

Registered Number: 3140878

PUNCH LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2012**

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Punch Limited

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Punch Limited

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 August 2012.

Principal Activity and Review of Business

The Company continued its successful exploitation of the intellectual property rights to its cartoon collection. The book 'The Best Of Punch In Colour' was released in September 2012 to good critical reviews. Royalties continue to be earned from the sale of past specialist books.

Directors and their Interests

The present Directors of the Company are:

R. J Fallowfield
J Byrne

Results and Dividends

The loss after taxation for the year ended 31 August 2012 amounted to £18,297 (2011 £53,596). The Directors do not recommend the payment of a dividend and an amount of £18,297 (2011 £53,596) has been transferred out of reserves.

Statement of disclosure to the auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Statement of 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;

Punch Limited

DIRECTORS' REPORT (Continued)

Statement of Directors' Responsibilities (Continued)

- 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.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern

The directors' assessment of going concern is set out in the accounting policies to the financial statements.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and has been approved by the board of directors on 17th April 2013 and signed on behalf of the board by



R J Fallowfield
Secretary

Registered Office
55 Park Lane
London
W1K 1NA

Punch Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PUNCH LIMITED

We have audited the financial statements of Punch Limited for the year ended 31 August 2012 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 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 directors and auditors

As explained more fully in the directors' responsibilities statement, 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 Ethical Standards for Auditors.

Scope of the audit

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. 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 August 2012 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

Punch Limited

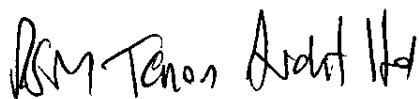
Opinion on other matter prescribed by the Companies Act 2006

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

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
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



Tony Castagnetti
Senior Statutory Auditor
For and on behalf of
RSM Tenon Audit Limited
Statutory Auditor

66, Chiltern Street
London
W1U 4JT

17th April 2013

Punch Limited

**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 2012**

		Year to 31/08/12 £	Year to 31/08/11 £
Note			
2	TURNOVER	76,872	65,513
	Cost of Sales	<u>-</u>	<u>-</u>
	GROSS PROFIT	76,872	65,513
	Administrative expenses	(95,169)	(119,109)
3	OPERATING LOSS	<u>(18,297)</u>	<u>(53,596)</u>
11	(LOSS) FOR THE FINANCIAL YEAR	<u>(18,297)</u>	<u>(53,596)</u>

The operating loss in the year is wholly attributable to continuing activities

There were no recognised gains or losses other than those shown above The movements on reserves are shown in note 11

Punch Limited

**BALANCE SHEET
AT 31 AUGUST 2012**

Note	At 31/08/12 £	At 31/08/11 £
FIXED ASSETS		
6 Tangible assets	9,163	8,579
	<u>9,163</u>	<u>8,579</u>
CURRENT ASSETS		
7 Debtors (amounts falling due within one year)	14,622	5,354
Cash at bank and in hand	18,109	25,477
	<u>32,731</u>	<u>30,831</u>
8 CREDITORS (Amounts falling due within one year)	(9,359)	(16,487)
NET CURRENT ASSETS	<u>23,372</u>	<u>14,344</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	32,535	22,923
9 CREDITORS (Amounts falling due after more than one year)	(7,189,680)	(7,161,771)
	<u>(7,157,145)</u>	<u>(7,138,848)</u>
CAPITAL AND RESERVES		
10 Called up share capital	10,870,000	10,870,000
11 Profit and loss reserves	(18,027,145)	(18,008,848)
12 EQUITY SHAREHOLDER'S FUNDS	<u>(7,157,145)</u>	<u>(7,138,848)</u>

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 17th April 2013

R J Fallowfield

R J Fallowfield

Director

Company Registration Number: 3140878

The notes on pages 7 to 12 form an integral part of these accounts

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and comply with the disclosure requirements of the Companies Act 2006 and applicable accounting standards

Going concern

The Company has a deficit of shareholder's funds at 31 August 2012 and since that date the Company has continued to make operating losses. The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. In concluding that it is appropriate to adopt the going concern basis in preparing these financial statements the Directors have had regard to the written indications received from the ultimate parent company, Liberty Holdings Limited, and the verbal indications received from the ultimate controlling party, Mr M Al Fayed, that continued funding will be made available to finance the Company's working capital requirements for the foreseeable future. Although there is no legal obligation for either Liberty Holdings Limited or Mr Al Fayed to provide this continued support, the Directors are confident that such funding will be forthcoming. These accounts do not include any adjustments to the carrying value and classification of assets and liabilities which might be necessary should the company not continue as a going concern.

Depreciation of Tangible Fixed Assets

Depreciation is provided by the Company in order to write down to estimated residual value, if any, the cost of tangible fixed assets over their estimated useful lives by equal annual instalments, on the following basis:

Machinery, fixtures and equipment	20% and 33%
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Deferred Taxation

Deferred taxation is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using a full provision basis in accordance with the provisions set out in Financial Reporting Standard No 19 "Deferred Tax". Deferred tax assets are only recognised when they arise from timing differences where their recoverability in the short-term is regarded as more likely than not. Deferred tax balances are not discounted.

Punch Limited

NOTES TO THE ACCOUNTS....contd

1. ACCOUNTING POLICIES (Cont'd)

Turnover

Turnover represents the invoiced value of sales on transactions completed by delivery in the year, excluding VAT.

Foreign Currency

Transactions denominated in foreign currency are translated at exchange rates ruling at the transaction date. Realised gains and losses are dealt with in the profit and loss account.

Leasing

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

Pension costs

The cost of defined contribution pensions represent the contributions payable by the company during the year.

2 TURNOVER

In the opinion of the Directors, all turnover derives from one class of business. Overseas turnover amounted to 27.05% of the total turnover for the year.

3 OPERATING LOSS

	Year to 31/08/12 £	Year to 31/08/11 £
Operating loss is stated after charging:		
Staff costs	56,515	54,827
Depreciation of tangible fixed assets owned assets	4,191	3,200
Auditors' remuneration:		
. Audit services	1,102	3,200
Non audit services	800	940
Operating lease rentals		
Other	-	4,880

Punch Limited

NOTES TO THE ACCOUNTS....contd

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year to 31/08/12 £	Year to 31/08/11 £
Staff costs comprise:		
Wages and salaries	51,418	49,874
Social security costs	<u>5,097</u>	<u>4,953</u>
	<u>56,515</u>	<u>54,827</u>

The average weekly number of employees during the period under review was as follows

	Year to 31/08/12	Year to 31/08/11
Management, Sales and administration	<u>2</u>	<u>2</u>

The directors did not receive emoluments in the year (2011 £nil)

5 TAXATION

No taxation charge has been provided in the accounts, based on the results of the year (2011 £nil)

The company has losses available to carry forward for offset against future profits of the same trade. The company has available tax losses of approximately £2,577,000 (2011 £2,560,000) which represents a potential tax asset of £617,000 (2011: £695,000) based on the corporation tax rate of 25 16% (2011 27 16%)

The asset has not been recognised in the financial statements because, in the opinion of the directors, there is insufficient evidence of future taxable profits arising against which to utilise these losses.

Punch Limited

NOTES TO THE ACCOUNTS.....contd

6	TANGIBLE ASSETS	Machinery, fixtures and equipment £	
	Cost:		
	At 1 September 2011	19,976	
	Disposals	-	
	Additions	4,775	
	At 31 August 2012	<u>24,751</u>	
	Accumulated Depreciation		
	At 1 September 2011	11,397	
	On disposals	-	
	Provision for year	4,191	
	At 31 August 2012	<u>15,588</u>	
	Net book value		
	At 31 August 2012	<u>9,163</u>	
	At 31 August 2011	<u>8,579</u>	
7	DEBTORS		
	Amounts falling due within one year	31/08/12	31/08/11
		£	£
	Trade debtors	14,622	5,354
		<u>14,622</u>	<u>5,354</u>
8	CREDITORS (Amounts falling due within one year)		
		31/08/12	31/08/11
		£	£
	Trade Creditors	640	-
	Accruals and deferred income	8,406	16,227
	Other Creditors	313	260
		<u>9,359</u>	<u>16,487</u>
9	CREDITORS (Amounts falling due after more than one year)		
		31/08/12	31/08/11
		£	£
	Amounts owed to parent undertaking	<u>7,189,679</u>	<u>7,161,771</u>

These amounts are unsecured & interest free

Punch Limited

NOTES TO THE ACCOUNTS.....contd

10	SHARE CAPITAL	31/08/12	31/08/11
		£	£
	Authorised		
	Ordinary shares of £1 each	<u>10,870,000</u>	<u>10,870,000</u>
	Allotted and fully paid		
	Ordinary shares of £1 each	<u>10,870,000</u>	<u>10,870,000</u>
11	PROFIT AND LOSS RESERVES	31/08/12	31/08/11
		£	£
	At start of year	(18,008,848)	(17,955,252)
	Transfer from profit and loss account for the year	<u>(18,297)</u>	<u>(53,596)</u>
	At end of year	<u>(18,027,145)</u>	<u>(18,008,848)</u>
12	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	31/08/12	31/08/11
		£	£
	Loss for the financial year	(18,297)	(53,596)
	Opening shareholders' funds	<u>(7,138,848)</u>	<u>(7,085,252)</u>
	Closing shareholders' funds	<u>(7,157,145)</u>	<u>(7,138,848)</u>
13	RELATED PARTIES		

No disclosure has been made of any transactions within these financial statements with the immediate parent company or fellow subsidiaries in accordance with the exemptions allowed under Financial Reporting Standard No 8

At the balance sheet date there were arm's length agreements between Punch Ltd and various related companies to provide management, security, property and maintenance services. These companies have directors in common with Punch Ltd. The value of these transactions during the period were as set out below

Name	Year to 31/08/12	
	Purchases	Sales
	£	£
Hyde Park Residence Ltd	<u>2,706</u>	<u>-</u>
	<u>2,706</u>	<u>-</u>

There were no debtors or creditors for the above companies at the balance sheet date (2011. ml)

Punch Limited

NOTES TO THE ACCOUNTS.....contd

14 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Liberty Publishing & Media Limited, a company registered in England and Wales

The consolidated accounts for Liberty Publishing & Media Limited will be filed with the Registrar of Companies in due course. Copies of these financial statements will be available from Companies House, Crown Way, Cardiff, CF14 3UZ on payment of the appropriate fee.

At 31 August 2012 the ultimate parent undertaking of Punch Limited was Liberty Holdings Limited, a company incorporated in Jersey, which is owned and controlled by M Al Fayed, the ultimate controlling party