CBS OUTDOOR LIMITED

REPORT OF THE DIRECTORS
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2011

REGISTERED NUMBER

02866133

The Directors present their annual report and the audited financial statements of CBS Outdoor Limited ("the Company") for the year ended 31 December 2011

Principal activities

The principal activity of the Company is that of a poster advertising contractor, operating in the transport and retail sector The principal activities of the Company's subsidiaries are disclosed in note 9

Business review and future developments

The results for the year are shown in the attached financial statements

The company secured a ten year agreement to be the exclusive outdoor advertising partner for Westfield Stratford City, which opened 13th September 2011 During the year the company reached a settlement of it's dispute relating to the London Underground concession, with all outstanding claims between either party being dismissed

The company continues to review its existing operations for efficiency as well as any new opportunities in the outdoor advertising sector

Principal risks and uncertainties

Risks and uncertainties associated with operating poster advertising concessions with the Company's partners include the following

- The cyclical nature of advertising revenue and the health of the UK economy,
- Sales revenues derived from the resale of advertising space must cover minimum guarantees payable to partners and deliver a commercial return on any capital investment programmes,
- Contractual commitments must be adhered to, including the provision of accurate sales, delivery and other data to franchise partners, and
- Health and safety is of paramount importance given the requirement to post advertising campaigns in complex environments such as the London Underground

In order to monitor and minimise any potential adverse impact of these key uncertainties, the Company's meets at least once a month to discuss financial and other key performance metrics of the business, including
- sales and the sales pipeline, key client relationships, research and marketing initiatives,
- financial performance by franchise partner, upcoming franchise renewals and potential tender opportunities,
- delivery statistics and incidences of non-display together with appropriate resolution,
- safety and quality indicators such as incidents at work and reviews of the quality of posted campaigns across nationwide locations, and
- employee turnover by department and other employee-related matters

Key performance indicators (KPIs)

The Company's Directors monitor progress and strategy by reference to, but not limited to, the following KPI's

	2011	2010	Definition and analysis
Turnover growth (%)	2 39%	7 14%	Growth in turnover year on year
Gross margin (%)	1 08%	5 72%	Gross profit as a % of turnover
Loss margin before exceptional items (%)	-20 83%	-13 77%	Loss before tax and exceptionals as a % of turnover prior to impairment charges
Operating loss margin after exceptional items (%)	-17 78%	-2 46%	Operating loss before tax as a % of turnover after exceptional charges

The financial position of the Company is presented in the balance sheet Total shareholders' deficit at 31 December 2011 were £30,384,000 (2010 funds £6,525,000) comprising fixed assets and investments of £32,850,000 (2010 £141,097,000) plus net current assets of £28,723,000 (2010 liabilities of £14,298,000)

Results and dividends

The Company's loss after tax for the financial year is £37,108,000 (2010 loss £12,032,000) The Directors do not recommend payment of a final ordinary dividend (2010 £nil) or preference dividend (2010 £nil) The Company has recognised a charge and utilisation of the provision on its onerous contract with LUL as well as an increase in the impairment of the related assets totalling £7,710,000 (2010 release of £32,247,000), details of which are set out in note 13 The Company also recognised a foreign exchange loss of £1,902,000 (2010 gain of £496,000) on the USD denominated treasury accounts (note 3) recorded as cash and intercompany balances recorded in USD and Euros

Directors and their interests

The Directors who held office during the year and changes subsequent to the year end were

A Booker	
J Cotterell	(Appointed 29 July 2011)
A Dunning	(Company Secretary)
A Alonso	(Appointed 29 July 2011)
P Brown	(Appointed 10 August 2011)
M Moran	(Resigned 28 July 2011)

No Director held any disclosable interest in the issued share capital of the Company or any parent company during the year except for those that held restricted stock units as disclosed in note 20 The Company maintains liability insurance, which includes indemnity for its Directors and Officers, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006

Research and development

The Company undertook external research in site exposure and recollection to improve future campaign allocations These costs were expensed in the year The Company has completed its development into digital advertising sites in connection with its London Underground advertising contract As such, no costs have been capitalised during the year

Employees

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 within the Company continues and the appropriate training is arranged It is the policy of the Company that the 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 a disability

Employees (continued)

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 all employees are aware of the financial and economic performance of their business units and of the Company as a whole Communication with all employees continues through the Company intranet, email communications and an in-house newsletter

Financial risk management

The Company's operations expose it to a variety of financial risks that include

Credit risks

The Company continues to monitor and amend its policies to ensure that appropriate credit checks are carried out on potential customers before advertising bookings are taken and campaigns are displayed Outstanding debtors are monitored closely, are reported in monthly management reporting and are reviewed regularly by the Company's Operating Board

Foreign exchange, interest and liquidity risks

The Company's bank accounts form part of a GBP and USD cash pooling arrangement managed by another group company, CBS International Netherlands BV ("CBSIN BV"), to ensure that the Company has sufficient available funds to meet its obligations as they fall due The Treasury function of CBSIN BV also manages the operation of the Company's short-term investment accounts (i e money market funds, time deposits, etc) in order to minimise the Company's and the wider CBS Group net interest exposure Named individuals within the wider CBS Group who are not employees of the Company have authority to draw down funds from these bank accounts for the benefit of other CBS Group companies

The Company has financed its capital investment programme in the London Underground advertising estate through a sale and leaseback transaction The term of the lease matches the term of the Advertising Concession contract with the London Underground with interest charged at a market related rate

Creditor payment policy

The Company aims to pay all of its creditors in accordance with agreed terms of business, contractual and other legal obligations The number of days of average daily purchases included in trade creditors as at 31 December 2011 was 16 (2010 11)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with the 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 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

(1) select suitable accounting policies and then apply them consistently,
(2) make judgements and accounting estimates that are reasonable and prudent,
(3) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
(4) 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

Going concern

The Company has recorded an additional charge to the provision against fixed assets and the onerous contract of £7,710,000 (2010 release of £32,247,000) resulting in the Company recording a loss before tax of £37,108,000 (2010 £12,032,000) for the year

CBS Corporation Inc has provided the Company with an undertaking that it's present commitment is to provide sufficient financial support to the company so as to enable it to meet its ordinary course financial obligations , for at least 12 months from the date of approval of these financial statements Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis

Post balance sheet events

During the year, the company reached a settlement of it's dispute relating to the London Underground and has recognised income of £13 2m in relation to this matter Included within this settlement was the option to cancel the existing contract and enter into a new LUL concession under a new group company The company elected to action this option with the new LUL concession and transfer of related businesses and contracts was completed on the 14th May 2012 The onerous lease contract provision and finance lease liability relating to the London Underground Contract were released as part of this transfer resulting in a profit and loss credit of £91,111,048 in 2012

In June 2012, CBS Outdoor Limited repurchased the 111,991,335 preferred shares held by CBS International Television (UK) Limited, CBS PIMCO UK & CBS UK Group (2007) Ltd for £20,500,001 In addition to this the fixed investment in the ordinary share capital of Simon & Schuster Limited was sold for £24,750,000, this resulted in a profit upon sale of £3,361,187 Following this a dividend was declared and paid to the company's direct parent of £25,424,215

Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the Annual General Meeting

On behalf of the Board

A Booker

A Booker
Director
24th September 2012
Registered Office
28 Jamestown Road
Camden, London NW1 7BY

CBS OUTDOOR LTD
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CBS OUTDOOR LIMITED

We have audited the financial statements of CBS Outdoor Limited for the year ended 31 December 2011 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 4 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, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 have read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistency, 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 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

Jemma Newson

Jemma Newson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 *September 2012*

CBS OUTDOOR LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000
TURNOVER	(2)	179,240	175,056
Cost of sales		(177,297)	(165,044)
Gross profit		1,943	10,012
Distribution costs		(11,625)	(9,465)
Non-exceptional administrative expenses		(27,932)	(24,940)
Other income		275	286
Loss before exceptional items		**(37,339)**	**(24,107)**
Provision charge against investments	(9)	-	(12,449)
Other Income	(3)	13,175	-
Provision (charge) / release against asset impairment	(13)	(1,311)	4,891
Provision (charge) / release against onerous contract	(13)	(6,399)	27,356
Exceptional administrative income	(3)	5,465	19,798
Operating loss		**(31,874)**	**(4,309)**
Net interest payable	(4)	(5,234)	(7,723)
Loss on ordinary activities before taxation	(2)	**(37,108)**	**(12,032)**
Tax charge on ordinary activities	(7)	-	-
LOSS FOR THE FINANCIAL YEAR		**(37,108)**	**(12,032)**

The Company had no recognised gains or losses other than the loss reported above and therefore no separate statement of total recognised gains and losses is presented

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

The results for the year are wholly attributable to the continuing operations of the Company

The accompanying notes form an integral part of these financial statements

CBS OUTDOOR LIMITED
REGISTERED NUMBER 02866133
BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible assets	(8)	5,100	9,688
Investments	(9)	21,389	126,792
Other long term assets		6,361	4,617
		32,850	141,097
CURRENT ASSETS			
Work in progress	(10)	3,505	3,794
Debtors	(11)	79,657	61,470
Cash at bank and in hand		53,206	23,364
		136,368	88,628
Creditors Amounts falling due within one year	(12)	(107,645)	(102,926)
NET CURRENT ASSETS / (LIABILITIES)		28,723	(14,298)
TOTAL ASSETS LESS CURRENT LIABILITIES		61,573	126,799
Creditors Amounts falling due after more than one year	(12)	(846)	(38,177)
Provision for liabilities and charges	(13)	(91,111)	(82,097)
NET (LIABILITIES)/ASSETS		(30,384)	6,525
CAPITAL AND RESERVES			
Share capital	(14)	112,641	112,641
Share premium account	(15)	2	2
Share based payment reserve	(15)	1,062	863
Profit and loss account	(15)	(144,089)	(106,981)
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS	(16)	(30,384)	6,525

The accompanying notes form an integral part of these financial statements The financial statements on pages 7 to 21 were approved by the Board of Directors on 24th September 2012 and were signed on its behalf by

A Booker

A Booker
Director
24th September 2012

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

a) Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with applicable accounting standards and the Companies Act 2006 and under the historical cost convention As a wholly-owned subsidiary of CBS Corporation, a company incorporated in the United States of America which prepares consolidated financial statements, the Company has taken the exemption, under section 401 of the Companies Act 2006, from preparing consolidated financial statements

The Company is exempt from the requirement of Financial Reporting Standard No 1 (revised 1996) to prepare a cash flow statement as it was a wholly owned subsidiary undertaking of CBS Corporation at the year end and is included in the consolidated financial statements of that company

The Company has taken advantage of the exemption provided under Financial Reporting Standard Number 8 from disclosing group related party transactions and balances The financial statements of CBS Corporation are publicly available in the United States of America There are no other material related party transactions

Given the current economic climate, the Directors have assessed the Company's resources and ability to continue in operational existence for the foreseeable future The Company is reliant upon its ultimate parent company, CBS Corporation Inc , in making available such funds as are needed by the Company (as discussed in the Director's report) Consequently, CBS Corporation Inc has provided the Company with an undertaking that it will, for at least 12 months from the date of approval of these financial statements, continue to make available such funds as are needed by the Company This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment Based on this and other undertakings by its parent company, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis

b) Turnover – poster advertising

Turnover represents the amounts (excluding the value added tax) derived from the provision of goods and services to customers during the year, net of commissions and discounts, and is recognised when the advertisement is displayed Deferred revenue represents revenue when customers have been invoiced prior to the display of the advertisement, and is released to the income statement when the recognition criteria has been met

1 ACCOUNTING POLICIES (CONTINUED)

c) Fixed assets and depreciation

Fixed assets are recorded at historical 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 Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Advertising structures – 10 years or life of contract for Traditional and 3-5 years for Digital
Computer equipment – 3 to 5 years
Leasehold improvements – 10 years
Vehicles, plant and machinery – 4 to 10 years

d) Investments

Investments in subsidiaries are held at cost less amounts provided for any permenant dimunition in value after taking into account their net asset value

e) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised for the amount by which the assets carrying value exceeds its recoverable amount

f) Work in progress

Stocks include components and finished goods purchased for incorporation into advertising sites, which are recorded at the lower of cost and net realisable value of the separate items of stock or of groups of similar items Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation Work in progress is recorded at cost to date and represents the amount of other expenditure on advertising sites which are not yet installed or ready for service

g) Leases

Where assets are financed by leasing arrangement that give rights approximating to ownership, the assets are treated as if they have been purchased outright The amount capitalised is the present value of the minimum lease payments payable during the lease term The corresponding lease commitments are shown as obligations to the lessor Lease payments are split between capital and interest elements using the annuity method Depreciation on the relevant assets and interest are charged to the profit and loss account All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term

h) Provisions

Provisions for onerous contracts are recognised when the expected benefits from a contract are lower than the unavoidable costs of meeting the contract's obligations Where an onerous contract exists the related assets are impaired by the value of the forecasted loss of the contract Where the loss of the contract exceeds the total assets held, a further provision is made

i) Pensions

The Company operates a defined contribution pension scheme The pension cost charge represents contributions payable to the scheme in respect of the accounting period

1 ACCOUNTING POLICIES (CONTINUED)

j) Taxation

The charge for current income tax is based on the results for the period as adjusted for items which are not taxed or disallowed It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

In accordance with FRS 19 'Deferred Tax', deferred tax is recognised on all timing differences originated but not reversed, on a non-discounted basis, where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised when it is more likely than not that they will be recovered 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

k) Foreign currencies

Transactions denominated in foreign currencies are translated at the rate applicable at the transaction date Monetary assets and liabilities denominated in foreign currencies are recorded at the rate applicable at the accounting date Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as a foreign exchange gain or loss in the profit and loss account

l) Financial instruments

Financial instruments are classified as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement The instruments are recorded at cost including any attributable transactions costs All related transactions that affect the profit and loss (such as interest or dividends) are recognised based on the substance of the underling financial instrument

Trade receivables are recognised at their fair value An allowance for doubtful debts is calculated based on a specific account balances and general provision for those balances exceeding their credit terms

m) Research and development

Expenditure on research is charged to the profit and loss account in the year in which it is incurred Expenditure on the development of certain advertising media and products where the outcome of those projects is assessed as being reasonably certain as regards to viability and technical feasibility is capitalised and depreciated over the shorter of life of the media and advertising contract for which it is utilised

1 ACCOUNTING POLICIES (CONTINUED)

n) Share based compensation schemes

Where share based compensation (such as restricted stock units) are granted to employees, a charge is recognised in the profit and loss account based on the fair value of the awards granted at the date of the grant with a corresponding credit to equity The total amount expensed is recognised over the vesting period

o) Dividends

Dividends are recorded in the period when approved and declared

2 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Turnover 2011 £'000	Attributable pre-tax loss 2011 £'000	Turnover 2010 £'000	Attributable pre-tax Loss 2010 £'000
All turnover and loss was earned in the United Kingdom and was derived predominantly from poster advertising contracts	179,240	(37,108)	175,056	(12,032)

Further business segmental reporting disclosures, as required under Statement of Standard Accounting Practice 25, have not been given as, in the opinion of the Directors, this would be prejudicial to the commercial interest of the Company

3 OPERATING LOSS AND EXCEPTIONAL ITEMS

Operating loss is stated after charging / (crediting) the following

	2011 £'000	2010 £'000
Auditors' remuneration for audit services	119	97
Auditors' remuneration for non-audit services	19	15
Staff costs (note 6)	26,223	25,370
Depreciation on tangible fixed assets	3,360	3,750
Operating leases		
- Rental of buildings	1,730	1,651
- Vehicles	539	469
Gain on sale of asset	(67)	-
Foreign exchange loss/(gain)	1,902	(496)
Exceptional administrative expense/(income)	(5,465)	(19,798)
Donations	19	1

Administrative expenses for the year totalled £22,467,000 (2010 £5,142,000) including exceptional income of £5,465,000 (2010 credit of £19,798,000) This is broken down into exceptional charges relating to the onerous contract of £7,710,000 (see note 13) and £13,175,000 of exceptional income in relation to the settlement of disputes with the London Underground associated with the costs of servicing the contract

Included in the depreciation charge above is £858,957 (2010 £423,000) relating to leased assets

Non-audit services performed by the auditors include agreed upon procedures for revenue certifications and liquidation of the dormant companies

4 NET INTEREST RECEIVABLE / (PAYABLE)

	2011 £'000	2010 £'000
Interest receivable – Group companies	211	192
Interest receivable – Bank	661	242
Total interest receivable	872	434
Interest payable – Finance lease	(3,312)	(4,843)
Interest payable – Bank	(65)	(2)
Interest payable – Group Companies	(114)	(82)
Interest payable – Tax	-	(6)
Interest payable – Other	-	-
Total interest and similar charges payable	(3,491)	(4,933)
Unwinding of discount factor in provisions (note 13)	(2,615)	(3,224)
Net interest payable and similar items	(5,234)	(7,723)

5 EMOLUMENTS OF DIRECTORS

	2011 £'000	2010 £'000
Aggregate emoluments	710	1,029
Compensation for loss of office	377	-
Company pension contributions to money purchase schemes	49	51
	1,136	1,080
Highest paid Director		
Emoluments and benefits	398	464
Compensation for loss of office	377	-
Company pension contributions to money purchase schemes	23	19
	798	483

A charge of £9,663 (2010 £60,000) is reflected in the financial statements relating to restricted stock units (refer note 20) awarded to the Directors for the year ending 31 December 2011 of which a credit of £11,939 (2010 charge £38,100) relates to the highest paid Director 9,190 (2010 8,448) shares were issued to Directors in the year with 7,352 (2010 6,144) being issued to the highest paid Director Retirement benefits were accruing to 2 Directors (2010 2) under money purchase schemes

The above details of directors' emoluments do not include the emoluments of Mr A Alonso and Mr P Brown, which are paid by the parent company and recharged to the company as part of a management charge This management charge, which in 2011 amounted to £2,770,491 also includes a recharge of administration costs borne by the parent company on behalf of the company and it is not possible to identify separately the amount of A Alonso's and Mr P Brown's emoluments

6 STAFF NUMBERS AND COSTS

The average monthly number of persons employed by the Company (including Directors) during the period, analysed by category, was as follows

	2011 Number	2010 Number
By activity		
Sales and Marketing	207	186
Operations	177	176
Administration	96	100
	480	462

6 STAFF NUMBERS AND COSTS (CONTINUED)

The aggregate payroll costs of these persons were as follows

	2011 £'000	2010 £'000
Wages and salaries	22,036	21,626
Social security costs	2,588	2,620
Share based payments	472	122
Other pension costs	1,127	1,002
	26,223	25,370

7 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax assessment for the year is based on the results for the year and is comprised of the following

	2011 £'000	2010 £'000
Tax on profit (loss) on ordinary activities		
The charge/(credit) for the year is based on the results for the year and is comprised of the following		
Corporation Tax on profits (losses) of the year at 26 5% (2010 28%)	-	-
Total current tax charge/(credit)	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Changes in tax rates and laws	-	-
Adjustment in respect of previous periods	-	-
Total deferred tax	-	-

7 TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

The tax assessed for the year varied from the amount computed by applying the standard rate of corporation tax in the UK (26 5%) (2010 28%) to the profit on ordinary activities before tax The differences were attributed to the following factors

	2011 £'000	2010 £'000
Loss on ordinary activities before tax	(37,108)	(12,032)
Loss on ordinary activities at the standard rate in the UK of 26 5% (2010 28%)	(9,834)	(3,369)
Effects of		
Impairment of fixed asset investments	-	3,486
Expenses (allowable) / not deductible for tax purposes	176	(53)
Accelerated capital allowances	1,436	928
Losses carried forward not recognised	8,288	-
Utilisation of unrecognised losses brought forward	-	(622)
Other short-term timing differences	(79)	37
Effect of change in statutory rate	-	-
Tax relief in excess of accounting expense	-	(91)
Accounting expense in excess of tax relief	8	
Surplus charges on income	5	-
Lossed claimed from Group company for nil consideration	-	(316)
Amounts chargeable on loans to participators	-	
Current tax credit for the period	-	-

Factors that may effect future tax charges

A number of changes to the UK Corporation tax system were announced in the March 2011 Budget Statement Finance Act 2011 was enacted on 18 July 2011 and included legislation to reduce the main rate of corporation tax to 26% with effect from 1 April 2011 and 25% with effect from 1 April 2012

The March 2012 Budget Statement further proposed to reduce the main rate of corporation tax to 24% from 1 April 2012 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014 The changes had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements

Deferred tax is measured on a non discounted basis at the tax rate which is expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date The deferred tax asset not recognised as at 31 December 2010 and 31 December 2011 have therefore been stated at the enacted rates of 27% and 25% respectively in accordance with FRS 19 The future proposed changes to the tax rates are not considered to have a material effect on the company's reported tax position at the balance sheet date

The directors have not recognised deferred tax assets totalling £52,469,586 (2010 £46,934,813) in respect of accelerated capital allowances, tax losses carried forward and other short term timing differences as these were not considered recoverable at the balance sheet date When making this assessment, the Directors considered both the expected future trading profits of the Company and potential tax planning opportunities that were within the control of the Company at the balance sheet date

8 TANGIBLE FIXED ASSETS

	Leasehold Improvements £'000	Furniture, Fittings and Computers £'000	Vehicles £'000	Advertising Structures £'000	Total £'000
COST					
At 1 January 2011	3,087	8,022	206	107,974	119,289
Additions	4	406	14	708	1,132
Reclass to WIP	(8)	(488)	-	(341)	(837)
Retirements				(280)	(280)
At 31 December 2011	3,083	7,940	220	108,061	119,304
DEPRECIATION					
At 1 January 2011	2,147	6,751	190	100,513	109,601
Charge for year	497	775	0	2,088	3,360
Retirements				(68)	(68)
Impairment				1,311	1,311
At 31 December 2011	2,644	7,526	190	103,844	114,204
NET BOOK VALUE					
At 31 December 2010	940	1,271	16	7,461	9,688
At 31 December 2011	439	414	30	4,217	5,100

8 TANGIBLE FIXED ASSETS CONTINUED

Included in fixed assets are advertising sites subject to the sale and leaseback agreement (refer to note 12)

	2011	2010
	£'000	£'000
Cost	120,918	121,064
Accumulated depreciation	(120,918)	(121,064)
Net book value	-	-

9 FIXED ASSET INVESTMENTS

	2011	2010
	£'000	£'000
Cost		
As at 1 January and 31 December	156,009	156,009
Dividend received	(105,403)	
Impairment		
As at 1 January	(29,217)	(16,768)
Provision for impairment	-	(12,449)
As at 31 December	(29,217)	(29,217)
Net Book Value as at 31 December	21,389	126,792

The provision for impairment relates to the Company's investment in Simon and Schuster Limited The carrying value of the asset exceeds the recoverable amount of the investment The recoverable amount has been calculated using the underlying net asset value of Simon and Schuster Ltd at the balance sheet date

The Company owns, directly or through subsidiaries, the whole of the issued ordinary share capital of

Entity	Country of incorporation	Principal activity
ABC Outdoor Limited	Northern Ireland	Dormant
CBS Outdoor Leasing (UK) Limited	England & Wales	Investment company
Metrobus Advertising Limited	England & Wales	Dormant
Outdoor Images Limited	England & Wales	Dormant
Ripple Vale Holdings Limited	British Virgin Islands	Dormant
Simon & Schuster Limited	England & Wales	Book publishing
Sky Blue Investments Limited	Jersey	Dormant
TDI (BP) Limited	England & Wales	Dormant
TDI Buses Limited	England & Wales	Dormant
TDI (FB) Limited	England & Wales	Dormant
TDI MAIL Holdings Limited	England & Wales	Dormant
TDI Transit Advertising Limited	England & Wales	Dormant

The directors believe that the carrying value of the investments is supported by their underlying net assets

In June 2012 the fixed investment in the ordinary share capital of Simon & Schuster Limited was sold for £24,750,000, this resulted in a profit upon sale of £3,361,187

10 WORK IN PROGRESS

	2011	2010
	£'000	£'000
Cost	5,940	5,586
Impairment charged in year	(2,435)	(1,792)
	3,505	3,794

Stocks and work in progress relates to the programme of capital investment to upgrade the advertising estate on CBSO Limited advertising estate

11 DEBTORS

	2011 £'000	2010 £'000
Due within one year		
Trade debtors	49,298	44,399
Amounts due from parent undertaking	9,671	9,498
Amounts owed by fellow subsidiary undertakings	4,734	4,790
Other debtors	11,070	271
Corporation tax	32	15
Prepayments and accrued income	4,852	2,497
	79,657	61,470

All amounts due from related companies within the UK are non-interest bearing and due on demand All amounts due from related companies based outside the United Kingdom are interest bearing, unsecured and due on demand The applicable interest rate is linked to the GBP-LIBOR plus 100 basis points (GBP-LIBOR plus 200 basis points prior to 1 October 2011)

12 CREDITORS

	2011 £'000	2010 £'000
Amounts falling due within one year		
Overdraft	19,024	5,340
Trade creditors	7,340	5,251
Finance lease	36,414	22,754
Amounts owed to parent undertaking	4,618	3,385
Amount owed to fellow subsidiary undertakings	9,812	32,124
Corporation tax creditor	32	-
Other taxation and social security	1,955	1,603
Accruals and deferred income	28,450	32,469
	107,645	102,926

	2011 £'000	2010 £'000
Amounts falling due after more than one year		
Finance lease	17	37,348
Deferred consideration on acquisition of TDI Transit Advertising Limited	829	829
	846	38,177

The above amount of deferred consideration of £829,000 will be offset against a similar amount of indebtedness due from the vendor to TDI Transit Advertising Limited All amounts owed to parent or fellow subsidiaries within the UK are non-interest bearing and due on demand All amounts due to related companies based outside the United Kingdom are interest bearing The applicable interest rate is linked to the GBP-LIBOR plus 100 basis points (GBP-LIBOR plus 200 basis points prior to 1 October 2011)

The finance sale and leaseback was entered into on 14 December 2007 for a term of 5 years The contract contains a clause to extend the agreement for a further two years This clause is exercisable by the Lessor An effective interest rate of 6 75% is applied with monthly repayments over the term of the agreement The Company recorded a credit of £1,092,000 to recognise an oversale of tranches of assets into the sale and leaseback transaction in 2011 (£0 in 2010) The movement in the assets subject to the sale and leaseback transaction relate to the capitalisation of the work in progress including in prior year's sale tranches

	2011 £'000	2010 £'000
Future minimum payments under the finance lease are as follows		
Within one year	38,036	26,115
In two to five years inclusive	-	39,040
Total gross payments	38,036	65,155
Less finance charges	(1,638)	(5,053)
	36,398	60,102

13 PROVISION FOR LIABILITIES AND CHARGES

	Onerous Contract 2011 £'000	Onerous Contract 2010 £'000
At 1 January	82,097	106,230
Unwinding of the discount factor	2,615	3,224
Utilisation of provision in year	(20,982)	(23,723)
Charged / (Released) to the income statement in year	27,381	(3,634)
At 31 December	91,111	82,097

The Company had recognised a provision in prior years for the onerous contract that it has with LUL (the Commercial Advertising Concession "CAC" or "the contract") The provision has been calculated as the excess of the unavoidable costs associated with servicing the contract less the economic benefit expected to be generated from it The loss on the contract requires significant judgement around estimates, particularly in the current economic climate These judgements and estimates include, but are not limited to, the Company's cost of capital, the revenue forecasts to the end of the Contract end date, in particular, the duration and depth of the current recessionary climate in the UK

The Company has recognised a charge of £1,311,000 against the assets, and recognised a charge against the onerous contract of £27,381,000

The provision for the onerous contract will be released against the future operating loss recorded for the LUL contract

In 2010, the Company recognised a release of the previous year's provisions of £4,891,000 against the related stock and work in progress, and recognised a release of provision against the onerous contract of £3,634,000

14 CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised		
(2010 650,000) ordinary shares of £1 each	650	650
(2010 112,000,000) 6% non-cumulative fixed preference shares of £1 each	112,000	112,000
	112,650	112,650
Allotted, called up and fully paid		
(2010 650,000) ordinary shares of £1 each	650	650
(2010 111,991,335) 6% non-cumulative fixed preference shares of £1 each	111,991	111,991
	112,641	112,641

The preference shares were issued with no redemption date or rights attaching to them The shares are all held by companies within the CBS Group Dividends of £nil (2010 £nil) were declared and paid on the Company's preference shares

In June 2012, CBS Outdoor Limited repurchased the 111,991,335 preferred shares held by CBS International Television (UK) Limited, CBS PIMCO & CBS UK Group for £20,500,001

15 RESERVES

	Share premium account £'000	Share based payment reserve £'000	Profit and Loss account £'000
As at 1 January 2010	2	741	(94,949)
Retained loss for the financial year	-	-	(12,032)
Share based payment	-	122	-
At 31 December 2010	2	863	(106,981)
Retained loss for the financial year	-	-	(37,108)
Share based payment	-	199	-
At 31 December 2011	2	1,062	(144,089)

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS

	2011 £'000	2010 £'000
Loss for the financial year	(37,108)	(12,032)
Dividends	-	-
Retained loss for the financial year	(37,108)	(12,032)
Share based payments	199	122
Opening shareholders' funds	6,525	18,435
Closing shareholders' (deficit)/funds	(30,384)	6,525

In June 2012 a dividend was declared and paid to the company's direct parent of £25,424,215

17 COMMITMENTS

The Company has the following annual commitments

	Land and Buildings 2011 £'000	Other 2011 £'000	Land and Buildings 2010 £'000	Other 2010 £'000
Operating leases, renting and other agreements, which expire				
Within one year	154	151	18	125
In two to five years inclusive	203	328	159	242
Over five years	1,165	-	1,367	-

As part of the Operations activity, the Company has entered into contracts with key suppliers for the delivery of components, products and services The total value of these commitments as at 31 December 2011 was £2,051,000 (2010 £4,817,000)

In the normal course of business and in line with accepted practice in the industry in which it operates, the Company has entered into contracts to provide advertising services to site owners The terms of these contracts include commitments to pay minimum guaranteed fees to the site owners concerned, which are not included in the above table due to commercial sensitivity

18 PENSIONS

Durıng the year, certaın of the Company's employees were members of the CBS Outdoor Pensıon Scheme

The CBS Outdoor Scheme, a money purchase scheme, ıs an exempt approved scheme under Chapter 1, Part XIV of the Taxes Act (2001) The assets of the scheme are held ın trust ın an ındependently managed fund and are therefore completely separate from the assets of the Company The pensıon scheme ıs ındependently advısed and ıts accounts are ındependently audıted The pensıon cost relatıng to the scheme for the year was £1,126,000 (2010 £1,002,000) of whıch £94,000 (2010 £84,000) was accrued and unpaıd at the year end

19 HOLDING COMPANY

CBS Outdoor Lımıted ıs a wholly owned subsıdıary of CBS Corporatıon The largest group and smallest ınto whıch the Company ıs consolıdated ıs headed by CBS Corporatıon, a company lısted on the New York Stock Exchange ın the Unıted States of Amerıca

The Dırectors consıder TDI Holdıngs to be the ımmedıate parent company, and Natıonal Amusements Inc (the benefıcıal owner of the majorıty of CBS Corporatıon votıng shares) to be the ultımate controllıng company Copıes of the consolıdated fınancıal statements of CBS Corporatıon are avaılable on-lıne at www cbscorporatıon com

20 RESTRICTED STOCK UNITS

CBS Corporatıon operates a restrıcted Stock Unıt ("RSU") Scheme for certaın employees of the group A number of employees of the Company have been granted RSUs under thıs scheme RSUs gıve the employees the rıght to receıve CBS Corp Class B Common Stock for nıl consıderatıon provıded they are ın employment wıthın the group at the date the RSU vests

A further grant of RSUs was gıven durıng 2011 to 12 elıgıble Company employees As a result 34,004 (2010 22,272) RSUs were ıssued whıch wıll vest over four years ın four equal annual ınstalments from the date of grant, subject to forfeıture and other restrıctıons All RSUs awarded are equıty settled, wıth an exercıse prıce of £nıl

At 31 December 2011 there were a total of 49,464 (2010 42,514) RSUs to vest ın future years wıth an exercıse prıce of £nıl, a weıghted average remaınıng contractual lıfe of 2 2 (2010 1) years and a faır value of $15 68 (2010 $6 83), and of whıch none were exercısable The charge for the year arısıng from these share based payments was £199,086 (2010 £122,000)

A reconcılıatıon of the movement ın shares ıs shown below

	Number of restricted stock units/ restricted share 2011	Weighted average fair value 2011	Number of restricted stock units/ restricted share 2010	Weighted average fair value 2010
	shares	$	shares	$
Outstandıng as at 1 January	42,514	6 83	145,315	10 34
Granted durıng the year	34,004	21 76	22,272	13 02
Vested durıng the year	(12,565)	9 76	(7,743)	8 72
Forfeıted and cancelled durıng the year	(14,490)	18 29	(117,330)	23 67
Outstandıng at 31 December	49,463	15 68	42,514	6 83

The exercıse prıce for all restrıcted stock unıts/restrıcted shares above are £nıl

The faır value of the RSUs for 2011 and 2010 was measured based upon the closıng stock prıce of CBS Common Stock on the date of grant Under the Scheme rules RSU holders are entıtled to receıve dıvıdends from the date of grant, ırrespectıve of the exercıse date

21 <u>POST BALANCE SHEET EVENTS</u>

During the year, the company reached a settlement of its dispute relating to the London Underground and has recognised income of £13 2m in relation to this matter Included within this settlement was the option to cancel the existing contract and enter into a new LUL concession under a new group company The company elected to action this option with the new LUL concession and transfer of related businesses and contracts was completed on the 14th May 2012 The onerous lease contract provision and finance lease liability relating to the London Underground Contract were released as part of this transfer resulting in a profit and loss credit of £91,111,048 in 2012

In June 2012, CBS Outdoor Limited repurchased the 111,991,335 preferred shares held by CBS International Television (UK) Limited, CBS PIMCO UK & CBS UK Group (2007) Ltd for £20,500,001 In addition to this the fixed investment in the ordinary share capital of Simon & Schuster Limited was sold for £24,750,000, this resulted in a profit upon sale of £3,361,187 Following this a dividend was declared and paid to the company's direct parent of £25,424,215