

Registered number 05054665

**NORTHERN & SHELL PACIFIC LIMITED**  
**REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**



**NORTHERN & SHELL PACIFIC LIMITED**

**ANNUAL REPORT**

**For the year ended 30 June 2010**

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**NORTHERN & SHELL PACIFIC LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Mr R C Desmond  
Mr M S Ellice  
Dr P Ashford  
Mr M Stanton  
Mr P O'Sullivan  
Mr D Gynge

**SECRETARY**

Mr M Stanton

**COMPANY NUMBER**

05054665

**AUDITORS**

Ernst & Young LLP  
400 Capability Green  
Luton  
LU1 3LU

**BANKERS**

ANZ  
205 Castlereagh St  
Sydney, NSW, 2000  
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 year ended 30 June 2010**

The directors present their report and the audited financial statements of the Company for the year ended 30 June 2010

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is magazine publishing throughout Australia and New Zealand. For the purposes of the Companies Act 2006 the directors consider this to constitute one class of business.

#### **RESULTS AND DIVIDENDS**

The Company recorded a profit after taxation of £18,000 (2009: £1.4 million loss).

The directors do not recommend the payment of a dividend (2009: £nil).

#### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

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

The directors consider the trading results to be satisfactory given the business is within a start-up phase of operations. The profits 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 £8,612 (2009: £10,000). There were no political contributions made during the period (2009: £nil).

#### **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 those 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 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.

**NORTHERN & SHELL PACIFIC LIMITED**

**DIRECTORS' REPORT**

**For the year ended 30 June 2010**

**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 (resigned 2 November 2010)  
Mr M Stanton  
Mr P O'Sullivan

Mr D Gyngell was appointed as a director on 2 November 2010

**DISCLOSURE OF INFORMATION TO AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is 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 has net liabilities. A letter of support has been received from Northern & Shell Plc and ACP Magazines Limited (ACP NS Pacific Pty Limited's 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 2010. 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 provisions for small companies under section 415A of the Companies Act 2006.

On behalf of the Board



Mr M S Ellice  
Director

Date 23 February 2011

## **INDEPENDENT AUDITORS' REPORT**

**to the members of Northern & Shell Pacific Limited**

We have audited the financial statements of Northern & Shell Pacific for the year ended 30 June 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF THE AUDITORS**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB's) Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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.

### **OPINION ON THE FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **OPINION ON OTHER 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.

*Ernst & Young LLP*

John Dervley (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Luton

Date 25 February 2011

**NORTHERN & SHELL PACIFIC LIMITED**

**PROFIT AND LOSS ACCOUNT**

**For the year ended 30 June 2010**

		<b>12 months to 30 June 2010</b>	<b>18 months to 30 June 2009</b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
<b>Turnover</b>	2	12,689	17,538
Cost of sales		<u>(3,507)</u>	<u>(6,533)</u>
<b>Gross profit</b>		<b>9,182</b>	<b>11,005</b>
Distribution costs		(1,642)	(2,330)
Administration expenses		<u>(7,503)</u>	<u>(10,417)</u>
<b>Operating Profit</b>	3	<b>37</b>	<b>(1,742)</b>
Interest receivable and similar income	5	<u>-</u>	<u>29</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>37</b>	<b>(1,713)</b>
Tax on profit/(loss) on ordinary activities	6	<u>(19)</u>	<u>281</u>
<b>Profit/(loss) for the financial period</b>	14/15	<b><u>18</u></b>	<b><u>(1,432)</u></b>

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

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

Turnover and operating profits are wholly attributable to continuing operations

**NORTHERN & SHELL PACIFIC LIMITED****BALANCE SHEET as at 30 June 2010**

	Notes	30 June 2010 £000	30 June 2009 £000
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>3</u>	<u>5</u>
<b>CURRENT ASSETS</b>			
Debtors	8	1,538	2,358
Cash at bank and in hand		<u>24</u>	<u>202</u>
		1,562	2,560
<b>CREDITORS</b> amounts falling due within one year	9	<u>(3,609)</u>	<u>(4,350)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,047)</u>	<u>(1,790)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(2,044)</u>	<u>(1,785)</u>
<b>CREDITORS</b> amounts falling due after more than one year	10	<u>(24)</u>	<u>(6)</u>
<b>NET LIABILITIES</b>		<u>(2,068)</u>	<u>(1,791)</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	-	-
Share premium	14	9,126	9,126
Profit and loss account	14	<u>(11,194)</u>	<u>(10,917)</u>
<b>SHAREHOLDERS' DEFICIT</b>	15	<u>(2,068)</u>	<u>(1,791)</u>

These accounts are prepared in accordance with the special provisions for small companies under section 415A of the Companies Act 2006

Approved by the Board of Directors on 23 February 2011 and signed on its behalf by



Mr R C Desmond  
Director



**NORTHERN & SHELL PACIFIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2010**

**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 has net liabilities. A letter of support has been received from Northern & Shell Plc and ACP Magazines Limited (ACP NS Pacific Pty Limited's 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 2010. 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:

Fixtures, fittings and office equipment	3 years
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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 year ended 30 June 2010**

**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 arises solely from its publishing activities within Australia and New Zealand and relate to continuing operations

**3 OPERATING PROFIT**

	<b>12 months to 30 June 2010 £000</b>	<b>18 months to 30 June 2009 £000</b>
<b>Operating profit is stated after charging</b>		
<b>Audit services</b>		
Fees payable to the Company's auditor for the audit of the Company	5	24
Depreciation - owned assets	2	344
Operating lease rentals - plant and machinery	-	156

**NORTHERN & SHELL PACIFIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2010**

**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**

	<b>12 months to 30 June 2010 £000</b>	<b>18 months to 30 June 2009 £000</b>
Wages and salaries	1,617	2,523
Pension costs	119	185
	<u>1,736</u>	<u>2,708</u>
	<b>12 months to 30 June 2010 Number</b>	<b>18 months to 30 June 2009 Number</b>
Average number of people employed by activity		
Production	1	2
Administration	1	1
Editorial	23	25
Advertising	7	1
Marketing	-	5
	<u>32</u>	<u>34</u>

**5 INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>12 months to 30 June 2010 £000</b>	<b>18 months to 30 June 2009 £000</b>
Bank deposit interest	<u>-</u>	<u>29</u>

**NORTHERN & SHELL PACIFIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2010**

**6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	<b>12 months to 30 June 2010 £000</b>	<b>18 months to 30 June 2009 £000</b>
<b>Current tax</b>		
Adjustment in respect of previous periods	-	5
Total current tax charge	-	5
<b>Deferred tax.</b>		
Origination and reversal of timing differences	19	(286)
Total deferred tax charge/(credit)	19	(286)
Tax on profit on ordinary activities	19	(281)

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 28.0% (2009 28.3%)

The differences are explained below

	<b>12 months to 30 June 2010 £000</b>	<b>18 months to 30 June 2009 £000</b>
Profit on ordinary activities before tax	37	(1,713)
Profit on ordinary activities multiplied by standard rate in the UK 28.0% (2009 28.3%)	10	(485)
Effects of		
Expenses not deductible for tax purposes	8	16
Excess of depreciation over capital allowances and other timing differences	(18)	290
Deferred tax assets not recognised	-	179
Adjustment in respect of previous periods	-	5
<b>Current tax charge for the period</b>	-	5

**NORTHERN & SHELL PACIFIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2010**

**7 TANGIBLE ASSETS**

	<b>Fixtures, fitting and office equipment £000</b>
<b>Cost</b>	
At 1 July 2009	6
At 30 June 2010	6
<b>Accumulated Depreciation</b>	
At 1 July 2009	1
Charge for the period	2
At 30 June 2010	3
<b>Net book value</b>	
At 30 June 2010	3
At 1 July 2009	5

**8 DEBTORS**

	<b>30 June 2010 £000</b>	<b>30 June 2009 £000</b>
Trade debtors	1,168	1,969
Other debtors	2	3
Prepayments and accrued income	119	118
Deferred tax (Note 11)	249	268
	<b>1,538</b>	<b>2,358</b>

**NORTHERN & SHELL PACIFIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2010**

**9 CREDITORS amounts falling due within one year**

	<b>30 June 2010 £000</b>	<b>30 June 2009 £000</b>
Trade creditors	994	800
Amounts owed to related parties	1,955	3,322
Other creditors	96	23
Accruals and deferred income	564	205
	<u>3,609</u>	<u>4,350</u>

Amounts owed to related parties are unsecured, are repayable on demand and carry no interest

**10 CREDITORS amounts falling due after more than one year**

	<b>30 June 2010 £000</b>	<b>30 June 2009 £000</b>
Other creditors	<u>24</u>	<u>6</u>
	<u>24</u>	<u>6</u>

**NORTHERN & SHELL PACIFIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2010**

**11. PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred tax provided in the financial statements is as follows

	30 June 2010 £000	
At 1 July 2009 deferred tax liability	(268)	
Credited to profit and loss account	19	
	<u>(249)</u>	
At 30 June 2010 deferred tax asset (note 8)		
	<u>(249)</u>	
<b>Provision for deferred tax</b>	<b>30 June 2010 £000</b>	<b>30 June 2009 £000</b>
Accelerated capital allowances	(43)	(53)
Losses	(206)	(215)
	<u>(249)</u>	<u>(268)</u>
Total provision for deferred tax asset		

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 2011

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

	30 June 2010 £000	30 June 2009 £000
Losses	<u>(471)</u>	<u>(470)</u>

There were no unprovided deferred tax liabilities as at 30 June 2010 (2009 £NIL)

**12. OPERATING LEASE COMMITMENTS**

At 30 June 2010 the Company was committed to making the following annual payments in respect of operating leases which expire

	30 June 2010 £000	Other 30 June 2009 £000
Within one year	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

There were no operating lease commitments in respect of land and buildings at 30 June 2010 (2009 £NIL)

**NORTHERN & SHELL PACIFIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2010**

**13 CALLED UP SHARE CAPITAL**

	30 June 2010 £	30 June 2009 £
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>

**14 RESERVES**

	Share premium £000	Profit and loss £000
At 1 July 2009	9,126	(10,917)
Profit for the period	-	18
Retranslation of brought forward reserves	<u>-</u>	<u>(295)</u>
At 30 June 2010	<u>9,126</u>	<u>(11,194)</u>

**15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	30 June 2010 £000	30 June 2009 £000
Profit/(loss) for the period	18	(1,432)
Retranslation of brought forward reserves	<u>(295)</u>	<u>(44)</u>
Net increase in shareholders' deficit	(277)	(1,476)
Opening shareholders' deficit	<u>(1,791)</u>	<u>(315)</u>
Closing shareholders' deficit	<u>(2,068)</u>	<u>(1,791)</u>



**NORTHERN & SHELL PACIFIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2010**

**16 GUARANTEES AND CONTINGENT LIABILITIES**

At 30 June 2010 there were no guarantees or contingent liabilities held by the Company

**17 RELATED PARTY TRANSACTIONS**

During the 12 months ended 30 June 2010, ACP Magazines Limited charged £0.9 million (2009 £0.6 million) to Northern & Shell Pacific Limited. These charges consisted of overhead allocations owed to ACP Magazines Limited. During the 12 months ended 30 June 2010, the Northern & Shell Media Group Limited group received royalty payments of £1.0 million (2009 £1.4 million). At 30 June 2010, Northern & Shell Pacific Limited owed £1.0 million to both the Northern & Shell Media Group Limited group (2009 £1.65 million) and the PBL Media Holdings Pty Limited group (2009 £1.65 million).

**18. ULTIMATE PARENT UNDERTAKING**

The Company is a joint venture between Northern & Shell Plc and ACP NS Pacific 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.