

## **NWP Street Limited**

Report and Financial Statements

Year Ended

30 June 2011

Company Number 4413822



# **NWP Street Limited**

## **Report and financial statements for the year ended 30 June 2011**

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### **Directors**

Philip Congdon  
Simon Alberga  
Yoav Kurtzbard

### **Secretary and registered office**

Philip Congdon, 1 Park Lane, Hemel Hempstead, Hertfordshire, HP2 4YJ

### **Company number**

4413822

### **Auditors**

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

# **NWP Street Limited**

## **Report of the directors for the year ended 30 June 2011**

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The directors present their report together with the audited financial statements for the year ended 30 June 2011

### **Results**

The profit and loss account is set out on page 5 and shows the profit for the year

### **Principal activity**

The principal activity of the company is operating street payphones

On 30 June 2006 the company transferred its business, assets and employees at net book value to Spectrum Interactive (UK) Limited, another group company. However, as a result of a group restructure the business was transferred back on 31 March 2010, again with assets being transferred at book value. The company has no employees of its own. Costs are recharged from Spectrum Interactive (UK) Limited.

### **Business Review**

The company owns some important strategic assets on the streets of London and other UK cities. These assets have the potential to be used for a variety of purposes, however the core business of call income is a steadily declining one. Revenues are declining at 20-30% per year because of the ever-greater use of mobile phones and internet-based telephony. However, there are also opportunities for mitigating this decline by using the street locations for other sources of revenue, such as advertising, cash machines, mobile phone transmitters and public WiFi.

The principal risk is a higher than expected rate of decline, caused by changes in technology or in tariffs and products of competitors. The only mitigation possible against this risk is to reduce costs further, in line with the fall in revenue. The company operates in the street environment, and of necessity is subject to constant low-level vandalism and theft.

The company does not have any employees of its own, but uses services delivered by its sister company, Spectrum Interactive (UK) Limited.

### **Donations**

The company made no charitable or political donations in the year to 30 June 2011.

### **Dividends**

No dividend was paid during the year (2010 - £Nil). The directors do not recommend the payment of a final dividend (2010 - £Nil).

### **Directors**

The directors of the company during the year were

Mark Lewarne            (resigned 22 February 2011)  
Philip Congdon  
Simon Alberga  
Yoav Kurtzbard

# NWP Street Limited

## Report of the directors for the year ended 30 June 2011 (*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 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, 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.

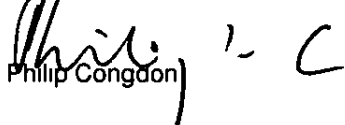
### Auditors

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.

In preparing this directors' report advantage has been taken of the small companies' exemption.

By order of the Board

  
Philip Congdon

Secretary

Date 11/1/11

# **NWP Street Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF NWP STREET LIMITED**

We have audited the financial statements of NWP Street Limited for the year ended 30 June 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 30 June 2011 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.

# NWP Street Limited

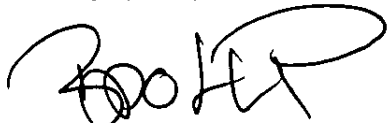
## Independent auditor's report (*continued*)

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### **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



*Iain Henderson (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom*

11 January 2012

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

# NWP Street Limited

## Profit and loss account for the year ended 30 June 2011

	Note	Year ended 30 June 2011 £	Period ended 30 June 2010 £
Turnover	2	1,880,124	576,240
Cost of sales		(1,052,066)	(320,572)
<b>Gross profit</b>		<b>828,058</b>	<b>255,668</b>
Administration expenses		(637,325)	(124,485)
<b>Operating profit</b>	3	<b>190,733</b>	<b>131,183</b>
Interest payable and similar charges		-	-
<b>Profit on ordinary activities before taxation</b>		<b>190,733</b>	<b>131,183</b>
<b>Taxation</b>		<b>193,934</b>	<b>-</b>
<b>Profit after taxation</b>		<b>384,667</b>	<b>131,183</b>

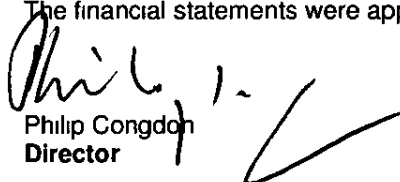
The notes on pages 7 to 12 form part of these financial statements

# NWP Street Limited

## Balance sheet at 30 June 2011

<i>Company number 4413822</i>	<b>Note</b>	<b>2011 £</b>	<b>2011 £</b>	<b>2010 £</b>	<b>2010 £</b>
<b>Fixed assets</b>					
Intangible assets	6		5,500		6,000
Tangible assets	7		332,541		550,458
			<hr/>		<hr/>
			338,041		556,458
<b>Current assets</b>					
Debtors - due within one year	8	-		47,938	
Debtors - due after more than one year	8	193,934		-	
Cash at bank and in hand		91,150		78,741	
		<hr/>		<hr/>	
		285,084		126,679	
<b>Creditors: amounts falling due within one year</b>	9	(107,274)		(551,953)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			177,810		(425,274)
			<hr/>		<hr/>
<b>Net assets</b>			515,851		131,184
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	10		1		1
Profit and loss account	11		515,850		131,183
			<hr/>		<hr/>
<b>Shareholders' funds</b>	12		515,851		131,184
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 11/11/12

  
Philip Congdon  
Director

The notes on pages 7 to 12 form part of these financial statements



# NWP Street Limited

## Notes forming part of the financial statements for the year ended 30 June 2011

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### 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

#### *Going concern*

NWP Street Limited is a member of the Spectrum Interactive Limited Group ("the Group"), and provides cross guarantees for the bank debt held by the Group. The Directors have therefore reviewed the Group's forecasts in considering whether the going concern basis of preparation is appropriate for the subsidiaries of the Group.

The Directors have reviewed cash flow and covenant forecasts for the Group for the foreseeable future, being a period of not less than twelve months from the date of approval of these financial statements, and have considered the impact that the current economic uncertainty may have on the trading activity of the Group.

On 18 February 2011 the Group renewed its overdraft facility for a further year, as well as consolidating all its existing loans into one new loan repayable over the following three years. The overdraft facility comes up for renewal in February 2012, and the Directors know of no reason why it would not be renewed. In the absence of it being renewed the company has sufficient headroom to meet its liabilities as they fall due. This significantly improves the company's ability to finance new opportunities as they arise.

With its exposure to the travel and accommodation sectors, the Group has not been immune to the economic downturn, but has managed to maintain profitability through the continued growth in the interactive business and the streamlining of costs in the face of further declines in payphone revenues.

Based on the review performed, the Directors consider that the Group is forecast to meet its liabilities as they fall due in the foreseeable future, being a period of not less than twelve months from the date of approval of these financial statements, and as such continue to adopt the going concern basis of preparation.

#### *Turnover*

Turnover comprises the value of sales, after trade discounts, of goods in the normal course of business, and excludes value added tax. An analysis of the turnover has been included within the directors' report. Turnover is wholly derived from the Company's activities in the United Kingdom.

Where up front payments are received for the services and all obligations have been fulfilled, revenue in relation to these payments is recognised in full.

In the case of payphones, internet desks and WiFi the majority of income is cash or credit card and the revenue is recognised when the transaction takes place.

#### *Cash flows*

As permitted by Financial Reporting Standard Number 1 "Cash flow statements", the Company has not prepared a cash flow statement as its ultimate parent undertaking, Spectrum Interactive Limited, has prepared consolidated financial statements which incorporate the results of the Company and which include a consolidated cash flow statement.

# NWP Street Limited

## Notes forming part of the financial statements for the year ended 30 June 2011 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation and provision for impairment

Depreciation is provided on tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows

Phone kiosks - 5 - 8 years

#### *Goodwill*

Goodwill arising on the acquisition of undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is between 8 and 20 years. Provision is made for any impairment

#### *Taxation*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

#### *Leases*

The company has no finance leases or hire purchase agreements

Rentals under operating leases are charged on a straight line basis over the lease term, even if payments are not made on such a basis

### 2 Turnover

Turnover of £576,240 in the prior year relates to the street payphone business from 1 April 2010, when the business was transferred from Spectrum Interactive (UK) limited, to 30 June 2010

# NWP Street Limited

## Notes forming part of the financial statements for the year ended 30 June 2011 (*continued*)

### 3 Operating profit

	Year ended 31 March 2011 £	Period ended 31 March 2010 £
This has been arrived at after charging		
Depreciation		
Owned assets	217,917	54,299
Amortisation of goodwill and other intangible assets	500	125

The auditors' remuneration for audit services was £1,000 (2010 - £1,000) and was borne by Spectrum Interactive (UK) Limited, a fellow group undertaking

### 4 Information regarding directors and employees

The directors, who were the only employees, did not receive any remuneration for their services to the company during the current and preceding years

### 5 Tax on profit on ordinary activities

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 27.5% (2010 - 28%) The actual tax charge for the current year and preceding year differs from the standard tax rate for the reasons set out in the following reconciliation

	Year ended 31 March 2011 £	Period ended 31 March 2010 £
<i>Current tax</i>		
UK corporation tax for the year	-	-
<i>Deferred tax (see note 13)</i>		
Origination/reversal of timing differences	13,440	-
Adjustment in respect of previous periods	(207,374)	-
Tax credit on profit on ordinary activities	(193,934)	-
Profit on ordinary activities before tax	190,733	131,183
Profit on ordinary activities at the standard rate of corporation tax in the UK of 27.5% (2010 - 28%)	52,452	36,731
Effects of		
Capital allowances in excess of depreciation	(14,216)	-
Group relief surrendered for nil consideration	(38,236)	(36,731)
Current tax charge for year	-	-

# NWP Street Limited

Notes forming part of the financial statements  
for the year ended 30 June 2011 (*continued*)

## 6 Intangible fixed assets

	Purchased goodwill £
<i>Cost</i>	
At 1 July 2010 and 30 June 2011	10,000
	<hr/>
<i>Depreciation</i>	
At 1 July 2010	4,000
Provided for the year	500
	<hr/>
At 30 June 2011	4,500
	<hr/>
<i>Net book value</i>	
At 30 June 2011	5,500
	<hr/>
At 30 June 2010	6,000
	<hr/>

## 7 Tangible fixed assets

	Phone kiosks £
<i>Cost</i>	
At 1 July 2010 and 30 June 2011	1,744,129
	<hr/>
<i>Depreciation</i>	
At 1 July 2010	1,193,671
Charge for the year	217,917
	<hr/>
At 30 June 2011	1,411,588
	<hr/>
<i>Net book value</i>	
At 30 June 2011	332,541
	<hr/>
At 30 June 2010	550,458
	<hr/>

# NWP Street Limited

Notes forming part of the financial statements  
for the year ended 30 June 2011 (*continued*)

## 8 Debtors

	2011 £	2010 £
Amounts falling due within one year		
Accrued income	-	47,938
	<hr/>	<hr/>
Amounts falling due after more than one year		
Deferred tax asset	193,934	-
	<hr/>	<hr/>

## 9 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Amounts owed to other group companies	107,274	551,953
	<hr/>	<hr/>

## 10 Called up share capital

	2011 Number	Called up, allotted and fully paid 2010 Number	2011 £	2010 £
Ordinary share of £1 each	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>

## 11 Profit and loss account

	£
At 1 July 2010	131,183
Profit for the financial year	384,667
	<hr/>
At 30 June 2011	515,850
	<hr/>

## 12 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds	131,184	1
Profit for the financial year	384,667	131,183
	<hr/>	<hr/>
Closing shareholders' funds	515,851	131,184
	<hr/>	<hr/>

# **NWP Street Limited**

## **Notes forming part of the financial statements for the year ended 30 June 2011**

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### **13 Related party transactions**

The company has taken advantage of the exemption included in Financial Reporting Standard No 8 'Related Party Disclosures' for wholly owned subsidiaries not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties

### **14 Ultimate parent company**

Spectrum Interactive Limited, a company incorporated in England and Wales, is the ultimate controlling party and ultimate parent company

Copies of the consolidated financial statements of Spectrum Interactive Limited are available from the company secretary at the company's registered office (see contents page) Spectrum Interactive Limited is the smallest and largest group in which the company is consolidated

### **15 Contingent liability**

The company, along with Spectrum Interactive (UK) Limited and UK Explorer Limited, has given a cross guarantee on the credit arrangement whereby the Bank of Scotland has made available certain facilities to Spectrum Interactive Limited At 30 June 2011, the amount owed under this guarantee was £1,008,333 (2010 - £1,506,992)

### **16 Post balance sheet events**

None