Exterion Media (UK) Limited
(formerly known as CBS Outdoor Limited)

Report and Financial Statements

31 December 2013

Registered No. 02866133

Strategic Review

The directors present their strategic report for the year ended 31 December 2013

Review of Business

The principal activity of the Company is that of a poster advertising contractor, operating in the transport and retail sectors in the UK. The principal activities of the Company's subsidiaries are disclosed in note 10.

On the 30th September 2013, Doubleplay III Ltd acquired all of the capital stock or other equity interests of Exterion Holdings (Cayman) Ltd (formerly CBS UK Group (2007) Ltd), Exterion Leasing (BDA) Ltd (formerly CBS Leasing (Bermuda) Ltd), Exterion Firewalker II (BDA) Ltd (formerly CBS Firewalker II Ltd) and the assets of CBS Outdoor Metro Services Limited from CBS Corporation. This sale included the company and its subsidiaries.

Key performance indicators (KPIs)

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

	2013	*2012*	*Definition*
Turnover (£'000)	112,791	142,053	
Turnover growth (%.)	(20.60%)	(20.75%)	Growth in turnover year on year
Gross margin (%)	37.50%	21.67%	Gross profit as a % of turnover
Profit margin before exceptional items (%)	8.33%	3.32%	Loss before tax and exceptionals as a % of turnover prior to impairment charges
Operating Profit (£'000)	10,504	95,173	
Operating profit margin after exceptional items (%)	9.3%	67.00%	Operating loss before tax as a % of turnover after exceptional items
Average number of employees	348	428	

Turnover decreased by £29,261,535 primarily due to beneficial impact of the London Olympic Games in 2012, the revenue decline over the past 2 years has been mainly driven by the cancellation of the London Underground contract in April 2012, this contract is held by a related group company Exterion Media Metro Services (UK) Limited.

Gross Margin % increased by 15.8% driven by the cancellation of the London Underground loss making contract in 2012.

Operating Profit decreased by £84,669,000 driven by the exceptional income in 2012 from the release of the onerous lease provision following the cancellation of the advertising contract with London Underground

The Company also recognised a foreign exchange loss of £1,318,987 (2012 loss of £1,109,000) on the USD denominated treasury financial statements (note 3) recorded as cash and intercompany balances in USD and Euros.

Principal risks and uncertainties

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

Strategic Review (continued)

- 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 franchise partners and deliver a commercial return on any capital investment programme;
- Contractual commitments must be adhered to, including the provision of accurate sales, delivery and other operating data to franchise partners; and
- Health and safety is of paramount importance given the requirement to post advertising campaigns in complex environments.

In order to monitor and minimise any potential adverse impact of these key uncertainties, the company's management 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.

The profile of the company's operations exposes it to financial risks including the effects of liquidity risks.

a. Liquidity risk

The company aims to mitigate liquidity risk by managing cash generation by its operations,

The Group, to which the company belongs, central finance department is responsible for ensuring there are appropriate funding requirements to meet the ongoing requirements of the Group and for managing effectively liquid funds in the Group.

Regular cash flow forecasts are prepared by the company and reviewed by management. Management reviews annual strategy plans, budgets and forecasts, as well as daily cash balances and weekly forecasts to ensure that optimal use is made of liquid funds within the Group to avoid unnecessary borrowing.

b. Interest rate risk

It is the company's objective to minimise the cost of borrowings and maximise the value from its cash resources, whilst retaining the flexibility of funding opportunities.

c. Currency risk

Foreign currency transaction exposures result from sales or purchases by subsidiaries in a currency other than their functional currency

d. Financial credit risk

The credit profiles of the company's customers are obtained from credit rating agencies and are closely monitored. The scope of these reviews includes amounts overdue and credit limits.

Strategic Review (continued)

Trade receivables are considered impaired when the amount is in dispute; customers are in financial difficulty or for other reasons which imply there is doubt over the recoverability of the debt.

The Company had previously financed its capital investment programme in the London Underground advertising estate through a sale and leaseback transaction. Upon the cancellation of the Commercial Advertising Concession agreement (CAC) with London Underground Limited these assets were transferred to CBS Outdoor Metro Services Limited, and financed through the creation of a sub-lease with the Company acting as the lessor. 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.

On the 30th September 2013 a sub concession was signed between CBS Outdoor Metro Services Limited and Exterion Media Metro Services Limited related to the commercial advertising contract ("CAC") with London Underground, this agreement had a fixed transition term of 6 months beginning on the 1st October 2013. In order for the Exterion Media Metro Services (UK) Limited to perform its obligations under the sub-concession a sub-sublease was signed on the 30th September 2013 with CBS Outdoor Metro Services Ltd for the fixed assets related to the CAC. This had a fixed term of 6 months to the 31st March 2014.

Anthony Booker
Director
20th October 2014

Directors' report

Registered No. 02866133

The directors present their report for the year ended 31 December 2013.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

A Booker
J Cotterrell
A Alonso (Resigned 10th February 2014)
P Brown (Resigned 20th November 2013)
D Madden (Appointed 28th November 2013)
S Gregory (Appointed 16th July 2014)

No Director held any disclosable interest in the issued share capital of the Company or any parent company during the year. 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, and was in force during the entire financial year and as of the date of approval of the financial statements

Dividends and results

The Company's profit after tax for the financial year is £6,677,522 (2012: profit £140,280,000). The Company also recognised a foreign exchange loss of £1,318,987 (2012: loss of £1,109,000) on the USD & EUR denominated accounts (note 3) recorded as cash and intercompany balances recorded in USD and Euros.

The directors do not recommend the payment of a final ordinary dividend (2012 – nil).

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.

Future Developments

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

As part of reviewing efficiencies, in May 2014, management reached an agreement with a third party provider to outsource the delivery of its National Rail and Bus media campaigns

Events since the balance sheet date

On 20th January 2014 the company changed its name from CBS Outdoor Limited to Exterion Media (UK) Limited; this followed the rebranding of the business to Exterion Media following the wider groups sale to Platinum Equity

Going Concern

The company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on pages 2 to 4.

Directors' report (continued)

The company has long term contracts with a number of franchise partners; it is also part of a group with considerable financial resources. The company is forecast to make a positive profit contribution in 2014 and 2015.

As a consequence, the directors believe the company is well placed to manage its business risks successfully and is well positioned to take advantage of any upswing in the economy and a recovery in advertising revenues.

The directors continue to adopt the going concern basis in preparing the annual report and accounts

Disabled employees and Employee involvement

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.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuing 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.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

PricewaterhouseCoopers LLP resigned as auditors on 30th September 2013 and Ernst & Young LLP was appointed in their place.

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

Anthony Booker
Director
20th October 2014

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the annual 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditors' report

to the members of Exterion Media (UK) Limited

We have audited the financial statements of for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)

to the members of Exterion Media (UK) Limited

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.

Ernst & Young LLP

Philip Young
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
20th October 2014

Profit and loss account

for the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Turnover	2	112,791	142,053
Cost of sales		(70,505)	(111,266)
Gross profit		42,286	30,787
Distribution costs		(12,083)	(11,425)
Administrative expenses		(20,973)	(14,803)
Other operating income		168	152
Operating profit before exceptional items		9,398	4,711
Other income	3	3,580	3,361
Loss on acquisition	3	(914)	-
Provision charge against asset impairment	3	(1,560)	(5,130)
Provision release against onerous contract – net	3	-	92,231
Exceptional administrative income – net		1,106	90,462
Operating profit		10,504	95,173
Net interest receivable	6	258	25,074
Profit on ordinary activities before taxation	2	10,762	120,247
Tax	7	(4,085)	20,033
Profit for the financial year	16	6,677	140,280

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2013

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £6,677,522 in the year ended 31 December 2013 (2012 – profit of £140,280,000).

Balance sheet

at 31 December 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Tangible assets	9	10,839	8,450
Investments	10	1,009	–
Other long term assets	11	4,353	1,172
Finance debtors amounts falling due after more than one year	11	-	6,809
		16,201	16,431
Current assets			
Debtors amounts falling due within one year	11	77,989	76,926
Finance debtors amounts falling due within one year	11	6,809	6,964
Cash at bank and in hand		22,771	43,221
Deferred tax asset	7	15,948	20,033
		123,517	147,144
Creditors: amounts falling due within one year	12	(96,641)	(91,622)
Net current assets		26,876	55,522
Total assets less current liabilities		43,077	71,953
Creditors: amounts falling due after more than one year	12	-	(7,638)
Provisions for liabilities	14	(1,250)	–
Net assets		41,827	64,315
Capital and reserves			
Called up share capital	15	650	650
Share premium account	16	2	2
Share based payment reserve	16	-	1,405
Profit and loss account	16	41,175	62,258
Shareholders' funds	17	41,827	64,315

These financial statements were approved by the board and were signed on its behalf by:

AJ Booker

Anthony Booker
Director
20th October 2014

Company registered number: 02866133

1. Accounting policies

Basis of preparation

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

Going concern

The financial statements have been prepared on the going concern basis in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006 and under the historical cost convention. As a wholly-owned subsidiary of Doubleplay II Ltd, which prepares group financial statements, the Company has taken the exemption, under section 401 of the Companies Act 2006, from preparing group financial statements.

The company's business activities, together with the factors likely to affect its future development are described in the Strategic Report on pages 2 to 3.

The company has long term contracts with a number of franchise partners; it is also part of a group with considerable financial resources. The company is forecast to make a positive profit contribution in 2014 and 2015.

As a consequence, the directors believe the company is well placed to manage its business risks successfully and is well positioned to take advantage of any upswing in the economy and a recovery in advertising revenues.

The directors continue to adopt the going concern basis in preparing the annual report and accounts.

Statement of cash flows

The Company is exempt from the requirement of FRS 1 (revised 1996) to prepare a statement of cash flows as it was a wholly owned subsidiary undertaking of Doubleplay II Ltd at the year end and is included in the group financial statements of that company.

Related party transactions

The Company has taken advantage of the exemption provided under FRS 8 from disclosing group related party transactions and balances. There are no other material related party transactions.

Revenue

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.

The company's reported revenue consists of media and production revenues. *Media* revenues are recognised rateably over the period that the advertisement is displayed. *Production* revenues are recognised in total on the first day the advertisement is displayed. Deferred revenue represents revenue when customers have been invoiced prior to the display of the advertisement or the completion of the production, this is released to the income statement when the recognition criteria have been met.

Fixed tangible 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.

Notes to the financial statements (continued)

1. Accounting policies (continued)

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	– 4 to 10 years
Furniture & fittings	– 10 years

Investments

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

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.

Asset in course of construction

Assets in the course of construction 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. Assets in the course of construction 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.

Leases

When assets are leased out under a finance lease, the present value of the lease payment is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. 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.

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 value of the total assets held, a further provision is made. In determining the provision for onerous controls, the forecast cash flows have been discounted.

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.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

Notes to the financial statements (continued)

1. Accounting policies (continued)

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

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.

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.

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.

Dividends

Dividends are recorded in the year when approved and declared.

Interest

Interest is recognised in the period in which it is incurred or earned at the applicable interest rate.

2. Turnover

	Turnover 2013 £000	Attributable pre-tax profit 2013 £000	Turnover 2012 £000	Attributable pre-tax profit 2012 £000
All turnover and profit was earned in the United Kingdom and was derived predominantly from poster advertising contracts	112,791	10,762	142,053	120,247

Included in turnover are commission amounts of £9,933,095 (2012 – 9,056,636) from transactions with group undertakings.

3. Operating profit and exceptional items

This is stated after charging/(crediting):

	2013 £000	2012 £000
Auditors' remuneration	98	144
Auditors' remuneration for non-audit services	10	90
Staff costs (note 5)	32,283	23,974
Depreciation of owned fixed assets	2,399	2,295
Operating leases – rental of buildings	1,823	1,688
– vehicles	538	816
Gain on sale of fixed asset investment	–	(3,361)
Foreign exchange loss	1,319	1,109
Charitable donations	46	62
Impairment of intercompany receivables	–	5,130
Management charges – intra group (note 4)	2,941	1,278
Legal settlement	(2,514)	–
Distributions from subsidiaries	(1,066)	–
Amounts written off intangible fixed assets	914	-
Waive of intergroup receivable loans	1,506	–
Impairment of investments in subsidiaries (note 10)	54	–
Income from mark up applied to recharges to group undertakings	(895)	(595)

Administrative expense for the year totalled £19,867,000 (2012 income £72,298,000) including exceptional income of £3,580,000 (2012 income £92,231,000).

Exceptional Items

The exceptional income relates to exceptional other income relating to a legal settlement with a third party supplier of £2,514,000 and distributions received from subsidiaries of £1,066,000. Amounts written off intangible fixed assets of £913,750 related to the purchase of assets from

3. Operating profit and exceptional items (continued)

CBS Outdoor Metro Services Limited and exceptional charges relating to the impairment of investments in subsidiaries of £54,000 and a charge resulting from the waving of an intercompany receivable due from a subsidiary of £1,506,000. The exceptional income in 2012 related to the release of the onerous contract provision (see note 14)

Non-audit services performed by the auditors include agreed upon procedures for revenue certifications and accounting advice.

4. Directors' remuneration

	2013 £000	2012 £000
Aggregate remuneration in respect of qualifying services	1,455	539
Company pension contributions to money purchase schemes	28	50
	1,483	589
Highest paid Director		
Remuneration and benefits	1,084	364
Company pension contributions to money purchase schemes	17	35
	1,101	399

A charge of £188,744 (2012 – £61,124) is reflected in the financial statements relating to restricted stock units (refer note 20) awarded to the Directors for the year ended 31 December 2013 of which a of £164,301 (2012 charge £49,111) relates to the highest paid Director 4,164 (2012 – 6,113) shares were issued to Directors in the year with 3,702 (2012 – 5,434) being issued to the highest paid Director. Retirement benefits were accruing to 2 Directors (2012 – 2) under money purchase schemes.

The above details of directors' remuneration do not include the remuneration of Mr A Alonso and Mr P Brown, which are paid by the parent undertaking and recharged to the company as part of a management charge. This management charge, which in 2013 amounted to £2,941,185 (2012 - £1,277,713) also includes a recharge of administration costs borne by the parent undertaking on behalf of the Company and it is not possible to identify separately the amount of A Alonso's and Mr P Brown's remuneration.

5. Staff costs

	2013 £000	2012 £000
Wages and salaries	27,160	20,083
Social security costs	2,895	2,401
Share based payments	1,105	342
Other pension costs	1,123	1,148
	32,283	23,974

The table above includes amounts paid to directors.

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

Notes to the financial statements (continued)

5. Staff costs (continued)

	2013 No.	2012 No.
By activity		
Sales and Marketing	181	208
Operations	75	127
Administration	92	93
	348	428

6. Net interest receivable/payable

	2013 £000	2012 £000
Interest receivable – group companies	77	143
Interest receivable – bank	249	598
Interest receivable – finance lease – group company	714	27,342
Total interest receivable	1,040	28,083
Interest payable – finance lease	(718)	(1,718)
Interest payable – bank	(2)	(171)
Interest payable – group companies	(62)	–
Total interest and similar charges payable	(782)	(1,889)
Unwinding of discount factor in provisions (note 14)	–	(1,120)
Net interest receivable and similar items	258	25,074

7. Tax

(a) Tax on profit on ordinary activities

The taxation charge is made up as follows:

	2013 £000	2012 £000
Current tax:		
UK corporation tax on the profits for the year at 23.25% (2012 – 24.5%)	–	–
Total current tax (note 7(b))	–	–

Notes to the financial statements (continued)

7. Tax (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.25% (2012 – (24.5%). The differences are explained below:

	2013	2012
	£000	£000
Profit on ordinary activities before tax	10,762	120,247
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 – (24.5%)	2,502	29,460
Effects of:		
Expenses not deductible for tax purposes	99	1,363
Depreciation in excess of capital allowances	500	660
Non taxable income	(306)	(823)
Other short-term timing differences	(98)	60
Accounting expense in excess of tax relief	–	35
Surplus charges in income	–	15
Current tax	2,697	30,770
Utilisation of recognised tax losses brought forward	(2,697)	(30,770)
Current tax charge for the year (note 7(a))	–	–

(c) Deferred tax

The deferred tax charge/(credit) was mainly as a result of the tax effect of timing differences as follows

	2013	2012
	£000	£000
Accelerated capital allowances	(769)	(248)
Utilisation of tax losses	2,320	32,684
Other timing differences	83	(67)
Changes in tax rate	2,638	–
Recognition of previously unrecognised timing differences	–	(52,402)
Prior year adjustments	(187)	–
Total deferred tax charge/(credit)	4,085	(20,033)

7. Tax (continued)

The elements of the deferred taxation asset in the financial statements are as follows:

	2013 £000	2012 £000
Accelerated capital allowances	5,185	4,890
Other short term timing differences	221	350
Unrelieved tax losses carried forward	10,542	14,793
Total deferred tax asset	15,948	20,033

(d) Factors that may affect future tax charges

The 2012 Finance Act promulgated a reduction of the main rate of UK corporation tax from 23% to 21% as from 1 April 2014.

A number of changes to the UK Corporation tax system as announced in the March 2013 Budget Statement was enacted by the Finance Act on 17 July 2013 and included legislation to reduce the main rate of corporation tax further from 21% down to 20% with effect from 1 April 2015.

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.

8. Dividends

	2013 £000	2012 £000
Declared and paid during the year	30,000	25,424

The Company paid a dividend of £15,000,000 to Exterion Holdings II (UK) Ltd, the Company's immediate parent undertaking on 30th January 2013

The Company paid a dividend of £15,000,000 to Exterion Holdings II (UK) Ltd, the Company's immediate parent undertaking on 16TH April 2013

Notes to the financial statements (continued)

9. Tangible fixed assets

	Leasehold Improvements £000	Furniture, fittings and Vehicles £000	Computers £000	Advertising structures £000	Assets in the course of construction £000	total £000
Cost						
At 1 January 2013	3,209	776	8,233	18,435	3,742	34,395
Additions	–	–	–	–	7,191	7,191
Capitalisations	5	–	363	2,746	(3,114)	–
Transfers to other group companies	–	–	–	–	(2,538)	(2,538)
Transfers from other companies	–	–	–	6	–	6
Dilapidation Provision (see note 14)	1,250	–	–	–	–	1,250
Write off	–	–	–	–	(1,121)	(1,121)
At 31 December 2013	4,464	776	8,596	21,187	4,160	39,183
Accumulated depreciation						
At 1 January 2013	2,807	671	7,840	14,628	–	25,945
Charge for year	125	31	654	1,588	–	2,399
Transfers	–	–	–	–	–	–
At 31 December 2013	2,932	702	8,494	16,216	–	28,344
Net book value						
At 1 January 2013	403	105	393	3,806	3,742	8,450
At 31 December 2013	1,532	74	102	4,971	4,160	10,839

Assets in the course of construction materially relates to the programme of capital investment to upgrade the advertising structures on the Company's advertising estate.

Management have reviewed the ongoing IT project to replace the company's existing sales inventory system, this review has led to a change in the third party company delivering the new system, this has resulted in a £1,120,984 write off in Assets in the course of construction.

Vehicles have been amalgamated into furniture and fittings column and computers disclosed separately. This is the due to material nature of the computer assets and the similar useful lives of furniture, fittings and vehicles.

Notes to the financial statements (continued)

10. Investments

	Subsidiary undertakings £000
Cost:	
At 1 January 2013	–
Additions	1,063
At 31 December 2013	1,063
Impairment:	
At 1 January 2013	–
Impairment	54
At 31 December 2013	54
Net book value as at 31 December	1,009

During the year the group, in which this company belongs, underwent a process to simplify the group structure; this process included the transfer of ownership of some dormant companies to other group companies and transactions to allow these companies to be dissolved.

This resulted in the transfer of ownership of ABC Outdoor Limited from TDI Mail Holdings Limited, resulting in an addition to Investments of £1,009,158.

The transfer of ownership of Outdoor Images Limited from TDI Transit Advertising Limited which resulted in an addition to Investments of £42,801.

The transfer of ownership of TDI (FB) Limited from Metrobus Advertising Limited which resulted in an addition to Investments of £10,772.

The transfer of 50% of the ownership of TDI Buses Limited from TDI Transit Advertising Limited which resulted in an addition to Investments of £1

The transfer of ownership of Metrobus Advertising Limited from TDI (BP) Limited which resulted in an addition to Investments of £1.

Following the distributions made from Outdoor Images Limited and TDI (FB) Limited on the 9th August 2013 the value of the investments were impaired resulting in a charge of £53,573

The Company owns directly the whole of the issued ordinary share capital of

Entity	*Country of incorporation*	*Principal activity*
Exterion Leasing (UK) Limited	England & Wales	Investment company
TDI (BP) Limited	England & Wales	Dormant
TDI Mail Holdings Limited	England & Wales	Dormant
TDI Transit Advertising Limited	England & Wales	Dormant
Outdoor Images Ltd	England & Wales	Dormant
Metrobus Advertising Ltd	England & Wales	Dormant
TDI (FB) Ltd	England & Wales	Dormant
ABC Outdoor Limited	Northern Ireland	Dormant

10. Investments (continued)

During 2013 and 2014 the Company began the process of dissolving the dormant Companies it owns.

TDI (BP) Limited was dissolved on 4th February 2014

TDI Buses Limited was dissolved on 8th October 2013

TDI Transit Advertising was dissolved on 4th February 2014

Outdoor Images Ltd was dissolved on 4th February 2014

Metrobus Advertising Ltd was dissolved on 4th February 2014

TDI (FB) Ltd was dissolved on 4th February 2014

11. Debtors

	2013	*2012*
	£000	*£000*
Due within one year		
Trade debtors	50,280	54,306
Amounts owed by parent undertaking	16,284	7,997
Amounts owed by fellow subsidiary undertakings	5,282	10,890
Other debtors	2,350	1,130
Corporation tax	–	45
Prepayments and accrued income	3,793	2,558
Finance lease	6,809	6,964
	84,798	83,890
Amounts falling due after more than one year		
Finance lease	–	6,809
Loans to fellow subsidiary undertakings	3,386	–
Other debtors	967	1,172
	4,353	7,981

All amounts owed by parent companies and fellow subsidiary undertakings within the UK are non-interest bearing, unsecured and due on demand. All amounts owed by parent companies and fellow subsidiary undertakings based outside the United Kingdom are interest bearing, unsecured and due on demand with the exception of a loan provided to Exterion Media Spain S.A which is repayable on 17 April 2018 with interest charged GBP-LIBOR plus 250 basis points. For all other amounts owed by related companies outside of the United Kingdom 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).

A finance lease was entered with CBS Outdoor Metro Services Limited on 30 April 2012 where the Company is the lessor, this had a lease end date of 14 December 2012. An effective Interest rate of 6.75% p.a. is applied with monthly repayments over the term of the agreement. The lease had the option to extend the term by two years which was exercised on 14 December 2012

12. Creditors

	2013 £000	2012 £000
Amounts falling due within one year		
Bank overdraft	–	17,202
Trade creditors	6,010	11,116
Finance lease	6,809	6,979
Amounts owed to parent undertaking (note 13)	25,868	6,270
Amounts owed to fellow subsidiary undertakings (note 13)	20,602	20,902
Corporation tax creditor	–	45
Other taxation and social security	3,592	3,138
Accruals and differed income	33,760	25,970
	96,641	91,622
Amounts falling due after more than one year		
Finance lease	–	6,809
Deferred consideration on acquisition of TDI Transit Advertising Limited	–	829
		7,638

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 was exercised by the lessor on the 14 December 2012. An effective interest rate of 6 75% p. a is applied with monthly repayments over the term of the agreement

	2013 £000	2012 £000
Future minimum payments under the finance lease are as follows		
Within one year	7,041	7,696
In two to five years inclusive	–	7,041
Total gross payments	7,041	14,737
Less finance charges	(232)	(949)
	6,809	13,788

13. Loans

Loans repayable, included within creditors, are analysed as follows

	2013 £000	2012 £000
Not wholly repayable within five years	-	-
Wholly repayable within five years	27,644	11,798
	27,644	11,798

13. Loans (continued)

Details of loans wholly repayable within five years are as follows:

	2013 £000	2012 £000
1% above LIBOR group loan repayable on demand	15,009	-
Non-interest bearing unsecured group loans repayable on demand	12,635	11,798

£22,556,823 of the loans balances are included within amounts owed to parent undertakings (2012 - £5,580,293), £5,087,212 of the loan balance are included within amounts owed to fellow subsidiary undertakings (2012 - £6,218,262)

14. Provisions for liabilities

	Dilapidation Provision 2013 £000	*Dilapidation Provision 2012 £000*	*Onerous contract 2013 £000*	*Onerous contract 2012 £000*
At 1 January	–	–	–	91,111
Recognition of provision	1,250	–	–	–
Unwinding of the discount factor (note 6)	–	–	–	1,120
Utilisation of provision in year	–	–	–	(11,116)
Income to the income statement in year	–	–	–	(81,115)
At 31 December	1,250	–	–	–

The Company reached a settlement with London Underground in December 2011. 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 and the CAC between the Company and LUL was cancelled on 30 April 2012. The onerous lease contract provision was released as part of this transfer.

In the year a dilapidation provision was recognised relating to the company's leasehold properties.

15. Issued share capital

Allotted, called up and fully paid	*2013 £000*	*2012 £000*
(2012 – 650,000) ordinary shares of £1 each	650	650
	650	650

Notes to the financial statements (continued)

16. Movements on reserves

	Share premium account £000	Share based-payment reserve £000	Profit and loss account £000
At 1 January 2012	2	1,062	(144,089)
Profit for the financial year	-	-	140,280
Repurchase of preference shares (note 14)	-	-	91,491
Dividends (note 14)	-	-	(25,424)
Share based payment	-	343	-
At 1 January 2013	2	1,405	62,258
Profit for the financial year	-	-	6,677
Dividends (note 8)	-	-	(30,000)
Share based payment	-	835	-
Transfer of shared based payment reserve	-	(2,240)	2,240
31 December 2013	2	-	41,175

17. Reconciliation of shareholders' funds

	2013 £000	2012 £000
Profit for the financial year	6,677	140,280
Dividends (note 8)	(30,000)	(25,424)
Retained (loss)/profit for the financial year	(23,323)	114,856
Share based payments	835	343
Repurchase of preference shares (note 14)	-	(20,500)
Opening shareholders' funds	64,315	(30,384)
Closing shareholders' funds	41,827	64,315

18. Events since the balance sheet date

On 20th January 2014 the company changed its name from CBS Outdoor Limited to Exterion Media (UK) Limited; this followed the rebranding of the business to Exterion Media.

Management have reviewed the ongoing IT project to replace the company's existing sales inventory system., this review has led to a change in the third party company delivering this new system, this has resulted in a £1,120,984 write off in assets in the course of construction, which has been reflected as an adjusting entry within note 9 of the financial statements.

Notes to the financial statements (continued)

19. Pensions

During the year, certain of the Company's employees were members of the Exterion Media Pension Scheme (formerly known as the CBS Outdoor Pension Scheme).

The Exterion Media Scheme, a money purchase scheme, is an exempt approved scheme under Chapter 1, Part XIV of the Taxes Act (2001). The assets of the scheme are held in trust in an independently managed fund and are therefore completely separate from the assets of the Company. The pension scheme is independently advised and its financial statements are independently audited. The pension cost relating to the scheme for the year was £1,122,871 (2012 – £1,148,280) of which £ 147,690 (2012 – £81,688) was accrued and unpaid at the year end.

20. Restricted stock units

CBS Corporation Inc. operated a restricted Stock Unit (RSU) Scheme for certain employees of the group. A number of employees of the Company have been granted RSUs under this scheme. RSUs give the employees the right to receive CBS Corp Class B Common Stock for nil consideration provided they are in employment within the group at the date the RSU vests.

A further grant of RSUs was given during 2013 to 15 eligible Company employees. As a result 18,850 (2012 – 25,132) RSUs were issued. All RSUs awarded are equity settled, with an exercise price of £nil.

As part of the sale of the company to Platinum Equity, CBS Corporation accelerated the vesting of all the outstanding RSUs as at 30th September 2013. As a result of this at 31 December 2013 there were a total of nil (2012 – 44,536) RSUs to vest in future years with an exercise price of £nil, a weighted average remaining contractual life of nil (2012 – 2.3) years and a fair value per RSU of $0 (2012 – $22 72), and of which none were exercisable.

The charge for the year arising from these share based-payments was £835,221 (2012 – £342,239).

A reconciliation of the movement in shares is shown below:

	Number of restricted stock Units/ restricted share 2013 shares	*Weighted average fair value 2013 $*	*Number of restricted stock Units/ restricted share 2012 shares*	*Weighted average fair value 2012 $*
Outstanding as at 1 January	44,536	22.72	49,463	15.68
Granted during the year	18,850	43.21	25,132	29.44
Vested during the year	(62,299)	36.76	(13,252)	11.65
Forfeited and cancelled during the year	(1,087)	28.67	(16,807)	20.77
Outstanding at 31 December	-	-	44,536	22.72

The exercise price for all restricted stock units/restricted shares above are £nil.

The fair value of the RSUs for 2013 and 2012 was measured based upon the closing stock price of CBS Common Stock on the date of grant. Under the Scheme rules RSU holders are entitled to receive dividends from the date of grant, irrespective of the exercise date.

21. Other financial commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below:

	2013		2012	
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£000	*£000*	*£000*	*£000*
Operating leases which expire:				
Within one year	11	378	–	161
In two to five years	132	68	121	487
Over five years	1,165	–	1,165	–
	1,308	446	1,286	648

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 2013 was £2,052,665 (2012 – £2,368,000).

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 future minimum guaranteed fees to the site owners concerned, which are not included in the above table due to commercial sensitivity.

The Company is participating in group banking facilities under which all surplus cash balances are held as collateral for bank facilities advanced to group members. In addition, the Company has issued an unlimited guarantee to the bank to support these group facilities.

22. Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking of Exterion Holdings II (UK) Limited a company registered in United Kingdom. Its ultimate parent company is Semper Veritas Holding S.a.r.l, a company registered in Luxembourg. The ultimate controlling party is Platinum Equity Capital Partners International III (Cayman), L.P.

The smallest group in which the results of the company are consolidated is that headed by Doubleplay II Limited and the largest group is that headed by Doubleplay I Limited, incorporated in England and Wales. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Camden Wharf 28 Jamestown Road London NW1 7BY.