

Redbus Outdoor Holdings Limited

Report And Financial Statements

31 December 2012

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 2012

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

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 decrease of 65% against the year ended 31 December 2011 and a corresponding decrease in profits for the year. This was largely due to a lack of financial services advertisers and the loss of a key contract to Redbus Retail Services, a wholly owned subsidiary of Redbus Outdoor Holdings Ltd

A table of relevant KPIs is set out below

	2012	2011
Turnover	£3.0m	£8.5m
Cash	£0.3m	£1.8m
Gross Assets	£2.7m	£4.3m

The Company continued to generate the bulk of its revenue through advertising campaigns in retailers including Sainsbury's, Tesco and Asda

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 2012

Results and dividends

The loss for the year, after taxation, amounted to £696 296 (2011 - profit £1,197,330)

The directors have not recommended the payment of a dividend (2011 - £nil)

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 2012

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 and signed on its behalf



S L Borson
Director

Date 19 September 2013



REESPOLLOCK

Chartered Accountants

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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 2012, 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 directors' responsibilities statement, 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 2012 and of its loss 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.

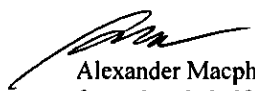
Opinion on other matter prescribed by the Companies Act 2006

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

Date 19 September 2013

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

	Note	2012 £	2011 £
TURNOVER	1	3,008,379	8,524,105
Cost of sales		(2,426,714)	(4,918,093)
GROSS PROFIT		581,665	3,606,012
Administrative expenses		(1,534,097)	(2,037,167)
OPERATING (LOSS)/PROFIT	3	(952,432)	1,568,845
Interest receivable and similar income		15,511	19,574
Interest payable and similar charges	6	(766)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(937,687)	1,588,419
Tax on (loss)/profit on ordinary activities	7	241,391	(391,089)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	17	(696,296)	1,197,330

All amounts relate to continuing operations

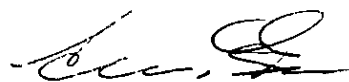
There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

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

BALANCE SHEET
as at 31 December 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	8		205,048		180,428
Investments	9		161,362		160,610
			<u>366,410</u>		<u>341,038</u>
CURRENT ASSETS					
Stocks	10	219,699		282,523	
Debtors	11	1,916,102		1,844,580	
Cash at bank		303,453		1,832,716	
		<u>2,439,254</u>		<u>3,959,819</u>	
CREDITORS amounts falling due within one year	12	(1,610,962)		(2,406,690)	
NET CURRENT ASSETS			828,292		1,553,129
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,194,702</u>		<u>1,894,167</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	13		(6,624)		(9,793)
NET ASSETS			<u>1,188,078</u>		<u>1,884,374</u>
CAPITAL AND RESERVES					
Called up share capital	16		1,000		1,000
Profit and loss account	17		1,187,078		1,883,374
SHAREHOLDERS' FUNDS	18		<u>1,188,078</u>		<u>1,884,374</u>

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



S L Borson
Director

Date 19 September 2013

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

CASH FLOW STATEMENT
for the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	19	(1,252,420)	358,221
Returns on investments and servicing of finance	20	14,745	19,574
Taxation		(169,713)	(447,682)
Capital expenditure and financial investment	20	(121,123)	(145,860)
Acquisitions and disposals	20	(752)	(160,610)
CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES		(1,529,263)	(376,357)
Management of liquid resources	20	1,522,498	-
DECREASE IN CASH IN THE YEAR		(6,765)	(376,357)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
for the year ended 31 December 2012

	2012 £	2011 £
Decrease in cash in the year	(6,765)	(376,357)
Cash inflow from increase in liquid resources	(1,522,498)	-
MOVEMENT IN NET FUNDS IN THE YEAR	(1,529,263)	(376,357)
Net funds at 1 January 2012	1,832,716	2,209,073
NET FUNDS AT 31 DECEMBER 2012	303,453	1,832,716

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

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.

Going concern

While the company had net current assets at the balance sheet date of £828,292 and overall assets of £1,194,702, the company made a loss in the financial year to 31 December 2012 and has been loss making to date during 2013. Trading is expected to remain difficult however the Directors have undertaken measures to reduce the cost base and continue to seek new contracts. The Directors believe the cash available to the company from deposits and repayable loans made to other Group companies will be sufficient to fund the company for at least the next 12 months. The accounts have therefore been prepared on a going concern basis. No assessment has been made of the financial effect of the adoption of the going concern basis proving to be inappropriate.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

1 ACCOUNTING POLICIES (continued)

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

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 (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	96,904	65,095
Auditors' remuneration	7,500	7,500
Auditors' remuneration - non-audit	2,500	2,500
Operating lease rentals		
- other operating leases	127,232	140,206
Profit on disposal of fixed assets	(401)	(4,364)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	852,868	1,367,689
Social security costs	137,371	120,896
	<u>990,239</u>	<u>1,488,585</u>

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

	2012 No.	2011 No.
Administrative staff	<u>19</u>	<u>25</u>

5 DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	<u>200,000</u>	<u>260,000</u>

The highest paid director received remuneration of £180,000 (2011 - £240,000)

6 INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	<u>766</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

7 TAXATION

	2012 £	2011 £
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax (credit)/charge on (loss)/profit for the year	(238,222)	407,213
Adjustments in respect of prior periods	-	4,220
	<u>(238,222)</u>	<u>411,433</u>
Intragroup charge for group relief	-	(37,843)
	<u>(238,222)</u>	<u>373,590</u>
Total current tax		
	<u>(238,222)</u>	<u>373,590</u>
Deferred tax (see note 13)		
Origination and reversal of timing differences	(3,169)	17,499
	<u>(3,169)</u>	<u>17,499</u>
Tax on (loss)/profit on ordinary activities	<u>(241,391)</u>	<u>391,089</u>

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 24.5% (2011 - 26.5%)
The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	<u>(937,687)</u>	<u>1,588,419</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	(229,733)	420,931
Effects of:		
Expenses not deductible for tax purposes	6,650	5,953
Timing differences on fixed assets	2,833	(19,566)
Change in tax rate	(17,972)	(105)
Intragroup payment for group relief	-	(37,843)
Adjustments to tax charge in respect of prior periods	-	4,220
	<u>(238,222)</u>	<u>373,590</u>
Current tax (credit)/charge for the year (see note above)		
	<u>(238,222)</u>	<u>373,590</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

8 TANGIBLE FIXED ASSETS

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1 January 2012	95,429	87,792	8,920	80,825	272,966
Additions	25,379	23,240	396	72,816	121,831
Disposals	-	(9,225)	-	-	(9,225)
At 31 December 2012	120,808	101,807	9,316	153,641	385,572
Depreciation					
At 1 January 2012	38,676	22,122	3,705	28,035	92,538
Charge for the year	33,255	17,411	2,983	43,255	96,904
On disposals	-	(8,918)	-	-	(8,918)
At 31 December 2012	71,931	30,615	6,688	71,290	180,524
Net book value					
At 31 December 2012	48,877	71,192	2,628	82,351	205,048
At 31 December 2011	56,753	65,670	5,215	52,790	180,428

9 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2012	160,610
Additions	752
At 31 December 2012	161,362
Net book value	
At 31 December 2012	161,362
At 31 December 2011	160,610

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 prior year the company acquired the entire issued share capital of Redbus Retail Services Limited for aggregate consideration of £160,610. In the current year an additional cost of £752 was incurred in relation to this acquisition.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

10 STOCKS

	2012	2011
	£	£
Raw materials	8,755	57,612
Finished goods	210,944	224,911
	<u>219,699</u>	<u>282,523</u>

11 DEBTORS

	2012	2011
	£	£
Trade debtors	324,352	1,460,685
Amounts owed by group undertakings	1,288,585	314,670
Other debtors	243,072	1,100
Prepayments and accrued income	60,093	68,125
	<u>1,916,102</u>	<u>1,844,580</u>

12 CREDITORS

Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	266,982	325,662
Amounts owed to group undertakings	209,355	350,147
Corporation tax	-	169,713
Social security and other taxes	75,269	165,326
Other creditors	4,071	2,694
Accruals and deferred income	1,055,285	1,393,148
	<u>1,610,962</u>	<u>2,406,690</u>

13 DEFERRED TAXATION

	2012	2011
	£	£
At beginning of year	9,793	(7,706)
Credited to profit and loss during year	(3,169)	17,499
	<u>6,624</u>	<u>9,793</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

13 DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Timing differences on fixed assets	6,624	9,793

14 OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2012 £	2011 £
Expiry date		
Within 1 year	-	3,288
Between 2 and 5 years	130,418	75,012

15 RELATED PARTY TRANSACTIONS

During the year the company incurred costs on behalf of fellow group undertakings and companies related through common control which were recharged to those companies. Together with net cash movements and costs recharged from those entities, the following balances were due from related parties: Heath Street Limited £1,022,489 (2011: £nil), Redbus Group Limited £13,522 (2011: £146,726), Redbus Outdoor Limited £252,354 (2011: £92,032), Redbus Digital Media Limited £300 (2011: £75,912), and the following amounts were due to related parties: Redbus Retail Advertising Limited £109,178 (2011: £350,147), and Redbus Retail Services Limited £100,258 (2011: £nil). All companies are fellow subsidiaries with the exception of Redbus Digital Media Limited which is related through common control. Turnover includes £10,000 (2011: £nil) of fees charged to Redbus Retail Services Limited in relation to the collection of revenues of £948,349, this amount being included in turnover and cost of sales.

During the year, the company paid consultancy fees of £12,000 (2012: £17,500) to L Chrisfield, a director of Redbus Group Limited, a fellow subsidiary undertaking. No amounts were outstanding at the balance sheet date (2011: £nil).

16 SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
10,000 Ordinary shares of £0.10 each	1,000	1,000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

17 RESERVES

	Profit and loss account £
At 1 January 2012	1,883,374
Loss for the year	(696,296)
	<u>1,187,078</u>
At 31 December 2012	<u>1,187,078</u>

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	1,884,374	687,044
(Loss)/profit for the year	(696,296)	1,197,330
	<u>1,188,078</u>	<u>1,884,374</u>
Closing shareholders' funds	<u>1,188,078</u>	<u>1,884,374</u>

19 NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating (loss)/profit	(952,432)	1,568,845
Depreciation of tangible fixed assets	96,904	65,095
Profit on disposal of tangible fixed assets	(401)	(4,364)
Decrease/(increase) in stocks	62,824	(52,487)
Decrease/(increase) in debtors	166,700	(1,037,524)
Decrease in creditors	(626,015)	(181,344)
	<u>(1,252,420)</u>	<u>358,221</u>
Net cash (outflow)/inflow from operating activities	<u>(1,252,420)</u>	<u>358,221</u>

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

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	15,511	19,574
Interest paid	(766)	-
	<u>14,745</u>	<u>19,574</u>
Net cash inflow from returns on investments and servicing of finance	<u>14,745</u>	<u>19,574</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2012

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

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(121,831)	(153,273)
Sale of tangible fixed assets	708	7,413
Net cash outflow from capital expenditure	<u>(121,123)</u>	<u>(145,860)</u>
	2012 £	2011 £
Acquisitions and disposals		
Purchase of fixed asset investments	(752)	(160,610)
	<u>2012 £</u>	<u>2011 £</u>
Management of liquid resources		
Cash placed on short-term deposit	<u>1,522,498</u>	<u>-</u>

21 ANALYSIS OF CHANGES IN NET DEBT

	1 January 2012 £	Cash flow £	31 December 2012 £
Cash at bank and in hand	1,832,716	(1,529,263)	303,453
Less deposits treated as liquid resources	(1,835,015)	1,522,498	(312,517)
Liquid resources*			
Deposits included in cash	<u>1,835,015</u>	<u>(1,522,498)</u>	<u>312,517</u>
Net funds	<u>1,832,716</u>	<u>(1,529,263)</u>	<u>303,453</u>

22 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At the balance sheet date the company's immediate and ultimate parent undertaking was Heath Street Limited, which is 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