

Horizon Debtco Limited

REPORT AND FINANCIAL STATEMENTS

Year ended 30 April 2020

# Horizon Debtco Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

The directors of the company who were in office during the year and up to the date of signature of the financial statements were:

AP MacKinnon (appointed 12 September 2019)  
JM Mitchell (appointed 12 September 2019)  
N Raithatha (appointed 12 September 2019)  
C Woolfenden (appointed 12 September 2019; resigned 31 January 2020)  
AR Burns (resigned 30 September 2019)  
JMR Ford (resigned 30 September 2019)

### REGISTERED OFFICE

10 Back Hill  
London  
EC1R 5EN

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

# Horizon Debtco Limited

## STRATEGIC REPORT

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### REVIEW OF THE BUSINESS

The Company operated as a debt holding Company during the year. The company issued Shareholder loan notes in 2016 and 2018.

### RESULTS

The loss for the financial year is £11,723,000 (2019: £11,965,000). This includes £28,286,000 (2019: £25,424,000) of shareholder loan note interest and amortisation. As at 30 April 2020, the Company is in a net liability position of £42,616,000 (2019: £30,893,000) largely due to interest accruing on shareholder loans of £309,922,000 (2019: £281,526,000) which are listed on The International Stock Exchange "TISE". See Note 11.

### PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the Company, principal risks and uncertainties are integrated with the principal risks and uncertainties of Horizon Holdco Limited which are discussed in the available Horizon Holdco Limited consolidated group annual report and financial statements which do not form part of this report, which are available to the public (see note 13). The Group has seen financial benefits during the Covid-19 crisis from increased trading as a digital retailer. This has led to an increase in liquidity in the wider group at the financial statement date.

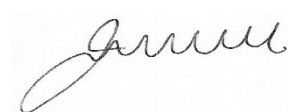
Other than settling and paying interest on intra-group loans, the Company does not trade and therefore the directors are of the opinion that key performance indicators, other than the primary financial statements, are not relevant for an understanding of the Company's performance.

### FINANCIAL RISKS

#### *Risk of impairment*

The Company's investments in subsidiary undertakings are individually valued at historical cost less provision for impairment in value. The balances are therefore subject to the financial health of the investee.

On behalf of the board



**Jonathan Mitchell**

Director

5<sup>th</sup> August 2020

# Horizon Debtco Limited

## DIRECTORS' REPORT

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The directors present their report and audited financial statements for the year ended 30 April 2020.

### FUTURE DEVELOPMENTS

The directors expect the Company to continue its activities as a holding Company.

### DIVIDENDS

The directors do not recommend the payment of a dividend (2019: nil).

### DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing the financial statements are those listed on page 1.

### GOING CONCERN

The financial statements have been prepared on a going concern basis which requires the Directors to have a reasonable expectation that the Company, as part of Horizon Holdco Group (the "Group"), has adequate resources to continue in operational existence for the foreseeable future. The statement headed "Going concern" on page 13 sets out certain factors relevant to the directors' consideration in reaching this assessment.

The directors, having assessed the responses of the directors of the Company's ultimate parent undertaking, Horizon Holdco Limited, to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern. That said, the directors have received confirmation from Horizon Holdco Limited that Horizon Holdco Limited intends to provide support to the Company, if required, to meet their obligations as they fall due for at least twelve months following the date that these financial statements are signed.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Horizon Holdco Limited, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, which is at least twelve months after the date that these financial statement are signed. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

### DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### DIRECTORS' INDEMNITIES

The Group headed by Horizon Holdco Limited (the Company's ultimate parent undertaking) has made qualifying third-party indemnity provisions for the benefit of its directors on behalf of the Company which were made during the year and remain in force at the date of this report.

### INDEPENDENT AUDITORS

Pursuant to section 487 of the companies act 2006, the auditor will be deemed to have been reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

# Horizon Debtco Limited

## DIRECTORS' REPORT

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### SECTION 172 STATEMENT

The Company's purpose is that of a holding company for the Group headed by the Company's ultimate parent, Horizon Holdco Limited. However, by virtue of the Group beneath it (comprising the trading companies of this Group) the Company is required to present a section 172. The following therefore refers to the operation of the Horizon Holdco Limited Board, as this is the level at which decisions which affect this Group are taken.

The board receives updates on the legal duties of UK directors, including its duties under Section 172 to promote the success of the Group. In advance of board and committee meetings, the directors receive informational materials regarding matters that will be reviewed and acted upon at the meeting. Such pre-meeting materials typically describe the proposed action and the reasons for such proposed action (and any alternative actions as applicable), including with regard to the matters specified by Section 172. During the meetings, management presents on such matters and the board is invited to ask questions on any matters presented. Once the matter is presented and discussed and the board has all relevant information, the board votes on such matter.

The board is responsible for directing the Group's purpose, values and strategy as well as promoting its culture and overseeing its conduct. The board meets regularly and makes decisions on a joint basis, primarily meeting in two sub-committees, one being the board of the "Photobox Group", the other being the board of the "Moonpig Group".

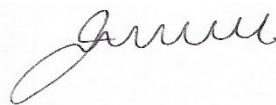
The boards structure comprises executives responsible for the Group's day to day operations, plus non-executive directors and a non-executive chairperson. The board has an additional sub-committee; The remuneration committee, which is responsible for remuneration across the Group (including executive directors), including annual pay awards, bonus schemes and equity grants.

Amongst its other responsibilities, the board discuss issues such as risk management procedures and control environment, including the appointment of the Group's external auditors. This fulfils the role of an audit committee for the Group.

The board promotes effective engagement with its stakeholders to inform them of the Group's strategy and plans. The stakeholders of the Group include our shareholders, customers, employees, suppliers, lenders and others. The directors have regular engagement with employees to keep them informed of the Group's performance and strategy, details of this are set out in the employment policies section of the directors report within the Horizon Holdco Limited financial statements. The Group interacts with its other key stakeholders in a number of ways, including customer satisfaction surveys, industry events, regular meetings and contact with key suppliers and meetings with lenders to discuss strategy and performance. The Board also considers its impact on the wider community. This includes consideration of its carbon footprint (including committing to steps to reduce this) as well as having policies in place (and associated training available) for employees and other stakeholders on issues such anti-corruption, modern slavery, and diversity.

At present, the Group does not currently formally follow a Corporate Governance code. The Group will be reviewing this and ensuring that its corporate governance is appropriate for the size of the business going forwards.

On behalf of the board



**Jonathan Mitchell**

Director

5<sup>th</sup> August 2020

# Horizon Debtco Limited

## DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

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

# Horizon Debtco Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORIZON DEBTCO LIMITED

### Report on the audit of the financial statements

#### Opinion

In our opinion, Horizon Debtco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 April 2020; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

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

#### Independence

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

#### Our audit approach

##### Overview



- Overall materiality: £1,406,000 (2019: £2,000,000), based on 1% of total assets capped at 95% of group materiality.
- PwC UK have audited Horizon Debtco Limited.
- Impact of COVID-19

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had

# Horizon Debtco Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORIZON DEBTCO LIMITED

the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>Impact of COVID-19</i>	
Management have considered the impact of COVID-19 across the business. The accounting for impairment of investments £3,219k (FY19: £3,219k) and recovery of loans to group undertakings £264,087k (FY19: £248,229k) could have the most significant impact as a result of the pandemic. The realisation of the carrying values of investments and loans receivable is dependent on the ongoing performance to expectation of the trading entities within the group.	We concur with managements assessments that the impact of COVID-19 could have the most significant impact on the accounting for impairment of investments and recovery of loans to group undertakings.
Management have completed an impairment assessment for trading companies by calculating the equity value using a market approach. A basket of companies have been used to identify comparable beta, EBITDA and revenue multiples as to arrive at an equity valuation.	We have reviewed the impairment assessment of investments by completing the following procedures: <ul style="list-style-type: none"><li>• Considered the assumptions used in the equity approach:<ul style="list-style-type: none"><li>• Agreed the beta EBITDA and revenue multiple to publicly available information;</li><li>• Agreed the calculation inputs and checked the mathematical accuracy;</li><li>• Completed sensitivities using the lowest beta multiples and removing the control premium; and</li></ul></li><li>• Agreed net asset balances to audited trial balances and recalculated management's assessment whilst ensuring it is mathematically accurate.</li></ul>
Management have completed an impairment assessment for holding companies by comparing carrying values to the readily attainable assets of each holding company.	We agree with management's assessment that there is no impairment of investments.
Recoverability of loans to group undertakings have been assessed by considering the net intercompany position for each relevant entity within the group and recovery there on. If an entity is in a net intercompany credit position further analysis showing how each entity could repay the debt has been completed (for example through dividends or completing a fire sale of less liquid assets).	We have reviewed the recovery of loans to group undertakings by completing the following procedures: <ul style="list-style-type: none"><li>• Agreed the inputs into the calculation and checked for mathematical accuracy;</li><li>• Agreed that there are distributable reserves in companies that would depend on a dividend payment to repay loan balances; and</li><li>• Checked the fair value less cost to sell to equity values when a fire sale would be the route to repay loan balances.</li></ul>
Management have concluded that no impairment of investments or loans to group undertakings is required.	We agree with management's assessment that loans to group undertakings are recoverable.

### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

# Horizon Debtco Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORIZON DEBTCO LIMITED

### *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall materiality</b>	£1,406,000 (2019: £2,000,000).
<b>How we determined it</b>	1% of total assets capped at 95% of group materiality.
<b>Rationale for benchmark applied</b>	Horizon Debtco Limited is a holding and financing entity, holding investments in group companies and external debt which is passed on to group companies, therefore total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. 1% of total assets is £2,673,000 which is greater than group overall materiality for the Horizon Holdco Limited group. Therefore, overall materiality is capped at 95% of group overall materiality which is £1,406,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £70,000 (2019: £75,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

### **Reporting on other information**

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

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

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

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

# Horizon Debtco Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORIZON DEBTCO LIMITED

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### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### *Auditors' responsibilities for the audit of the financial statements*

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

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

#### *Use of this report*

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

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Mark Jordan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
5<sup>th</sup> August 2020

# Horizon Debtco Limited

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 April 2020

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	Note	Year ended 30 April 2020 £'000	Year ended 30 April 2019 £'000
Administrative expenses	2	(8)	(18)
Exceptional income	3	1,105	-
<b>Operating profit/(loss)</b>		<b>1,097</b>	<b>(18)</b>
Finance income	4	15,868	14,521
Finance costs	5	(28,396)	(25,533)
<b>Loss before taxation</b>		<b>(11,431)</b>	<b>(11,030)</b>
Taxation	6	(292)	(935)
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(11,723)</b>	<b>(11,965)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(11,723)</b>	<b>(11,965)</b>

All activities relate to continuing operations.

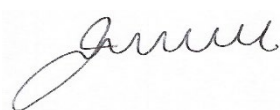
# Horizon Debtco Limited

## STATEMENT OF FINANCIAL POSITION

As at 30 April 2020

	Note	30 April 2020 £'000	30 April 2019 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	7	3,219	3,219
Deferred tax asset	6	-	292
<b>Total non-current assets</b>		<b>3,219</b>	<b>3,511</b>
<b>Current assets</b>			
Amount owed by group undertakings	8	264,087	248,229
<b>TOTAL ASSETS</b>		<b>267,306</b>	<b>251,740</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	-	1,107
<b>Non-current liabilities</b>			
Borrowings	10	309,922	281,526
<b>TOTAL LIABILITIES</b>		<b>309,922</b>	<b>282,633</b>
<b>NET LIABILITIES</b>		<b>(42,616)</b>	<b>(30,893)</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	828	828
Accumulated losses		(43,444)	(31,721)
<b>TOTAL EQUITY</b>		<b>(42,616)</b>	<b>(30,893)</b>

The financial statements on pages 10 to 21 were approved by the board of directors and authorised for issue on 5<sup>th</sup> August 2020 and are signed on its behalf by:



**Jonathan Mitchell**  
Director

# Horizon Debtco Limited

## STATEMENT OF CHANGES IN EQUITY

for the year ended 30 April 2020

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	Called up share capital (Note 10)	Accumulated losses	Total equity
	£'000	£'000	£'000
<b>At 1 May 2018</b>	<b>828</b>	<b>(19,756)</b>	<b>(18,928)</b>
Loss for the financial year	-	(11,965)	<b>(11,965)</b>
Total comprehensive loss for the year	-	(11,965)	<b>(11,965)</b>
<b>At 30 April 2019</b>	<b>828</b>	<b>(31,721)</b>	<b>(30,893)</b>
Loss for the financial year	-	(11,723)	<b>(11,723)</b>
Total comprehensive loss for the year	-	(11,723)	<b>(11,723)</b>
<b>At 30 April 2020</b>	<b>828</b>	<b>(43,444)</b>	<b>(42,616)</b>

# Horizon Debtco Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

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### 1.1 CORPORATE INFORMATION

The Company is a private Company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 10 Back Hill, London, EC1R 5EN. See page 19 for registered address of all subsidiaries and associates.

### 1.2 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Companies Act 2006 (as applicable to companies using FRS101) and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). A summary of the material accounting policies, which have been consistently applied in preparing the financial statements, is set out below:

#### a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) The requirements of IFRS 7 Financial instruments: Disclosures;
- b) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- d) The requirements of IAS 7 Statement of Cash Flows;
- e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- f) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- g) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

The Company is a wholly-owned subsidiary of Horizon Holdco Limited (UK) and is included in the consolidated financial statements of Horizon Holdco Limited which are publicly available. Consequently, the Company has taken advantage of exception from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

#### b) New standards, amendments and interpretations

No new accounting standards, or amendments to accounting standards, that are effective for the year ended 30 April 2020, have had a material impact on the Company.

#### c) Going concern

For the year ended 30 April 2020, the Company has incurred a loss of £11,723,000 (2019: £11,965,000) and has a net liability position of £42,616,000 (2019: £30,893,000). This includes borrowings from shareholders of £310,558,000 excluding borrowing costs of £636,000 (2019: £282,272,000 excluding borrowing costs of £746,000) which are not due for repayment until either January 2026 or August 2028. The Company has a net current asset position of £264,087,000 (2019: £247,122,000), which includes amounts owed to group undertakings. The Directors have prepared the financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Company, as part of the Group, has adequate resources to continue in operational existence for the foreseeable future and it is at the Group level at which the financial risks are managed for the Company.

Consequently, the Directors have reviewed the cash flow projections for the Group taking into account;

- The forecast turnover and operating cashflows from the underlying operations;
- The forecast level of capital expenditure; and
- The overall Group liquidity position, including the projected upstream of cash remaining committed and uncommitted facilities available to it, its scheduled debt maturities, and its forecast financial ratios and its ability to access debt markets.
- Downside scenarios of possible lower cashflows caused by Covid-related economic and logistical impacts.

The directors, having assessed the responses of the directors of the Company's ultimate parent undertaking, Horizon Holdco Limited, to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern. That said, the directors

# Horizon Debtco Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

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### 1.2 PRINCIPAL ACCOUNTING POLICIES (continued)

have received confirmation from Horizon Holdco Limited that Horizon Holdco Limited intends to provide support to the Company, if required, to meet their obligations as they fall due for at least twelve months following the date that these financial statements are signed.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Horizon Holdco Limited, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, which is at least twelve months after the date that these financial statement are signed. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

#### d) Investments in subsidiaries

Investments in subsidiaries are initially recorded at cost, less any provision required where there has been an impairment in the value of the investment.

#### e) Foreign currency

The financial statements are presented in Sterling, which is also the Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the average monthly rate at the date of the transaction. All differences are taken to the income statement.

#### f) Taxes

##### i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### g) Borrowing costs

Borrowing costs are capitalised as part of the value of the loan and spread over the life of the loan. These costs include the costs associated with the borrowing of funds. Interest is expensed in the period it occurs.

# Horizon Debtco Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

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### 1.2 PRINCIPAL ACCOUNTING POLICIES (*continued*)

#### **h) Financial instruments**

##### **Financial assets**

###### ***Initial recognition and measurement***

Under IFRS 9, all financial assets are measured at amortised cost, fair value through profit or loss or fair value through OCI on the basis of the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The company's financial assets include cash and cash equivalents, and trade and other receivables.

###### ***Impairment***

The impairment model requires the recognition of impairment provisions based on expected credit losses. It applies to financial assets classified at amortised cost, debt instruments at fair value through OCI, contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The company regularly reviews its expected credit losses on amounts due from group undertakings, none (2019: none) have been recognised as they are immaterial.

The company regularly reviews its expected credit losses on amounts due from group undertakings, none (2019: none) have been recognised as they are immaterial.

##### **Financial liabilities**

###### ***Initial recognition and measurement***

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

###### ***Subsequent measurement***

The measurement of financial liabilities depends on their classification as follows:

###### ***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

###### ***Interest bearing loans and borrowings***

Obligations for loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance cost.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

# Horizon Debtco Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

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### 1.2 PRINCIPAL ACCOUNTING POLICIES (*continued*)

#### **Derecognition of financial instruments**

A financial asset or liability is generally derecognised when the contract that gives right to it is settled, sold, cancelled or expires.

#### **Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

### 1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### **Estimates and Assumptions:**

##### ***a) Carrying value of investments***

The Company conducts impairment reviews of investments whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with IAS 36. Determining whether an investment is impaired requires an estimation of the recoverable amount, which requires the Group to estimate the value in use which base on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. Potential impacts of Covid-19 have been factored into the models using the latest data available and considering the impact on post year-end performance.

##### ***b) Recoverability of amounts owed by group undertakings***

The Company regularly reviews its intercompany balance and corresponding expected credit losses in accordance with IFRS 9. Determining the level of expected credit losses requires assumptions over the borrowers credit risk, as well as forward looking estimates of the borrowers ability to repay the amounts in the future and the time horizon of recovery. Potential impacts of Covid-19 have been factored into the models used to calculate expected credit losses, including the latest data and post year end performance.

#### **Judgements:**

##### ***a) Exceptional items***

Exceptional items are those items the Company considers to be material in nature and outside of the normal course of business that should be brought to the reader's attention in understanding the Company's financial performance. See Note 3.

## 2 ADMINISTRATIVE EXPENSES

Auditors' fees payable for the audit of £12,000 (2019: £10,300) for the financial year, was borne by Horizon Bidco Limited, a fellow group Company.

Staff costs of the directors in the year were borne by Horizon Bidco Limited, a fellow group Company and disclosed in those accounts.

# Horizon Debtco Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

### 3 EXCEPTIONAL INCOME

	Year ended 30 April 2020	Year ended 30 April 2019
	£'000	£'000
Waiver of Intercompany payable	1,105	-

During the year, the company was released from a Trade Payable owed to another group company.

### 4 FINANCE INCOME

	Year ended 30 April 2020	Year ended 30 April 2019
	£'000	£'000
Interest receivable from group undertakings	15,868	14,521

### 5 FINANCE COSTS

	Year ended 30 April 2020	Year ended 30 April 2019
	£'000	£'000
Amortisation of issue costs on shareholder loan notes	110	109
Loan note interest	28,286	25,424
<b>Total finance costs</b>	<b>28,396</b>	<b>25,533</b>

### 6 TAXATION

	Year ended 30 April 2020	Year ended 30 April 2019
	£'000	£'000
(a) Tax on loss on ordinary activities		
The tax credit is made up as follows:		
Deferred tax:		
Origination and reversal of temporary differences	292	935
Impact of changes in tax law and rates	-	-
Total deferred tax	292	935
<b>Total tax credit for year</b>	<b>292</b>	<b>935</b>

	Year ended 30 April 2020	Year ended 30 April 2019
	£'000	£'000
(b) The tax assessed for the year differs from the standard UK rate of corporation tax applicable of 19.00% (2019:19.00%). The differences are explained below:		
Loss before taxation	(11,431)	(11,030)
Loss before taxation multiplied by the UK tax rate	(2,172)	(2,096)
Effects of:		
Expenses not deductible for tax purposes	4,146	4,206
Group relief	(1,974)	(2,110)
Tax underprovided in previous years	(292)	935
<b>Total tax (charge)/credit for year</b>	<b>(292)</b>	<b>935</b>

# Horizon Debtco Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 April 2020

#### 6 TAXATION (continued)

c) Deferred Tax	Statement of financial position		Statement of comprehensive income	
	At 30 April 2020	At 30 April 2019	Year ended 30 April 2020	Year ended 30 April 2019
	£'000	£'000	£'000	£'000
Deferred tax relates to following:				
Tax losses carried forward	-	292	(292)	935
<b>Deferred tax asset</b>	<b>-</b>	<b>292</b>	<b>(292)</b>	<b>935</b>

The Finance Act 2015 reduces the UK corporation tax rate to 19% with effect from 1 April 2018. The Finance Act 2017 received Royal Assent on 15 September 2017 and, this reduces the UK corporation tax rate to 17% with effect from 1 April 2020. However, this change in rate was revoked by Finance Act 2020, and the 19% rate remained in place from 1 April 2020. Deferred tax has been measured using the rates substantively enacted at 30 April 2020, taking account of when the temporary difference is expected to reverse.

#### 7 INVESTMENTS

<i>Cost and net book value</i>	£'000
<b>As at 30 April 2019 and 2020</b>	<b>3,219</b>

Details of subsidiary and associated undertakings are as follows:

Name of Company	Country of incorporation	Proportion of voting rights and shares directly held		% Equity interest	
		30 April 2020	30 April 2019	30 April 2020	30 April 2019
Subsidiaries:					
Horizon Groupco Limited	UK	100%	100%	-	-
Horizon Midco Limited	UK	-	-	100%	100%
Horizon Bidco Limited	UK	-	-	100%	100%
Horizon Newco Limited	UK	-	-	100%	100%
PhotoBox Holdco Limited	UK	-	-	100%	100%
PhotoBox Holdco Gamma Limited	UK	-	-	100%	100%
PhotoBox Holdco Alpha Limited	UK	-	-	100%	100%
PhotoBox Holdco Beta Limited	UK	-	-	100%	100%
Cards Holdco Limited	UK	-	-	100%	-
Photo Holdco Limited	UK	-	-	100%	-
PhotoBox Limited	UK	-	-	100%	100%
Moonpig.com Limited	UK	-	-	100%	100%
Horizon France Holdings	France	-	-	100%	100%
PhotoBox SAS	France	-	-	100%	100%
PhotoBox GmbH	Germany	-	-	100%	100%
Hofmann Holdco S.L.U	Spain	-	-	100%	100%
Hofmann S.L.U	Spain	-	-	100%	100%
Hofmann Marketing y Tecnologia, S.L	Spain	-	-	100%	100%
Posterjack GmbH i.L.	Germany	-	-	100%	100%
PhotoBox Holdings Germany GmbH	Germany	-	-	100%	100%
posterXXL GmbH	Germany	-	-	100%	100%
MCIP UG & Co. KG	Germany	-	-	100%	100%
MCIP UG	Germany	-	-	100%	100%
Sticky9 Limited	UK	-	-	100%	100%
Horizon Bidco B.V	Netherlands	-	-	100%	100%
Venspro B.V	Netherlands	-	-	100%	100%
Greetz Holding B.V	Netherlands	-	-	100%	100%
Kartenhuis Internet Services B.V	Netherlands	-	-	100%	100%

# Horizon Debtco Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 April 2020

#### 7 INVESTMENTS (continued)

Greetz Licencing B.V	Netherlands	-	-	100%	100%
Greetz B.V	Netherlands	-	-	100%	100%
Greetz Base B.V	Netherlands	-	-	100%	100%
Full Colour B.V	Netherlands	-	-	100%	100%
Greetz GmbH	Germany	-	-	100%	100%
Photobox Free Prints Limited	UK	-	-	100%	100%
<b>Associates:</b>					
Online Print Décor Inc.	Canada	-	-	20%	20%
Beijing Board Arts & Crafts	China	-	-	40%	40%
Tung Fong Ltda Company Limited	China	-	-	20%	20%

The directors are of the opinion that the individual investments in the subsidiary and associated undertakings have a value not less than the amount at which they are shown in the Statement of Financial Position.

#### *Registered address of subsidiaries and associates*

Subsidiaries	Registered Address	Principal Activity
Horizon Groupco Limited	10 Back Hill, London, EC1R 5EN	Holding company
Horizon Midco Limited	10 Back Hill, London, EC1R 5EN	Holding company
Horizon Bidco Limited	10 Back Hill, London, EC1R 5EN	Management service company
Horizon Newco Limited	10 Back Hill, London, EC1R 5EN	Holding company
PhotoBox Holdco Limited	10 Back Hill, London, EC1R 5EN	Dormant Company
PhotoBox Holdco Gamma Limited	10 Back Hill, London, EC1R 5EN	Dormant Company
PhotoBox Holdco Alpha Limited	10 Back Hill, London, EC1R 5EN	Holding company
PhotoBox Holdco Beta Limited	10 Back Hill, London, EC1R 5EN	Holding company
Cards Holdco Limited	10 Back Hill, London, EC1R 5EN	Holding company
Photo Holdco Limited	10 Back Hill, London, EC1R 5EN	Holding company
PhotoBox Limited	10 Back Hill, London, EC1R 5EN	Trading company
Moonpig.com Limited	10 Back Hill, London, EC1R 5EN	Trading company
Horizon France Holdings	129 Boulevard de la Villette, 75010 Paris, France.	Holding company
PhotoBox SAS	37-39 rue de Beauce, 78500 Sartrouville, France.	Trading company
PhotoBox GmbH	Infanteriestraße 11a, 80797 München, Germany	Holding company
Hofmann Holdco S.L.U.	Calle Ciudad de Barcelona número 18, C.P. 46980, Paterna, Valencia, Spain.	Holding company
Hofmann Marketing y Tecnología, S.L.	Calle Ciudad de Barcelona número 18, C.P. 46980, Paterna, Valencia, Spain.	Holding company
Hofmann S.L.U	Calle Ciudad de Barcelona número 18, C.P. 46980, Paterna, Valencia, Spain.	Trading company
Posterjack, GmbH i.L.	Infanteriestraße 11a, 80797 München, Germany.	Dormant company
PhotoBox Holdings Germany GmbH	Infanteriestraße 11a, 80797 München, Germany	Holding company
posterXXL GmbH	Infanteriestraße 11a, 80797 München, Germany	Trading company
MCIP UG & Co. KG	Parsdorfer Weg 10, 85551 Kirchheim b. München, Germany	Property holding company
MCIP UG	Parsdorfer Weg 10, 85551 Kirchheim b. München, Germany	Property holding company
Sticky9 Limited	10 Back Hill, London, EC1R 5EN	Dormant Company
Horizon Bidco B.V	Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands	Holding Company
Venspro B.V	Laarderhoogtweg 20, 1101 EA, Amsterdam, Netherlands	Holding Company
Greetz Holding B.V	Laarderhoogtweg 20, 1101 EA, Amsterdam, Netherlands	Holding Company
Kartenhuis Internet Services B.V	Laarderhoogtweg 20, 1101 EA, Amsterdam, Netherlands	Dormant Company
Greetz Licencing B.V	Laarderhoogtweg 20, 1101 EA, Amsterdam, Netherlands	Trading Company
Greetz B.V	Laarderhoogtweg 20, 1101 EA, Amsterdam, Netherlands	Trading Company
Greetz Base B.V	Laarderhoogtweg 20, 1101 EA, Amsterdam, Netherlands	Property holding company
Full Colour B.V	Laarderhoogtweg 20, 1101 EA, Amsterdam, Netherlands	Trading Company
Greetz GmbH	Laarderhoogtweg 20, 1101 EA, Amsterdam, Netherlands	In liquidation process
Photobox Free Prints Limited	10 Back Hill, London EC1R 5EN	Dormant Company
Online Print Décor Inc.	90 Cawthra Avenue, Suite 102, Toronto, Ontario, M6N 3C7, Canada.	Associate
Beijing Board Arts & Crafts	Science and Technology Park, Caiyu Town, Daxing District, Beijing, China.	Associate
Tung Fong Ltda Company Limited	Room B1, 9/F, Goodwill industrial Building 36 - 44 Pak Tin Par Street, Tsuen Wan, N.T., Hong Kong.	Trading company

# Horizon Debtco Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

### 8 LOANS TO GROUP UNDERTAKINGS

	At 30 April 2020 £'000	At 30 April 2019 £'000
<i>Amounts falling due within one year:</i>		
Loans to group undertakings	264,087	248,229

Amounts due from group companies are unsecured, have no fixed date of repayment, are repayable on demand and are interest bearing. Interest is accrued at LIBOR plus a margin based on third party debt. The Company has no intention of recalling these loans in the immediate future.

### 9 TRADE AND OTHER PAYABLES

	At 30 April 2020 £'000	At 30 April 2019 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed to group undertakings	-	1,105
Accruals	-	2
<b>Total trade and other payables</b>	<b>-</b>	<b>1,107</b>

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. The amounts owed to group companies are not subject to interest.

### 10 BORROWINGS

	At 30 April 2020 £'000	At 30 April 2019 £'000
<i>Non-current</i>		
Shareholder loan notes	309,922	281,526
<b>Total borrowings</b>	<b>309,922</b>	<b>281,526</b>

Year-end borrowings include shareholder loan notes of £309,922,000 (2019: £281,526,000) of which £300,545,000 are repayable in January 2026 and £9,377,000 are repayable in August 2028. The loan notes carry interest of 10% which compounds annually. At year end, costs accrued amortising over the life of the loan are £636,000 (2019: £746,000) and interest accrued is £102,356,000 (2019: £74,060,000). The loan notes are listed on The International Stock Exchange "TISE".

### 11 CALLED UP SHARE CAPITAL

	At 30 April 2020 £'000	At 30 April 2019 £'000
<b>Allotted, issued and fully paid:</b>		
828,460 (2019: 828,460) ordinary shares of £1.00 each	828	828

# Horizon Debtco Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2020

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### **12 RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption from disclosure available under paragraph 8(k) of FRS 101 and has not disclosed transactions with other group companies which are wholly owned. There are no other related party transactions.

### **13 ULTIMATE GROUP UNDERTAKING**

The Company's immediate parent undertaking is Horizon Holdco Limited. This is the largest group in whose financial statements the Company is consolidated. Copies of these financial statements are available from 10 Back Hill, London, EC1R 5EN.

The ultimate controlling party is Exponent Private Equity LLP by virtue of the provisions contained in the shareholders deed in Horizon Holdco Limited.