
The Directors	Key Management Personnel	19	238

The interest and balances relate to loan notes that are listed on the Channel Islands Securities Exchange, which are held by certain shareholders in Excalibur Holdco Limited, the Company's immediate parent. The amount of loan notes shown in the balance sheet of £72,257,000 is stated net of capitalised financing costs.



# Excalibur Debtco Limited

## Notes forming part of the financial statements for the period 17 November 2015 to 2 October 2016 (continued)

### 14 Ultimate parent undertaking and controlling party

The parent undertaking of the largest and smallest group to consolidate these financial statements was Excalibur Holdco Limited. The registered address of Excalibur Holdco Limited is 12-27 Swan Yard, London N1 1SD.

The ultimate controlling party is Exponent Private Equity LLP on behalf of funds under its management.

### 15 Events after the reporting period

On 21 December 2016, the Company redeemed £28,862,000 of loan notes and paid the £3,138,000 of accrued interest on those loan notes. This was funded by the partial repayment by Excalibur Midco Limited of intercompany balances owed to the Company.

On 8 February 2017, the Company issued £6,000,000 of additional loan notes. The proceeds were loaned to Excalibur Silver Bidco Limited, a subsidiary that was incorporated on 20 January 2017. Excalibur Silver Bidco Limited has in turn loaned amounts to Secret Sales Limited, a company that it acquired on 8 February 2017 to fund its working capital requirements.

### 16 Subsidiaries and related undertakings

The Company has the following related undertakings:

Subsidiary	Country of incorporation	Principal activity	Proportion of share capital held
Excalibur Midco Limited	UK	Holding company	100%
Excalibur Bidco Limited	UK	Holding company	100%
Wowcher Limited	UK	Trading company	100%
Livingsocial Limited	UK	Trading company	100%
Livingsocial Europe Limited	Republic of Ireland	Trading company	100%

The Company's investment in Excalibur Midco Limited is direct ownership, all other investments are indirect ownership.

In addition to acting as holding company, Excalibur Bidco Limited provides strategic management services to its operating subsidiaries.

Livingsocial Limited was a trading company until 2 October 2016, on which date its trade, assets and liabilities were transferred to Wowcher Limited. At this point, the company ceased to trade.