

**Registered number: 03971244**

**Varick and Spring (UK) Limited**

**Director's report and financial statements  
for the year ended 31 December 2014**



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## **Varick and Spring (UK) Limited**

### **Company Information**

<b>Director</b>	J Pizaris
<b>Company secretary</b>	J Pizaris
<b>Registered number</b>	03971244
<b>Registered office</b>	77 Oxford Street London W1D 2ES
<b>Independent auditors</b>	Kreston Reeves 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**

### **Director's report for the year ended 31 December 2014**

The director presents his report and the financial statements for the year ended 31 December 2014.

#### **Principal activity**

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, Vetro 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.

#### **Director**

The director who served during the year was:

J Piaris

J Piaris did not have any interest in the ordinary share capital of the company. He did have an interest in the share capital of the ultimate parent company as shown in its financial statements and public filings.

#### **Director's responsibilities statement**

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**Varick and Spring (UK) Limited**

**Director's report  
for the year ended 31 December 2014  
Disclosure of information to auditors**

The director at the time when this Director's report is approved has confirmed that:

- so far as is aware, there is no relevant audit information of which the company's auditors are unaware, and
- 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.

**Auditors**

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

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 8 June 2015 and signed on its behalf.



**J Parris**  
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 2014, set out on pages 5 to 9. 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 director and auditors**

As explained more fully in the Director's responsibilities statement, the director is 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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's 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 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 2014 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 1.2, 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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

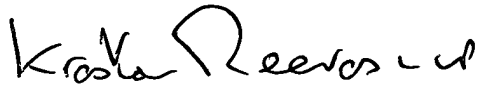
## **Varick and Spring (UK) Limited**

### **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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Director's report.



James O'Brien FCA (Senior statutory auditor)  
for and on behalf of

**Kreston Reeves LLP**

Chartered Accountants and Statutory Auditors

Third Floor

24 Chiswell Street

London

EC1Y 4YX

Date: 17 June 2015

# Varick and Spring (UK) Limited

## Profit and loss account for the year ended 31 December 2014

	Note	2014 £	2013 £
Cost of sales		<u>76,733</u>	<u>276,052</u>
<b>Gross profit</b>		<b>76,733</b>	<b>276,052</b>
Administrative expenses		<u>(19,292)</u>	<u>(16,025)</u>
<b>Operating profit</b>		<b>57,441</b>	<b>260,027</b>
<b>Exceptional item</b>			
Impairment of loans no longer recoverable	4	<u>-</u>	<u>2,408,268</u>
<b>Profit on ordinary activities before interest</b>		<b>57,441</b>	<b>2,668,295</b>
Interest payable and similar charges	3	<u>(483,193)</u>	<u>189,503</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(425,752)</b>	<b>2,857,798</b>
Tax on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>(Loss)/profit for the financial year</b>	9	<u><b>(425,752)</b></u>	<u><b>2,857,798</b></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 7 to 10 form part of these financial statements.

**Varick and Spring (UK) Limited**  
**Registered number: 03971244**

**Balance sheet**  
**as at 31 December 2014**

	Note	£	2014 £	£	2013 £
<b>Current assets</b>					
Debtors	6	1,751		440	
Cash at bank		39,665		60,882	
		<u>41,416</u>		<u>61,322</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(8,452,964)</u>		<u>(8,047,118)</u>	
<b>Net current liabilities</b>			<u>(8,411,548)</u>		<u>(7,985,796)</u>
<b>Net liabilities</b>			<u>(8,411,548)</u>		<u>(7,985,796)</u>
<b>Capital and reserves</b>					
Called up share capital	8		2		2
Capital redemption reserve			19,530,729		19,530,729
Profit and loss account			<u>(27,942,279)</u>		<u>(27,516,527)</u>
<b>Shareholders' deficit</b>	9		<u>(8,411,548)</u>		<u>(7,985,796)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 June 2015



**J Pizaris**  
**Director**

The notes on pages 7 to 9 form part of these financial statements.

## **Varick and Spring (UK) Limited**

### **Notes to the financial statements for the year ended 31 December 2014**

#### **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 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### **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 not 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. Auditors' remuneration**

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<u>5,000</u>	<u>5,000</u>

## Varick and Spring (UK) Limited

### Notes to the financial statements for the year ended 31 December 2014

#### 3. Interest payable

	2014 £	2013 £
Foreign exchange gain	<u>483,193</u>	<u>(189,503)</u>

#### 4. Exceptional item

	2014 £	2013 £
Impairment of loans no longer (payable)/recoverable	<u>-</u>	<u>(2,408,268)</u>

#### 5. Taxation

##### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - *lower than*) the standard rate of corporation tax in the UK of 20% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
(Loss)/profit on ordinary activities before tax	<u>(425,752)</u>	<u>2,857,798</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013 - 23.25%)	<u>(85,150)</u>	<u>664,438</u>
<b>Effects of:</b>		
Tax losses carried forward to future periods	85,150	-
Utilisation of tax losses	-	(104,516)
Non-taxable income	-	(559,922)
<b>Current tax charge for the year (see note above)</b>	<u>-</u>	<u>-</u>

##### Factors that may affect future tax charges

The company has not recognised deferred tax assets of £Nil (2013: £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.

#### 6. Debtors

	2014 £	2013 £
Amounts owed by group undertakings	170	-
Other debtors	1,581	440
	<u>1,751</u>	<u>440</u>

## Varick and Spring (UK) Limited

### Notes to the financial statements for the year ended 31 December 2014

#### 7. Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	30,576	47,312
Amounts owed to group undertakings	8,313,956	7,831,495
Corporation tax	90,000	90,000
Accruals and deferred income	18,432	78,311
	<u>8,452,964</u>	<u>8,047,118</u>

#### 8. Share capital

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

#### 9. Reconciliation of movement in shareholders' deficit

	2014 £	2013 £
Opening shareholders' deficit	(7,985,796)	(10,843,594)
(Loss)/profit for the financial year	<u>(425,752)</u>	<u>2,857,798</u>
Closing shareholders' deficit	<u>(8,411,548)</u>	<u>(7,985,796)</u>

#### 10. 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.

#### 11. 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.

#### 12. 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.