

Registered number: 04494036

Livebookings Limited
Annual report
For the year ended 31 December 2012

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Livebookings Limited

Registered number 04494036

Annual report for the year ended 31 December 2012

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Company information

Directors

Colin Tenwick
Ian Cole

Company Secretary

Sandip Gadhia

Registered Office

5th Floor, Elizabeth House
39 York Road
London
SE1 7NQ

Auditors

Mazars LLP
Chartered Accountants & Registered Auditors
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Bankers

Royal Bank of Scotland
62/63 Threadneedle Street
London
EC2R 8LA

Directors' report for the year ended 31 December 2012

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

Principal activity

The principal activity continues to be a global online marketing and real-time reservations service for restaurants

Results and dividends

The profit and loss account for the year is set out on page 7

The directors do not propose a dividend to be paid (2011 £nil)

Business review

The Directors are pleased with the continued progress of the business

The Company continues to add restaurant customers and deliver an increasing number of diners to those customers

Revenue continued to increase to £5.8million in 2012 from £5.0 million in 2011 despite a very challenging economic environment and a very competitive market

Operating costs have been held at the same monthly level throughout 2012 and this has resulted in the operating loss decreasing year on year

The Company continues to enjoy the support of its holding company which in turn continues to enjoy the support of its shareholders. In April 2012 the holders of the £9million of Convertible Loan Notes in the holding company converted into Preferred Shares and existing shareholders in the holding company subscribed for a further £6 million of Preferred Shares

This put the Group and the Company in a strong financial position to continue to grow its business through the rest of 2012

Principal risks and uncertainties

The principal risks and uncertainties related to our business are

- Changes in economic conditions in the markets in which we operate,
- Insufficient demand for our products and services from existing and prospective customers due to market, technological, competitive or other reasons,
- Our dependence on key and highly skilled personnel to operate our business,
- Our reliance on third parties for a number of important services, such as hosting system interruptions that could impair access to our products, websites or mobile applications,
- Changes in third party search engine algorithms and dynamics, or search engine disintermediation,
- Use of the Internet, particularly with respect to online restaurant reservations, not continuing to increase as rapidly as we anticipate,
- Our need for additional capital and the adverse impact on our business, operating results and financial condition if not forthcoming

Future developments

The company expects to continue to focus primarily on its principal activity in the UK market during 2013

**Directors' report for the year ended 31 December 2012
(continued)****Directors**

The directors of the company, who were directors for the whole of the year then ended and up to the date of signing the financial statements, unless otherwise stated were

Colin Tenwick
Ian Cole

The company has made qualifying third party indemnity provisions for the benefit of its directors who were in place during the year and remain in force at the date of this report

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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,
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Post Balance Sheet Events and Going Concern

In February 2013 the Company's holding company, entered into a number of agreements with Michelin Travel Partners. These consisted of the following:

- i) An agreement for Michelin Travel Partners to embed Livebookings technology into its websites, in return for a share of the revenue generated
- ii) The subscription by Michelin Travel Partners for 192,250 C shares at £0.001 each in Livebookings Holdings Limited for a consideration of £6 million
- iii) An option to acquire the right to operate and develop a version of the Livebookings technology if there is a change of control in Livebookings Holdings Limited. The exercise price of the option is the conversion of 112,144 C ordinary shares into Deferred Shares having no voting rights and no rights to any distributions.

After making reasonable enquiries, the directors believe that the company and group will have adequate resources to continue in operational existence for the foreseeable future. Further detail on the enquiries made by management and this conclusion reached is given in note 1 of these financial statements. Having reached this conclusion, the directors consider it appropriate to continue to adopt the going concern basis in preparation of these financial statements.

**Directors' report for the year ended 31 December 2012
(continued)**

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved

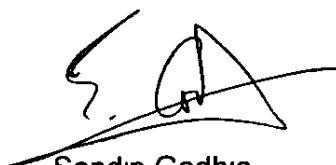
- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that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

Independent auditors

Pursuant to s385 of the Companies Act 2006 the auditors, Mazars LLP, will be proposed for re-appointment

In preparing this report, the directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006

By order of the board

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

**Sandip Gadhia
Company Secretary**

Date 28 June 2013

Independent auditors' report to the members of Livebookings Limited

We have audited the financial statements of Livebookings Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

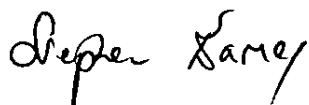
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors' report to the members of
Livebookings Limited (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime



Stephen Eames (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date 4 July 2013.

Profit and Loss Account for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	5,755,566	4,956,331
Cost of sales		(742,549)	(754,900)
Gross profit		5,013,017	4,201,431
Administrative expenses		(6,602,274)	(7,172,100)
Operating loss	3	(1,589,257)	(2,970,669)
Interest payable and similar charges		(2,485)	-
Loss on ordinary activities before taxation		(1,591,742)	(2,970,669)
Tax on loss on ordinary activities	7	544	-
Loss for the year attributable to shareholders	13	(1,591,198)	(2,970,669)

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents

The company has no recognised gains and losses other than the profit or loss above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 9 to 16 form part of these financial statements

All activities relate to continuing operations

Registered number. 04494036

Balance Sheet as at 31 December 2012

	Note	2012 £	2011 £
Tangible fixed assets	8	10,935	14,401
Current assets			
Debtors	9	1,216,474	1,555,961
Cash at bank and in hand		588,843	264,648
Creditors – Amounts falling due within one year	10	(8,269,805)	(6,697,365)
Net current liabilities		(6,464,488)	(4,876,756)
Total assets less current liabilities		(6,453,553)	(4,862,355)
Net liabilities		(6,453,553)	(4,862,355)
Capital and reserves			
Called-up share capital	11	12,081	12,081
Share premium	12	1,072,319	1,072,319
Profit and loss reserve	12	(7,537,953)	(5,946,755)
Total shareholders' deficit	13	(6,453,553)	(4,862,355)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by

Ian Cole
Director



Date 28 June 2013.

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008). The principal accounting policies which have been consistently applied throughout the year are set out below.

Basis of preparation

The financial statements are prepared on a going concern basis, notwithstanding a net loss of £1,591,198 during the year ended 31 December 2012, net current liabilities of £6,464,488 and the Company's deficit on its Profit and Loss reserve of £7,537,953 at that date.

The company is dependent upon the continued support of its parent, Livebookings Holdings Limited.

The Group is seeking to build a profitable business in a relatively new and highly competitive market space. This involves investment into technology, products and resources in anticipation of acquiring customers and growing revenues. Revenues have grown steadily since the Group's formation and are expected to continue to grow. The level of investment and hence the Group's operating cost base, is driven by the market opportunity and the company's available cash resources.

The Board of Livebookings Holdings Limited have successfully managed to balance investment and cash since incorporation and are expecting to continue to do so through to profitability.

During the year the following occurred:

- a) In April 2012, Livebookings Holdings Limited expanded its capital base by issuing £6million of Preferred Shares. It also converted £9million of existing Convertible Notes into Preferred Shares and undertook a re-organisation of its share structure which resulted in a simplification of the levels of preference amongst shareholders.
- b) In October 2012, Livebookings Holdings Limited re-organised its venture debt facilities. It repaid the original provider of £3million of debt (which had then been reduced through repayments over the year since it was drawn down) and simultaneously entered into agreements with new providers for:
 - i) £3.5million of new "Other Loan Notes"
 - ii) a \$2.5million (approximately £1.5million) revolving credit facility, allowing for additional funding to be drawn down against the Trade Debtors of the company's UK subsidiary Livebookings Limited. To date this facility has not been utilised.

The management of Livebookings Holdings Limited regularly prepare profit and loss and cash flow projections looking out past the end of 2013 which are shared with their Board. Based upon these projections and the financing secured, the Board of Livebookings Holdings Limited are confident the group has adequate resources to continue in operational existence for the foreseeable future.

The Company is the largest subsidiary of Livebookings Holdings Limited and has been the largest benefactor of funds raised by that company and the Board expects this to continue. After making reasonable enquiries, the Board considers it appropriate to continue to adopt the going concern basis in preparing these financial statements.

Turnover

Turnover comprises revenue recognised by the company in respect of services provided during the period, stated net of value added tax and trade discounts. Amounts invoiced but unearned at the year end are treated as deferred income.

**Notes to the financial statements for the year ended
31 December 2012 (continued)****1 Accounting policies (continued)****Pension cost**

The company operates a defined contribution pension scheme, the assets of which are held independently of the company. Contributions are charged to the profit and loss account in the year to which they relate.

Cash flow statement

The company has taken advantage of the exemption in FRS 1 'Cashflow Statements' which allows small companies exemption from preparing a cashflow statement.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Profit and Loss Account.

Deferred 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 regarded 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 assets and liabilities recognised have not been discounted.

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.

Tangible fixed assets

Tangible fixed assets are stated at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The estimated useful life of each asset is reassessed periodically.

Depreciation is provided on all fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Office and computer equipment	33% straight line
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Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Notes to the financial statements for the year ended 31 December 2012 (continued)

2 Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of services supplied. It is derived wholly from the company's principal activity. The percentage of turnover attributable to geographical markets outside the United Kingdom is 1%.

3 Operating loss

	2012 £	2011 £
Operating loss is stated after charging		
Bad debt expense	224,737	513,478
Depreciation of tangible assets - owned	12,448	18,072
Operating lease rentals – land and buildings	10,450	6,351
Foreign exchange losses	3,086	6,445

The audit fee of £7,000 (2011: £6,000) is payable by Livebookings Holdings Limited.

4 Employee costs

	2012 £	2011 £
Wages and salaries	1,847,606	1,393,150
Social security costs	169,418	152,220
Pension costs	17,152	16,128
Staff costs	2,034,176	1,561,498

5 Director's emoluments

Director's emoluments are paid via the holding company, Livebookings Holdings Limited (Registered number 05398578).

Notes to the financial statements for the year ended 31 December 2012 (continued)

6 Employee information

The average monthly number of persons (including the executive directors) employed by the company during the year was

	2012 Number	2011 Number
Operations and administration	57	41

7 Taxation

	2012 £	2011 £
Current tax		
UK corporation tax for the year	-	-
Corporation tax written off in respect of prior year	(544)	-
Total current tax charge	(544)	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 higher than) the standard rate of corporation tax in the UK of 24% (2011 26%). The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(1,591,198)	(2,970,669)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 26%)	(381,888)	(772,374)
Effects of		
Unutilised losses	381,888	772,374
Prior year adjustment	(544)	-
Total current tax charge	(544)	-

Factors that may affect future tax charges

The company has cumulative trading losses of approximately £8million. No deferred tax asset has been recognised in respect of these due to uncertainty regarding the ability to utilise these against future taxable profits. The losses remain available to offset against future taxable profits.

Notes to the financial statements for the year ended 31 December 2012 (continued)

8 Tangible fixed assets

	Office and computer equipment £
Cost	
At 1 January 2012	156,394
Additions	8,982
At 31 December 2012	165,376
Depreciation	
At 1 January 2012	141,993
Charge for the year	12,448
At 31 December 2012	154,441
Net book value	
At 31 December 2012	10,935
At 31 December 2011	14,401

9 Debtors

	2012 £	2011 £
Amounts falling due within one year		
Trade debtors	1,207,152	1,489,163
Amounts due from group undertakings	4,770	44,365
Other debtors	4,552	11,805
Prepayments and accrued income	-	10,628
	1,216,474	1,555,961

In October 2012 a \$2.5million (approximately £1.5million) debtor financing facility was agreed by the company's parent, allowing for funding to be drawn down against the Trade Debtors of the company. This facility is secured against the Trade Debtors of the company. This has not yet been utilised.

Notes to the financial statements for the year ended 31 December 2012 (continued)

10 Creditors – Amounts falling due within one year

	2012 £	2011 £
Trade creditors	139,627	209,908
Amounts due to group undertakings	7,578,163	5,967,047
Other taxes and social security	209,806	209,782
Other creditors	3,264	1,345
Pension creditor	2,877	3,076
Corporation tax	-	544
Accruals and deferred income	336,068	305,663
	8,269,805	6,697,365

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

11 Called-up share capital

	2012 £	2011 £
Allotted, called up and fully paid		
12,081 ordinary shares of £1 each	12,081	12,081

12 Reserves

	Share Premium £	Profit and loss account £
Balance at 1 January 2012	1,072,319	(5,946,755)
Loss for the financial year	-	(1,591,198)
Balance at 31 December 2012	1,072,319	(7,537,953)

Notes to the financial statements for the year ended 31 December 2012 (continued)

13 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Opening shareholders funds	(4,862,355)	(1,891,686)
Loss for the financial year	(1,591,198)	(2,970,669)
Closing shareholders' deficit	(6,453,553)	(4,862,355)

14 Financial commitments and security

At 31 December 2012 the company was committed to making the following payments during the next year in respect of operating leases

	2012 £	2011 £
Leases which expire:		
Within one year	-	4,800
Within one to two years	-	-
Within two to five years	-	-
	-	4,800

As detailed in note 9, the Trade Debtors of the company are taken as security by the providers of the \$2.5 million debtor financing facility taken out by the company's parent Livebookings Holdings Limited in October 2012. The maximum commitment of costs associated with this facility for the next 12 months is £19,225.

In October 2012, Livebookings Holdings Limited also issued £3.5 million of new loan notes. The holders of these now have primary security over the assets of the group headed by Livebookings Holdings Limited, which includes Livebookings Limited, including its intellectual property.

15 Related party transactions

As a wholly owned subsidiary, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed by Livebookings Holdings Limited.

**Notes to the financial statements for the year ended
31 December 2012 (continued)****16 Ultimate parent and controlling party**

The immediate parent company and ultimate controlling party is Livebookings Holdings Limited, a company incorporated in England and Wales

Balderton Capital III LP, incorporated in Delaware, USA, and Wellington Partners Ventures IV Technology Fund LP, incorporated in St Helier, Jersey, together own more than 50% of Livebookings Holdings Limited, but no individual entity is considered to exercise control. Livebookings Holdings Limited is therefore also considered to be the ultimate parent and controlling party.

17 Post Balance Sheet Events and Going Concern

In February 2013 the company's holding company, entered into a number of agreements with Michelin Travel Partners. These consisted of the following:

- i) An agreement for Michelin Travel Partners to embed Livebookings technology into its websites, in return for a share of the revenue generated
- ii) The subscription by Michelin Travel Partners for 192,250 C shares at £0.001 each in Livebookings Holdings Limited for a consideration of £6 million
- iii) An option to acquire the right to operate and develop a version of the Livebookings technology if there is a change of control in Livebookings Holdings Limited. The exercise price of the option is the conversion of 112,144 C ordinary shares into Deferred Shares having no voting rights and no rights to any distributions.

Whilst the Company is dependent upon the continued support of Livebookings Holdings Limited, after making reasonable enquiries, the directors believe that the company will have adequate resources to continue in operational existence for the foreseeable future. Further detail on the enquiries made by management and this conclusion reached is given in note 1 of these financial statements. Having reached this conclusion, the directors consider it appropriate to continue to adopt the going concern basis in preparation of these financial statements.