

Registered number: 03971244

Varick and Spring (UK) Limited

**Directors' report and financial statements
for the year ended 31 December 2012**

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Varick and Spring (UK) Limited

Company Information

Directors	J Pissaris P Corrao
Company secretary	J B Pissaris
Registered number	03971244
Registered office	77 Oxford Street London W1D 2ES
Independent auditors	Reeves & Co LLP Chartered Accountants and Statutory Auditors Third Floor 24 Chiswell Street London EC1Y 4YX

Varick and Spring (UK) Limited

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Varick and Spring (UK) Limited

Directors' report for the year ended 31 December 2012

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

Principal activities

Until 12 March 2009, the Company's principal activity was the development and provision of performance based marketing services to the Internet

On 12 March 2009, Vertro Inc, our parent company, entered into an Asset Purchase Agreement with Adknowledge Inc and certain of its subsidiaries pursuant to which certain assets relating to the MIVA Media division were sold to Adknowledge. This included certain assets relating to Varick and Spring (UK) Limited. Following the sale, the directors took the decision to cease trading. As the directors intend to liquidate the company they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1 within these financial statements.

Business review

The profit and loss account is set out on page 6 and shows turnover for the year of £nil (2011: £nil) and a loss for the year of £1.4m (2011: profit of £0.05m).

Directors

The directors who served during the year were

J Pizaris
P Corrao

None of the directors who served during the period had any interest in the ordinary share capital of the company.

P Corrao is also a director of the ultimate parent company, Vertro Inc and his interest in the share capital of that company is shown in its financial statements. J Pizaris has an interest in the share capital of the ultimate parent company as shown in its financial statements and public filings. No other director had any interest in the share capital of any subsidiary company of the ultimate parent company.

Results

The loss for the year, after taxation, amounted to £1,371,647 (2011: profit £48,949).

Varick and Spring (UK) Limited

Directors' report for the year ended 31 December 2012

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

Principal risks and uncertainties

Varick and Spring has no loan facilities and held a positive cash position of £0.3m (2010: £0.1m) at the year end.

Following the sale of certain assets on 12 March 2009, the directors took the decision to cease trading. The principal risk faced by the company from this date is the realisation of its assets at their full potential.

Financial instruments

The Company's financial instruments comprise some cash.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The company does not believe they will be exposed to any significant risks due to the nature of the financial instruments in the operation.

Varick and Spring (UK) Limited

**Directors' report
for the year ended 31 December 2012**

Auditors

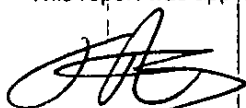
The auditors, Reeves & Co LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

Disclosure of information to auditors

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

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

This report was approved by the board on 27 September 2013 and signed on its behalf



J Pisanis
Director

Varick and Spring (UK) Limited

Independent auditors' report to the shareholders of Varick and Spring (UK) Limited

We have audited the financial statements of Varick and Spring (UK) Limited for the year ended 31 December 2012, set out on pages 6 to 11. 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

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

Statement of going concern

As disclosed in Note 1.1, the Directors do not consider the company to be a going concern for a period of at least 12 months from the date of approval of the financial statements. On this basis the financial statements have been prepared on a 'break up' basis.

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.

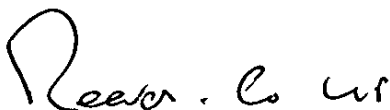
Varick and Spring (UK) Limited

Independent auditors' report to the shareholders of Varick and Spring (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



James O'Brien FCA (Senior statutory auditor)

for and on behalf of

Reeves & Co LLP

Chartered Accountants and Statutory Auditors

Third Floor

24 Chiswell Street

London

EC1Y 4YX

Date

3 September 2017

Varick and Spring (UK) Limited

Profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Cost of sales		99,005	140,567
Gross profit		99,005	140,567
Administrative expenses		(72,332)	(115,759)
Other operating income	2	16,426	-
Operating profit		43,099	24,808
Exceptional items			
Other exceptional items	6	(1,668,660)	(300,813)
Loss on ordinary activities before interest		(1,625,561)	(276,005)
Interest payable and similar charges	5	253,914	324,954
(Loss)/profit on ordinary activities before taxation		(1,371,647)	48,949
Tax on (loss)/profit on ordinary activities	7	-	-
(Loss)/profit for the financial year	11	(1,371,647)	48,949

All amounts relate to continuing operations

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

The notes on pages 8 to 11 form part of these financial statements

Varlick and Spring (UK) Limited
Registered number: 03971244

Balance sheet
as at 31 December 2012

	Note	£	2012 £	2011 £
Current assets				
Debtors	8	2,431		307
Cash at bank		31,412		302,195
		<u>33,843</u>		<u>302,502</u>
Creditors' amounts falling due within one year	9	(10,877,437)	(9,774,449)	
Net current liabilities			(10,843,594)	(9,471,947)
Net liabilities			(10,843,594)	(9,471,947)
Capital and reserves				
Called up share capital	10		2	2
Capital redemption reserve	11	19,530,729		19,530,729
Profit and loss account	11	(30,374,325)		(29,002,678)
Shareholders' deficit	12	(10,843,594)		(9,471,947)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2013


J P. P. P.
 Director

The notes on pages 8 to 11 form part of these financial statements

Varick and Spring (UK) Limited

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

1 Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Going concern

As required by FRS 18 and as permitted by the Companies Act 2006, the directors have prepared the financial statements on the basis that the company is no longer a going concern. Following the sale of certain trade and assets on 12 March 2009, the directors took the decision to cease trading. As a result the directors believe that the going concern basis is no longer appropriate. There is no material effect of adopting this approach.

1.3 Investments

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

1.4 Deferred taxation

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

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

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

Deferred tax assets and liabilities are discounted.

1.5 Foreign currencies

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

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

Exchange gains and losses are recognised in the Profit and loss account.

2. Other operating income

	2012	2011
	£	£
Sundry income	16,426	-

Varick and Spring (UK) Limited

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

3. Auditors' remuneration

	2012 £	2011 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<u>5,000</u>	<u>16,000</u>

4 Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2011 - £NIL)

5. Interest payable

	2012 £	2011 £
Foreign exchange gain	<u>253,914</u>	<u>324,954</u>

6. Exceptional items

	2012 £	2011 £
Impairment of loans no longer recoverable	<u>1,668,660</u>	<u>300,813</u>

7 Taxation

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2011 - lower than) the standard rate of corporation tax in the UK of 26% (2011 - 26%) The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	<u>(1,371,647)</u>	<u>48,949</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 26%)	<u>(356,628)</u>	<u>12,727</u>
Effects of:		
Tax losses carried forward to future periods	356,628	-
Utilisation of tax losses	-	(12,727)
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has not recognised deferred tax assets of £Nil (2011 - £Nil) in respect of trading losses as there is insufficient evidence of suitable future taxable profits against which the reversal of the underlying timing differences can be offset

Varick and Spring (UK) Limited

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

8. Debtors

	2012 £	2011 £
Other debtors	2,431	307

9. Creditors. Amounts falling due within one year

	2012 £	2011 £
Trade creditors	61,291	186,668
Amounts owed to group undertakings	10,343,647	9,052,932
Corporation tax	93,440	93,440
Other taxation and social security	-	860
Other creditors	-	1,194
Accruals and deferred income	379,059	439,355
	<u>10,877,437</u>	<u>9,774,449</u>

10 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

11. Reserves

	Capital contribution reserve £	Profit and loss account £
At 1 January 2012	19,530,729	(29,002,678)
Loss for the financial year	-	(1,371,647)
At 31 December 2012	<u>19,530,729</u>	<u>(30,374,325)</u>

The capital contribution reserve was created in 2004 on the waiving of the loans of £14,647,385 owing to Varick and Spring II Inc and £4,883,344 owing to Vertro Inc

Varick and Spring (UK) Limited

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

12. Reconciliation of movement in shareholders' deficit

	2012 £	2011 £
Opening shareholders' deficit	(9,471,947)	(9,520,896)
(Loss)/profit for the financial year	(1,371,647)	48,949
Closing shareholders' deficit	<u>(10,843,594)</u>	<u>(9,471,947)</u>

13 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party disclosures" not to include transactions with members of the group headed by Vertro Inc on the grounds that 100% of the voting rights in the company are controlled within that group and that company is included in the consolidated financial statements

14 Cash flow statement

The Company has used the exemption under Financial Reporting Standard 1 'Cash Flow Statements', not to prepare a cashflow statement as it is consolidated in the financial statements of its ultimate parent company

15. Ultimate parent undertaking and controlling party

The company is a 100% subsidiary of Varick and Spring II Inc, a privately owned company incorporated in the United States of America. Varick and Spring II Inc is a 100% subsidiary of Vertro Inc, a publicly traded company listed on the NASDAQ in the United States of America. The directors consider this to be the ultimate parent company. Copies of the Vertro Inc financial statements can be obtained from the Company Secretary, 5220 Summerlin Commons Blvd, Fort Myers, Florida, 33907, United States of America

16. Group financial statements

Group financial statements are not presented because the company has taken advantage of the exemption under section 400 of the Companies Act 2006. Thus, the results in these financial statements reflect information about the company as an individual undertaking and not about its group