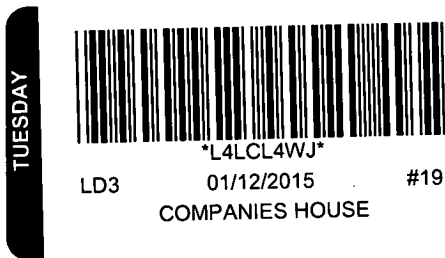


(Registered Number: 07227708)

LivingSocial Limited

Annual Report and Financial Statements

For the year ended 31 December 2014



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Company Information

Directors

Steven Marritt
James Bramson
Atul Kavthekar

Registered Office

25 Wellington Street
London
WC2E 7DA

Bankers

NatWest
30 Market Place
Newbury
Berkshire
RG14 5AJ

Bank of America
2 King Edward Street
London
EC1A 1HQ

Independent Auditor

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
The Atrium
1 Harefield Road
Uxbridge
UB8 1EX

**Strategic Report
For the year ended 31 December 2014**

The directors present their strategic report on the company for the year ended 31 December 2014.

Review of the business

The LivingSocial worldwide group is a leader in the on-line "social commerce" industry. The Company contracts with merchants to create offers marketed online to subscribers of the Company's service. These offers typically provide discounted products and services from featured merchants in selected markets.

In exchange for significant discounts from merchants, LivingSocial drives thousands of new customers to local businesses. For consumers, LivingSocial provides great experiences to enjoy in their city of choice from restaurants and spas to skydiving and city breaks.

Key Performance Indicators

The Company uses a number of measures in order to monitor the performance of the business. Some of these key indicators include the following:

- Monthly financial results focusing on key management metrics of Gross Profit and Operating EBITDA (OEBITDA)
- OEBITDA is measured as earnings before interest, tax, depreciation, amortization, stock-based compensation, foreign currency transaction gain (loss) and restructuring costs.
- KPI reporting metrics: Net Revenue per thousand Emails (NRPTE) and Net Revenue per Deal (NRPD). Net Revenue is measured as the gross selling price paid by the consumer minus the merchant share of revenue.

The key financial highlights are as follows:

	2014	2013
Turnover	£9,509,861	£12,440,896
Gross Profit	£7,834,434	£10,509,162
Loss before tax	(£5,279,766)	(£2,320,211)
OEBITDA	(£3,071,561)	(£1,060,620)
NRPTE	£5	£6
NRPD	£795	£1,029

Results and performance

Improvement of the customer and merchant experience continues to be key for the Company and it has invested heavily in developing these areas. In 2014 the Company continued to invest in its centralised efforts and strengthen its customer experiences through international shared services. With decline in the deals industry, the business is continually investing in new ways to engage and deliver compelling value to our customers.

During the year the Company experienced a number of infrastructure and commercial changes aimed at intracompany alignment both on tools, structure and vision. The Company, therefore, took a leaner approach to marketing spend as well as divesting business channels that were contributory, however unprofitable. This reduced contribution aligned with aggressive competitor

Strategic Report
For the year ended 31 December 2014 (continued)

inception to the UK and London specific markets resulted in a reduction in turnover versus the previous year as well as a year on year increase in losses.

The Company has historically been funded by the provision of loans from other group companies. No dividend was paid during the year (2013: £nil). The directors do not recommend paying dividend for the year ended 31 December 2014 (2013: £nil).

Principal risks and uncertainties

The Company faces a range of financial, market, strategic and operational risks. These risks are continually reviewed with a view to improving the internal control framework to help mitigate them, where possible. The principal risk factors and uncertainties that were faced during the year, which are still likely to be faced well into the future are highlighted below.

Financial risk management

The Company is exposed to a number of financial and business risks. The Company takes a proactive approach to risk management with the aim of protecting its employees, merchants and subscribers and safeguarding the interests of the Company and its shareholder.

The Company has specific policies in place to evaluate and manage risks at the appropriate level within the business.

Credit risk

The Company's policy in respect of credit risk is to assess the risk of contracting with each merchant and set credit limits and payment terms that are carefully monitored. If a significant risk is identified merchant payment terms are adjusted accordingly.

Interest rate risk

The Company has both interest-bearing assets and interest-bearing liabilities. Exposures to interest rate risk on interest-bearing financial liabilities are monitored on an ongoing basis. The only interest-bearing financial asset of the Company is cash at bank which is principally denominated in sterling.

Liquidity risk

Management is responsible for managing the Company's liquidity and seeing that the Company has sufficient available funds for operations as they arise. The Company had borrowings from other group companies at 31 December 2014 of £4,495,042 (2013: £3,345,042). The Company also had short term accounts payable to other group companies of £27,192,947 (2013: £22,401,150) at 31 December 2014.

Market Risk

Companies offering daily deals are increasingly competitive in terms of both price and service offering. The Company continuously monitors its competitors and regularly reviews strategic and tactical objectives.

The directors present their report and the audited financial statements of LivingSocial Limited ("the Company") for the year ended 31 December 2014.

Strategic Report
For the year ended 31 December 2014 (continued)



Steven Marritt
Director
Date: 25 November 2015

**Directors' Report
For the year ended 31 December 2014**

Directors

The directors who held office during the year are given below:

James Bramson (appointed 20 June 2014)
Steven Marritt (appointed 10 November 2014)
Atul Kavthekar (appointed 04 August 2015)
Daniel Federico (resigned 04 August 2015)
Peter Briffett (resigned 28 February 2014)
John Bax (resigned 20 June 2014)
Elliott Adams (appointed 28 February 2014, resigned 7 November 2014)

Qualifying third party indemnity provisions

No qualifying third-party indemnity provisions and/ or qualifying pension scheme indemnity provision are in place for the benefit of one or more of the directors or one or more directors of an associated company.

Employees

Applications for employment by disabled persons are always 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. 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.

On 25 November 2015, the company was acquired Excalibur Bidco Limited. As a result of this transaction, the amounts owed to former group undertakings of £ 29,044,835 were waived, and the new parent made a loan facility available of £5,000,000. The Net Liabilities at the date of signing of this Directors' Report were approximately (£7,515,854)

Going Concern

The Directors believe that there will be sufficient funds available to enable the company to meet its liabilities as they fall due, and hence, have prepared these accounts on a going concern basis.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations. The directors are also responsible for setting financial risk management and dividend policies and ensuring they are followed as disclosed on the Strategic Report.

Statement of directors' responsibilities (continued)

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 and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

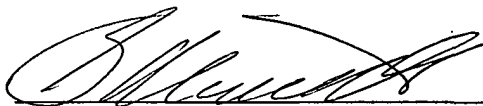
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

The directors are also responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant information needed by the Company's auditor and to establish that the auditor is aware of that information.

By order of the board of directors and signed on its behalf by;



Steven Marritt
Director
Date: 25 November 2015

Independent Auditors' Report to the members of LivingSocial Limited

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

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss and cash flows for the year 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 comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account for the year then ended;
- the Cash Flow Statement for the year 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 their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

**Independent Auditors' Report to the members of LivingSocial Limited
(continued)**

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

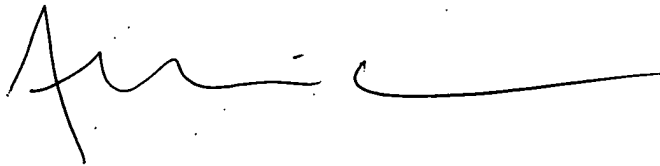
- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

**Independent Auditors' Report to the members of LivingSocial Limited
(continued)**

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements 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.

A handwritten signature in black ink, appearing to read 'Archie Wilson', with a long horizontal stroke extending to the right.

Archie Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

Date: 26 November 2015

LivingSocial Limited for the year ended 31 December 2014

Profit and Loss Account For the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	2	9,509,861	12,440,896
Cost of sales		<u>(1,675,427)</u>	<u>(1,931,734)</u>
Gross profit		7,834,434	10,509,162
Administrative expenses		<u>(12,916,312)</u>	<u>(12,659,456)</u>
Operating loss	8	(5,081,878)	(2,150,294)
Interest receivable and similar income	3	2,210	15
Interest payable and similar charges	4	<u>(200,098)</u>	<u>(169,932)</u>
Loss on ordinary activities before taxation		(5,279,766)	(2,320,211)
Tax on Loss on ordinary activities	9	<u>-</u>	<u>-</u>
Loss for the financial year	18, 19	<u>(5,279,766)</u>	<u>(2,320,211)</u>

The results for both financial years are derived from continuing operations.

There are no recognised gains or losses other than the loss for the financial years and therefore no separate statement of total recognised gains and losses has been presented.

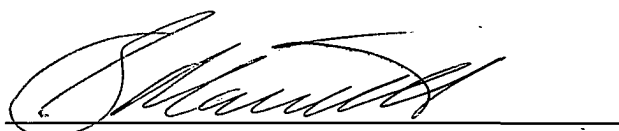
There are no material differences between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

LivingSocial Limited for the year ended 31 December 2014

Balance Sheet As at 31 December 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	10	<u>60,423</u>	<u>200,441</u>
		60,423	200,441
Current assets			
Debtors	11	5,623,351	4,026,498
Cash at bank and in hand		<u>1,093,484</u>	<u>464,719</u>
		6,716,835	4,491,217
Creditors: amounts falling due within one year	12	<u>(34,119,306)</u>	<u>(28,314,448)</u>
Net current liabilities		<u>(27,402,471)</u>	<u>(23,823,231)</u>
Total assets less current liabilities		(27,342,048)	(23,622,790)
Creditors: amounts falling due after more than one year	13	(4,495,042)	(3,345,042)
Provisions for liabilities	14	<u>(800,649)</u>	<u>(554,261)</u>
		(5,295,691)	(3,899,303)
Net liabilities		(32,637,739)	(27,522,093)
Capital and reserves			
Called up share capital	16	10	10
Other reserves	18	6,337,267	6,173,147
Profit and loss account	18	<u>(38,975,016)</u>	<u>(33,695,250)</u>
Total shareholders' deficit	19	(32,637,739)	(27,522,093)

These financial statements of LivingSocial Limited, registered number 07227708, on pages 12 to 26 were approved and authorised for issue by the Board of Directors on 25 November 2015 and signed on its behalf by:



Steven Marritt
Director

Date: 25 November 2015

Cash Flow Statement
For the year ended 31 December 2014

	<i>Notes</i>	2014 £	2013 £
Net cash outflow from operating activities	A	(5,100,080)	(5,361,686)
Returns on investments and servicing of finance			
Interest received		2,210	15
Interest paid		(200,098)	(169,932)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(15,064)	(76,437)
Net cash outflow from capital expenditure and financial investment		(15,064)	(76,437)
Financing			
Increase in borrowings		5,941,797	4,085,078
Net cash inflow from financing activities		5,941,797	4,085,078
Increase/(decrease) in cash in the year	B, C	628,765	(1,522,962)

**Notes to the Cash Flow Statement
For the year ended 31 December 2014**

A. Reconciliation of operating loss to net cash outflow from operating activities

	2014 £	2013 £
Operating loss	(5,081,878)	(2,150,294)
Depreciation charge	155,082	481,071
Share Based Expense	164,120	892,466
(Increase) in debtors	(1,596,853)	(2,143,399)
(Increase)/decrease in stocks	-	30,523
Increase/(decrease) in creditors	1,013,061	(1,513,508)
Increase/(decrease) in provisions	246,388	(958,545)
Net cash outflow from continuing operations	(5,100,080)	(5,361,686)

B. Reconciliation of net cash flow to movement in net debt

	2014 £	2013 £
Increase/(decrease) in cash in the year	628,765	(1,522,962)
Movement in debt in the year	(5,941,797)	(4,085,078)
Opening net debt	(25,281,473)	(19,673,433)
Closing net debt	(30,594,505)	(25,281,473)

C. Analysis of changes in net debt

	2014 £	Cash flows £	2013 £
Cash at bank and in hand	1,093,484	628,765	464,719
Debt due within 1 year	(27,192,947)	(4,791,797)	(22,401,150)
Debt due after 1 year	(4,495,042)	(1,150,000)	(3,345,042)
Total net debt	(30,594,505)	(5,313,032)	(25,281,473)

Notes to the financial statements
For the year ended 31 December 2014

1. Accounting policies

The principal accounting policies, which have been applied consistently throughout the period, are set out below.

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and in accordance with the applicable accounting standards in the United Kingdom.

Going concern

The Directors believe that there will be sufficient funds available to enable the company to meet its liabilities as they fall due, and hence, have prepared these accounts on a going concern basis.

Turnover

The Company recognises turnover net of value added tax principally from "Daily Deals". Turnover is recognised on deals on the day the voucher is delivered to the subscriber. The Company evaluates the presentation of turnover on a gross versus net basis. The Company assesses whether it acts as a principal in the transaction or as an agent acting on behalf of others. Where the Company has the risks and rewards of a principal in the transaction, the transaction is recorded on a gross basis. If the Company does not act as a principal in the transaction, the transactions are recorded on a net basis.

The Company's Deals with the exception of "product" deals (see below) currently comprise the vast majority of the Company's turnover transactions. The Company's Deal merchants assume the majority of the contractual risks, which include providing the goods or service and the risk of unsold inventory. As such, all Deal transactions are recorded at the net amount, which is the amount charged to the purchaser less the amount to be paid to the merchant. The net amount recorded as turnover represents the Company's negotiated commission percentage with the merchants.

The Company acts as the principal in its "product" deals, pursuant to which its subscribers may purchase products directly from the Company. Because the Company assumes the majority of the contractual risks, product transactions are recorded at the gross amount, which is the amount charged to the purchaser. Amounts paid to the underlying merchants for the products are recorded as costs of turnover in the periods incurred.

The Company records a provision for estimated refunds based on historical refund patterns. Refunds are recorded as a reduction of sales and are adjusted as appropriate as actual refund activity occurs.

All turnover arises in the United Kingdom.

The Company offers discounts to its subscribers. The discounts are recorded as a reduction of turnover.

Notes to the financial statements (continued)
For the year ended 31 December 2014

1. Accounting policies (continued)

Fixed Assets

Tangible fixed assets are stated at original cost less accumulated depreciation. 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:

- Computer equipment – three years straight line
- Fixtures and Fittings – over the term of the lease
- Leasehold Improvements – over the term of the lease

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Foreign exchange

Transactions denominated in currencies other than Sterling are translated into Sterling at the rates of exchange prevailing on the dates on which the transactions were made. Monetary assets and liabilities denominated in currencies other than Sterling are translated at the rates ruling on the balance sheet date. Differences arising from changes in exchange rates are dealt with through the profit and loss account.

Pension Scheme

The Company operates a defined contribution pension scheme for its employees. The assets of the scheme are held within independently administered funds.

Operating leases

Rentals on operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Stock

Stock is valued at the lower of cost and net realisable value less provisions for slow moving and obsolete stock.

Share based payments

The company's former parent operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options has been recognised as an expense. The total amount to be expensed over the vesting period has been determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions have been included in assumptions about the number of options expected to vest. At each

Notes to the financial statements (continued)
For the year ended 31 December 2014

1. Accounting policies (continued)

balance sheet date, the entity has revised its estimates of the number of options expected to vest. It has recognised the impact of the revision to original estimates, if any, in the profit and loss account. Recharges made by the ultimate parent company in respect of options granted have been recorded as a debit in equity.

Provisions

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

2. Turnover

Analysis by geographical destination:	2014	2013
	£	£
Europe		
- UK	9,509,861	12,440,896
	9,509,861	12,440,896

The company's activities originate wholly in the UK and constitute the commission on deals facilitated through the company website which are recorded net.

Analysis by class of business:	2014	2013
	£	£
Daily deals	9,509,861	12,440,896
	9,509,861	12,440,896

3. Interest receivable and similar income

	2014	2013
	£	£
Bank interest receivable	2,210	15
	2,210	15

4. Interest payable and similar charges

	2014	2013
	£	£
Interest payable on inter-company loans	200,098	169,932
	200,098	169,932

Interest on loans owed to group undertakings is payable annually at variable rates prevailing in individual loan agreements. On 25 November 2015, the company was acquired by Excalibur Bidco Limited. As a result of this transaction, the amounts owed to former group undertakings of £808,622 were waived.

Notes to the financial statements (continued)
For the year ended 31 December 2014

5. Employees

The average number of employees in the company including directors during the year is shown below:

	2014	2013
	No.	No.
Directors	1	1
Management	2	6
Administration	77	95
Sales	95	112
	175	214

The wages and salaries paid to employees and charged through the profit and loss account during the year were as follows;

	2014	2013
	£	£
Wages and salaries	7,342,729	8,915,885
Social security costs	817,568	994,256
Other pension costs (Note 7)	299,444	238,907
Share based compensation costs (Note 18)	164,120	892,466
Total staff costs	8,623,861	11,041,514

Notes to the financial statements (continued)
For the year ended 31 December 2014

6. Directors' Emoluments

	2014 £	2013 £
Aggregate Emoluments	265,842	210,349
Share options exercised	-	-
Company contributions to defined contribution scheme	14,828	8,034
Compensation for loss of office	155,528	-
	436,198	218,383
Highest Paid Director:		
Aggregate emoluments	135,745	210,349
Share options exercised	-	-
Company contributions to defined contribution scheme	10,400	8,034
Compensation for loss of office	91,328	-
	237,473	218,383

There was 1 director with benefits accruing under the company pension scheme in 2014 (2013: one).

7. Pension Commitments

The Company operates a defined contribution scheme. The pension charge for the year amounted to £299,444 (2013: £238,907). There are no prepayments outstanding at the year end (2013: £nil). The Company has an accrual of £24,330 outstanding at the year end (2013: £nil).

8. Operating Loss

	2014 £	2013 £
Operating loss is stated after charging/(crediting):		
Depreciation on owned tangible fixed assets (Note 10)	155,082	481,071
Auditors' remuneration		
- Audit fees	35,963	37,560
- Tax Fees	6,105	4,800
Foreign exchange loss/(gain)	1,249,563	(426,037)
Operating lease charges		
- Other	525,126	422,871

Notes to the financial statements (continued)
For the year ended 31 December 2014

9. Tax on Loss on Ordinary Activities

The tax assessed for the year is higher (2013: higher) than the standard rate of corporation tax in the UK (21.50%) (2013: 23.25%). The differences are explained below:

Current tax reconciliation

	2014 £	2013 £
Loss on ordinary activities before tax	(5,279,766)	(2,320,211)
UK corporation tax at 21.50% (2013: 23.25%) based on losses for the year	(1,135,150)	(539,449)
Effects of:		
Depreciation in excess of Capital allowances	33,343	111,849
Expenses not deductible for tax purposes	95,239	278,680
Losses not recognised	1,006,568	148,920
Current tax charge for the year	-	-

Factors that may affect future tax charges

The Finance Act 2013, which was enacted on 17 July 2013, includes legislation reducing the main UK corporation tax rate from 23% to 21%, effective from 1 April 2014. The financial statements reflect this change.

A further reduction to 20% was also enacted on this date and is effective from 1 April 2015. The deferred tax balances have been re-measured to 20% to reflect this reduction. Future profits will be taxed at the appropriate rate.

Deferred Tax

A deferred tax asset has not been recognised in respect of taxable losses carried forward and timing differences arising on fixed assets as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £7,433,811 (2013: £6,446,056).

	2014 £	2013 £
Capital allowances not claimed	186,568	155,552
Losses carried forward	6,534,786	5,610,871
Share-based compensation	712,457	679,633

Subject to applicable requirements and limitations, this asset will carry forward to be recovered over an extended period of years when the business achieves ongoing profitability.

Notes to the financial statements (continued)
For the year ended 31 December 2014

10. Tangible Assets

	Leasehold Improvements £	Furniture and Fixtures £	Computer Equipment £	Total £
Cost				
At 1 January 2014	561,818	204,173	686,712	1,452,703
Additions	-	-	15,064	15,064
Disposals	-	-	-	-
At 31 December 2014	561,818	204,173	701,776	1,467,767
Accumulated depreciation				
At 1 January 2014	(493,897)	(204,173)	(554,192)	(1,252,262)
Charge for the year	(14,147)	-	(140,935)	(155,082)
Disposals	-	-	-	-
At 31 December 2014	(508,044)	(204,173)	(695,127)	(1,407,344)
Net book amount				
At 31 December 2014	53,774	-	6,649	60,423
At 31 December 2013	67,921	-	132,520	200,441

11. Debtors

	2014 £	2013 £
Trade debtors	823,741	364,060
Amounts owed by group undertakings	4,329,713	3,229,693
Other debtors	248,348	248,348
Prepayments and accrued income	221,549	184,397
	5,623,351	4,026,498

Amounts owed from group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements (continued)
For the year ended 31 December 2014

12. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	4,357,680	4,271,512
Amounts owed to group undertakings	27,192,947	22,401,150
Other taxation and social security	436,020	254,831
Other creditors	-	-
Accruals and deferred income	2,132,659	1,386,955
	34,119,306	28,314,448

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. On 25 November 2015, the company was acquired by Excalibur Bidco Limited. As a result of this transaction, the amounts owed to former group undertakings of £22,279,258 were waived.

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

At 31 December 2014, the company had annual commitments under loans owed to group undertakings expiring as follows:

	2014 £	2013 £
Within one year	-	-
Between two and five years	4,495,042	3,345,042
	4,495,042	3,345,042

The loans due to group undertakings are interest bearing. Interest on loans owed to group undertakings is payable annually at variable rates prevailing in individual loan agreements. On 25 November 2015, the company was acquired by Excalibur Bidco Limited. As a result of this transaction, the amounts owed to former group undertakings of £6,753,664 were waived.

14. Provisions for liabilities

	2014 £	2013 £
Provisions brought forward at 1 January 2014	554,261	1,512,806
Additions in the year	3,664,001	6,980,701
Provisions utilised during the year	(3,417,613)	(7,939,246)
Provisions carried forward at 31 December 2014	800,649	554,261

The Company records a provision for estimated refunds based on historical refund patterns. Refunds are recorded as a reduction of turnover and are adjusted as appropriate as actual refund activity occurs.

Notes to the financial statements (continued)
For the year ended 31 December 2014

15. Operating Lease Commitments

At 31 December, the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land & Buildings 2014 £	Other 2014 £	Land & Buildings 2013 £	Other 2013 £
Within one year	-	-	-	-
Between two and five years	464,704	-	464,704	-
	464,704	-	464,704	-

The operating lease was renewed in November 2013.

16. Called Up Share Capital

	2014 £	2013 £
Authorised Share Capital:		
100 (2013: 100) ordinary shares of £1 each	100	100
Allotted and fully paid:		
100 (2013: 100) ordinary shares of £0.10 each	10	10

17. Share-based compensation

Under the LivingSocial, Inc. (former parent) 2008 Equity Incentive Plan and the 2010 Equity Incentive Plan ("the Plans"), an aggregate of 433,281 (2013: 1,645,803) options were outstanding for employees of LivingSocial Limited at December 31, 2014. Options granted under the Plans may be incentive stock options ("ISOs") or nonqualified stock options. ISOs may only be granted to employees.

The board of directors of LivingSocial, Inc. determines the period over which options become vested and exercisable, which has generally been four years. The term of the options is up to ten years.

The Share Based expense recognized by the Company for the years ended 31 December 2014 and 31 December 2013 was as follows:

	2014 £	2013 £
Share Based Expense	£164,120	£892,466
	£164,120	£892,466

Notes to the financial statements (continued)
For the year ended 31 December 2014

17. Share-based compensation (continued)

A summary of option activity for employees of LivingSocial Limited for the years ended 31 December 2014 and 31 December 2013 is presented below:

	# of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Yrs)	Aggregate Intrinsic Value
Outstanding at 31/12/2013	1,645,803	\$0.32	7.30	
Granted	158,000	\$0.35		
Exercised	-	-		
Expired/Forfeited	(1,370,522)	\$0.32		
Outstanding at 31/12/2014	433,281	\$0.35	8.16	
Vested/Exercisable at 31/12/2014	259,020	\$0.35	7.60	
Vested and Expected to Vest	675,440	\$0.35	8.36	

The Company uses the Black-Scholes option-pricing model to estimate the fair value of stock option grants. The determination of the fair value of stock-based compensation grants is affected by estimates of the fair value of LivingSocial, Inc.'s stock price as well as assumptions regarding a number of variables, including stock price volatility, risk-free interest rate, and actual and projected stock option exercise behaviours. The Company estimated the fair value for these stock options at the grant date, using the following assumptions:

	2014	2013
Risk-free interest rate	1.85%	0.9% - 1.76%
Expected dividend yield	0.00%	0.00%
Expected volatility	46.02%	45.45% - 58.46%
Expected term (years)	6.10	6.10 - 6.25

The former parent company LivingSocial, Inc. does not currently anticipate paying dividends on common stock during the expected term of the grants; therefore, the dividend rate was assumed to be zero. Expected volatility is estimated by considering the historical volatility of similar publicly-traded companies for which share price information is available. The expected term represents the period of time the stock options were expected to be outstanding as of 31 December 2014. LivingSocial, Inc. estimated the expected term using the "simplified-method" as it does not have sufficient historical exercise data to provide a reasonable estimate.

For the years ended December 31, 2014 and 2013, the weighted average fair value of stock options granted was \$0.01 and \$0.04, respectively. Stock-based compensation during the years ended December 31, 2014 and 2013 was approximately £164,120 and £892,466, respectively, from stock options.

Notes to the financial statements (continued)
For the year ended 31 December 2014

18. Reserves

	Other Reserves 2014 £	Profit and Loss account 2014 £
At 1 January 2014	6,173,147	(33,695,250)
Share Based Payments	164,120	-
Loss for the financial year	-	(5,279,766)
At 31 December 2014	<u>6,337,267</u>	<u>(38,975,016)</u>

The other reserves relate to a capital reserve that arose in 2010 through the conversion of debt to equity by the former parent undertaking and share based payments over the subsequent years.

19. Reconciliation of Movement in Shareholders' Deficit

	2014 £
Loss for the financial year	(5,279,766)
Share Based Payments	164,120
Opening equity shareholders' deficit	(27,522,093)
Closing equity shareholders' deficit	<u>(32,637,739)</u>

20. Contingent Liabilities

There were no contingent liabilities at 31 December 2014 (2013: £nil).

21. Related party transactions

During the year ended 31 December 2014, LivingSocial Limited was wholly owned within the LivingSocial, Inc. group. The Company has taken advantage of the exemption available under Financial Reporting Standard No. 8 not to disclose related party transactions with other group companies.

22. Ultimate parent undertaking and controlling party

The immediate parent undertaking during the year ended 31 December 2014 was LivingSocial, Inc., a company incorporated in the United States of America. The address of LivingSocial, Inc. is 1445 New York Avenue NW, Suite 200, Washington DC 20005. LivingSocial, Inc. was also the parent undertaking of the smallest and largest group to consolidate these financial statements for the year ended 31 December 2014.

Post year end the ultimate parent undertaking has changed to Exponent Private Equity LLP on behalf of funds under its management.

23. Post Balance Sheet Events

On 25 November 2015, the company was acquired by Excalibur Bidco Limited. As a result of this transaction, the amounts owed to group undertakings of £29,044,835 were waived, and the new parent made a loan facility available of £5,000,000. The Net Liabilities at the date of signing were approximately (£7,515,854).