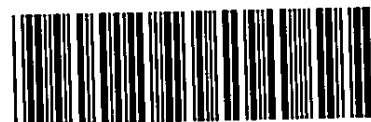


**NORTHERN & SHELL PLC**  
**ANNUAL REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**NORTHERN & SHELL PLC**

**ANNUAL REPORT**

**31 December 2014**

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**NORTHERN & SHELL PLC**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Mr R C Desmond  
Mr R Sanderson  
Mr M S Ellice  
Dr P Ashford  
Mr S Myerson

**SECRETARY**

Mr R Sanderson

**COMPANY NUMBER**

1633971 (England)

**AUDITORS**

KPMG LLP  
15 Canada Square  
London, E14 5GL  
United Kingdom

**BANKERS**

Barclays Bank  
27 Soho Square  
London, W1D 3QR  
United Kingdom

**REGISTERED OFFICE**

The Northern & Shell Building  
Number 10 Lower Thames Street  
London, EC3R 6EN  
United Kingdom

## **NORTHERN & SHELL PLC**

### **STRATEGIC REPORT**

**For the year ended 31 December 2014**

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is unchanged from last year, and is that of magazine publishing

#### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The profit and loss account is set out on page 10

The Company recorded a loss before taxation of £28.8 million for the year (2013 £22.2 million), after recording non-recurring overhead costs of £11.0 million, a charge of £13.2 million (2013 £17.0 million) for a provision against amounts owed by group undertakings and a charge of £nil (2013 £441,000) following the Company's sale of its joint venture operations in Australia to its joint venture partner (note 3)

The directors consider the underlying performance of the Company to be satisfactory given the highly competitive market in which the Company operates. It is the intention of the Company to continue trading in its principal activity for the foreseeable future.

The Company's net assets were £143.6 million as at 31 December 2014 (2013 £169.3 million)

#### **KEY PERFORMANCE INDICATORS**

The Company uses a range of key performance indicators (KPI's) to monitor performance and progress towards strategic objectives. The principal KPI's include circulation volumes, advertising yields, advertising pages, cost per copies, profitability by title and issue, year on year variance analysis and cash flows.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's operations expose it to a variety of financial risks that include credit, liquidity, interest rate, foreign exchange and market risks. The Company has mechanisms in place that seek to limit the impact of the adverse effects of these risks on the financial performance of the Company.

##### **Credit risk**

The Company has implemented policies that require appropriate credit checks to be performed on potential customers before sales are made.

##### **Liquidity risk**

The Company actively manages its finances to ensure that the Company has sufficient funds available for its operations.

##### **Interest rate cash flow risk**

The Company has both interest bearing assets and liabilities. The interest bearing assets and liabilities are cash balances and amounts owed to/from group undertakings, subject to floating interest rates. The directors keep these measures under constant review.

**NORTHERN & SHELL PLC**

**STRATEGIC REPORT**

**For the year ended 31 December 2014**

**Foreign exchange risk**

The Company has foreign currency assets and liabilities. The Company does not currently use financial instruments to manage the risk of fluctuating exchange rates and as such no hedge accounting is applied. The directors keep these measures under constant review.

**Market risk**

The Company actively looks to maintain and improve product quality and customer offerings, which together with established strong customer relationships combine to mitigate market risks.

By order of the Board

A handwritten signature in black ink, appearing to be 'R Sanderson', written over a horizontal line.

Mr R Sanderson  
Secretary  
Date 23 April 2015

## **NORTHERN & SHELL PLC**

### **DIRECTORS' REPORT**

#### **For the year ended 31 December 2014**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2014

#### **RESULTS AND DIVIDENDS**

After a charge for a provision against intercompany debt of £13.2 million (2013 £17.0 million) and non-recurring overhead costs of £11.0 million, the Company recorded an operating loss of £26.8 million (2013 £21.0 million). During the year, the Company did not pay any dividends (2013 £nil) and the directors do not recommend the payment of a final dividend (2013 £nil).

#### **DIRECTORS**

The membership of the board during the year is set out on page 2. These directors, and no others, held office throughout the entire year.

#### **EMPLOYEE INVOLVEMENT**

During the year, the Company maintained its practice of keeping employees informed about current activities and progress of the business using various methods, including formal briefings, emails and a corporate website. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring their views are taken into account where decisions are likely to affect their interests. This practice is reviewed regularly. 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 with 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.

#### **POLITICAL AND CHARITABLE DONATIONS**

Charitable donations were made during the year amounting to £9,000 (2013 £37,000).

There were no political contributions made during the year (2013 £nil).

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**NORTHERN & SHELL PLC**

**DIRECTORS' REPORT**

**For the year ended 31 December 2014**

**AUDITORS**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board

A handwritten signature in black ink, appearing to be 'R Sanderson', with a long horizontal flourish extending to the right.

Mr R Sanderson  
Secretary  
Date 23 April 2015

The Northern & Shell Building  
Number 10 Lower Thames Street  
London, EC3R 6EN  
United Kingdom

## **NORTHERN & SHELL PLC**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014**

The directors are responsible for preparing the Strategic Report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**NORTHERN & SHELL PLC**

**For the year ended 31 December 2014**

We have audited the financial statements of Northern & Shell Plc for the year ended 31 December 2014 set out on pages 10 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 UK 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 AUDITOR'S REPORT TO THE MEMBERS OF**

**NORTHERN & SHELL PLC**

**For the year ended 31 December 2014**

**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

Adrian Wilcox (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
KPMG LLP  
15 Canada Square  
London, E14 5GL  
United Kingdom

Date *24* April 2015

**NORTHERN & SHELL PLC**  
**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2014**

	Notes	2014 £000	2013 £000
<b>TURNOVER</b>	2	<b>34,011</b>	<b>36,455</b>
Cost of sales		<u>(17,829)</u>	<u>(22,665)</u>
<b>GROSS PROFIT</b>		<b>16,182</b>	<b>13,790</b>
Distribution costs		(11,302)	(13,321)
Administrative expenses		(32,465)	(21,960)
Other operating income		<u>818</u>	<u>502</u>
<b>OPERATING LOSS</b>	3	<b>(26,767)</b>	<b>(20,989)</b>
Loss on sale of joint venture operation	15	-	(441)
Interest receivable and similar income	5	18,188	21,964
Interest payable and similar charges	6	<u>(20,220)</u>	<u>(22,716)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(28,799)</b>	<b>(22,182)</b>
Tax on loss on ordinary activities	7	<u>3,110</u>	<u>733</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	18/19	<b><u>(25,689)</u></b>	<b><u>(21,449)</u></b>

There are no material differences between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents

Turnover and operating losses are wholly attributable to continuing operations

The notes on pages 12 to 22 form part of these financial statements

**NORTHERN & SHELL PLC**

**BALANCE SHEET as at 31 December 2014**

	<b>Notes</b>	<b>2014 £000</b>	<b>2013 £000</b>
<b>FIXED ASSETS</b>			
Tangible assets	8	119	168
Investments	9	<u>-</u>	<u>-</u>
		<u>119</u>	<u>168</u>
<b>CURRENT ASSETS</b>			
Stocks	10	485	337
Debtors	11	552,439	712,366
Cash at bank and in hand		<u>33,137</u>	<u>2,026</u>
		586,061	714,729
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(442,529)</u>	<u>(545,565)</u>
<b>NET CURRENT ASSETS</b>		<u>143,532</u>	<u>169,164</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		143,651	169,332
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	<u>(50)</u>	<u>(42)</u>
<b>NET ASSETS</b>		<u>143,601</u>	<u>169,290</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	100	100
Capital redemption reserve	18	1,100	1,100
Profit and loss account	18	<u>142,401</u>	<u>168,090</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	19	<u>143,601</u>	<u>169,290</u>

These financial statements were approved by the Board of Directors and signed on its behalf by



Mr R Sanderson  
Director

Date 13 April 2015

Company registered number 1633971

## **NORTHERN & SHELL PLC**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014**

#### **1. PRINCIPAL ACCOUNTING POLICIES**

##### **( a ) Basis of accounting**

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The principal accounting policies are set out below.

##### **( b ) Going Concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

##### **( c ) Consolidated financial statements and cash flow statement**

The Company is a wholly owned subsidiary of Northern & Shell Media Group Limited and is included in the consolidated financial statements of Northern & Shell Media Group Limited, and is therefore exempt from the obligation to prepare and deliver group accounts in accordance with Section 400 of the Companies Act 2006.

Northern & Shell Media Group Limited prepares and files consolidated financial statements which include the cash flows of the Company. The Company has therefore relied on the exemption provided by FRS1 from preparing its own cash flow statement.

##### **( d ) Revenue recognition**

Turnover represents the invoiced amount of goods sold and services provided (stated net of value added tax). Turnover is recognised on release of the magazine issue to which it relates.

##### **( e ) Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange 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 with any differences being taken to the profit and loss account.

##### **( f ) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed assets represents the purchase cost together with any incidental costs of acquisition.

Depreciation is provided on all tangible fixed assets to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life, as follows:

Fixtures, fittings and office equipment	4 to 5 years
Motor vehicles	2 to 5 years

The Company reviews its depreciation rates regularly to take account of technological changes, intensity of use over the life of the assets and market requirements.

##### **( g ) Fixed asset investments**

Non marketable securities are stated at the lower of cost and net realisable value.

Investment income represents gains and losses on the sale or revaluation of current asset investments.

**NORTHERN & SHELL PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014**

**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**( h ) Stocks**

Raw materials comprise mainly paper and are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

**( i ) Debtors**

Debtors are initially stated at fair value. The carrying value of debtors is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

**( j ) Leases**

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Rental income is recognised on a straight line basis over the shorter of the entire lease term or the period to the first break option. Where a lease incentive does not enhance the property, it is amortised on a straight line basis over the period from the date of lease commencement to the earlier of the first rent review to the prevailing market rent, the first break option, or the end of the lease term. On new leases with rent free periods, rental income is allocated evenly over the period from the date of lease commencement to the earlier of the first rent review to the prevailing market rate and the lease end date.

**( k ) 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts, which have been prepared and approved by the board.

Deferred tax assets and liabilities are not discounted and are calculated at the standard rate of corporation tax in the UK of 20% (2013: 20%).

**( l ) Pension costs**

The Company contributes to a defined contribution scheme for its employees. Contributions are charged to the profit and loss account to reflect amounts payable under the scheme.

**2 TURNOVER**

The Company's turnover and loss before taxation arise principally from its publishing activities.

The Company's turnover, loss before taxation and net assets are principally attributable to activities in the United Kingdom.

**NORTHERN & SHELL PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014**

**3 NOTES TO THE PROFIT AND LOSS ACCOUNT**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Loss on ordinary activities before tax is stated after charging/(crediting).</b>		
<b>Audit services</b>		
Fees payable to the Company's auditor for the audit of the Company	31	31
Depreciation - owned assets	89	88
Provision against intercompany debt	13,184	16,993
Profit on disposal of tangible fixed assets	(71)	-
Loss on disposal of fixed asset investments (note 15)	-	441
Operating lease rentals - land and buildings	909	909
Operating lease rentals - other income	(818)	(502)
Foreign exchange (gain)/loss	<u>(244)</u>	<u>64</u>

Fees paid to the Company's auditors and its associates for services other than the statutory audit of the Company are not disclosed in Northern & Shell Plc's accounts since the consolidated accounts of Northern & Shell Plc's operational parent, Northern & Shell Media Group Limited, are required to disclose other services on a consolidated basis

**4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

**(a) Directors**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Emoluments	8,459	289
Company contributions to money purchase pension schemes	<u>3</u>	<u>6</u>
	<u><b>8,462</b></u>	<u><b>295</b></u>

Director's emoluments are amounts paid to directors in respect of their services to the Company, after amounts re-charged to group companies via an intercompany management charge

Pension benefits are accruing for five directors under money purchase pension schemes (2013 five)

The above details include the following amounts in respect of the highest paid director, after amounts re-charged to group companies

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Emoluments	2,622	89
Company contributions to money purchase pension schemes	<u>-</u>	<u>2</u>
	<u><b>2,622</b></u>	<u><b>91</b></u>

**NORTHERN & SHELL PLC****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2014****4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (Continued)****(b) Staff costs (including directors)**

	<b>2014 £000</b>	<b>2013 £000</b>
Wages and salaries	<b>15,431</b>	5,321
Social security costs	<b>1,541</b>	630
Pension costs	<b>92</b>	103
	<b>17,064</b>	<b>6,054</b>

	<b>2014 Number</b>	<b>2013 Number</b>
Average number of people employed by activity		
Production	<b>37</b>	45
Selling and distribution	<b>11</b>	12
Administration	<b>41</b>	41
	<b>89</b>	<b>98</b>

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2014 £000</b>	<b>2013 £000</b>
Bank deposit interest	<b>1</b>	1
Group interest receivable	<b>18,187</b>	21,963
	<b>18,188</b>	<b>21,964</b>

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014 £000</b>	<b>2013 £000</b>
Group interest payable	<b>20,220</b>	<b>22,716</b>



**NORTHERN & SHELL PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014**

**7 TAXATION ON LOSS ON ORDINARY ACTIVITIES**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax:</b>		
UK corporation tax - amounts payable to group companies in respect of group relief at 21.5% (2013: 23.25%)	-	-
Adjustments in respect of previous periods	-	52
Total current tax charge	-	52
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,058)	(795)
Adjustments in respect of previous periods	(52)	10
Total deferred tax credit (note 16)	(3,110)	(785)
Tax credit on loss on ordinary activities	(3,110)	(733)

The tax assessed for the year differs from the rate of 21.5% (2013: 23.25%) and the differences are explained below

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before tax	(28,799)	(22,182)
Loss on ordinary activities multiplied by the rate of 21.5% (2013: 23.25%)	(6,192)	(5,157)
<b>Effects of</b>		
Expenses not deductible for tax purposes	2,905	4,218
Accelerated capital allowances/other timing differences	3,287	20
Losses carried forward	-	919
Adjustments in respect of previous periods	-	52
Current tax charge for the year	-	52

**NORTHERN & SHELL PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014**

**7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (Continued)**

On 21 March 2012, the Chancellor announced a reduction in the main rate of UK corporation tax from 24% to 23%, with effect from 1 April 2013. On 2 July 2013, further reductions in the UK corporation tax rate from 23% to 21%, with effect from 1 April 2014 and then from 21% to 20%, with effect from 1 April 2015, were substantively enacted.

The deferred tax balance at 31 December 2014 has been calculated based on the rates of 21% and 20% and the effect of these rate reductions as at 31 December 2014 has been included in the figures above. The Company has tax losses of £19.6 million (2013: £4.3 million) available to carry forward against future profits.

**8. TANGIBLE ASSETS**

	<b>Motor Vehicles</b>	<b>Fixtures, Fittings and Office Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cost			
At 1 January 2014	317	1,124	1,441
Additions	-	40	40
Disposals	(208)	-	(208)
At 31 December 2014	<b>109</b>	<b>1,164</b>	<b>1,273</b>
Depreciation			
At 1 January 2014	317	956	1,273
On Disposals	(208)	-	(208)
Charge for the year	-	89	89
At 31 December 2014	<b>109</b>	<b>1,045</b>	<b>1,154</b>
Net book amounts			
At 31 December 2014	<b>-</b>	<b>119</b>	<b>119</b>
At 31 December 2013	<b>-</b>	<b>168</b>	<b>168</b>

**NORTHERN & SHELL PLC****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2014****9 FIXED ASSETS INVESTMENTS**

	Shares in group undertakings £000
Cost	
At 1 January and 31 December 2014	10,896
Provision for impairment	
At 1 January and 31 December 2014	10,896
Net book amounts	
<b>At 31 December 2014</b>	<b>-</b>
At 31 December 2013	-

Investments in the following companies were held at a total value of £216 in the accounts at 31 December 2014 (2013 £216). During the year, an annual impairment review of the Company's investments was carried out and based on a Directors' valuation, the carrying value of its investments were impaired by £nil (2013 £nil)

Company name	Principal activity	Ordinary Shares
Export Magazine Distributors Limited	Dormant	100%
O K Magazines Limited	Dormant	100%
O K Magazines Trading Company Limited	Dormant	100%
Northern & Shell Distribution Limited	Distributor	100%
Northern & Shell Services Limited	Group service company	100%
The Northern & Shell Tower Management Services Limited	Dormant	100%
Tower Magazines Limited	Dormant	100%
Northern & Shell Videos Limited	Dormant	100%
Sightline Publications Limited	Dormant	100%
Northern & Shell Magazines Limited	Magazine Publishing	100%
Northern & Shell North America Limited*	Magazine Publishing	100%
Burginhal 677 Limited	Dormant	100%
Iberian Ediciones Limited**	Magazine Publishing	50%

The above companies are registered in England and their registered office is The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN

\* Denotes operates a branch in the United States of America, trading activity ceased in 2011

\*\* Denotes operates a branch in Spain, entered into voluntary liquidation in 2010

**NORTHERN & SHELL PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014**

**9 FIXED ASSETS INVESTMENTS (Continued)**

The Green Magazine Company Limited	Dormant	100%
Sorse Distribution Limited	Online Distribution	100%

The above companies are registered in England and their registered office is The Northern & Shell Tower, City Harbour, London, E14 9GL

Nasnet Online Limited	Dormant	1%
-----------------------	---------	----

The above company is registered in Jersey and its registered office is 18 Esplanade, St Helier, Jersey, JE4 8RT

**10. STOCKS**

	<b>2014 £000</b>	<b>2013 £000</b>
Raw materials and consumables	<b>485</b>	<b>337</b>

**11 DEBTORS**

	<b>2014 £000</b>	<b>2013 £000</b>
Trade debtors	<b>1,413</b>	<b>2,249</b>
Amounts owed by group undertakings	<b>545,688</b>	<b>703,944</b>
Other debtors	<b>882</b>	<b>4,833</b>
Prepayments and accrued income	<b>467</b>	<b>461</b>
Deferred tax asset (note 16)	<b>3,989</b>	<b>879</b>
	<b>552,439</b>	<b>712,366</b>

Amounts owed by group undertakings carry interest between 2.0% and 2.5% above base rate or LIBOR, are unsecured and repayable on demand. Amounts owed by dormant group undertakings, included in amounts owed by group undertakings are non interest bearing.

**NORTHERN & SHELL PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014**

**12. CREDITORS amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>2,208</b>	1,968
Amounts owed to group undertakings	<b>419,935</b>	521,711
Amounts owed to group undertakings with respect to group relief	<b>11,743</b>	11,785
Other creditors	<b>545</b>	2,725
Accruals and deferred income	<b>8,098</b>	7,376
	<b>442,529</b>	545,565

Amounts owed to group undertakings carry interest between 2.0% and 4.0% above base rate or LIBOR, are unsecured and repayable on demand. Amounts owed to dormant group undertakings, included in amounts owed to group undertakings, and amounts owed to group undertakings with respect to group relief are non interest bearing.

**13. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Other £000</b>
At 1 January 2014	42
Charged to the profit and loss account	8
At 31 December 2014	<b>50</b>

Other provisions of £50,000 (2013: £42,000) relate to onerous rental commitments at The Northern & Shell Tower, City Harbour, London, E14 9GL.

**14. OPERATING LEASE COMMITMENTS**

At 31 December, the Company was committed to making the following annual payments in respect of operating leases which expire:

	<b>Land and Buildings</b>	
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
After 5 years	<b>909</b>	909

**15. DISPOSALS**

On 21 June 2013, the 50% shareholding in Northern & Shell Pacific Limited was sold to Bauer Media Australia LP for a total consideration of AUD \$1. After impairment charges of £441,000 for amounts due from Northern & Shell Pacific Limited, a total loss on disposal of £441,000 was recognised in the profit and loss account (note 3). The intellectual property for OK! Australia, the magazine title published by Northern & Shell Pacific Limited, was held by a fellow group undertaking's Luxembourg branch. On the same date, the fellow group undertaking sold the intellectual property for OK! Australia to Northern & Shell Pacific Limited, for a total consideration of AUD \$7.0 million (sterling equivalent £4.3 million).

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**16 DEFERRED TAX ASSET**

	<b>£000</b>
At 1 January 2014	879
Credited to the profit and loss account (note 7)	<u>3,110</u>
At 31 December 2014	<u>3,989</u>

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Deferred tax asset</b>		
Accelerated capital allowances	70	88
Losses	<u>3,919</u>	<u>791</u>
Total deferred tax	<u>3,989</u>	<u>879</u>

**17. CALLED UP SHARE CAPITAL**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Authorised		
500,000 Ordinary shares of £1 each	<u>500</u>	<u>500</u>
Allotted and fully paid		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**18 RESERVES**

	<b>Capital redemption reserve</b>	<b>Profit and loss</b>
	<b>£000</b>	<b>£000</b>
At 1 January 2014	1,100	168,090
Loss for the year	<u>-</u>	<u>(25,689)</u>
At 31 December 2014	<u>1,100</u>	<u>142,401</u>

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**19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2014 £000</b>	<b>2013 £000</b>
Loss for the year	<b>(25,689)</b>	<b>(21,449)</b>
Decrease in shareholders' funds	<b>(25,689)</b>	<b>(21,449)</b>
Opening shareholders' funds	<b>169,290</b>	<b>190,739</b>
Closing shareholders' funds	<b>143,601</b>	<b>169,290</b>

**20 GUARANTEES AND CONTINGENT LIABILITIES**

The Company is part of the Northern & Shell Media Group Limited group. At 31 December 2014, certain claims in the normal course of business were pending against the Group and certain tax computations were still subject to agreement with the relevant taxation authorities. Although there is uncertainty regarding the final outcome of these matters, the directors believe, based on professional advice received, that adequate provision has been made in the financial statements for anticipated liabilities and the probable ultimate resolution of such matters will not have a material effect on the financial statements of the Company.

**21. RELATED PARTY TRANSACTIONS**

The Company is exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the Northern & Shell Media Group Limited group.

**22 ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Northern & Shell Network Limited and the ultimate parent undertaking is Northern & Shell Media Group Limited. The ultimate controlling party is Richard Desmond, the chairman of Northern & Shell Media Group Limited.

The largest and smallest groups into which these accounts are consolidated is Northern & Shell Media Group Limited. Northern & Shell Media Group Limited is registered in England. Copies of the financial statements of Northern & Shell Media Group Limited can be obtained from The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN, United Kingdom.