

LivingSocial Limited

Annual Report and Financial Statements

For the period ended 2 October 2016

Registration Number 07227708

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Livingsocial Limited

Annual report and financial statements for the period ended 2 October 2016

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Livingsocial Limited

Annual report and financial statements for the period ended 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)
James Bramson (appointed 20 June 2015, resigned 26 November 2015)
Steven Marritt (appointed 10 November 2015, resigned 26 November 2015)
Atul Kavthekar (appointed 9 June 2015, resigned 26 November 2015)

Secretary

Hannah Rigby (appointed 17 May 2016)

Registration number

07227708

Registered office

12-27 Swan Yard
London
England
N1 1SD

Bankers

NatWest
49 Bishopsgate
London
EC2N 3AS

Bank of America
2 King Edward Street
London
EC1A 1HQ

Independent auditors

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

LivingSocial Limited

Strategic report for the period ended 2 October 2016

Introduction

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

Principal activities

The principal activity of the Company is to offer daily voucher deals and online discounts.

Results and performance

During the financial period, the Company continued to focus on the UK market, and on the provision of daily voucher deals and online discounts for local services, travel and goods.

On 26 November 2015, Excalibur Bidco Limited simultaneously acquired LivingSocial Limited, LivingSocial Europe Limited of the Republic of Ireland (together, "LivingSocial") and Wowcher Limited. The commonality between Wowcher Limited and LivingSocial has presented opportunities to drive significant synergies that benefit both revenue and profits.

At the date of acquisition, LivingSocial Limited's revenues remained in year-on-year decline and the business had been consistently loss-making. In contrast, Wowcher Limited had grown rapidly since its launch in 2011 and it recorded positive profit after tax in its latest audited financial statements prior to acquisition by Excalibur Bidco Limited. The application of Excalibur Bidco Limited's management expertise to LivingSocial Limited has facilitated a turn-around in performance, and the Company reported positive operating profit before exceptional costs in the period.

During the year, the business implemented a restructuring of its operations to enable Wowcher Limited and LivingSocial Limited 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. LivingSocial Limited subsequently carried out the same trade from a reduced cost-base.

Investment in marketing and the acquisition of new e-mail subscribers was increased during the second half of the financial year, to support future growth in the Company's revenue.

Full year results include trading performance at the time of acquisition, and prior to the implementation of improvements by current management. As such, they are not considered by the Directors to be representative of the trading performance of the business as we exited the financial year.

As shown in the Company's income statement, the Company's revenue for year was £9,503,000 (2015: £6,033,000 for a 9-month period), profit before exceptional costs for the 368-day period was £888,000 (2015: (£3,807,000) loss for a 9-month period), and the profit before taxation for the 368-day period was £28,692,000 (2015: (£4,033,000) loss for a 9-month period).

The Company's financial calendar has been aligned with that of its new parent. The financial period ended 2 October 2016 comprised 368 days (2015: 9 calendar months ended 30 September).

On 2 October 2016, the entire trade, assets and liabilities of the Company were acquired by Wowcher Limited, for purchase consideration equal to the value of net liabilities acquired. The Company and Wowcher Limited are both directly-owned subsidiaries of Excalibur Bidco Limited. The commercial rationale for this intra-Group transfer was to align the legal structure of the businesses with the operational and management structure, which should reduce administrative costs as well as help drive synergistic sales growth and cost savings.

The Shareholders' deficit as at 2 October 2016 was (£7,979,000) (2015: (£36,671,000)).

Livingsocial Limited

Strategic report for the period ended 2 October 2016 (continued)

Key Performance Indicators

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

	Unit	Period ended 2 October 2016	9 months ended 30 September 2015
Turnover	£000	9,503	6,033
Operating profit/(loss) before restructuring costs	£000	888	(3,807)
Operating loss margin rate before restructuring costs	% of turnover	9	(63)
Employees (average number)	FTE	74	144
Revenue per employee	£000	128	42

Future developments

Following the acquisition of the entire trade, assets and liabilities of the Company by Wowcher Limited on 2 October 2016, the Company has ceased to trade.

LivingSocial Limited

Strategic report for the period ended 2 October 2016 (*continued*)

Principal risks

Demand Risk

The principal risk to the Company 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 Company to develop new areas. This necessitates investment in new technologies and the people required to develop the Company's business.

Cash flow risk

Management is responsible for managing the Company's liquidity and ensuring that the Company has sufficient available funds for operations as they arise. The Company had loans from other Group companies at 2 October 2016 of £nil (2015: £6,545,000 owed to companies of the Group that it was part of at that date). The Company also had short term accounts payable to other Group companies at 2 October 2016 of £7,979,000 (2015: £28,978,000 owed to companies of the Group that it was part of at that date).

Corporate responsibility review

Employees

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

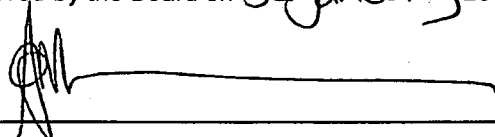
Employment of disabled persons

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

Employee involvement

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

Approved by the Board on 30 January 2017 and signed on its behalf by:



Andrew MacKinnon

Director

Date: 30 January 2017

Livingsocial Limited

Report of the Directors for the period ended 2 October 2016

Directors' Report

The Directors present their report and the audited financial statements of the Company for the 368-day period ended 2 October 2016.

Post balance sheet events and likely future developments

Following the acquisition of the entire trade, assets and liabilities of the Company by Wowcher Limited on 2 October 2016, the Company has ceased to trade. Accordingly, there are no material post balance sheet events and no likely future developments in the business of the Company.

Directors

The Directors who served during the year and up to the date of signing of 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)
James Bramson (appointed 20 June 2015, resigned 26 November 2015)
Steven Marritt (appointed 10 November 2015, resigned 26 November 2015)
Atul Kavthekar (appointed 9 June 2015, resigned 26 November 2015)

Qualifying third party indemnity provisions

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

Existence of branches of the Company outside of the United Kingdom

The Company has no branches outside of 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 financial statements on a going concern basis.

Dividends

The Directors do not recommend the payment of a dividend (2015: nil).

Livingsocial Limited

Report of the Directors for the period ended 2 October 2016 (*continued*)

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.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

In accordance with Section 418, Directors' reports shall include a statement, in the case of each Director in office at the date the Directors' report is approved, that:

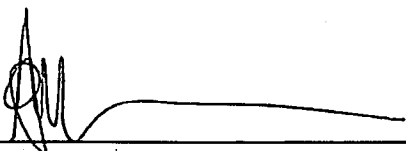
- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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 auditors in connection with preparing their report, of which the auditors are 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 auditors and to establish that the auditors are aware of that information.

Approval

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



Andrew MacKinnon

Director

Date: 30 January 2017

Livingsocial Limited

Independent auditors' report

Independent auditors' report to the members of Livingsocial Limited

Report on the financial statements

Our opinion

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 2 October 2016 and of its profit for the 53 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 Statement of Financial Position as at 2 October 2016;
- the Income Statement and Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance

Livingsocial Limited

Independent auditors' report (continued)

with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

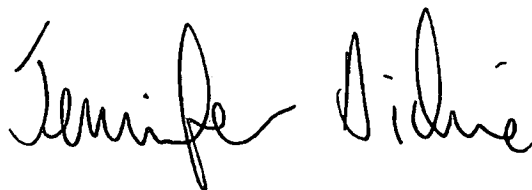
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

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

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

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



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

30 January 2017

Livingsocial Limited

Income statement for the period ended 2 October 2016

	<i>Note</i>	Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
Turnover	2	9,503	6,033
Cost of sales		(3,195)	(2,358)
Gross profit		6,308	3,675
Administrative expenses		(5,420)	(7,482)
Operating profit/(loss) before exceptional costs		888	(3,807)
Exceptional costs - reorganisation	4	(1,214)	-
Other income – waiver of intercompany creditors	8	29,045	-
Operating profit/(loss)	3	28,719	(3,807)
Finance cost	9	(27)	(226)
Profit/(loss) before taxation		28,692	(4,033)
Income tax expense	10	-	-
Profit/(loss) for the financial period		28,692	(4,033)

The Company sold its entire trade, assets and liabilities to Wowcher Limited on 2 October 2016, therefore the results for both financial periods are derived from discontinued operations.

Livingsocial Limited

Statement of comprehensive income for the period ended 2 October 2016

	Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
Profit/(loss) for the financial period	28,692	(4,033)
Other comprehensive income	-	-
Other comprehensive income for the financial period, net of tax	-	-
Total comprehensive income/(expense) for the financial period	28,692	(4,033)

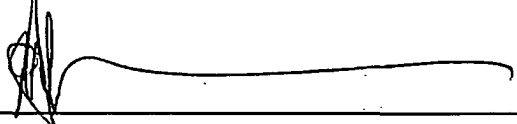
The notes on pages 13 to 27 form part of these financial statements.

Livingsocial Limited

Balance sheet as at 2 October 2016

		Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
	Note		
Fixed assets			
Tangible assets	11	-	43
		-	43
Current assets			
Debtors	12	-	5,914
Cash at bank and in hand		-	1,252
		-	7,166
Creditors – amounts falling due within one year	13	(7,979)	(36,325)
Net current liabilities		(7,979)	(29,159)
Total assets less current liabilities		(7,979)	(29,116)
Creditors – amounts falling after more than one year	14	-	(6,545)
Provisions for liabilities	15	-	(1,010)
Net liabilities		(7,979)	(36,671)
Capital and reserves			
Called up share capital	17	-	-
Other reserves		6,337	6,337
Retained earnings		(14,316)	(43,008)
Total deficit		(7,979)	(36,671)

These financial statements of Livingsocial Limited, registration number 07227708, on pages 9 to 27 were approved and authorised for issue by the Board of Directors on 30 January 2017 and signed on its behalf by:



Andrew MacKinnon

Director

Date: 30 January 2017

Livingsocial Limited
Statement of changes in equity
For the period ended 2 October 2016

	Called up share capital £000	Accumulated losses £000	Other reserves £000	Total equity £000
Balance as at 1 January 2015	-	(38,975)	6,337	(32,638)
Loss for the financial period	-	(4,033)	-	(4,033)
Total comprehensive expense for the period	-	(4,033)	-	(4,033)
Balance as at 30 September 2015	-	(43,008)	6,337	(36,671)
Balance as at 1 October 2015	-	(43,008)	6,337	(36,671)
Profit for the financial period	-	28,692	-	28,692
Total comprehensive income for the period	-	28,692	-	28,692
Balance as at 2 October 2016	-	(14,316)	6,337	(7,979)

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 subsequent years.

Livingsocial Limited

Notes forming part of the financial statements for the period ended 2 October 2016

1 Accounting policies

General information

The principal activity of the Company is to offer daily voucher deals and online discounts.

Livingsocial 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 individual financial statements of Livingsocial 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.

(a) Basis of preparation

The accounting policies below have been prepared on a consistent basis in both the current and prior periods, unless otherwise stated. The financial period ended 30 September 2016 consists of 368 days (2015: 9 calendar months).

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

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

(b) Going concern

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

On 2 October 2016, the entire trade, assets and liabilities of the Company were acquired by Wowcher Limited, a business under common control, for purchase consideration equal to the value of net liabilities acquired. The Company continues to exist but will not trade.

Excalibur Bidco Limited has confirmed that it will provide such financial support as might be necessary to ensure that the Company is a going concern for at least twelve months from the date of signing of these financial statements.

After making enquiries, the Directors therefore have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

LivingSocial Limited

Notes forming part of the financial statements for the period ended 2 October 2016 *(continued)*

1 Accounting policies *(continued)*

(c) Foreign currency

(i) *Functional and presentation currency*

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

(ii) *Transaction and balances*

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

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

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

(d) Turnover

The Company 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 LivingSocial itself, where the Company acts as both the supplier of the product as well as the issuer of the voucher.

The Company recognises revenue at the point at which the customer purchases a voucher from the LivingSocial website, with consideration being passed at that point. The amount recognised as revenue comprises the Company'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 Company and redeem them with the Company's merchant partners. The revenue recognition criteria are met when the consideration passes from the customer to LivingSocial and a voucher is issued. At that time, the Company's obligations are substantially complete.

(e) Employee benefits

The Company 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 Company 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.

Livingsocial Limited

Notes forming part of the financial statements for the period ended 2 October 2016 (continued)

1 Accounting policies (continued)

(e) Employee benefits (continued)

(iii) Share based payments

The Company's former parent operated 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 reporting 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 income statement. Recharges made by the ultimate parent company in respect of options granted have been recorded as a debit in equity.

The Company has taken advantage of the exemption under paragraph 35.10(b) of FRS 102 in respect of share based payment transactions on the date of transition to FRS 102 (1 January 2015) and have elected not to apply Section 26 Share-based Payment to equity instruments granted before the date of transition to FRS 102. The previous framework has been applied to instruments granted prior to the date of transition.

(f) 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.

Livingsocial Limited

Notes forming part of the financial statements for the period ended 2 October 2016 (*continued*)

1 Accounting policies (*continued*)

(g) 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.

(h) Leases

At inception the Company 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.

The Company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease in existence on the date of transition to FRS 102 (1 January 2015) and continues to credit such lease incentives to the income statement over the period to the first review date on which rent is adjusted to market rates.

(i) 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.

(j) 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.

Livingsocial Limited

Notes forming part of the financial statements for the period ended 2 October 2016 (continued)

1 Accounting policies (continued)

(k) Financial instruments

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

(i) Financial assets

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

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

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

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

(ii) Financial liabilities

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

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

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

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

Livingsocial Limited

Notes forming part of the financial statements for the period ended 2 October 2016 (continued)

1 Accounting policies (continued)

(k) Financial instruments (continued)

(ii) Financial Liabilities (continued)

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.

(l) 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) Provisions

The Company 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 Company'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

LivingSocial Limited

Notes forming part of the financial statements for the period ended 2 October 2016 (continued)

2 Turnover

	Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
Analysis by class of business:		
Daily voucher deals	9,503	6,033
	<u>9,503</u>	<u>6,033</u>
Analysis of turnover by country of destination:		
United Kingdom	9,503	6,033
	<u>9,503</u>	<u>6,033</u>

3 Operating loss

	Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
Operating profit is stated after charging/(crediting):		
Exceptional costs - reorganisation (Note 4)	1,214	-
Other income - waiver of intercompany creditors (Note 8)	29,046	-
Depreciation of tangible assets (Note 11)	9	19
Auditors' remuneration - audit fees	21	28
Foreign exchange (gain)/loss	(265)	528
Operating lease charges	4	342
	<u></u>	<u></u>

Fees payable to PricewaterhouseCoopers LLP and its associates for non-audit services to the Company are not required to be disclosed because Excalibur Holdco Limited's consolidated financial statements disclose such fees on a consolidated basis.

4 Exceptional costs - reorganisation

On 29 March 2016, the Company announced a restructuring of its operations involving the closure of the Company's leasehold office premises in London and the redundancy of a number of employee roles.

The reorganisation expense of £1,214,000 (2015: nil) comprises the costs of a redundancy programme together with the costs of exiting premises previously occupied by the LivingSocial business. The costs have been charged to operating profit and included in administrative expenses in the statement of comprehensive income.

Livingsocial Limited

**Notes forming part of the financial statements
for the period ended 2 October 2016 (continued)**

5 Employees

	Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
Staff costs (including Directors) consist of:		
Wages and salaries	3,041	3,722
Social security costs	446	486
Other pension cost	119	201
	3,606	4,409

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

	Period ended 2 October 2016 Number	9 months ended 30 September 2015 Number
Administration and support	33	69
Sales and marketing	41	75
	74	144

LivingSocial Limited

Notes forming part of the financial statements for the period ended 2 October 2016 (continued)

6 Directors' remuneration

	Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
Aggregate emoluments	329	209
Company contributions to defined contribution scheme	10	8
Compensation for loss of office	50	-
	<u>389</u>	<u>217</u>
Highest paid Director:		
Aggregate emoluments	329	209
Company contributions to defined contribution scheme	10	8
Compensation for loss of office	50	-
	<u>389</u>	<u>217</u>

There was 1 Director with benefits accruing under the Company pension scheme in 2016 (2015: one). No Directors (2015: nil) exercised share options during the period.

There were no emoluments payable in respect of the Directors who continued to serve at 2 October 2016, as those Directors are employed and remunerated by Excalibur Bidco Limited, the Company's immediate parent.

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	9 months ended 30 September 2015 £000
Salaries and other short-term benefits	339	217
Compensation for loss of office	50	-
	<u>389</u>	<u>217</u>

7 Share based payments

At 1 October 2015 there were 326,523 unexpired options held by employees of the Company over the shares of its former parent Living Social Inc. The average fair value of these options was £Nil. No options were issued between 1 October 2015 and the date of sale to Excalibur Bidco Ltd.

Under the terms of the scheme, on purchase of the Company by Excalibur Bidco Ltd all unvested options were cancelled and all vested options remained exercisable by their terms for three months after the sale, at which time they expired. No options were exercised, and hence all options expired on 26 February 2016.

The related charge to the Statement of Comprehensive Income was immaterial (2015: immaterial). The scheme is now ended.

LivingSocial Limited

**Notes forming part of the financial statements
for the period ended 2 October 2016 (continued)**

8 Other income

	Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
Intercompany balances waived	29,046	-
	<u>29,046</u>	<u>-</u>

Other income relates to the waiver by LivingSocial, Inc, the former immediate and ultimate parent company, on 26 November 2016 of all balances that were previously owed by the Company.

9 Finance costs

	Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
Interest payable on inter-company loans	27	226
	<u>27</u>	<u>226</u>

Interest on loans owed to former group undertakings was payable annually at variable rates prevailing in individual loan agreements. Interest was charged on these loans until 26 November 2015, when the Company was acquired by Excalibur Bidco Limited and all relevant intercompany indebtedness was waived.

Livingsocial Limited

Notes forming part of the financial statements for the period ended 2 October 2016 (continued)

10 Taxation

The tax assessed for the financial period is lower (2015: higher) than the standard rate of corporation tax in the UK (20%) (2015: 20.50%). The differences are explained below:

	Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
Profit/(loss) on ordinary activities before tax	28,692	(4,033)
UK corporation tax at 20% (2015: 20.50%) based on losses for the financial period	5,738	(827)
Effects of:		
Income not taxable for tax purposes	(5,808)	-
Depreciation in excess of capital allowances	-	4
Expenses not deductible for tax purposes	10	53
Group relief surrendered	195	-
Losses not recognised	(7,443)	770
Losses transferred to Wowcher Limited	7,308	-
Total tax charge for period	-	-

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions 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.

Deferred Tax

A deferred tax asset was not recognised at 30 September 2015 in respect of taxable losses carried forward and timing differences arising on fixed assets as there was insufficient evidence that the asset would be recovered. The amount of the asset not recognised at 30 September 2015 was £7,469,000.

	Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
Capital allowances not claimed	-	190
Losses carried forward	-	7,279
Share-based compensation	-	-

No deferred tax asset has been recognised by the Company at 2 October 2016, as that the entire trade, assets and liabilities of the business were transferred to Wowcher Limited immediately prior to the period-end.

Livingsocial Limited

Notes forming part of the financial statements
for the period ended 2 October 2016 (*continued*)

11 Tangible assets

	Plant and machinery £000	Total £000
<i>Cost</i>		
At 1 October 2015	1,470	1,470
Disposals	(1,470)	(1,470)
At 2 October 2016	-	-
<i>Accumulated depreciation</i>		
At 1 October 2015	(1,427)	(1,427)
Charge for period	(9)	(9)
Disposals	1,436	1,436
At 2 October 2016	-	-
<i>Net book value</i>		
At 2 October 2016	-	-
At 30 September 2015	43	43

All tangible assets were transferred to Wowcher Limited on 2 October 2016.

12 Trade and other receivables

	Period ended 2 October 2016 £000	9 month period 30 September 2015 £000
Trade debtors	-	433
Amounts owed by Group undertakings	-	5,063
Other debtors	-	226
Prepayments and accrued income	-	192
	-	5,914

Amounts owed by former Group undertakings at 30 September 2015 were unsecured, interest free and repayable on demand.

Livingsocial Limited

Notes forming part of the financial statements
for the period ended 2 October 2016 (continued)

13 Creditors – amounts falling due within one year

	Period ended 2 October 2016 £000	9 month ended 30 September 2015 £000
Trade creditors	-	4,569
Amounts owed to Group undertakings	7,979	28,978
Taxation and social security	-	392
Accruals and deferred income	-	2,386
	<u>7,979</u>	<u>36,325</u>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

On 26 November 2015, the Company was acquired by Excalibur Bidco Limited. As a result of this transaction, the net amounts owed to former group undertakings at that date of £29,046,000 were waived, which included £22,292,000 falling due within one year.

Amounts owed to Group undertakings as at 2 October 2016 of £7,979,000 arose on the transfer of the trade, assets and liabilities of the Company to Wowcher Limited on that date for consideration equal to the book value of net liabilities transferred.

14 Creditors – amounts falling after more than one year

At the period-end, the Company had annual commitments under loans owed to Group undertakings expiring as follows:

	Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
Between two and five years	-	6,545
	<u>-</u>	<u>6,545</u>

The loans due to former Group undertakings at 30 September 2015 were interest bearing. Interest on loans owed to former Group undertakings was payable annually at variable rates prevailing in individual loan agreements.

On 26 November 2015, the Company was acquired by Excalibur Bidco Limited. As a result of this transaction, the amounts owed to former group undertakings at that date of £29,046,000 were waived, which included £6,754,000 falling due after more than one year.

Livingsocial Limited

Notes forming part of the financial statements
for the period ended 2 October 2016 (continued)

15 Provisions for liabilities

	Merchant Provisions £000	Loyalty Scheme £000	Lease Dilapidations £000	Total £000
At 1 October 2015	410	489	111	1,010
Additions	353	92	-	445
Utilised	(368)	-	-	(368)
Released	(203)	(489)	-	(692)
Disposal	(192)	(92)	(111)	(395)
At 2 October 2016	-	-	-	-

16 Commitments under operating leases

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

	Period ended 2 October 2016 £000	9 months ended 30 September 2015 £000
Payments due:		
Not later than 1 year	-	298
	-	298

17 Called up share capital

	Period ended 2 October 2016 £	9 months ended 30 September 2015 £
Authorised share capital:		
100 (2015: 100) ordinary shares of £1 each	100	100
Allotted, issued and fully paid:		
100 (2015: 100) ordinary shares of £0.10 each	10	10

There is a single class of ordinary shares. There are no restrictions on the distributions of dividends and repayment of capital.

LivingSocial Limited

Notes forming part of the financial statements for the period ended 2 October 2016 (continued)

18 Post-retirement benefits

During the period, the Company operates a defined contribution scheme. The pension charge for the financial period amounted to £119,000 (9 month period ended 30 September 2015: £201,000).

During the period, all employees transferred to Wowcher Limited and the Company's defined benefit pension scheme ceased to operate. There are no prepayments or accruals outstanding at 2 October 2016 (30 September 2015: £nil).

19 Related party transactions

During the period to 26 November 2015, LivingSocial Limited was wholly owned within the LivingSocial, Inc. group. Thereafter, the Company was wholly owned within the Excalibur Holdco Limited group.

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.

20 Ultimate parent undertaking and controlling party

During the period to 26 November 2015, the Company's immediate and ultimate parent undertaking and controlling party 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.

On 26 November 2015, the Company was acquired by Excalibur Bidco Limited and the ultimate parent undertaking changed to Excalibur Holdco Ltd.

For the 368-day period ended 2 October 2016, the parent undertaking of the smallest group to consolidate these financial statements was Excalibur Midco Limited and the parent undertaking of the largest group to consolidate these financial statements was Excalibur Holdco Limited. The registered address of both Excalibur Midco Limited and 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.