

Varick and Spring (UK) Limited

Report and Financial Statements

Year Ended

31 December 2009

Company Number 3971244

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Varick and Spring (UK) Limited

**Annual report and financial statements
for the year ended 31 December 2009**

Contents

Page:

1	Report of the directors
4	Report of the independent auditors
6	Profit and loss account
7	Balance sheet
8	Notes forming part of the financial statements

Directors

J Pisans
P Corrao

Secretary and registered office

J B Pisans, Lasenby House, 32 Kingly Street, London, W1B 5QQ

Company number

3971244

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Varick and Spring (UK) Limited

Report of the Directors for the year ended 31 December 2009

The directors present their report together with the audited financial statements for the year ended 31 December 2009

Principal activities and future developments

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

The Company was a leading auction based pay per click advertising and publishing network. Vanck and Spring UK connected millions of buyers and sellers online by displaying relevant and timely text ads in response to consumer search or browsing activity on select internet properties. Such interactions between online buyers and sellers resulted in highly targeted, cost effective leads for Vanck and Spring's advertisers and a source of recurring revenue for Vanck and Spring's publisher partners.

On 12 March 2009, Verto, 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 Vanck and Spring (UK) Ltd. 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.

Review of the business

The profit and loss account is set out on page 6 and shows turnover for the year of £1.8m (2008 - £6.5m) and a profit for the year of £2.6 m (2008 - (£6.5m)).

The revenue decline from £6.5m in the prior year is primarily attributed to the sale of the assets, including the customer lists of Vanck and Spring (UK) Ltd to Adknowledge, Inc. (and its wholly-owned UK subsidiary) on 12 March 2009 and the cessation of trading on 24 April 2009.

Included in the 2009 administrative income/(expenses) are incomes of £1.5m (2008 - (£2.6m)) in relation to write back of loans in respect of Germany and Italy, incomes of £2.0m in relation to the gain on the sale of assets to Adknowledge, Inc. and, charges of £0.4m (2008 - £0.6m) in relation to the write down of investments in Spain.

On 1 January 2009, the customer lists of the Italian, German and Spanish subsidiary undertakings were sold to Vanck and Spring (UK) Ltd. The results from the activities of these subsidiaries are included in the results of the Company from that date until the sale to Adknowledge, Inc. on the 12 March 2009.

Post Balance Sheet Events

On 27 November 2009, Vanck and Spring UK, the sole shareholder of Vanck and Spring (France) SARL voted in favour of dissolving the French subsidiary and transferring all assets and liabilities of the French subsidiary into Vanck and Spring UK. On 30 November 2009, Vanck and Spring France SARL published legal notice of its intent to dissolve which was subject to a 30 day objection period. As there were no objections to dissolution and transfer of assets and liabilities, on 31 December 2009, Vanck and Spring (France) SARL dissolved and all of its assets and liabilities transferred to Vanck and Spring UK as at 1 January 2010.

Varick and Spring (UK) Limited

Report of the Directors for the year ended 31 December 2009 (continued)

Principal risks and uncertainties

Whilst still trading Varck and Spring's UK business was dependent upon relationships with our distribution partners, and the success thereof, as well as our success in establishing and maintaining relationships with advertisers and advertising agencies. Varck and Spring managed these relationships to the best of its abilities.

The market Varck and Spring operated within faced substantial and increasing competition. Some of these competitors have longer operating histories as well as larger customer bases and better brand recognition.

Varck and Spring needed to continually innovate and provide services that were useful to the users. This involved enhancing the responsiveness of the Varck and Spring network, along with the development of primary traffic sites and related products.

To help mitigate business risk, Varck and Spring monitored the KPI's of the business on a daily basis. The KPI's analysed on a daily basis primarily related to daily revenue, number of searches and revenue per click.

Varick and Spring has no loan facilities and held a positive cash position of £0.3m (2008 - £1.0m) at year end.

Following the sale of certain assets on 12 March 2009, the directors took the decision to cease trading. The principle 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, and various items, such as trade debtors, trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

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.

Directors

The directors of the company since the beginning of the year were

J Pisaris
P Corrao
M T Taylor (resigned 12 March 2009)

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 Pisaris 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.

Varick and Spring (UK) Limited

Report of the Directors for the year ended 31 December 2009 (continued)

Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

On behalf of the Board

J Pisans



Director

Date

1 October 2010

Varick and Spring (UK) Limited

Report of the independent auditors

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 2009 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). As described in note 1, they have not been prepared on a going concern basis.

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 auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 (APB'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.

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 2009 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 matters 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

Report of the independent auditors (*Continued*)

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

BDO LLP

*Julian Frost (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date 4 October 2010*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Varick and Spring (UK) Limited

Profit and Loss Account for the year ended 31 December 2009

	Note	2009 £	2008 £
Turnover	2	1,757,871	6,510,877
Cost of sales		(625,106)	(3,896,808)
Gross profit		1,132,765	2,614,069
Administrative income / (expenses)	5	127,517	(11,755,865)
Operating profit / (loss)	6	1,260,282	(9,141,796)
Profit on sale of trade and assets	7	1,993,223	-
Profit / (loss) on ordinary activities before interest		3,253,505	(9,141,796)
Interest receivable and similar income	8	3,661	2,597,547
Interest payable and similar charges	9	(705,334)	-
Profit / (loss) on ordinary activities before and after taxation	10	2,551,832	(6,544,249)

All amounts related to discontinued activities

All recognised gains and losses in the current and prior years are included in the profit and loss account

The notes on pages 8 to 17 form part of these financial statements

Varick and Spring (UK) Limited

Balance Sheet
at 31 December 2009

Company no: 3971244

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	12		-		9,533
			<u>-</u>		<u>9,533</u>
Current assets					
Debtors	13	274,021		1,438,573	
Cash in hand		280,805		1,023,757	
		<u>554,826</u>		<u>2,462,330</u>	
Creditors amounts falling due within one year	14	(13,129,722)		(17,598,591)	
Net current liabilities			(12,574,896)		(15,136,261)
Total assets less current liabilities			(12,574,896)		(15,126,728)
Net liabilities			(12,574,896)		(15,126,728)
Capital and reserves					
Called up share capital	15		2		2
Profit and loss account	16		(32,105,627)		(34,657,459)
Capital contribution reserve	17		19,530,729		19,530,729
Equity shareholders' deficit	18		(12,574,896)		(15,126,728)

The financial statements were approved by the Board of Directors and authorised for issue on 1 / 10 / 10

J Pisans
Director

The notes on pages 8 to 17 form part of these financial statements

Varick and Spring (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2009

1 Accounting policies

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

The following principal accounting policies have been applied

Basis of preparation

As required by FRS 18 21 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.

Turnover

Turnover represents the total revenue, excluding value added tax, generated during the year. Revenues are recognised when an internet user clicks on a customer's listing on a website. Customers purchase priority placement on search results by making or committing to make a payment based on a fixed amount for each click through. Click through revenue is recorded gross of discounts, promos, refunds and bad clicks. It is recognised when earned based on click-through activity to the extent that the advertiser has deposited sufficient funds with the Company or collection is probable. When an internet user clicks on a keyword advertisement, revenue is recognised in the amount of the advertiser's bid price.

Deferred revenue

Deferred revenue represents advance deposits made by customers against future click-throughs for keyword advertisements. Revenue for network set up fees are deferred and recognised over the expected life of the advertiser's relationship.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Tangible fixed assets

All fixed assets are initially recorded at cost. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Office equipment	-	33% per annum
Computer equipment	-	33% per annum
Fixtures and fittings	-	20% per annum
Leasehold improvements	-	17% per annum

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable.

Varick and Spring (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

1 Accounting policies (Continued)

Fixed asset investments

Investments in subsidiaries are stated at cost. The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable.

Deferred taxation

Deferred tax 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 a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and 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,
- 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 period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Varick and Spring (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (*Continued*)

2 Turnover

Turnover is wholly attributable to the principal activity of the Company and arises within the United Kingdom and Europe

Turnover by destination arises as follows

	2009 £	2008 £
United Kingdom	855,262	5,597,145
Europe	902,609	913,732
	<u>1,757,871</u>	<u>6,510,877</u>

3 Employees

Staff costs consist of

	2009 £	2008 £
Wages and salaries	306,141	1,727,708
Social security costs	24,761	174,946
	<u>330,902</u>	<u>1,902,654</u>

The average number of employees (including directors) during the year was as follows

	Number	Number
Sales	3	22
Administrative	3	15
	<u>6</u>	<u>37</u>

4 Directors

Directors' remuneration consists of

	2009 £	2008 £
Emoluments	<u>153,425</u>	<u>431,558</u>

The highest paid director received remuneration of £153,425 (2008 - £277,031) in the year

Varick and Spring (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (*Continued*)

5 Exceptional administration expenses

Included within administration income/(expenses) totalling £127,517 (2008 – (£11,755,865)) are the following exceptional items

	2009 £	2008 £
Impairment of investments in subsidiary undertakings	440,589	560,158
Provision against inter-company loans	-	2,634,247
Reversal of provisions on inter-company loans	(1,522,784)	-
	<u>(1,082,195)</u>	<u>3,194,405</u>

The impairment of investments in subsidiary undertakings was in relation to the investments held in Spain

The write-down of inter-company loans was in respect of balances due from Germany and Italy

6 Operating profit / (loss)

	2009 £	2008 £
This has been arrived at after charging / (crediting)		
Depreciation of owned fixed assets	5,373	233,286
Loss on disposal of fixed assets	3,399	7,401
Operating leases – other	38,057	(386,244)
	<u>46,829</u>	<u>(145,557)</u>

The auditors' remuneration for the current and prior year has been borne by another group company

7 Profit on sale of trade and assets

On the 31 January 2009, Varick and Spring (UK) Limited acquired the trade and assets of its European subsidiaries for consideration of £1,042,260. On 12 March 2009, Varick and Spring (UK) Limited sold the trade and assets of the business to Adknowledge, Inc for consideration of \$4,644,000 (£3,214,753)

	2009 £
Gross consideration received	3,214,753
Book value of net liabilities disposed	162,236
Cost of assets acquired from European subsidiaries	(1,042,260)
Legal fees	(341,506)
	<u>1,993,223</u>
Profit on sale of trade and assets	<u>1,993,223</u>

Varick and Spring (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (*Continued*)

8 Interest receivable and similar income

	2009 £	2008 £
Bank Interest	3,661	51,879
Amount receivable from group undertakings	-	218,105
Foreign exchange profit	-	2,327,563
	<u>3,661</u>	<u>2,597,547</u>

9 Interest payable and similar charges

	2009 £	2008 £
Other Interest	91	-
Foreign exchange loss	705,243	-
	<u>705,334</u>	<u>-</u>

10 Taxation

Factors affecting the tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 28% (2008 - 28%) The reasons for the difference are explained below

	2009 £	2008 £
Profit / (Loss) on ordinary activities before tax	2,551,832	(6,544,249)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 - 28%)	714,513	(1,832,390)
Effects of		
Expenses not deductible for tax purposes	59,907	77,968
Impairment of investments in subsidiaries	123,364	156,844
Write down of loans to subsidiaries	(426,380)	737,589
Depreciation in excess of capital allowances	(301,982)	65,320
Other timing differences	(226,073)	(95,928)
Tax relief on exercise of stock options	-	(16,022)
Tax losses carried forward to future periods	196,443	808,619
Utilisation of tax losses brought back from later periods	-	98,000
Utilisation of brought forward tax losses	(139,792)	-
Current tax charge and tax charge for year	<u>-</u>	<u>-</u>

Varick and Spring (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

10 Taxation (Continued)

Factors that may affect future tax charges

The company has not recognised deferred tax assets of £nil (2008 - £808,619) 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

11 Investments

	2009 £	2008 £
<i>Investments in subsidiaries at cost</i>		
Balance brought forward	-	-
Additions	440,589	560,158
	<u>440,589</u>	<u>560,158</u>
Less impairment	(440,589)	(560,158)
	<u>-</u>	<u>-</u>
Balance carried forward	-	-

In 2009 the impairment was made in relation to the value in use of the subsidiary undertakings. A discount factor of 25% (2008 – 25%) was used in the calculations.

The following were subsidiary undertakings at the year end

Name of company	Country of incorporation	Proportion of voting rights and shares held	Activity
Varick and Spring (Deutschland) GmbH	Germany	100%	Provision of internet search engine services
Varick and Spring (France) S a r l	France	100%	Provision of internet search engine services
Varick and Spring S L	Spain	100%	Provision of internet search engine services
Varick and Spring (Italia) S r l	Italy	100%	Provision of internet search engine services
Varick and Spring Scandinavia AB	Sweden	100%	Provision of internet search engine services
Varick and Spring Ireland Limited	Ireland	100%	Dormant

Varick and Spring (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

12 Tangible assets

	Office equipment £	Computer equipment £	Fixtures and fittings £	Leasehold improvements £	Total £
<i>Cost</i>					
At 1 January 2009	76,238	3,733,880	6,509	323,157	4,139,784
Additions	-	-	-	-	-
Disposals	(76,238)	(3,733,880)	(6,509)	(323,157)	(4,139,784)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 January 2009	74,066	3,727,061	5,967	323,157	4,130,251
Charge for the year	1,582	3,729	63	-	5,374
Eliminated on disposals	(75,648)	(3,730,790)	(6,030)	(323,157)	(4,135,625)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2009	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	2,172	6,819	542	-	9,533
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

13 Debtors

	2009 £	2008 £
Trade debtors	696	890,784
Other debtors	273,325	373,787
Prepayments and accrued income	-	174,002
	<hr/>	<hr/>
	274,021	1,438,573
	<hr/>	<hr/>

All amounts fall due within one year

Varick and Spring (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (*Continued*)

14 Creditors amounts falling due within one year

	2009 £	2008 £
Trade creditors	241,792	643,487
Amounts due to group undertakings	12,284,003	14,712,122
Other taxation and social security	7,081	132,342
Corporation tax	90,000	90,000
Accruals and deferred income	506,846	2,020,640
	<u>13,129,722</u>	<u>17,598,591</u>

15 Share capital

	2009 Number	2008 Number	2009 £	2008 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid			
	2009 Number	2008 Number	2009 £	2008 £
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

16 Profit and loss account

	2009 £	2008 £
Retained loss brought forward	(34,657,459)	(28,113,210)
Retained profit/(loss) for the financial year	2,551,832	(6,544,249)
	<u>(32,105,627)</u>	<u>(34,657,459)</u>
Retained loss carried forward	(32,105,627)	(34,657,459)

17 Capital contribution reserve

	2009 £	2008 £
Opening and closing capital contribution reserve	19,530,729	19,530,729
	<u>19,530,729</u>	<u>19,530,729</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 forming part of the financial statements
for the year ended 31 December 2009 *(Continued)*

18 Reconciliation of movements in shareholders' deficit

	2009 £	2008 £
Opening shareholders' deficit	(15,126,728)	(8,582,479)
Profit / (loss) for the financial year	2,551,832	(6,544,249)
	<u> </u>	<u> </u>
Closing shareholders' deficit	(12,574,896)	(15,126,728)
	<u> </u>	<u> </u>

19 Commitments under operating leases

As at 31 December 2009, the company had annual commitments under non-cancellable operating leases as set out below

	2009 Land and buildings £	2008 Land and buildings £
Operating leases which expire		
Within one year	-	145,475
	<u> </u>	<u> </u>

20 Cash flow statement

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

21 Related party transactions

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

22 Ultimate parent company

The company is a 100% subsidiary of Varck and Spring II Inc, a privately owned company incorporated in the United States of America. Varck and Spring II Inc is a 100 % subsidiary of Vertro Inc, a publicly traded company listed on the NASDAQ in the United States. 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.

23 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.

Varick and Spring (UK) Limited

**Notes forming part of the financial statements
for the year ended 31 December 2009 (*Continued*)**

24 Post balance sheet events

On 27 November 2009, Varck and Spring UK, the sole shareholder of Varck and Spring (France) SARL voted in favour of dissolving the French subsidiary and transferring all assets and liabilities of the French subsidiary into Varck and Spring UK. On 30 November 2009, Varck and Spring France SARL published legal notice of its intent to dissolve which was subject to a 30 day objection period. As there were no objections to dissolution and transfer of assets and liabilities, on 31 December 2009, Varck and Spring (France) SARL dissolved and all of its assets and liabilities transferred to Varck and Spring UK as at 1 January 2010.