

2005/2006

NORTHERN & SHELL MAGAZINES LIMITED

REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005



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NORTHERN & SHELL MAGAZINES LIMITED

ANNUAL REPORT

31 December 2005

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NORTHERN & SHELL MAGAZINES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr. M.S. Ellice
Dr. P. Ashford

SECRETARY

Mr. R. Sanderson (appointed 8 August 2005)
Mr. M.S. Gill (resigned 8 August 2005)

COMPANY NUMBER

03009449 (England)

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

BANKERS

Bank of Scotland
155 Bishopsgate
London EC2M 3YB

REGISTERED OFFICE

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

NORTHERN & SHELL MAGAZINES LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2005

The directors present their report and the audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the publishing of magazines.

REVIEW OF THE YEAR AND FUTURE PROSPECTS

The profit and loss account is set out on page 6.

The directors consider the result for the year to be satisfactory. The immediate holding company, Northern & Shell Plc, provides certain assets for the Company to use in publishing the magazines, and purchases stock on its behalf.

The Company expects to continue its principal activity for the foreseeable future.

RESULTS AND DIVIDENDS

The Company recorded a profit before taxation of £451,418 (2004 : £235,456 loss).

The directors do not recommend the payment of a dividend (2004: £nil).

DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out on page 2.

No other directors held office throughout the entire year.

At the beginning and the end of the year Mr.R.C. Desmond was beneficially interested in the whole of the issued share capital of the Company. The interests of Mr. R.C Desmond, who is a director of the parent company, Northern & Shell Network Limited, are shown in the financial statements of that company.

During the year 225,000 £1 Ordinary 'B' shares were issued in Northern & Shell North America Limited, a fellow group undertaking. At the beginning and end of the year the directors' beneficial interest in the issued share capital of that company were:

	£1 Ordinary 'B' shares	
	At 1 January 2005	At 31 December 2005
Mr. M. Ellice	-	75,000
Dr. P. Ashford	-	37,500

Details of the share issue are stated in the financial statements of that company.

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include credit and liquidity. The Company has mechanisms in place that seek to limit the impact of 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

NORTHERN & SHELL MAGAZINES LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2005

GOING CONCERN

The Company has negative net assets. A letter of support has been received from the parent company, Northern & Shell Network Limited, stating that this company will provide financial support as necessary to enable the Company to meet its obligations as and when they fall due. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the directors to prepare financial statements for each financial year which 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

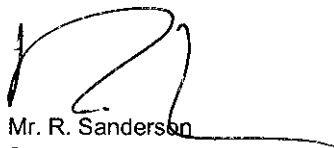
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

Approved by the Board and signed on behalf of the Board



Mr. R. Sanderson
Secretary

Dated : 27 April 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

NORTHERN & SHELL MAGAZINES LIMITED

For the year ended 31 December 2005

We have audited the financial statements of Northern & Shell Magazines Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London*

Dated : 27 April 2006

NORTHERN & SHELL MAGAZINES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2005

	Notes	Total 2005 £	Total 2004 £
Turnover	1	9,362,093	9,186,048
Cost of sales		<u>(6,417,283)</u>	<u>(6,432,398)</u>
Gross profit		<u>2,944,810</u>	<u>2,753,650</u>
Distribution costs		(799,875)	(1,543,182)
Administrative expenses		<u>(1,611,892)</u>	<u>(1,340,003)</u>
		<u>(2,411,767)</u>	<u>(2,883,185)</u>
Operating profit/(loss)	2	533,043	(129,535)
Interest receivable and similar income	4	468,026	362,704
Interest payable and similar charges	5	<u>(549,651)</u>	<u>(468,625)</u>
Profit/(loss) on ordinary activities before taxation		451,418	(235,456)
Tax on profit/(loss) on ordinary activities	6	<u>(138,471)</u>	<u>64,378</u>
Profit/(loss) for the financial year	10/11	<u><u>312,947</u></u>	<u><u>(171,078)</u></u>

The Company has no significant recognised gains or losses other than the profit/(loss) stated above and therefore no separate statement of total recognised gains or losses has been presented.


There is no difference between the profit/(loss) on ordinary activities and the retained profit/(loss) for the years stated above, and their historical cost equivalents.

Turnover and operating profits/(losses) are wholly attributable to continuing operations.

NORTHERN & SHELL MAGAZINES LIMITED**BALANCE SHEET as at 31 December 2005**

	Notes	2005 £	2004 £
CURRENT ASSETS			
Debtors	7	<u>8,408,729</u>	<u>6,089,078</u>
CREDITORS: amounts falling due within one year	8	<u>(9,706,285)</u>	<u>(7,699,581)</u>
NET LIABILITIES		<u>(1,297,556)</u>	<u>(1,610,503)</u>
EQUITY CAPITAL AND RESERVES			
Called up share capital	9	400,000	400,000
Profit and loss account	10	<u>(1,697,556)</u>	<u>(2,010,503)</u>
TOTAL EQUITY SHAREHOLDERS' DEFICIT	11	<u>(1,297,556)</u>	<u>(1,610,503)</u>

Approved by the Board :



Mr. M.S. Ellice

Dated : 27 April 2006

NORTHERN & SHELL MAGAZINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention, applicable accounting standards and the accounting policies set out below.

(b) Changes in accounting policy

The company has adopted FRS21, 'Events after the balance sheet date', in these financial statements but this has had no impact on the reported results or disclosures.

(c) Going concern

The company has negative net assets. A letter of support has been received from the parent company, Northern & Shell Network Limited, stating that this company will provide financial support as necessary to enable the Company to meet its obligations as and when they fall due. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

(d) Consolidated financial statements and cashflow statement

Northern & Shell Network Limited prepares and files a consolidated cashflow statement which includes the cash flows of the Company. The Company has therefore relied on the exemption provided by FRS1 from preparing its own cashflow statement.

(e) Turnover

Turnover represents the invoiced amount of goods sold and services provided (stated net of Value Added Tax).

2. OPERATING PROFIT/(LOSS)

The audit fee is borne by Northern & Shell plc, a group company. Fixed assets used by the Company are held by other group companies, with depreciation charged via a management charge.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

(a) Directors

Directors' emoluments are borne by Northern & Shell Plc and £230,004 (2004: £148,686) is recharged to the Company as part of a management charge from that company.

(b) Staff Costs

	2005 £	2004 £
Wages and salaries	826,215	610,079
Social security costs	124,199	100,234
Pension costs	5,526	1,780
	<u>955,940</u>	<u>712,093</u>
	2005 Number	2004 Number
Average number of people employed :		
Office and management (including directors)	<u>25</u>	<u>20</u>

NORTHERN & SHELL MAGAZINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005	2004
	£	£
Group interest receivable	<u>468,026</u>	<u>362,704</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Group interest payable	<u>549,651</u>	<u>468,625</u>

6. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2005	2004
	£	£
Current tax:		
UK corporation tax - payable to/(receivable from) group companies in respect of group relief	137,864	(70,664)
Adjustments in respect of previous periods	70,664	6,286
	<u>208,528</u>	<u>(64,378)</u>
Deferred tax:		
Adjustments in respect of previous periods	(70,057)	-
	<u>(70,057)</u>	<u>-</u>
Tax on profit/(loss) on ordinary activities	<u>138,471</u>	<u>(64,378)</u>

The tax assessed for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005	2004
	£	£
Profit/(loss) on ordinary activities before tax	<u>451,418</u>	<u>(235,456)</u>
Profit/(loss) on ordinary activities multiplied by standard rate in the UK 30% (2004: 30%)	135,426	(70,637)
Effects of:		
Expenses not deductible for tax purposes	2,438	-
Accelerated capital allowances	-	(27)
Adjustments in respect of previous periods	70,664	6,286
	<u>208,528</u>	<u>(64,378)</u>
Current tax charge/(credit)	<u>208,528</u>	<u>(64,378)</u>

NORTHERN & SHELL MAGAZINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

7. DEBTORS

	2005	2004
	£	£
Trade debtors	180,973	133,755
Amounts owed by group undertakings	7,725,594	5,321,490
Amounts owed by group undertakings with respect to group relief	425,043	633,571
Deferred tax provision	70,057	-
Prepayments and accrued income	<u>7,062</u>	<u>262</u>
	<u>8,408,729</u>	<u>6,089,078</u>

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

8. CREDITORS : amounts falling due within one year

	2005	2004
	£	£
Trade creditors	102,598	95,118
Amounts owed to group undertakings	9,360,691	7,295,207
Accruals and deferred income	<u>242,996</u>	<u>309,256</u>
	<u>9,706,285</u>	<u>7,699,581</u>

Amounts owed to group undertakings carry interest between 2.0% and 2.5% above base rate, 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.

9. SHARE CAPITAL

	2005	2004
	£	£
Authorised :		
400,000 Ordinary shares £ 1 each	<u>400,000</u>	<u>400,000</u>
Allotted, called up and fully paid :		
400,000 Ordinary shares £ 1 each	<u>400,000</u>	<u>400,000</u>

10. RESERVES

	Profit and Loss account
	£
At 1 January 2005	(2,010,503)
Profit for the financial year	<u>312,947</u>
At 31 December 2005	<u>(1,697,556)</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2005	2004
	£	£
Profit/(loss) for the financial year	312,947	(171,078)
Opening shareholders' deficit	<u>(1,610,503)</u>	<u>(1,439,425)</u>
Closing shareholders' deficit	<u>(1,297,556)</u>	<u>(1,610,503)</u>

NORTHERN & SHELL MAGAZINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

12. RELATED PARTY TRANSACTIONS

The Company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Northern & Shell Network group.

13. ULTIMATE HOLDING COMPANY

The ultimate parent undertaking is RCD1 Limited. RCD1 Limited acts purely as a holding company and does not participate in operations. Accordingly, Northern & Shell Network Limited acts as the operational parent of the group.

The largest and smallest groups into which these accounts are consolidated are RCD1 Limited and Northern & Shell Network Limited respectively.

RCD1 Limited and Northern & Shell Network Limited are registered in England. Copies of the financial statements of these companies can be obtained from The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN.