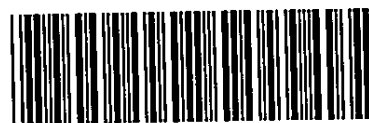


NORTHERN & SHELL FINANCING No. 2 LIMITED
REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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NORTHERN & SHELL FINANCING NO. 2 LIMITED

ANNUAL REPORT

31 December 2012

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NORTHERN & SHELL FINANCING NO. 2 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr R Sanderson
Mr M S Ellice

SECRETARY

Mr R Sanderson

COMPANY NUMBER

07100894 (England)

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 FINANCING NO. 2 LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2012

The directors present their report and the financial statements of the Company for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The principal activity of the Company is a financing company. The Company was dormant during the year.

RESULTS AND DIVIDENDS

The Company recorded a profit before taxation of £nil (2011: £nil).

The directors do not recommend the payment of a dividend (2011: £nil).

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. It is the intention of the Company to continue in its principal activity for the foreseeable future.

The risks, uncertainties and key performance indicators pertaining to the Company are consistent with those experienced by the Company's fellow subsidiaries. They are discussed in the "Review of the year and future prospects" section in the Directors' Report of Northern & Shell Media Group Limited, the ultimate parent of the Company.

The Company's net liabilities were £159,000 as at 31 December 2012 (2011: £159,000 net liabilities).

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.

GOING CONCERN

The Company has net current liabilities and net liabilities. A letter of support has been received from the ultimate parent company, Northern & Shell Media Group 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.

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks that include interest rate risk. 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.

Interest rate cash flow risk

The Company has interest bearing assets. The interest bearing assets are cash balances, subject to floating interest rates. The directors keep these measures under constant review.

NORTHERN & SHELL FINANCING NO 2 LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2012

AUDITORS

The Company has exercised its entitlement under section 480 of the Companies Act 2006 to dispense with the requirements to appoint auditors

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 18 April 2013

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

NORTHERN & SHELL FINANCING NO. 2 LIMITED

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

For the year ended 31 December 2012

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 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.

NORTHERN & SHELL FINANCING NO. 2 LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2012

	Notes	2012 £000	2011 £000
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	4	<u>-</u>	<u>(490)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	8/9	<u>-</u>	<u>(490)</u>

There are no recognised gains and losses other than those stated above and therefore no separate statement of total recognised gains and losses has been presented

Operating losses are wholly attributable to continuing operations

The notes on pages 8 to 11 form part of these financial statements

NORTHERN & SHELL FINANCING NO 2 LIMITED

BALANCE SHEET as at 31 December 2012

	Notes	2012 £000	2011 £000
CURRENT ASSETS			
Debtors	5	321	321
Cash at bank		<u>10</u>	<u>10</u>
		<u>331</u>	<u>331</u>
CREDITORS: amounts falling due within one year	6	<u>(490)</u>	<u>(490)</u>
NET CURRENT LIABILITIES		<u>(159)</u>	<u>(159)</u>
NET LIABILITIES		<u>(159)</u>	<u>(159)</u>
CAPITAL AND RESERVES			
Called up share capital	7	10	10
Profit and loss account	8	<u>(169)</u>	<u>(169)</u>
TOTAL SHAREHOLDERS' DEFICIT	9	<u>(159)</u>	<u>(159)</u>

The directors

(a) confirm that the Company was entitled to exemption under section 477 of the Companies Act 2006 from the requirement to have its accounts for the financial year ended 31 December 2012 audited

(b) confirm that members have not required the Company to obtain an audit of its accounts for the financial year in accordance with subsection (2) of section 476 of the Companies Act 2006

(c) acknowledge their responsibilities for

- ensuring that the Company keeps accounting records which comply with section 386 of the Companies Act 2006, and
- preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 393 and 394 of the Companies Act 2006, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the Company

These accounts have been prepared in accordance with the provisions applicable to companies subject to small companies regime

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



Mr R Sanderson

Date 18 April 2013

Company registered number 07100894

NORTHERN & SHELL FINANCING NO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

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 Company has net current liabilities and net liabilities. A letter of support has been received from the ultimate parent Company, Northern & Shell Media Group 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.

(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.

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) 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.

(e) 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.

The deferred tax assets and liabilities are not discounted and are calculated at the standard rate of corporation tax in the UK of 23% (2011: 25%).

NORTHERN & SHELL FINANCING NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments are borne by Northern & Shell Plc, a fellow subsidiary

The directors do not receive any fees or emoluments from the Company as their duties are incidental to their main duties to other subsidiary undertakings of Northern & Shell Media Group Limited

There are no other employee costs

3. NOTES TO THE PROFIT AND LOSS ACCOUNT

Audit Services

Auditor's remuneration of £nil in respect of the audit of these financial statements for the year ended 31 December 2012 (2011 £3,000) is borne by Northern & Shell Plc, a fellow subsidiary

4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2012 £000	2011 £000
Current tax.		
Adjustments in respect of previous periods	-	490
Tax on profit on ordinary activities	-	490

The tax assessed for the year differs from the rate of 24.5% (2011 26.5%) and the differences are explained below

	2012 £000	2011 £000
Profit/(loss) on ordinary activities before tax	-	-
Profit/(loss) on ordinary activities multiplied by the rate of 24.5% (2011 26.5%)	-	-
Adjustments in respect of previous periods	-	490
Current tax charge for the year	-	490

On 21 March 2012, the Chancellor announced a reduction in the main rate of UK corporation tax to 24%, with effect from 1 April 2012. On 3 July 2012, a further reduction in the UK corporation tax rate from 24% to 23%, with effect from 1 April 2013, became substantively enacted.

On 20 March 2013, the Chancellor also announced proposed changes to further reduce the main rate of corporation tax to 20% by 1 April 2015.

NORTHERN & SHELL FINANCING NO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

5. DEBTORS

	2012 £000	2011 £000
Amounts owed by group undertakings	<u>321</u>	<u>321</u>

Amounts owed by group undertakings do not carry interest, are unsecured and repayable on demand

6. CREDITORS

	2012 £000	2011 £000
Amounts owed to group undertakings with respect to group relief	<u>490</u>	<u>490</u>

Amounts owed to group undertakings with respect to group relief are non interest bearing

7 CALLED UP SHARE CAPITAL

	2012 £000	2011 £000
Allotted and fully paid 10,000 ordinary shares of £1 each (2011 10,000 ordinary shares of £1 each)	<u>10</u>	<u>10</u>

8 RESERVES

	Profit and loss £000
At 1 January 2012	(169)
Result for the year	<u>-</u>
At 31 December 2012	<u>(169)</u>

NORTHERN & SHELL FINANCING NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS

	2012 £000	2011 £000
Profit/(loss) for the year	<u>-</u>	<u>(490)</u>
Increase/(decrease) in shareholders' (deficit)/funds	-	(490)
Opening shareholders' (deficit)/funds	<u>(159)</u>	<u>331</u>
Closing shareholders' deficit	<u>(159)</u>	<u>(159)</u>

10. GUARANTEES AND CONTINGENT LIABILITIES

The Company is part of the Northern & Shell Media Group Limited group. At 31 December 2012, 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.

11. 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.

12. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Northern & Shell Luxembourg Finance No 2 SARL 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 are 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.