

Excalibur Holdco Limited

Annual Report and Financial Statements

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

Registration Number 09876101

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Excalibur Holdco Limited

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

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Excalibur Holdco Limited

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

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)
Graham Roger Brown (appointed 26 November 2015)
Kevin Joseph Beatty (appointed 26 November 2015)
Simon Russell Davidson (appointed 17 November 2015)
Christopher Michael Graham (appointed 17 November 2015)

Registration number

09876101

Registered Office

12-27 Swan Yard
London
England
N1 1SD

Bankers

NatWest
250 Regent Street
London
W1B 3BN

Independent Auditors

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

Excalibur Holdco 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 Group is to offer daily voucher deals and online discounts. 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 Holdco Group. The Company was incorporated on 17 November 2015.

During the financial period, the Company acquired the entire issued share capital of Excalibur Debtco Limited, which acquired in the period the entire issued share capital of Excalibur Midco Limited, which in turn 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 Group is funded by loan notes that are issued by Excalibur Debtco Limited and are listed on the Channel Islands Securities Exchange ('CISE'), by external debt raised by Excalibur Bidco Limited and by the issue of shares by the Company. Excalibur Debtco Limited's loan notes are all held by shareholders in the Company. The total nominal value of listed loan notes as at 2 October 2016 was £68,447,000. The value on the consolidated 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.

Both Wowcher Limited and LivingSocial focus on the provision of daily voucher deals and online discounts for local services, travel and goods. The commonality between these businesses has presented opportunities to drive significant synergies that benefit both revenue and profits.

During the period, the business implemented a restructuring of its operations to enable the Wowcher and LivingSocial businesses to operate from shared business functions, significantly reducing the overall cost base across the Group. A number of employee roles were made redundant as a consequence of these changes.

Since the acquisition, the subsidiary businesses have traded in line with expectations. Wowcher maintained its trajectory of rapid growth in revenue and profit, and the application of Excalibur Bidco Limited's management expertise to the LivingSocial business has facilitated a turn-around in its trading performance. As shown in the Group's consolidated income statement, turnover for the financial period was £37,640,000 and operating profit before amortisation and exceptional costs was £4,097,000. The loss on ordinary activities before taxation for the financial period was (£10,284,000) which reflects the amortisation of goodwill and intangible assets.

On 2 October 2016, the trade, assets and liabilities of LivingSocial Limited were transferred to Wowcher Limited, for purchase consideration equal to the value of net liabilities acquired. The commercial rationale for this intra-Group transfer was to better align the legal structure of the UK businesses with the operational and management structure, which should reduce administrative costs as well as help drive synergistic sales growth and cost savings.

Total equity as at 2 October 2016 was (£7,816,000).

Excalibur Holdco Limited

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

Key Performance Indicators

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

	Unit	Period ended 2 October 2016
Turnover	£000	37,640
Operating profit before exceptional costs and amortisation	£000	4,097
Operating profit margin rate before exceptional costs and amortisation	% of turnover	11%
Employees (average number)	FTE	330
Revenue per employee	£000	114

Post balance sheet events and future developments

On 16 December 2016, the Group executed a Term and Revolving Facilities Agreement, comprising £27,500,000 term loans and a £5,000,000 committed revolving credit facility.

On 21 December 2016, proceeds of the refinancing, together with surplus cash on balance sheet, were used to redeem £28,862,000 of loan notes issued by Excalibur Debtco Limited and pay £3,138,000 of accrued interest on those loan notes.

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

On 20 March 2017, the Company's indirect subsidiary Excalibur Bidco Limited entered an interest rate derivative to cap the interest rate on £20,625,000 of term borrowings. The interest rate cap, which commences on 31 March 2017 and matures on 31 March 2017, has the effect of limiting the LIBOR paid on relevant borrowings to a maximum rate of 1.20%.

Principal risks

Demand risk

The principal risk to the business 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 Group's business.

Financial risk

Management is responsible for managing the Group's liquidity and ensuring that the Group 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.

Excalibur Holdco Limited

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

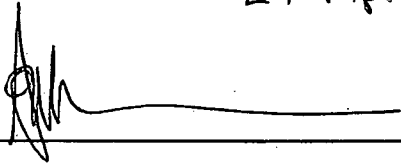
Employment of disabled persons

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 the in-house newspaper and newsletters and briefing groups.

Approved by the Board on 27 April 2017 and signed on its behalf by:



Andrew MacKinnon
Director

Date: 27 April 2017

Excalibur Holdco Limited

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

Directors' report

The Directors present their report and the audited consolidated financial statements of Excalibur Holdco 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 Group have been included in the Strategic Report on page 3.

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)
Graham Roger Brown (appointed 26 November 2015)
Kevin Joseph Beatty (appointed 26 November 2015)
Simon Russell Davidson (appointed 17 November 2015)
Christopher Michael Graham (appointed 17 November 2015)

Employees

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

Qualifying third party indemnity provisions

The Company's subsidiary, Excalibur Bidco 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 and Group have no branches overseas.

Financial instruments

The Group is funded by its shareholders, by external loans raised by Excalibur Bidco Limited and by loan notes issued by Excalibur Debtco Limited (which is the Company's direct subsidiary) which are listed on the Channel Islands Securities Exchange.

As at 2 October 2016, the Group had a positive net cash position. In addition, the Group had a committed £5,000,000 Revolving Credit Facility and ancillary facilities, which was not utilised. This facility was terminated on 16 December 2016.

On 16 December 2016, the Group executed a Term and Revolving Facilities Agreement, comprising £27,500,000 term loans repayable after six years and a £5,000,000 revolving credit facility which is committed until June 2022. This agreement replaced the existing facilities. The Facilities Agreement imposes certain restrictions on the activities of Excalibur Midco Limited and its subsidiaries, and requires the Excalibur Midco Limited group to comply with financial covenants. Excalibur Midco Limited, Excalibur Bidco Limited and certain of Excalibur Bidco Limited's subsidiaries have each given security under the Facilities Agreement over their assets.

Excalibur Holdco Limited

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

Financial risks

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

Going concern

The Group meets its day-to-day working capital requirements through cash held at bank, and also has access to committed bank facilities.

The Directors have considered the ability of the Group 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 Group's business activities, together with the factors likely to affect its future development, performance and position.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Group 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 Holdco 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 period. Under that law the directors have prepared the group and company 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 group and company and of the profit or loss of the group and 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 group and company will continue in business.

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

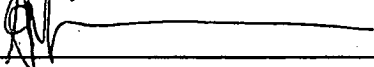
The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 group and 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 group and 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:

27 April

2017

Independent auditors' report to the members of Excalibur Holdco Limited

Report Report on the financial statements

Our opinion

In our opinion, Excalibur Holdco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 2 October 2016 and of the group's loss and cash flows 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 Consolidated and Company balance sheets as at 2 October 2016;
- the Consolidated income statement and Consolidated statement of comprehensive income for the period then ended;
- the Consolidated statement of cash flows for the period then ended;
- the Consolidated and Company statements 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" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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 7, 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

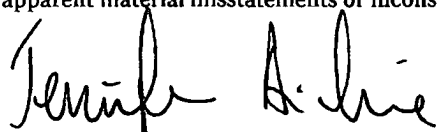
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

- whether the accounting policies are appropriate to the group's and 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 Dickie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 April 2017

Excalibur Holdco Limited

Consolidated income statement for the period from 17 November 2015 to 2 October 2016

	<i>Note</i>	Period ended 2 October 2016 £000
Turnover	2	37,640
Cost of sales		(3,500)
Gross profit		<u>34,140</u>
Administrative expenses		(30,043)
Operating profit before amortisation and exceptional costs		<u>4,097</u>
Amortisation of intangible assets, including goodwill		(6,819)
Exceptional costs - reorganisation	4	(1,351)
Operating loss	3	<u>(4,073)</u>
Finance income	7	2
Finance costs	8	(6,213)
Finance cost - net		<u>(6,211)</u>
Loss on ordinary activities before taxation		<u>(10,284)</u>
Income tax credit	9	1,984
Loss for the financial period		<u><u>(8,300)</u></u>

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

Excalibur Holdco Limited

Consolidated statement of comprehensive income for the period from 17 November 2015 to 2 October 2016

	Period ended 2 October 2016 £000
Loss for the financial period	(8,300)
Other comprehensive income – unrealised foreign currency gain	60
Other comprehensive income for the financial period, net of tax	<u>60</u>
Total comprehensive expense for the financial period	<u>(8,240)</u>

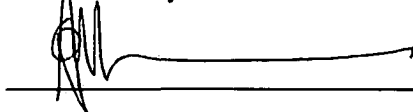
The notes on pages 15 to 41 form part of these financial statements.

Excalibur Holdco Limited

Consolidated and Company balance sheets as at 2 October 2016

	Note	Group As at 2 October 2016 £000	Company As at 2 October 2016 £000
Fixed assets			
Intangible assets	10	83,702	-
Tangible assets	11	515	-
Investments in subsidiary undertakings	29	-	344
		84,217	344
Current assets			
Debtors	12	947	107
Cash at bank and in hand	13	11,311	-
		12,258	107
Creditors: amounts falling due within one year	14	(30,292)	(199)
Net current liabilities		(18,034)	(92)
Total assets less current liabilities		66,183	252
Creditors: amounts falling due after more than one year	14	(72,257)	-
Provisions for liabilities	16	(1,742)	-
Net (liabilities)/assets		(7,816)	252
Capital and reserves			
Called up share capital	20	5	5
Share premium account		419	419
Accumulated losses		(8,240)	(172)
Total equity		(7,816)	252

These consolidated financial statements of Excalibur Holdco Limited, registration number 09876101, on pages 10 to 41 were approved and authorised for issue by the Board of Directors on 27 April 2017 and signed on its behalf by:



Andrew MacKinnon

Director

Date: 27 April 2017

Excalibur Holdco Limited

Consolidated and Company statements of changes in equity For the period from 17 November 2015 to 2 October 2016

Group	Called up share capital £000	Share premium account £000	Accumulated losses £000	Total equity £000
Balance as at 17 November 2015	-	-	-	-
Loss for the financial period	-	-	(8,300)	(8,300)
Unrealised foreign currency gain	-	-	60	60
Total comprehensive expense for the period	-	-	(8,240)	(8,240)
Issue of shares	5	419	-	424
Total transactions with owners, recognised directly in equity	5	419	-	424
Balance as at 2 October 2016	5	419	(8,240)	(7,816)

Company

	Called up share capital £000	Share premium account £000	Accumulated losses £000	Total equity £000
Balance as at 17 November 2015	-	-	-	-
Loss for the financial period	-	-	(172)	(172)
Total comprehensive expense for the period	-	-	(172)	(172)
Issue of shares	5	419	-	424
Total transactions with owners, recognised directly in equity	5	419	-	424
Balance as at 2 October 2016	5	419	(172)	252

Excalibur Holdco Limited

Consolidated statement of cash flows For the period from 17 November 2015 to 2 October 2016

	<i>Note</i>	Period ended 2 October 2016 £000
Net cash flow from operating activities	23	2,077
Net cash generated from operating activities		2,077
Cash flow from investing activities		
Purchase of subsidiaries		(57,310)
Purchase of intangible assets		(2,037)
Purchase of tangible assets		(62)
Net cash used in investing activities		(59,409)
Cash flow from financing activities		
Proceeds from intercompany funding		68,447
Proceeds from issue of ordinary share capital		424
Capital cost of loan note raising		(2,211)
Interest paid		(79)
Net cash generated from financing activities		66,581
Net increase in cash and cash equivalents		9,249
Cash acquired on acquisition		2,062
Cash and cash equivalents at end of the financial period		11,311
Cash and cash equivalents consists of:		
Cash at bank and in hand		11,311
Cash and cash equivalents		11,311

Excalibur Holdco Limited

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

1 Accounting policies

General information

Excalibur Holdco Limited ("the Company") and its subsidiaries together comprise "the Group". The principal activity of the Group is to offer daily voucher deals and online discounts. The principal activity of the Company is as holding company for the Group's activities.

Excalibur Holdco 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 consolidated financial statements of Excalibur Holdco 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(r).

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

(b) Going concern

The Group meets its day-to-day working capital requirements through cash held at bank, and also has access to committed bank facilities.

The Directors have considered the ability of the Group 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 Group's business activities, together with the factors likely to affect its future development, performance and position.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Group 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 Holdco Limited

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

1 Accounting policies (*continued*)

(c) Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(d) 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.

(iii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

Excalibur Holdco Limited

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

1 Accounting policies (*continued*)

(e) Turnover

The Group generates revenue through the sale and issue of vouchers that can be exchanged for goods and services provided by third party merchant partners or on some occasions with the Group itself, where the Group acts as both the supplier of the product as well as the issuer of the voucher.

The Group recognises revenue at the point at which the customer purchases a voucher from one of its websites, with consideration being passed at that point. The amount recognised as revenue comprises the Group's fees and any other income in accordance with its contract with the third party merchant partner, rather than the gross value of vouchers purchased by customers.

Customers purchase the vouchers from the Group and redeem them with the Group's merchant partners. The revenue recognition criteria are met when the consideration passes from the customer to the Group and a voucher is issued. At that time, the Group's obligations are substantially complete.

(f) Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

(g) Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pensions plans

The Group operates a defined contribution pension scheme for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the scheme are held within independently administered funds.

Excalibur Holdco Limited

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

1 Accounting policies (*continued*)

(h) 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.

(i) Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measureable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Excalibur Holdco Limited

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

1 Accounting policies (continued)

(j) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Software – 2 to 3 years
- Brands and trademarks acquired on business combination – 10 years
- Subscriber lists acquired on business combination – 10 years
- Goodwill arising on business combination – 10 years

Amortisation is charged to administrative expenses in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(k) Tangible assets

Tangible assets are stated at original cost less accumulated depreciation. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life at the following rates:

- Plant and Machinery – three to five years straight line

Repairs, maintenance and minor inspection cost are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposals proceeds and the carrying amount is recognised in the income statement, as either a gain or loss on disposal.

Excalibur Holdco Limited

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

1 Accounting policies (continued)

(l) Leases

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets

Leases that do not transfer all the risk and rewards of ownership are classified as operating leases. Rentals under operating leases are charged to the income statement on a straight line basis over the lease term.

(ii) Lease incentives

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

(m) 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.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

Excalibur Holdco Limited

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

1 Accounting policies (continued)

(n) Investments - Company

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

(o) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(p) Provisions

Provisions are recognised when the Group 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.

(q) Financial instruments

The Group 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.

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.

Excalibur Holdco Limited

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

1 Accounting policies (continued)

(q) Financial instruments (continued)

(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.

(r) 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.

The 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 are addressed below.

(i) Fair values on acquisition of Wowcher Limited

The fair value of tangible and intangible assets acquired on the acquisition of Wowcher Limited involved the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of the fair values requires the combination of assumptions including revenue growth, future margin rates, the rate of attrition of the existing subscriber list and the differential income attributable to the "Wowcher" brand. In addition the use of discount rates requires judgement.

Excalibur Holdco Limited

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

1 Accounting policies (continued)

(r) Critical judgements and estimates in applying the accounting policies (continued)

(ii) Fair values on acquisition of LivingSocial

The fair value of tangible and intangible assets acquired on the acquisition of LivingSocial Limited and LivingSocial Europe Limited involved the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of the fair values requires the combination of assumptions including revenue growth, future margin rates and the differential income attributable to the royalty-free intellectual property license agreement relating to the "LivingSocial" brand. In addition the use of discount rates requires judgement.

(iii) Impairment of intangible assets and goodwill

The Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

(iv) Provisions

The Group provides for the expected value of marketing credits on the basis of management's best estimate. This provision is based on the value of credits issued to customers, and is subject to change dependent on customer utilisation rates.

As part of the Group's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The Directors best estimate of the cost is charged to profit and loss as the obligation arises.

(s) Related party transactions

The Group 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 Group financial statements.

Excalibur Holdco Limited

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

2	Turnover	Period ended 2 October 2016 £000
	Analysis by class of business:	
	Daily voucher deals	37,640
		<u>37,640</u>
	Analysis of turnover by country of destination:	
	United Kingdom	36,197
	Republic of Ireland	1,443
		<u>37,640</u>

3	Operating loss	Period ended 2 October 2016 £000
	Operating loss is stated after charging:	
	Exceptional costs – reorganisation (Note 4)	1,351
	Depreciation of property, plant and equipment (Note 11)	143
	Amortisation of intangible assets, including goodwill and (Note 10)	6,819
	Auditors' remuneration – audit fees	126
	Operating lease charges	
	- Plant and machinery	56
	- Land and buildings	661
		<u></u>

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

4 Exceptional costs - reorganisation

On 29 March 2016, the Group announced a restructuring of its operations. The reorganisation costs of £1,351,000 comprise the costs of employee redundancies and costs associated with the exit from leasehold premises.

Excalibur Holdco Limited

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

5 Employees

Period ended
2 October 2016
£000

Staff costs (including Directors) consist of:

Wages and salaries	9,683
Social security costs	1,151
Other pension cost	237
	<hr/>
	11,071

The average monthly number of employees (including Directors) during the period was as follows:

Period ended
2 October 2016
Number

Administration and support	159
Sales and marketing	171
	<hr/>
	330

6 Directors' remuneration

Period ended
2 October 2016
£000

Aggregate emoluments	664
Group contributions to defined contribution schemes	31
	<hr/>
	695

Period ended
2 October 2016
£000

Highest paid Director:

Aggregate emoluments	334
Group contributions to defined contribution scheme	20
	<hr/>
	354

There were 3 Directors with benefits accruing under the company pension scheme in 2016.

Excalibur Holdco Limited

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

6 Directors' remuneration (continued)

Key management compensation

Key management comprises the Directors. The compensation paid or payable to key management for employee services is shown below:

	Period ended 2 October 2016 £000
Salaries and other short-term benefits	695
	<u>695</u>

7 Finance income

	Period ended 2 October 2016 £000
Bank interest receivable	2
	<u>2</u>

8 Finance costs

	Period ended 2 October 2016 £000
Interest payable on inter-company loans	192
Interest payable on loan notes	5,835
Amortisation of finance costs	186
	<u>6,213</u>

Excalibur Holdco Limited

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

9 Income tax credit

Tax on loss on ordinary activities:

	Period ended 2 October 2016
	£000
Current tax	
UK/Republic of Ireland corporation tax at 20.0%/12.5%	81
Current tax charge	<u>81</u>
Deferred tax	
Origination and reversal of timing differences	(3,126)
Deferred tax adjustment relating to previous years	(15)
Amortisation of intangible assets	1,076
Total deferred tax	<u>(2,065)</u>
Tax on loss on ordinary activities	<u>(1,984)</u>

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	<u>(10,284)</u>
UK/Republic of Ireland corporation tax at 20.0%/12.5% based on loss for the financial period	(2,047)
Effects of:	
Depreciation in excess of capital allowances	(43)
Losses transferred	7,308
Expenses not deductible for tax purposes	1,473
Adjustments in respect of previous tax years	10
Other tax adjustments reliefs and transfers	(3,459)
Difference due to change in tax rates	1,092
Deferred tax not recognised	(7,394)
Amortisation of intangible assets	1,076
Total current tax	<u>(1,984)</u>

Excalibur Holdco Limited

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

9 Income tax expense (continued)

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.

10 Intangible assets

Group	Goodwill £000	Subscriber List £000	Brand Names & Trademarks £000	Software £000	Total £000
Additions	-	-	-	2,037	2,037
Acquisitions	23,235	48,156	16,405	942	88,738
Cost as at 2 October 2016	23,235	48,156	16,405	2,979	90,775
Amortisation charge for the period	(860)	(4,013)	(1,367)	(579)	(6,819)
Amortisation acquired	-	-	-	(254)	(254)
Accumulated amortisation as at 2 October 2016	(860)	(4,013)	(1,367)	(833)	(7,073)
Closing net book amount as at 2 October 2016	22,375	44,143	15,038	2,146	83,702
Cost	23,235	48,156	16,405	2,979	90,775
Accumulated amortisation	(860)	(4,013)	(1,367)	(833)	(7,073)
Closing net book amount as at 2 October 2016	22,375	44,143	15,038	2,146	83,702

Goodwill relates to the acquisition of Livingsocial Limited and Livingsocial Europe Limited on 26 November 2015. It has a remaining amortisation period as at 2 October 2016 of 9 years 2 months.

Excalibur Holdco Limited

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

10 Intangible assets (continued)

The individual intangible assets, excluding goodwill, which are material to the financial statements are:

	Carrying Amount (£000) 2 October 2016 £000	Remaining Amortisation Period (Years) 2 October 2016
Acquired on business combination		
Wowcher brand and trade marks	12,506	9 years
Wowcher subscriber list	44,143	9 years
LivingSocial brand and trade marks	2,532	9 years
Software (internally generated)		
Marketplace	522	1 year, 10 months
LivingSocial User Interface	894	1 year, 9 months

The useful life of the software is based on its expected utilisation by the Group. The useful life of brands, trademarks and subscriber lists acquired on business combination is based on the expected use of those assets.

11 Tangible assets

Group	Plant and machinery £000	Total £000
Additions	62	62
Acquisitions	2,300	2,300
Disposals	(1,472)	(1,472)
Cost as at 2 October 2016	890	890
Accumulated depreciation acquired	(1,667)	(1,667)
Charge for the period	(143)	(143)
Disposals	1,435	1,435
Accumulated depreciation as at 2 October 2016	(375)	(375)
Net book value as at 2 October 2016	515	515

The Company had no tangible assets as at 2 October 2016.

Excalibur Holdco Limited

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

12 Debtors

	Group 2 October 2016 £000	Company 2 October 2016 £000
Amounts falling due within one year		
Trade debtors	27	-
Other taxation and social security	-	8
Other debtors	28	-
Prepayments and accrued income	892	99
	<u>947</u>	<u>107</u>

13 Cash at bank and in hand

	Group 2 October 2016 £000	Company 2 October 2016 £000
Cash at bank	11,311	-
	<u>11,311</u>	<u>-</u>

14 Creditors

	Group 2 October 2016 £000	Company 2 October 2016 £000
Amounts falling due within one year		
Corporation tax	77	-
Other creditors	15,500	156
Other taxation and social security	767	-
Deferred tax liability	10,493	-
Accruals and deferred income	3,455	43
	<u>30,292</u>	<u>199</u>

Excalibur Holdco Limited

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

14 Creditors (continued)

	Group 2 October 2016 £000	Company 2 October 2016 £000
Amounts falling due after more than one year		
External loans	74,282	-
Capitalised issue costs	(2,025)	-
	<u>72,257</u>	<u>-</u>

Fixed Rate Unsecured Loan Notes of £68,447,000 were issued by Excalibur Debtco Limited, a subsidiary of 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, Excalibur Debtco Limited redeemed £28,862,000 of these loan notes and paid £3,138,000 of accrued interest.

15 Deferred tax liability

The movement in the deferred tax liability in the period is as follows:

	Group 2 October 2016 £000	Company 2 October 2016 £000
Deferred tax acquired	(354)	-
Arising on acquisition – brand and subscriber list	12,912	-
Deferred tax credited to profit and loss account	(2,065)	-
	<u>10,493</u>	<u>-</u>
At the end of the period		

Analysis of deferred tax liability:

	Group 2 October 2016 £000	Company 2 October 2016 £000
Losses and other deductions	(2,492)	-
Short term timing differences	139	-
Capital allowances timing	(66)	-
Arising on acquisition – brand and subscriber list	12,912	-
	<u>10,493</u>	<u>-</u>
At the end of the period		

Excalibur Holdco Limited

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

16 Provisions for liabilities

The movement in the Group's provisions during the period is as follows:

	Merchant Provisions £000	Loyalty Scheme £000	Lease Dilapidations £000	Total £000
Acquisitions	1,427	838	111	2,376
Additions	1,975	113	175	2,263
Released	(349)	(558)	-	(907)
Utilised	(1,990)	-	-	(1,990)
	<hr/>	<hr/>	<hr/>	<hr/>
At 2 October 2016	1,063	393	286	1,742
	<hr/>	<hr/>	<hr/>	<hr/>

The Company has no provisions.

17 Loans and other borrowings

As at 2 October 2016, the Group had shareholder loans outstanding of £68,021,000 comprising £1,791,000 falling due within one year and £66,230,000 falling due after more than one year.

The Group had a revolving credit facility of £5,000,000 to cover working capital and liquidity commitments. The facility was not utilised during the period. A commitment fee of 1.1% was charged on the undrawn amount. This facility was terminated on 16 December 2016.

On 16 December 2016, the Group executed a Term and Revolving Facilities Agreement, comprising a £10,000,000 super senior term loan, a £17,500,000 unitranche term loan and a £5,000,000 committed revolving credit facility.

The term loans include £8,750,000 that is repayable in instalments during the period from 30 June 2019 to 30 June 2022, with the balance of £18,750,000 repayable on 16 December 2022. The revolving credit facility is committed until June 2022.

On 21 December 2016, proceeds of the refinancing, together with surplus cash on balance sheet, were used to redeem, £28,862,000 of loan notes issued by Excalibur Debtco Limited and pay £3,138,000 of accrued interest on those loan notes.

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

Excalibur Holdco Limited

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

18 Financial instruments

The Group and Company have the following financial instruments:

	Group 2 October 2016 £000	Company 2 October 2016 £000
Financial assets at fair value through profit or loss	-	-
Trade debtors	27	-
Other debtors	28	8
Financial assets that are debt instruments measured at amortised cost	55	8
Financial assets that are equity instruments measured at cost less impairment	-	-
Financial liabilities measured at fair value through profit or loss	-	-
Other creditors	(16,266)	(156)
Accruals	(3,455)	(43)
Financial liabilities measured at amortised cost	(19,721)	(199)
Other financial liabilities measured at fair value	-	-
	(19,666)	(191)

Excalibur Holdco Limited

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

19 Commitments under operating leases

At the period-end, the Group had future minimum lease payments due under non-cancellable operating leases as follows:

Group	Land and Buildings 2 October 2016 £000	Other 2 October 2016 £000
Payments due:		
Not later than 1 year	541	2
Later than 1 year and not later than 5 years	1,652	-
Later than 5 years	1,287	-
	<hr/>	<hr/>
	3,480	2
	<hr/>	<hr/>

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

20 Called up share capital

Class	Nominal value	Paid up	Allotted	Issued and fully paid
A Ordinary	0.01	1.00	240,000	240,000
B Ordinary	0.01	1.00	102,857	102,857
C1 Ordinary	0.01	1.00	1,100	1,100
C2 Ordinary	0.01	1.00	85,989	79,755
C3 Ordinary	1.00	1.00	470	470
			<hr/>	<hr/>
			430,416	424,182
			<hr/>	<hr/>

Every holder of C3 Shares is entitled to exercise 5% of total votes at general meeting, provided that the total voting rights held by all of the owners of C3 Shares shall never exceed 20%. C1 Shares and C2 Shares carry no right to vote at any general meeting or on any written resolution of the Company. All remaining voting rights vest in the A Shares and the B Shares, which rank pari passu in respect of voting rights.

The A Shares and B Shares each carry certain rights with respect to the appointment of Directors.

All classes of share rank pari passu with respect to income, dividends, capital and redemption.

Excalibur Holdco Limited

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

21 Contingent liabilities

At 2 October 2016, the Company's indirect subsidiary, Excalibur Bidco Limited, was party to a secured £5,000,000 Revolving Credit Facility and Standby Letter of Credit Facility. This facility was terminated on 16 December 2016.

As set out in Note 27, Excalibur Bidco Limited executed a new facilities agreement on 16 December 2016. Excalibur Midco Limited, Excalibur Bidco Limited and Wowcher Limited are guarantors in respect of these facilities. Excalibur Bidco Limited and Wowcher Limited have entered a debenture granting a fixed and floating charge over their assets to the lenders of the facilities.

22 Post-retirement benefits

The Group operates a number of defined contribution schemes. The pension charge for the financial period amounted to £237,000. There are no prepayments outstanding at 2 October 2016, and the Group had an accrual of £30,000 outstanding at 2 October 2016.

23 Net cash flow from operating activities

	Period ended 2 October 2016 £000
Operating loss	(4,073)
Depreciation charge	143
Amortisation charge, including goodwill	6,819
Decrease in trade receivables	1,667
Decrease in trade payables	(3,333)
Increase in provisions	854
Net cash flow from continuing operations	2,077

Excalibur Holdco Limited

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

24 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 Group and has significant influence over the Excalibur Holdco Group by virtue of votes held and rights held under the terms of the Subscription and Shareholder Deed.

There is a Transitional Services Agreement between Wowcher Limited and DMG Media. Fees of £416,000 were payable to DMG Media in the period ended 2 October 2016 in return for services provided. A further £8,333 was payable in respect of fees payable from 1 June 2016 onwards in respect of a guarantee provided by DMG Media to the lessor of Wowcher's head office premises. At the period end, £248,000 was outstanding and included in creditor amounts falling due within one year.

The Group's purchases ledger is operated by A&N Media Finance Services Limited, a subsidiary of Daily Mail and General Trust plc. Consolidated other creditors at 2 October 2016 include a balance of £1,573,000 owed to A&N Media Finance Services Limited.

With effect from 1 June 2016, Excalibur Holdco Limited has a requirement to pay Non-Executive Director fees of £80,000 per annum plus VAT to each of DMG Media and Exponent Private Equity LLP. The total cost in the period was £64,000 and at the period-end and un-invoiced balance of £64,000 was outstanding and included in creditor amounts falling due in less than one year.

See note 6 for disclosure of the Directors' remuneration and key management compensation.

The following related party transactions were undertaken by the Company's immediate wholly owned subsidiary, Excalibur Debtco Limited:

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 amount of loan notes shown in the balance sheet of £72,257,000 is stated net of capitalised financing costs.

Excalibur Holdco Limited

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

25 Share based payments

During the financial period, certain of the Directors received holdings over C1 Ordinary, C2 Ordinary and C3 Ordinary shares in the Company. In addition, certain other key employees of the Group received rights over C2 Ordinary shares, either in the form of a direct shareholding or a beneficial interest in shares held by the Wowcher Employee Benefit Trust. In each case, the shares were acquired for consideration of £1.00 per share.

There are restrictions on the transfer of holdings and rights over shares prior to the majority shareholder's exit from the Company; and the relevant shareholders can be required to transfer their holding or rights over shares in the event of leaving employment prior to the majority shareholder's exit from the Company.

The C1, C2 and C3 Ordinary shares rank *pari passu* with all other classes of share with respect to income, dividends, capital and redemption.

26 Controlling party

Excalibur Holdco Limited is the ultimate parent of its group. 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.

27 Events after the reporting period

On 16 December 2016, the Group executed a Term and Revolving Facilities Agreement, comprising £27,500,000 term loans and a £5,000,000 committed revolving credit facility.

On 21 December 2016, proceeds of the refinancing, together with surplus cash on balance sheet, were used to redeem £28,862,000 of loan notes issued by Excalibur Debtco Limited and pay £3,138,000 of accrued interest on those loan notes.

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

On 20 March 2017, the Company's indirect subsidiary Excalibur Bidco Limited entered an interest rate derivative to cap the interest rate on £20,625,000 of term borrowings. The interest rate cap, which commences on 31 March 2017 and matures on 31 March 2017, has the effect of limiting the LIBOR paid on relevant borrowings to a maximum rate of 1.20%.

Excalibur Holdco Limited

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

28 Business combinations

Group

Acquisition of Wowcher Limited

On 26 November 2015, the Group acquired the entire issued share capital of Wowcher Limited, an e-commerce business which offers daily vouchers deals and online discounts.

The following table summarises the consideration paid by the Group, the fair value of assets acquired and the liabilities assumed at the acquisition date.

Consideration at 26 November 2015

	£000
Cash consideration	49,369
Settlement of intercompany indebtedness	5,295
Directly attributable costs	1,113
	<u>55,777</u>

For cash flow disclosure purposes the amounts are disclosed as follows:

Cash consideration	49,369
Directly attributable costs	1,113
	<u>50,482</u>
Less: cash and cash equivalents acquired	-
Net cash outflow	<u>50,482</u>

Excalibur Holdco Limited

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

28 Business combinations (continued)

Recognised amounts of identifiable assets acquired and liabilities assumed

	Note	Book Value £000	Adjustments £000	Fair Value £000
Intangible assets	(a)	943	(255)	688
Tangible assets		589	-	589
Trade and other receivables		6,382	-	6,382
Trade and other payables		(13,148)	-	(13,148)
Provisions		(887)	-	(887)
Deferred tax assets		354	-	354
Total identifiable net assets		(5,767)	(255)	(6,022)
Wowcher subscriber list	(b)			48,156
Wowcher brand	(c)			13,643
Total				55,777

The adjustments arising on acquisition were in respect of the following:

- (a) Impairment of certain capitalised web development.
- (b) Recognition of an intangible asset for the Wowcher subscriber list.
- (c) Recognition of an intangible asset for the Wowcher brand and trademarks.

The revenue from Wowcher Limited included in the consolidated income statement for the period was £28,829,000. Wowcher Limited also contributed profit before taxation of £3,028,000 over the same period.

Excalibur Holdco Limited

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

28 Business combinations (continued)

Acquisition of LivingSocial

On 26 November 2015, the Group acquired the entire issued share capital of LivingSocial Limited and LivingSocial Europe Limited (together, "LivingSocial") an e-commerce business which offers daily vouchers deals and online discounts.

The following table summarises the consideration paid by the Group, the fair value of assets acquired and the liabilities assumed at the acquisition date.

Consideration at 26 November 2015

	£000
Cash consideration	5,972
Deferred consideration	664
Directly attributable costs	192
	6,828

For cash flow disclosure purposes the amounts are disclosed as follows:

Cash consideration	5,972
Deferred consideration	664
Directly attributable costs	192
	6,828
Less: cash and cash equivalents acquired	(2,062)
Net cash outflow	4,766

Recognised amounts of identifiable assets acquired and liabilities assumed

	Note	Book Value £000	Adjustments £000	Fair Value £000
Tangible assets		44	-	44
Cash and cash equivalents		2,062	-	2,062
Trade and other receivables		2,392	-	2,392
Trade and other payables	(a)	(12,567)	1,812	(10,755)
Total identifiable net assets		(8,069)	1,812	(6,257)
Goodwill				10,323
LivingSocial brand	(b)			2,762
Total				6,828

Excalibur Holdco Limited

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

28 Business combinations (continued)

The adjustments arising on acquisition were in respect of the following:

- (a) Adjustments in respect of trade and other payables, reflecting the expected value of future cash outflows.
- (b) Recognition of an intangible asset in respect of the LivingSocial brand and trademarks, in respect of which certain Group companies have rights in the UK and Republic of Ireland under a royalty-free intellectual property license agreement.

The deferred consideration was paid in instalments and was settled in full prior to 2 October 2016. The amount has not been discounted, as discounting is not material.

The revenue from LivingSocial included in the consolidated income statement for the period was £8,811,000. LivingSocial contributed loss before taxation of £966,000 over the same period.

29 Subsidiaries and related undertakings

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are as follows:

Subsidiary	Address of the registered office	Principal activity	Proportion of share capital held
Excalibur Debtco Limited	12-27 Swan Yard, London, N1 1SD, UK	Holding company	100%
Excalibur Midco Limited	12-27 Swan Yard, London, N1 1SD, UK	Holding company	100%
Excalibur Bidco Limited	12-27 Swan Yard, London, N1 1SD, UK	Holding company	100%
Wowcher Limited	12-27 Swan Yard, London, N1 1SD, UK	Trading company	100%
LivingSocial Limited	12-27 Swan Yard, London, N1 1SD, UK	Trading company	100%
LivingSocial Europe Limited	Barrow Street, Dublin 4, Republic of Ireland	Trading company	100%

All the above subsidiaries are included in the consolidation. The Company's investment in Excalibur Debtco 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.