

## **Shortlist Media Limited**

### **FINANCIAL STATEMENTS**

**For the year ended  
31 August 2010**

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**Company no 6246263**

**Shortlist Media Limited**  
**FINANCIAL STATEMENTS**

For the year ended 31 August 2010

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Company registration number      6246263

Registered office                      Greenhill House  
   Thorpe Road  
   Peterborough  
   Cambridgeshire  
   PE3 6RU

Directors                                T D G Arculus  
   M J Soutar  
   K Thykier  
   J Small  
   A R F Hall  
   T J Ewington  
   A B Morris  
   K A Marsden  
   P G Hilton

Secretary                                D Joseph

Bankers                                 Barclays Bank plc  
   1 Church Street  
   Peterborough  
   PE1 1XE

Auditor                                 Grant Thornton UK LLP  
   Registered Auditor  
   Chartered Accountants  
   Enterprise House  
   115 Edmund Street  
   Birmingham  
   B3 2HJ

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**Shortlist Media Limited**  
**FINANCIAL STATEMENTS**

For the year ended 31 August 2010

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**Shortlist Media Limited**  
**REPORT OF THE DIRECTORS (continued)**

For the year ended 31 August 2010

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The directors present their report together with the audited financial statements for the year ended 31 August 2010

**Principal activity**

The company's principal activity is the publishing of journals and periodicals

There was a loss for the year after taxation amounting to £384,394 (2009 loss of £455,911) The directors do not recommend the payment of a dividend

**Business review and future developments**

2010 firmly established 'freemium' magazines as by far the fastest growing segment of the UK print media industry with a business model that delivers significant profitability as well as critical acclaim

ShortList magazine reinforced its position as the dominant men's title, with an ABC averaging 520,000 across the year, increasing its circulation market share from 27.8% to 30.5% and dramatically increasing its share of advertising from 20% to 26%. As a result, ShortList's revenues rose over 31% to £7.4m and the title achieved EBITDA in excess of £1m in its third full year of operation

The big story of the year was the launch and remarkable rise of Stylist. Launched in October, Stylist achieved its target distribution level of 420,000 with ease from week one, consumer demand consistently outstripping supply. Stylist has established a unique position as the only magazine successfully addressing the aspirations and concerns of this busy, intelligent, critical audience.

Shortlist Media Limited now offers top consumer brands unique reach to both young, affluent, professional men and young, affluent, professional women across the UK in beautiful, engaging, high impact environments.

Stylist's revenues were £3.8m in its first year, resulting in a loss of approximately half the size of the expected figure. This financial performance reflects the hard work of a talented editorial team that has continued the company's award-winning history and an ambitious commercial team that narrowly missed winning Commercial Team of the Year in its first year.

Our tally of awards has risen to over 30 in just 3 years. Additions during the year included

- Launch of the Year – Stylist, BSME Awards 2010
- Editor of the Year – ShortList, PTC Awards 2010
- New Product Of The Year – Stylist, Growing Business Awards 2010

Shortlist Media Limited's turnover was £11.2m - a year on year increase of 99% - with a loss at EBITDA level of £297k, which is significantly better than budget. This is despite continued investment in the development of our core brands and significant spend on the research and development of new concepts, which will be launched in 2010-11.

With our core business growing rapidly and two powerful brands in the market, our challenge is to build on this platform through international and digital expansion as well as the development of further 'freemium' print brands in the UK. We believe there are considerable opportunities for growth in all of these areas.

## **Shortlist Media Limited**

### **REPORT OF THE DIRECTORS (continued)**

For the year ended 31 August 2010

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#### **Directors**

The present membership of the Board is set out below

T D G Arculus

M J Soutar

T J Ewington

K Thykier

J Small

A R F Hall

A B Morris (appointed 17 December 2009)

K A Marsden (appointed 17 December 2009)

P G Hilton (appointed 17 December 2009)

#### **Directors' responsibilities for the financial statements**

Company law requires the directors to prepare financial statements for each financial year, under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 those 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
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 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 each of the directors is aware

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

**Shortlist Media Limited**

**REPORT OF THE DIRECTORS (continued)**

For the year ended 31 August 2010

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**Auditors**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

**Small company exemptions**

The Report of the Directors has been prepared in accordance with the special provisions of Part 15 of The Companies Act 2006 relating to small entities

BY ORDER OF THE BOARD



David Joseph

Secretary

Date 17 March 2011

Company No 6246263

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHORTLIST MEDIA LIMITED**

We have audited the financial statements of Shortlist Media Limited for the year ended 31 August 2010 which comprise the principal accounting policies, 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 the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHORTLIST MEDIA LIMITED  
(CONTINUED)****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, or
- the directors were not entitled to prepare the financial statements and the Report of the Directors in accordance with the small companies regime

*Grant Thornton UK LLP*

David Munton  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham  
Date *22 MARCH 2011*



## **Shortlist Media Limited**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The principal accounting policies of the company remain unchanged from the prior year end and are set out below

#### **Going concern**

The company has recorded a loss for the current and prior period, however the company remains in a net current assets position with sufficient cash available to meet the company's operational needs

The directors have prepared cash flow forecasts which demonstrate that the company has sufficient funding in place to allow it to continue in business for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis

#### **Turnover**

Turnover relates to display advertisements, sponsorship and advertorials. Turnover is recognised on release of each magazine. Turnover is the total amount receivable by the company, excluding VAT and trade discounts

#### **Fixed assets**

Tangible fixed assets are stated at cost, net of any depreciation or impairment

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold improvements	- straight line over the term of the lease
Computer equipment	- 3 years straight line
Fixtures and fittings	- 3 years straight line
Website	- 4 years straight line

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

#### **Foreign currency**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

## **Shortlist Media Limited**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying 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 differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**Shortlist Media Limited**  
**PROFIT AND LOSS ACCOUNT**

For the year ended 31 August 2010

	Note	2010 £	2009 £
Turnover	1	11,183,515	5,613,342
Cost of sales		<u>(7,328,436)</u>	<u>(3,598,153)</u>
Gross profit		3,855,079	2,015,189
Other operating expenses	3	(4,253,685)	(2,297,293)
Set-up costs	2	-	(181,174)
Total operating expenses		<u>(4,253,685)</u>	<u>(2,478,467)</u>
Operating loss	4	(398,606)	(463,278)
Interest receivable	5	<u>14,212</u>	<u>7,367</u>
Loss on ordinary activities before taxation		(384,394)	(455,911)
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation	14	<u><u>(384,394)</u></u>	<u><u>(455,911)</u></u>

There were no recognised gains or losses other than the loss for the financial year

All activities of the company are classed as continuing

The accompanying principal accounting policies and notes form an integral part of these financial statements

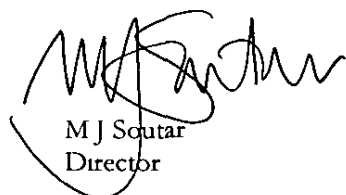
**Shortlist Media Limited**  
**BALANCE SHEET**

For the year ended 31 August 2010

	Note	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	8	225,585	178,545
<b>Current assets</b>			
Debtors	9	1,673,566	963,652
Cash at bank and in hand		<u>2,278,396</u>	<u>1,193,711</u>
		<b>3,951,962</b>	<b>2,157,363</b>
<b>Creditors amounts falling due within one year</b>	10	<u>(970,897)</u>	<u>(819,824)</u>
<b>Net current assets</b>		<b>2,981,065</b>	<b>1,337,539</b>
<b>Total assets less current liabilities</b>		<b>3,206,650</b>	<b>1,516,084</b>
		<u><b>3,206,650</b></u>	<u><b>1,516,084</b></u>
<b>Capital and reserves</b>			
Called up share capital	12	1,336	1,000
Shares to be issued	13	-	699,977
Share premium account	14	6,773,981	3,999,380
Profit and loss account	14	<u>(3,568,667)</u>	<u>(3,184,273)</u>
<b>Equity shareholders' funds</b>	15	<u><b>3,206,650</b></u>	<u><b>1,516,084</b></u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on 17 March 2011

  
M J Soutar  
Director

The accompanying principal accounting policies and notes form an integral part of these financial statements

**Shortlist Media Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 August 2010

**1 Turnover and loss on ordinary activities before taxation**

The turnover and loss on ordinary activities before taxation is attributable to the one principal activity of the company and arises wholly in the United Kingdom

**2 Set-up costs**

During the year ended 31 August 2009, set-up costs of £181,174 were incurred in connection with Stylist magazine, which was launched in October 2009

**3 Other operating expenses**

	2010 £	2009 £
Distribution costs	2,448,408	1,507,485
Administration expenses	1,805,277	789,808
	<u>4,253,685</u>	<u>2,297,293</u>

**4 Operating loss**

Operating loss is stated after charging

	2010 £	2009 £
Set-up costs (note 2)	-	181,174
Depreciation of owned fixed assets	101,219	57,078
Fees payable to the company's auditor for the audit of the financial statements	15,000	7,500
Fees payable to the company's auditor for other services		
Other services relating to taxation compliance and advice	1,500	1,500
Operating lease costs - land and buildings	61,778	61,778
Net loss on foreign currency translation	1,757	2,812

**Shortlist Media Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 August 2010

**5 Interest receivable**

	2010 £	2009 £
Bank interest receivable	14,212	7,367

**6 Directors and employees**

Staff costs during the year were as follows

	2010 £	2009 £
Wages and salaries	2,568,627	1,322,646
Social security costs	300,847	126,435
	<b>2,869,474</b>	<b>1,449,081</b>

The average monthly number of employees of the company during the year was

	2010 No	2009 No
Editorial	26	12
Advertising	14	8
Management	10	5
Digital	1	-
	<b>51</b>	<b>25</b>

Remuneration in respect of directors was as follows

	2010 £	2009 £
Emoluments	555,642	216,100

**Shortlist Media Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 August 2010

**6 Directors and employees (continued)**

The amounts set out above include remuneration in respect of the highest paid director as follows

	2010 £	2009 £
Emoluments	208,417	185,000
Contributions to money purchase pension schemes	-	-
	<u>208,417</u>	<u>185,000</u>

**7 Tax on loss on ordinary activities**

The tax charge is based on the loss for the year and represents

	2010 £	2009 £
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

The total current tax charge for the year varied from the standard rate of UK corporation tax of 28% for the following reasons

	2010 £	2009 £
Loss before taxation	<u>(384,394)</u>	<u>(455,911)</u>
Standard rate of UK corporation tax at 28%	(107,630)	(127,655)
Accelerated capital allowances	26,019	(5,792)
Non deductible expenditure	28,084	9,797
Unutilised tax losses	52,879	123,650
Other short-term timing differences	648	-
	<u>-</u>	<u>-</u>

The company has unrelieved tax losses and accelerated capital allowances of £912,122 (2009 £866,866)  
The related deferred tax asset has not been provided due to the uncertainty as to when the losses will be utilised

**Shortlist Media Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 August 2010

**8 Tangible fixed assets**

	Leasehold improvements £	Computer equipment £	Fixtures & fittings £	Website £	Total £
<b>Cost</b>					
At 1 September 2009	25,125	114,993	33,604	103,067	276,789
Additions	77,528	21,520	5,646	43,565	148,259
<b>At 31 August 2010</b>	<b>102,653</b>	<b>136,513</b>	<b>39,250</b>	<b>146,632</b>	<b>425,048</b>
<b>Depreciation</b>					
At 1 September 2009	1,478	36,897	14,335	45,534	98,244
Provided in the year	17,735	42,464	12,902	28,118	101,219
<b>At 31 August 2010</b>	<b>19,213</b>	<b>79,361</b>	<b>27,237</b>	<b>73,652</b>	<b>199,463</b>
<b>Net book value</b>					
<b>At 31 August 2010</b>	<b>83,440</b>	<b>57,152</b>	<b>12,013</b>	<b>72,980</b>	<b>225,585</b>
At 31 August 2009	23,647	78,096	19,269	57,533	178,545

**9 Debtors**

	2010 £	2009 £
Trade debtors	1,446,211	802,614
Other debtors	11,046	36,864
Prepayments and accrued income	216,309	124,174
	<b>1,673,566</b>	<b>963,652</b>

**10 Creditors: amounts falling due within one year**

	2010 £	2009 £
Trade creditors	261,579	439,525
Other taxation and social security	238,994	236,517
Other creditors	2,429	-
Accruals and deferred income	467,895	143,782
	<b>970,897</b>	<b>819,824</b>



**Shortlist Media Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 August 2010

**11 Operating leases**

At 31 August 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010	2009
	Land & buildings	
Operating leases which expire		
- Within 1 year	-	-
- Within 2 - 5 years	61,778	61,778
	<u>61,778</u>	<u>61,778</u>

**12 Share capital**

	2010	2009
	£	£
Authorised share capital		
'A' ordinary shares of £0.01 each	551	551
'B' ordinary shares of £0.01 each	735	675
'C' ordinary shares of £0.01 each	50	50
	<u>1,336</u>	<u>1,276</u>

	2010	2010	2009	2009
	No	£	No	£
Allotted, called up and fully paid				
'A' ordinary shares of £0.01 each	55,125	551	49,000	490
'B' ordinary shares of £0.01 each	32,687	327	5,200	52
'C' ordinary shares of £0.01 each	5,000	50	5,000	50
	<u>92,812</u>	<u>928</u>	<u>59,200</u>	<u>592</u>
Called up not paid				
'B' ordinary shares of £0.01 each	40,800	408	40,800	408
	<u>133,612</u>	<u>1,336</u>	<u>100,000</u>	<u>1,000</u>

The A and B shares carry voting rights in the company. The A and B shares rank pari passu with the C shares in all other respects.

On 24 September 2009 the authorised share capital of the Company was increased to £1,336 following the authorisation of a further 6,053 'B' shares of £0.01 each.

On 17 September 2009, 15,310 'B' shares of £0.01 each were issued at £81.63 per share for cash consideration of £549,778 and the settlement of shares to be issued of £699,977 (note 13).

On 18 September 2009, 6,125 'A' ordinary shares and 5,512 'B' ordinary shares of £0.01 were issued at £81.63 per share. The consideration for the issue of 'A' ordinary shares was the settlement of a loan of £499,984 from D C Thomson (see note 18) which was drawn down during September 2009. The 'B' ordinary shares were issued for cash consideration of £449,845.

On 9 December 2009, a further 6,665 'B' ordinary shares of £0.01 each were issued at £90.00 per share for cash consideration of £599,850.

**Shortlist Media Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 August 2010

**13 Shares to be issued**

On 28 August 2009, cash of £699,977 was received in respect of 8,575 new 'B' ordinary shares of £0.01 each which were issued on 17 September 2009 at £81.63 per share (note 12)

**14 Share premium account and reserves**

	Share premium account £	Profit and loss account £
At 1 September 2009	3,999,380	(3,184,273)
Loss for the year	-	(384,394)
Shares issued with premium	2,774,601	-
At 31 August 2010	<u>6,773,981</u>	<u>(3,568,667)</u>

**15 Reconciliation of movements in equity shareholders' funds**

	2010 £	2009 £
Loss for the financial period	(384,394)	(455,911)
Shares issued with premium	2,074,624	-
Shares to be issued	-	699,977
Shares issued	336	-
Opening equity shareholders' funds	<u>1,516,084</u>	<u>1,272,018</u>
Closing equity shareholders' funds	<u>3,206,650</u>	<u>1,516,084</u>

**16 Capital commitments**

The company had no capital commitments at 31 August 2010 or 31 August 2009

**17 Contingent liabilities**

There were no contingent liabilities at 31 August 2010 or 31 August 2009

**Shortlist Media Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 August 2010

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**18 Transactions with related parties**

During the year purchases of £140,255 (2009 £84,412) were made from Integral 2 Limited, of which David Joseph is the company secretary. David Joseph is also the company secretary of Shortlist Media Limited. At the year end there was an outstanding balance of £10,753 (2009 £7,778) due to Integral 2 Limited.

During the year purchases of £nil (2009 £208,284) were made from Crash Test Media Limited, of which Michael James Soutar and Tim John Ewington are directors. Michael James Soutar and Tim John Ewington are also directors of Shortlist Media Limited. At the year end there was an outstanding balance of £nil (2009 £18,979) due to Crash Test Media Limited. Trading between Crash Test Media Limited is at an arm's length basis. Purchases are recharged from Crash Test Media Limited to the company at cost.

During the year purchases of £nil (2009 £4,659) were made from DC Thomson & Company Limited which is a shareholder of Shortlist Media Limited. At the year end there was an outstanding balance of £nil (2009 £nil) due to DC Thomson & Company Limited.