

Redbus Outdoor Holdings Limited

Report And Financial Statements

31 December 2011



Rees Pollock
Chartered Accountants

Redbus Outdoor Holdings Limited

COMPANY INFORMATION

Directors	A S Jacobs S L Borson
Registered office	Orwell House 16-18 Berners Street London W1T 3LN
Auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	Coutts & Company 440 The Strand London WC2R 0QS
Company number	06573321

DIRECTORS' REPORT
for the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011

Principal activities and review of the business

The principal activities of the company during the year were the provision of media services and advertising, the manufacture of advertising related products and the provision of logistics, distribution, cleaning and packing services

The Company saw sales increase by 16.6% against the year ended 31 December 2010 and a corresponding increase in profits for the year

A table of relevant KPIs is set out below

	2011	2010
Turnover	£8.5m	£7.3m
Cash	£1.8m	£2.2m
Gross Assets	£4.3m	£3.3m

The Company continued to generate the bulk of its revenue through advertising campaigns in retailers including Sainsbury's, Tesco and Asda, which was added as a landlord during the year

In December 2011, the Company acquired the trade and assets of Sales Activation Solutions (UK) Limited (In Administration) through its newly incorporated subsidiary Redbus Retail Services Limited

Principal risks and uncertainties

Company law requires Redbus Outdoor Holdings Limited to report on the principal risks and uncertainties facing the business, which the Directors believe to be as follows

Financial Risks

Default Risk

The Company invoices customers and usually offers at least 30 days of credit for these to be settled. Should a significant amount of debtors default on payment then this would adversely affect the working capital position of the Company. This risk is mitigated by centralised credit control procedures which monitor and attempt to recover debtors outside the terms of payment offered.

Business Risks

Staff Retention

We are committed to maintaining and improving the skills of our work force and incentivising them by offering a variety of professionally challenging work and competitive remuneration packages.

Loss of key client relationships and early termination of projects

The loss of any major customer and early termination of a key contract would cause a revenue shortfall that would need to be replaced by a new contract.

Internal Controls

The Directors acknowledge that they are responsible for the Company's system of internal controls and for reviewing its effectiveness. The Directors review all controls including operational, compliance and risk management as well as financial controls. Risk management and internal control are considered by directors at Board meetings. Any such system of control is designed to manage rather than eliminate risk and can provide only reasonable, but not absolute, assurance against material misstatement or loss.

DIRECTORS' REPORT
for the year ended 31 December 2011

Results and dividends

The profit for the year, after taxation, amounted to £1,197,330 (2010 - £861,885)

The directors have not recommended the payment of a dividend (2010 - £nil)

Charitable contributions

During the year Redbus Group Limited, the company's immediate parent undertaking, made charitable donations of £31,494 (2010 £659,753)

Directors

The directors who served during the year were

A S Jacobs
S L Borson
S E Franks (resigned 15 February 2012)
D V Dorrell (resigned 15 February 2012)

Qualifying third party indemnity provisions

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

Statement of directors' responsibilities

The directors are responsible for preparing the 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 elected to prepare 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 judgments and 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.

DIRECTORS' REPORT
for the year ended 31 December 2011

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 21 September 2012 and signed on its behalf



S L Borson
Director



REES POLLOCK

Chartered Accountants

35 New Bridge Street
London EC4V 6BW
Telephone 020 7778 7200
Fax 020 7329 6408
www.reespollock.co.uk

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REDBUS OUTDOOR HOLDINGS LIMITED

We have audited the financial statements of Redbus Outdoor Holdings Limited for the year ended 31 December 2011, set out on pages 5 to 16. 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).

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2011 and of its profit 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.

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.

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.

Alexander Macpherson (senior statutory auditor)

for and on behalf of

Rees Pollock

Statutory Auditor

21 September 2012

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2011

	Note	2011 £	2010 £
TURNOVER	1,2	8,524,105	7,310,269
Cost of sales		(4,918,093)	(4,195,748)
GROSS PROFIT		3,606,012	3,114,521
Administrative expenses		(2,037,167)	(1,933,183)
OPERATING PROFIT	3	1,568,845	1,181,338
Interest receivable and similar income		19,574	890
Interest payable and similar charges	6	-	(11,614)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,588,419	1,170,614
Tax on profit on ordinary activities	7	(391,089)	(308,729)
PROFIT FOR THE FINANCIAL YEAR	17	1,197,330	861,885

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account

The notes on pages 8 to 16 form part of these financial statements

BALANCE SHEET
as at 31 December 2011

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	8		180,428		95,299
Investments	9		160,610		-
			<u>341,038</u>		<u>95,299</u>
CURRENT ASSETS					
Stocks	10	282,523		230,036	
Debtors	11	1,844,580		814,762	
Cash at bank		1,832,716		2,209,073	
		<u>3,959,819</u>		<u>3,253,871</u>	
CREDITORS amounts falling due within one year	12	(2,406,690)		(2,662,126)	
NET CURRENT ASSETS			<u>1,553,129</u>		<u>591,745</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,894,167</u>		<u>687,044</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	13		(9,793)		-
NET ASSETS			<u><u>1,884,374</u></u>		<u><u>687,044</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		1,000		1,000
Profit and loss account	17		1,883,374		686,044
SHAREHOLDERS' FUNDS	18		<u><u>1,884,374</u></u>		<u><u>687,044</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 September 2012



S L Borson
Director

The notes on pages 8 to 16 form part of these financial statements

CASH FLOW STATEMENT
for the year ended 31 December 2011

	Note	2011 £	2010 £
Net cash flow from operating activities	19	358,221	2,761,963
Returns on investments and servicing of finance	20	19,574	(10,724)
Taxation		(447,682)	(81)
Capital expenditure and financial investment	20	(145,860)	(787,551)
Acquisitions and disposals	20	(160,610)	9,930
(DECREASE)/INCREASE IN CASH IN THE YEAR		(376,357)	1,973,537

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
for the year ended 31 December 2011

	2011 £	2010 £
(Decrease)/Increase in cash in the year	(376,357)	1,973,537
MOVEMENT IN NET DEBT IN THE YEAR	(376,357)	1,973,537
Net funds at 1 January 2011	2,209,073	235,536
NET FUNDS AT 31 DECEMBER 2011	1,832,716	2,209,073

The notes on pages 8 to 16 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

1 ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised on the commencement of advertising campaigns as the company has substantially delivered its services at the date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	3 years
Motor vehicles	-	5 years
Furniture, fittings and equipment	-	1 - 5 years
Computer equipment	-	3 years

Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

Operating leases

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

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

2 TURNOVER

The whole of the turnover is attributable to the company's principal activities, which constitute a single class of business

All turnover arose within the United Kingdom

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	65,095	49,277
Auditors' remuneration	7,500	7,500
Operating lease rentals		
- other operating leases	140,206	136,789
Profit on disposal of fixed assets	(4,364)	(2,053)
	<u> </u>	<u> </u>

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	1,367,689	1,196,216
Social security costs	120,896	104,201
	<u> </u>	<u> </u>
	<u>1,488,585</u>	<u>1,300,417</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011 No.	2010 No.
Administrative staff	<u>25</u>	<u>21</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

5 DIRECTORS' REMUNERATION

	2011	2010
	£	£
Emoluments	260,000	155,000

The highest paid director received remuneration of £240,000 (2010 - £155,000)

6 INTEREST PAYABLE

	2011	2010
	£	£
On loans from group undertakings	-	11,614

7 TAXATION

	2011	2010
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	407,213	243,805
Adjustments in respect of prior periods	4,220	-
	411,433	243,805
Intragroup charge for group relief	(37,843)	72,630
Total current tax	373,590	316,435
Deferred tax (see note 13)		
Origination and reversal of timing differences	17,499	(7,706)
Tax on profit on ordinary activities	391,089	308,729

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2011

7 TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (2010 - 28%)
The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	1,588,419	1,170,614
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	420,931	327,772
Effects of:		
Expenses not deductible for tax purposes	5,953	8,586
Timing differences on fixed assets	(19,566)	(19,923)
Change in tax rate	(105)	-
Group relief claimed	-	(72,630)
Intragroup payment for group relief	(37,843)	72,630
Adjustments to tax charge in respect of prior periods	4,220	-
Current tax charge for the year (see note above)	373,590	316,435

8 TANGIBLE FIXED ASSETS

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1 January 2011	73,164	66,214	4,888	34,919	179,185
Additions	28,965	72,128	4,500	47,680	153,273
Disposals	(6,700)	(50,550)	(468)	(1,774)	(59,492)
At 31 December 2011	95,429	87,792	8,920	80,825	272,966
Depreciation					
At 1 January 2011	16,978	51,316	168	15,424	83,886
Charge for the year	28,398	18,307	4,005	14,385	65,095
On disposals	(6,700)	(47,501)	(468)	(1,774)	(56,443)
At 31 December 2011	38,676	22,122	3,705	28,035	92,538
Net book value					
At 31 December 2011	56,753	65,670	5,215	52,790	180,428
At 31 December 2010	56,186	14,898	4,720	19,495	95,299

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

9 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2011	-
Additions	160,610
At 31 December 2011	<u>160,610</u>
Net book value	
At 31 December 2011	<u>160,610</u>
At 31 December 2010	<u>-</u>

The company owns the entire issued share capital of the following subsidiaries

Name & country of incorporation	Nature of business
Redbus Outdoor (Malls) Limited - England	Dormant
Redbus Retail Services Limited - England	Media services and advertising

During the year the company acquired the entire issued share capital of Redbus Retail Services Limited for aggregate consideration of £160,610

10 STOCKS

	2011 £	2010 £
Raw materials	57,612	21,499
Finished goods	224,911	208,537
	<u>282,523</u>	<u>230,036</u>

11 DEBTORS

	2011 £	2010 £
Trade debtors	1,460,685	721,251
Amounts owed by group undertakings	314,670	13,127
Other debtors	1,100	5,751
Prepayments and accrued income	68,125	66,927
Deferred tax asset (see note 13)	-	7,706
	<u>1,844,580</u>	<u>814,762</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

12 CREDITORS

Amounts falling due within one year

	2011 £	2010 £
Trade creditors	325,662	321,201
Amounts owed to group undertakings	350,147	532,272
Corporation tax	169,713	243,805
Social security and other taxes	165,326	153,008
Other creditors	2,694	8,634
Accruals and deferred income	1,393,148	1,403,206
	<u>2,406,690</u>	<u>2,662,126</u>

13 DEFERRED TAXATION

	2011 £	2010 £
At beginning of year	7,706	-
Credited to profit and loss during year	(17,499)	7,706
	<u>(9,793)</u>	<u>7,706</u>
At end of year		

The deferred taxation balance is made up as follows

	2011 £	2010 £
Timing differences on fixed assets	<u>(9,793)</u>	<u>7,706</u>

14 OPERATING LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2011 £	2010 £
Expiry date.		
Within 1 year	3,288	-
Between 2 and 5 years	<u>75,012</u>	<u>141,682</u>

In January 2012 the company renewed operating lease facilities expiring at that time leading to additional annual commitments under non-cancellable operating leases with an expiry date of between two and five years of £66,670

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

15 RELATED PARTY TRANSACTIONS

Redbus Group Limited ("RBG"), the company's immediate parent undertaking, provided an interest bearing loan of £775,000 to the company in 2008 of which £275,000 was repaid in 2009 and the remaining balance repaid during 2010. The loan was secured by a charge over the company's assets. The interest charge on the loan in the year was £nil (2010 £11,614).

Additionally, the company paid costs on behalf of RBG totalling £133,599 (2010 £98,425), was charged a management fee by RBG of £nil (2010 £2,916) and paid £nil (2010 £200,000) against an interest free loan advanced by RBG in 2009. The company was also charged £nil (2010 £72,630) for group taxation relief. The resulting balance due from RBG at the balance sheet date was £146,726 (2010 £13,127).

The balance due at the start of the year to Redbus Outdoor Limited ("RBO"), a fellow subsidiary undertaking, was £267,220. During the year net cash movements and costs incurred by the company on RBO's behalf totalled £321,409 (2010 £184,122) incurred by RBO on the company's behalf. The company also charged £37,843 for group taxation relief. The resulting balance due from RBO at the balance sheet date was £92,032.

The balance due at the start of the year to Redbus Retail Advertising Limited ("RRA"), a fellow subsidiary undertaking, was £265,052. During the year net cash movements and costs incurred by RRA on the company's behalf totalled £85,095 (2010 £334,887). The resulting balance due to RRA at the balance sheet date was £350,147.

During the year the company incurred costs on behalf of Redbus Digital Media Limited, a company under common directorship of SL Borson, of £75,912. These amounts were outstanding in full at the balance sheet date (2010 £nil).

16 SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
10,000 Ordinary shares of £0.10 each	1,000	1,000

17 RESERVES

	Profit and loss account £
At 1 January 2011	686,044
Profit for the year	1,197,330
At 31 December 2011	1,883,374

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Opening shareholders' funds/(deficit)	687,044	(174,841)
Profit for the year	1,197,330	861,885
	<u>1,884,374</u>	<u>687,044</u>
Closing shareholders' funds	<u>1,884,374</u>	<u>687,044</u>

19 NET CASH FLOW FROM OPERATING ACTIVITIES

	2011	2010
	£	£
Operating profit	1,568,845	1,181,338
Depreciation of tangible fixed assets	65,095	49,277
Impairments of fixed assets	-	8,014
Profit on disposal of tangible fixed assets	(4,364)	(2,053)
(Increase)/decrease in stocks	(52,487)	4,975
(Increase)/decrease in debtors	(1,037,524)	39,772
(Decrease)/increase in creditors	(181,344)	1,480,640
	<u>358,221</u>	<u>2,761,963</u>
Net cash inflow from operating activities	<u>358,221</u>	<u>2,761,963</u>

20 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	19,574	890
Interest paid	-	(11,614)
	<u>19,574</u>	<u>(10,724)</u>
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>19,574</u>	<u>(10,724)</u>
	2011	2010
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(153,273)	(90,065)
Sale of tangible fixed assets	7,413	2,514
Group undertakings loans repaid	-	(700,000)
	<u>(145,860)</u>	<u>(787,551)</u>
Net cash outflow from capital expenditure	<u>(145,860)</u>	<u>(787,551)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

20 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2011 £	2010 £
Acquisitions and disposals		
Purchase of fixed asset investments	(160,610)	-
Sale of fixed asset investments	-	9,930
Net cash (outflow)/inflow from acquisitions and disposals	<u>(160,610)</u>	<u>9,930</u>

21 ANALYSIS OF CHANGES IN NET DEBT

	1 January 2011 £	Cash flow £	Other non-cash changes £	31 December 2011 £
Cash at bank and in hand	2,209,073	(376,357)	-	1,832,716
Less deposits treated as liquid resources	(2,243,246)	-	-	(2,243,246)
	<u>(34,173)</u>	<u>(376,357)</u>	<u>-</u>	<u>(410,530)</u>
Liquid resources				
Deposits included in cash	2,243,246	-	-	2,243,246
Net funds	<u>2,209,073</u>	<u>(376,357)</u>	<u>-</u>	<u>1,832,716</u>

22 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Redbus Group Limited, a company registered in England and Wales. The company's ultimate parent undertaking is Heath Street Limited, which is also registered in England and Wales, and heads the smallest and largest group for which publicly available consolidated accounts incorporating the company's position and results are prepared. Copies of the group accounts can be obtained from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

In the opinion of the directors the company's ultimate controlling party is S E Franks.