

Registered number 05054665

NORTHERN & SHELL PACIFIC LIMITED
REPORT & FINANCIAL STATEMENTS
FOR THE 18 MONTHS TO 30 JUNE 2009

MONDAY



"A8MV9JH8"

A21

26/04/2010

153

COMPANIES HOUSE

NORTHERN & SHELL PACIFIC LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr R C Desmond
Mr M S Ellice
Dr P Ashford
Mr I Law
Mr M Stanton
Mr P O'Sullivan

SECRETARY

Mr M Stanton

COMPANY NUMBER

05054665

AUDITORS

Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

BANKERS

Bank of Western Australia
108 St Georges Terrace
Perth WA 6000
Australia

REGISTERED OFFICE

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

NORTHERN & SHELL PACIFIC LIMITED

DIRECTORS' REPORT

For the 18 months ended 30 June 2009

The directors present their report and the audited financial statements of the Company for the 18 months ended 30 June 2009

PRINCIPAL ACTIVITIES

The principal activity of the Company is magazine publishing throughout Australia and New Zealand. For the purposes of the Companies Act 1985 the directors consider this to constitute one class of business.

RESULTS AND DIVIDENDS

The Company recorded a loss after taxation of £1.4 million (2007: £5.8 million).

The directors do not recommend the payment of a dividend (2007: £nil).

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The profit and loss account is set out on page 5.

The directors consider the trading results to be satisfactory given the business is within a start-up phase of operations. The losses in the period were in line with the directors' expectations. The directors view the future of the company with confidence.

POLITICAL AND CHARITABLE DONATIONS

Charitable donations were made during the period amounting to £10,000 (2007: £16,000). There were no political contributions made during the period (2007: £nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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.

NORTHERN & SHELL PACIFIC LIMITED

DIRECTORS' REPORT

For the 18 months ended 30 June 2009

DIRECTORS

The directors who served the company during the period were as follows

Mr R C Desmond
Mr M S Ellice
Dr P Ashford
Mr I Law
Mr S Lorson - Resigned 3 October 2008
Mr M Stanton - Appointed 18 August 2008
Ms P Ingram - Resigned 27 January 2009
Mr S Myerson - Resigned 21 April 2008
Mr R Sanderson - Resigned 21 April 2008

In addition, Mr P O'Sullivan was appointed as a director on 27 June 2009

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 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

AUDITORS

Ernst & Young LLP were appointed as auditors of the company. A resolution to reappoint Ernst & Young LLP as auditors of the company will be proposed at the Annual General Meeting


GOING CONCERN

The Company is trading at a loss and has net liabilities. A letter of support has been received from the two joint venture partners, Northern & Shell Network Limited, (Northern & Shell Plc's ultimate operational parent undertaking) and PBL Media Holdings Pty Limited (ACP NS Pacific Pty Limited's ultimate parent undertaking) stating that these companies will provide financial support as necessary to enable the Company to meet its obligations for a period of at least 12 months from the date of signing the financial statements for the period ended 30 June 2009. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

SMALL COMPANY PROVISION

This report has been prepared in accordance with the special provision for small companies under Part VII of the Companies Act 1985

On behalf of the Board



Mr M S Ellice
Director

Date 22 April 2010

INDEPENDENT AUDITORS' REPORT

to the members of Northern & Shell Pacific Limited

We have audited the company's financial statements for the period ended 30 June 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 state of the company's affairs as at 30 June 2009 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP

Registered auditor

Luton

Date 23 April 2010

NORTHERN & SHELL PACIFIC LIMITED

PROFIT AND LOSS ACCOUNT

For the 18 months ended 30 June 2009

		18 months to 30 June 2009	12 months to 31 December 2007
	Notes	£000	£000
Turnover	2	17,538	8,503
Cost of sales		<u>(6,533)</u>	<u>(4,723)</u>
Gross profit		11,005	3,780
Distribution costs		(2,330)	(1,571)
Administration expenses		<u>(10,417)</u>	<u>(6,853)</u>
Operating loss	3	(1,742)	(4,644)
Interest receivable and similar income	5	29	26
Interest payable and similar charges	6	<u>-</u>	<u>(434)</u>
Loss on ordinary activities before taxation		(1,713)	(5,052)
Tax on loss on ordinary activities	7	<u>281</u>	<u>(725)</u>
Loss for the financial period	16/17	<u>(1,432)</u>	<u>(5,777)</u>

The Company has no recognised gains or losses other than the loss stated above and therefore no separate statement of total recognised gains or losses has been presented

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

Turnover and operating losses are wholly attributable to continuing operations

NORTHERN & SHELL PACIFIC LIMITED**BALANCE SHEET as at 30 June 2009**

	Notes	30 June 2009 £000	31 December 2007 £000
FIXED ASSETS			
Tangible assets	8	<u>5</u>	<u>334</u>
CURRENT ASSETS			
Stocks	9	-	33
Debtors	10	2,358	2,216
Cash at bank and in hand		<u>202</u>	<u>392</u>
		2,560	2,641
CREDITORS amounts falling due within one year	11	<u>(4,350)</u>	<u>(3,246)</u>
NET CURRENT LIABILITIES		<u>(1,790)</u>	<u>(605)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,785)</u>	<u>(271)</u>
CREDITORS amounts falling due after more than one year	12	(6)	(26)
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>-</u>	<u>(18)</u>
NET LIABILITIES		<u>(1,791)</u>	<u>(315)</u>
CAPITAL AND RESERVES			
Share capital	15	-	-
Share premium	16	9,126	9,126
Profit and loss account	16	<u>(10,917)</u>	<u>(9,441)</u>
SHAREHOLDERS' DEFICIT	17	<u>(1,791)</u>	<u>(315)</u>

Approved by the Board of Directors on 22 April 2010 and signed on its behalf by



Mr R C Desmond
Director

NORTHERN & SHELL PACIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 18 months ended 30 June 2009

1 PRINCIPAL ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies are set out below.

(b) Fundamental accounting concept

The Company is trading at a loss and has net liabilities. A letter of support has been received from the two joint venture partners, Northern & Shell Network Limited, (Northern & Shell Plc's ultimate operational parent undertaking) and PBL Media Holdings Pty Limited (ACP NS Pacific Pty Limited's ultimate parent undertaking) stating that these companies will provide financial support as necessary to enable the Company to meet its obligations for a period of at least 12 months from the date of signing the financial statements for the period ended 30 June 2009. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

(c) Cash flow statement

The Company is exempt from including a cash flow statement under FRS 1 (revised) as part of its financial statements on the basis that it is entitled to the exemptions available under section 246-249 of the Companies Act 2006 for small companies.

(d) Revenue recognition

Turnover is recognised on the cover date of the magazine issue (stated net of Goods and Services Tax). Revenue is recognised to the extent that the company obtains the right to the consideration in exchange for its performance. Revenue 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. All differences are taken to the profit and loss account. Exchange differences on retranslation of brought forward share capital and reserves are taken to reserves.

(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:

Plant and machinery	3 years
Fixtures, fittings and office equipment	3 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.

The carrying value of tangible fixed assets are reviewed for impairment when events or change in circumstances indicate that the carrying value may not be recoverable.

NORTHERN & SHELL PACIFIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 30 June 2009

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

(h) 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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing difference reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

(i) 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

(j) Leases

Rental Costs under operating leases are charged to the profit and loss account in equal amounts over the period of the lease

2 TURNOVER

The Company's turnover arise solely from its publishing activities within Australia and New Zealand and relate to continuing operations

3 OPERATING LOSS

	18 months to 30 June 2009 £000	12 months to 31 December 2007 £000
Operating loss is stated after charging		
Audit services		
Fees payable to the Company's auditor for the audit of the Company	24	20
Depreciation - owned assets	344	122
Depreciation - leased assets	-	2
Operating lease rentals - plant and machinery	<u>156</u>	<u>148</u>

NORTHERN & SHELL PACIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 18 months ended 30 June 2009

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

(a) Directors

Directors' emoluments in respect of services rendered by the directors to the Company are borne by the Company's joint venture partners. The directors received no fees or emoluments from the Company since their duties are incidental to their main duties to the joint venture partners' other group companies.

(b) Staff costs

	18 months to 30 June 2009 £000	12 months to 31 December 2007 £000
Wages and salaries	2,523	1,375
Social security costs	-	71
Pension costs	185	109
	<u>2,708</u>	<u>1,555</u>

	18 months to 30 June 2009 Number	12 months to 31 December 2007 Number
Average number of people employed by activity		
Production	2	29
Selling and Distribution	-	9
Administration	1	10
Editorial	25	-
Advertising	1	-
Marketing	5	-
	<u>34</u>	<u>48</u>

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	18 months to 30 June 2009 £000	12 months to 31 December 2007 £000
Bank deposit interest	<u>29</u>	<u>26</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	18 months to 30 June 2009 £000	12 months to 31 December 2007 £000
Finance leases	-	18
Group interest payable	<u>-</u>	<u>416</u>
	<u>-</u>	<u>434</u>

NORTHERN & SHELL PACIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 18 months ended 30 June 2009

7 TAXATION ON LOSS ON ORDINARY ACTIVITIES

	18 months to 30 June 2009 £000	12 months to 31 December 2007 £000
Current tax		
UK corporation tax - receivable from group companies in respect of group relief	-	705
Adjustment in respect of previous periods	5	10
Total current tax charge	5	715
Deferred tax		
Origination and reversal of timing differences	(286)	10
Total deferred tax (credit) / charge	(286)	10
Tax on loss on ordinary activities	(281)	725

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 28 3% (2007 30%)
The differences are explained below

	18 months to 30 June 2009 £000	12 months to 31 December 2007 £000
Loss on ordinary activities before tax	(1,713)	(5,052)
Loss on ordinary activities multiplied by standard rate in the UK 28 3% (2007 30%)	(485)	(1,516)
Effects of		
Expenses not deductible for tax purposes	16	5
Excess of depreciation over capital allowances and other timing differences	290	11
Deferred tax assets not recognised	179	-
Adjustment to prior period group relief	-	733
Group relief surrendered not paid	-	1,405
Other	-	67
Adjustment in respect of previous periods	5	10
Current tax charge for the period	5	715

NORTHERN & SHELL PACIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 18 months ended 30 June 2009

8 TANGIBLE ASSETS

	Plant and Machinery £000	Fixtures, fitting and office equipment £000	Total £000
Cost			
At 1 January 2008	395	213	608
Additions	2	6	8
Disposals	(470)	(204)	(674)
Exchange adjustments	73	(9)	64
	<hr/>	<hr/>	<hr/>
At 30 June 2009	-	6	6
Depreciation			
At 1 January 2008	227	47	274
Charge for the period	162	182	344
Disposals	(396)	(111)	(507)
Exchange adjustments	7	(117)	(110)
	<hr/>	<hr/>	<hr/>
At 30 June 2009	-	1	1
Net book value			
At 30 June 2009	<hr/>	<hr/>	<hr/>
	-	5	5
At 1 January 2008	<hr/>	<hr/>	<hr/>
	168	166	334

9 STOCKS

	30 June 2009 £000	31 December 2007 £000
Raw materials and consumables	<hr/>	<hr/>
	-	33

10 DEBTORS

	30 June 2009 £000	31 December 2007 £000
Trade debtors	1,969	2,057
Other debtors	3	34
Amounts owed by related parties with respect to group relief	-	86
Prepayments and accrued income	118	39
Deferred Tax (Note 13)	268	-
	<hr/>	<hr/>
	2,358	2,216
	<hr/>	<hr/>

Amounts owed by related parties with respect to group relief are non interest bearing

NORTHERN & SHELL PACIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 18 months ended 30 June 2009

11 CREDITORS amounts falling due within one year

	30 June 2009 £000	31 December 2007 £000
Trade creditors	800	1,931
Amounts owed to related parties	3,322	734
Other creditors	23	92
Taxation and social security	-	62
Accruals and deferred income	205	427
	<hr/>	<hr/>
	4,350	3,246
	<hr/>	<hr/>

Amounts owed to related parties are unsecured, are repayable on demand and carry no interest for the period beginning 1 January 2008. For the 12 months to 31 December 2007, amounts owed to related parties carried interest between 2.0% and 2.5% above base rate.

12 CREDITORS amounts falling due after more than one year

	30 June 2009 £000	31 December 2007 £000
Other creditors	6	26
	<hr/>	<hr/>
	6	26
	<hr/>	<hr/>

NORTHERN & SHELL PACIFIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 30 June 2009

13 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax provided in the financial statements is as follows

	30 June 2009 £000	
At 1 January 2008 deferred tax liability	18	
Credited to profit and loss account	(286)	
	<hr/>	
At 30 June 2009 deferred tax asset (note 10)	(268)	
	<hr/>	
	30 June 2009 £000	31 December 2007 £000
Provision for deferred tax		
Accelerated capital allowances	(53)	3
Losses	(215)	15
	<hr/>	<hr/>
Total provision for deferred tax (asset)/liability	(268)	18
	<hr/>	<hr/>

Deferred tax assets have been recognised to the extent that they are likely to be recoverable against projected taxable profits for the year ended 30 June 2010

Deferred tax assets not provided for in the financial statements are as follows

	30 June 2009 £000	31 December 2007 £000
Losses	(470)	-
	<hr/>	<hr/>

There were no unprovided deferred tax liabilities as at 30 June 2009 (31 December 2007 £NIL)

14 OPERATING LEASE COMMITMENTS

At 30 June 2009 the Company was committed to making the following annual payments in respect of operating leases which expire

	30 June 2009 £000	Other 31 December 2007 £000
Within one year	1	148
	<hr/>	<hr/>
	1	148
	<hr/>	<hr/>

There were no operating lease commitments in respect of land and buildings at 30 June 2009 (31 December 2007 £NIL)

NORTHERN & SHELL PACIFIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the 18 months ended 30 June 2009

15 CALLED UP SHARE CAPITAL

	30 June 2009 £	31 December 2007 £
Authorised 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid 100 Ordinary shares of £1	<u>100</u>	<u>100</u>

16 RESERVES

	Share premium £000	Profit and loss £000
At 1 January 2008	9,126	(9,441)
Loss for the period	-	(1,432)
Retranslation of brought forward reserves	<u>-</u>	<u>(44)</u>
At 30 June 2009	<u>9,126</u>	<u>(10,917)</u>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	30 June 2009 £000	31 December 2007 £000
Loss for the period	(1,432)	(5,777)
Retranslation of brought forward reserves	(44)	-
Issue of share capital	<u>-</u>	<u>9,126</u>
Net (addition to)/reduction in shareholders' deficit	(1,476)	3,349
Opening shareholders' deficit	<u>(315)</u>	<u>(3,664)</u>
Closing shareholders' deficit	<u>(1,791)</u>	<u>(315)</u>

NORTHERN & SHELL PACIFIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 18 months ended 30 June 2009

18 GUARANTEES AND CONTINGENT LIABILITIES

As at 31 December 2007, Northern and Shell Pacific Limited had a bank guarantee with the Bank of Western Australia Limited up to the value of \$188,000 AUD relating to the premise that it rented at Level 2, 191 New South Head Road, Edgecliff, NSW. During November 2008, the Company relocated its operations and this bank guarantee was subsequently cancelled. At 30 June 2009 there were no guarantees or contingent liabilities held by the Company.

19 RELATED PARTY TRANSACTIONS

During the 18 months ended 30 June 2009, ACP Magazines Limited charged £0.6 million (2007: £NIL) to Northern & Shell Pacific Limited. These charges consisted of overhead allocations owed to ACP Magazines Limited. During the 18 months ended 30 June 2009, the Northern & Shell Network Limited group received royalty payments of £1.4 million (2007: £1.5 million). At 30 June 2009, Northern & Shell Pacific Limited owed £1.65 million to each of Northern & Shell Network Limited group (2007: £359,000) and PBL Media Holdings Pty Limited (2007: £375,000).

20 ULTIMATE PARENT UNDERTAKING

The Company is a joint venture between Northern & Shell plc and PBL Media Holdings Pty Limited, each of whom holds 50% of the issued ordinary share capital, and as such there is no parent undertaking. There is no controlling party.