

Wilson & Horton Limited

ANNUAL REPORT

for the year ended 31 December 2013

WILSON & HORTON LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 December 2013

The directors are pleased to present the Annual Report of Wilson & Horton Limited incorporating the financial statements and auditor's report, for the year ended 31 December 2013.

The annual report and financial statements presented on pages 3 to 44 are signed for and on behalf of the Board of Directors, and are authorised for issue on the date below.

For and on behalf of the Board of Directors



Director

Date: 27 June 2014

Director



WILSON & HORTON LIMITED

INCOME STATEMENTS

for the year ended 31 December 2013

	Note	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Revenue from operating activities	2	648,176	674,300	-	-
Other revenue and income	2	28,588	27,839	5,605	5,629
Total revenue and other income		676,764	702,139	5,605	5,629
Expenses from operations before finance costs	3	(560,480)	(636,698)	(31)	(1,082)
Impairment of intangible assets		-	(104,205)	-	-
Impairment of financial assets		(22,397)	-	-	-
Impairment of investment in subsidiary		-	-	(28,719)	-
Finance costs	3	(25,817)	(30,786)	(39,577)	(42,830)
Profit/ (loss) before income tax expense		68,070	(69,550)	(62,722)	(38,283)
Income tax (expense) / credit	5	(27,810)	(14,407)	8,666	1,962
Profit/(loss) for the year		40,260	(83,957)	(54,056)	(36,321)

Profit/(loss) for the year is attributable to:

Owners of the parent entity	9,399	(112,126)	(54,056)	(36,321)
Non-controlling interests	30,861	28,169	-	-
Profit/(loss) for the year	40,260	(83,957)	(54,056)	(36,321)

The above statements should be read in conjunction with the accompanying notes.

WILSON & HORTON LIMITED

STATEMENTS OF COMPREHENSIVE INCOME for year ended 31 December 2013

	Note	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Profit/(loss) for the year		40,260	(83,957)	(54,056)	(36,321)
Other comprehensive losses					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations	17	(48,787)	(12,734)	-	-
Exchange and other differences applicable to non-controlling interests	17	(23,717)	(11,149)	-	-
<i>Items that will not be reclassified to profit or loss</i>					
Revaluation of freehold land and buildings	17	-	(34)	-	-
Other comprehensive losses, net of tax		(72,504)	(23,917)	-	-
Total comprehensive loss		(32,244)	(107,874)	(54,056)	(36,321)
Total comprehensive losses attributable to:					
Owners of the parent entity		(39,388)	(124,894)	(54,056)	(36,321)
Non-controlling interests		7,144	17,020	-	-
		(32,244)	(107,874)	(54,056)	(36,321)

The above statements should be read in conjunction with the accompanying notes.

WILSON & HORTON LIMITED

BALANCE SHEETS as at 31 December 2013

	Note	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Current assets					
Cash and cash equivalents	22	8,499	6,789	4	4
Trade and other receivables	6	469,400	494,050	588,558	594,536
Inventories	7	3,121	3,449	-	-
Assets classified as held for sale	8	788	-	-	-
Total current assets		481,808	504,288	588,562	594,540
Non-current assets					
Receivables	6	715	715	-	-
Other financial assets	9	111,023	135,951	573,846	602,565
Property, plant and equipment	10	100,797	116,517	-	-
Intangible assets	11	512,900	569,176	-	-
Deferred tax assets	12	21,222	31,354	73,377	68,189
Total non-current assets		746,657	853,713	647,223	670,754
Total assets		1,228,465	1,358,001	1,235,785	1,265,294
Current liabilities					
Payables	13	230,685	239,437	859,263	788,885
Interest bearing liabilities	14	31,414	34,466	29,870	27,751
Current tax provision		8,322	8,323	-	-
Provisions	15	12,154	18,851	-	-
Liabilities directly associated with assets classified as held for sale	8	3,132	-	-	-
Total current liabilities		285,707	301,077	889,133	816,636
Non-current liabilities					
Interest bearing liabilities	14	169,225	213,252	68,328	116,278
Provisions	15	445	10,566	-	-
Total non-current liabilities		169,670	223,818	68,328	116,278
Total liabilities		455,377	524,895	957,461	932,914
Net assets		773,088	833,106	278,324	332,380
EQUITY					
Contributed equity	16	484,342	484,342	484,342	484,342
Reserves	17	(29,201)	19,770	-	-
Retained profits/(accumulated losses)	17	24,641	15,058	(206,018)	(151,962)
Total parent entity interest		479,782	519,170	278,324	332,380
Non-controlling interests	17	293,306	313,936	-	-
Total equity		773,088	833,106	278,324	332,380

The above statements should be read in conjunction with the accompanying notes.

WILSON & HORTON LIMITED

STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December 2013

Group	Note	Attributable to owners of parent entity					Non-controlling interests \$'000	Total Equity \$'000
		Contributed equity	Reserves	Retained profits	Total			
		\$'000	\$'000	\$'000				
Balance at 1 January 2012		484,342	43,786	122,309	650,437	328,575	979,012	
Profit/(loss) for the year		-	-	(112,126)	(112,126)	28,169	(83,957)	
Other comprehensive losses		-	(12,768)	-	(12,768)	(11,149)	(23,917)	
Total comprehensive (losses) / income		-	(12,768)	(112,126)	(124,894)	17,020	(107,874)	
Transfer between reserves	17	-	(4,875)	4,875	-	-	-	
Non-controlling interest reserve	17	-	(6,373)	-	(6,373)	-	(6,373)	
Equity transactions with non-controlling interests	17	-	-	-	-	(31,659)	(31,659)	
Balance at 31 December 2012		484,342	19,770	15,058	519,170	313,936	833,106	
Balance at 1 January 2013		484,342	19,770	15,058	519,170	313,936	833,106	
Profit for the year		-	-	9,399	9,399	30,861	40,260	
Other comprehensive losses		-	(48,787)	-	(48,787)	(23,717)	(72,504)	
Total comprehensive (losses) / income		-	(48,787)	9,399	(39,388)	7,144	(32,244)	
Transfer between reserves	17	-	(184)	184	-	-	-	
Equity transactions with non-controlling interests	17	-	-	-	-	(27,774)	(27,774)	
Balance at 31 December 2013		484,342	(29,201)	24,641	479,782	293,306	773,088	
Parent				Contributed equity \$'000		Accumulated losses \$'000	Total Equity \$'000	
Balance at 1 January 2012				484,342		(115,641)	368,701	
Total comprehensive losses				-		(36,321)	(36,321)	
Balance at 31 December 2012				484,342		(151,962)	332,380	
Balance at 1 January 2013				484,342		(151,962)	332,380	
Total comprehensive losses				-		(54,056)	(54,056)	
Balance at 31 December 2013				484,342		(206,018)	278,324	

The above statements should be read in conjunction with the accompanying notes.

WILSON & HORTON LIMITED

STATEMENTS OF CASH FLOWS for the year ended 31 December 2013

		2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
	Note				
Cash flows from operating activities					
Receipts from customers		748,248	777,079	-	-
Payments to suppliers and employees		(623,411)	(642,293)	(62)	143,797
Dividends received		3,485	898	-	-
Partnership income		5,730	6,611	-	-
Interest received		400	477	-	-
Interest paid		(20,370)	(27,547)	(10,977)	(18,594)
Income taxes paid		(22,051)	(14,476)	-	-
Net cash inflows/ (outflows) from operating activities	22	92,031	100,749	(11,039)	125,203
Cash flows from investing activities					
Payments for property, plant and equipment		(12,461)	(11,837)	-	-
Payments for software		(2,274)	(7,192)	-	-
Acquisition of controlled entities		(5,251)	(6,474)	-	-
Proceeds from sale of property, plant and equipment		2,837	26,889	-	-
Proceeds from sale of investments		1,437	626	-	-
Loans advanced to other entities		-	(2)	-	-
Net cash (outflows)/ inflows from investing activities		(15,712)	2,010	-	-
Cash flows from financing activities					
Loans advanced/ repaid by related parties		9,274	53,913	57,790	-
Proceeds from borrowings		67,000	187,000	67,000	187,000
Repayments of borrowings		(120,944)	(319,317)	(113,751)	(312,017)
Payment for borrowing costs		-	(187)	-	(187)
Net payments to non-controlling interests		(29,642)	(28,722)	-	-
Finance leases		-	(19)	-	-
Net cash (outflows)/ inflows from financing activities		(74,312)	(107,332)	11,039	(125,204)
Change in cash and cash equivalents		2,007	(4,573)	-	(1)
Cash and cash equivalents at beginning of the year		6,789	11,427	4	5
Effect of exchange rate changes		(297)	(65)	-	-
Cash and cash equivalents at end of the year	22	8,499	6,789	4	4

The above statements should be read in conjunction with the accompanying notes.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

GENERAL INFORMATION

Wilson & Horton Limited ("the Company") and its subsidiaries' (together "the Group") principal activities during the financial year were the publishing of newspapers and magazines, commercial printing, radio broadcasting in New Zealand and Australia and the operation of online businesses

These Group and parent financial statements (collectively "financial statements") were approved for issue by the Board of Directors on 27 June 2014.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the parent, being Wilson & Horton Limited, and the Group consisting of Wilson & Horton Limited and its subsidiaries.

(a) Basis of preparation

The financial statements presented here are for the reporting entity Wilson & Horton Limited. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The Company's subsidiary, APN Media (NZ) Limited, is an issuer of debt securities on the NZDX. The Company is consequently regarded as an issuer under section 4 of the Financial Reporting Act 1993. These financial statements also comply with International Financial Reporting Standards (IFRS) and IFRIC interpretations as issued by IASB.

Statutory base

Wilson & Horton Limited is a company registered under the Companies Act 1993. It is incorporated and domiciled in New Zealand. The entity's registered office is 46 Albert Street, Auckland.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Historical cost convention

These financial statements have been prepared under the historical cost convention with the exception of certain items for which specific accounting policies are identified.

Going concern

The Parent has continuing losses from operations of \$54,056,000 (2012: \$36,321,000) due to interest costs on loans from related parties and other entities which have resulted in accumulated losses of \$206,018,000 (2012: \$151,962,000) and a working capital deficiency of \$300,571,000 in the current year (2012: \$222,096,000). The ultimate parent company APN News & Media Ltd is committed to and is financially able to provide financial support to the Parent as necessary, to enable it to continue as a going concern.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the Wilson & Horton Limited and its subsidiaries as defined under NZ IFRS. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group (refer note 1 (h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively. The effects of all transactions with non-controlling interests are recorded in equity if there is no change in control. Where there is a loss of control, any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in the income statement. Any losses are allocated to the non-controlling interest in subsidiaries even if the accumulated losses should exceed the non-controlling interest in the individual subsidiary's equity.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

(c) Segment Reporting

The Group has identified operating segments based on the format of internal reports which are reviewed by key management personnel in assessing performance and in allocating resources.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in New Zealand dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Group entities

The result and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments are taken to equity. When a foreign operation is sold or a partial disposal occurs, a proportionate share of such exchange differences is recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of commissions, returns, rebates and taxes paid. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that the economic benefits will flow to the Group.

Advertising revenue from Publishing is recognised when a newspaper or magazine is published, from broadcasting when the advertisement is broadcast and from Online operations over the period when displayed. Circulation, printing and coupon revenue is recognised when control of the goods passes to the buyer.

Other income includes rental income, dividends and partnership income. These items are recognised when the services have been provided or the Group's right to receive payment has been established.

(f) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax income is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill: deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits. All operating lease payments are charged to the Income statement on a straight line basis over the term of the lease.

Assets acquired under finance leases are included as property, plant and equipment in the balance sheet. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum leased payments. A corresponding liability is also established and each lease payment is allocated between the liability and finance charges. The interest element is charged to profit and loss over the period of the lease.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value through profit or loss. Acquisition related costs are expensed as incurred.

The identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. Non-controlling interests in an acquiree are recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the Group's share of the net identifiable assets acquired is recorded as goodwill.

(i) Common control

Business combinations in which all of the combining entities or businesses ultimately controlled by the same party or parties both before and after the combination are recognised as common control transactions.

The Group applies the predecessor values method, without any step up to fair value. The net assets acquired, including goodwill, are incorporated in the Group financial statements at the book values as per the consolidated financial statements of the highest entity that has common control (i.e. APN News & Media Limited). The difference between any consideration given and the aggregate book value of net assets (at the date of the transaction) of the acquired entity is recorded as an adjustment to equity. No additional goodwill is created.

The Group financial statements incorporate the acquired entity's results only from the date of acquisition. The corresponding amounts of the previous period are not restated.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication that they may be impaired. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Cash and cash equivalents

For cash flow presentation requirements, cash and cash equivalents comprises cash on hand, deposits held at call with banks and investments in money market instruments, net of outstanding bank overdrafts.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts. Trade receivables are generally settled within 60 days.

Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised in the income statement within other expenses. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other income in the income statement.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date using the first in first out basis. Cost comprises material, labour and an appropriate proportion of fixed and variable overheads. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated cost of completion and the estimated cost necessary to make the sale.

(n) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group are classified as held for sale continues to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component for the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(o) Other financial assets

(i) Classification and initial measurement of financial assets

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value. Financial assets are subsequently measured at fair value or where certain criteria are met at amortised cost.

(ii) Financial assets at amortised cost

The Group's loans and receivables meet the requirements for measurement at amortised cost based on the objectives for which they are held and the contractual terms.

For financial assets measured at amortised cost the Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(iii) Financial assets at fair value

Investments in equity instruments are measured at fair value. At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate where gains and losses arising from changes in fair value are recognised, being either in profit and loss or in reserves.

(p) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Plant and equipment is stated at historical cost less depreciation. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to revaluation reserves in equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset are first charged against the revaluation reserves directly to the extent of the remaining reserve attributable to the asset. All other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	50 years
Plant and Equipment	3 to 15 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of the acquisition. Goodwill is not amortised but rather is subject to periodic impairment testing.

(ii) Software

Costs incurred in developing systems and costs incurred in acquiring software and licences are capitalised to software. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 5 years.

(iii) Mastheads

Mastheads, being the titles of the newspapers and magazines produced by the Group are accounted for as identifiable assets and are brought to account at cost. The directors believe the mastheads have indefinite lives and accordingly, no amortisation has been provided against the carrying amount.

(iv) Radio licences - Australia

Commercial radio licences are accounted for as identifiable assets and are brought to account at cost. The Directors believe the licences have indefinite lives and accordingly, no amortisation has been provided against the carrying amount. The commercial radio licences held by the consolidated entity are renewable every five years under the provisions of the Broadcasting Services Act 1992 and the Directors have no reason to believe that the licences will not be renewed from time to time for the maximum period allowable under the Act and without imposition of any conditions.

(v) Radio licences - New Zealand

Commercial radio licences are accounted for as identifiable assets and are brought to account at cost. The current New Zealand radio licences have been renewed to 31 March 2031 and are being amortised on a straight line basis to that date.

(vi) Brands

Brands are accounted for as identifiable assets and are brought to account at cost. The Directors have considered the geographic location, legislative environment and legal, technical and other commercial factors likely to impact on the useful lives of the brands and consider that they have indefinite lives. Accordingly, no amortisation has been provided against the carrying amount.

(r) Trade and other payables

Trade payables, including accruals not yet billed, are recognised when the Group becomes obliged to make future payments as a result of a purchase of assets or services. Trade accounts payable are unsecured and are generally settled within 30 days.

(s) Borrowings

Loans and bonds are carried at their principal amounts, which represent the present value of future cash flow associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of payables and accruals. Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing. These ancillary costs are netted off against the carrying value of borrowings in the balance sheet.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(t) Compound financial instruments

Compound financial instruments issued by the Group comprise mandatory convertible notes that convert to share capital of the issuer and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

(u) Provisions

Provisions for restructuring costs and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months from the reporting date are recognised in payables and accruals in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(iii) Short-term incentive plans

A liability for short-term incentives is recognised in payables and accruals when there is an expectation of settlement and at least one of the following conditions is met:

- There are contracted terms in the plan for determining the amount of the benefit;
- The amounts to be paid are determined before the time of completion of the financial statements; or
- Past practice gives clear evidence of the amount of the obligation.

Liabilities for short-term incentives are expected to be settled within 12 months and are recognised at the amounts expected to be paid when they are settled.

(w) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Goods and Services Tax (GST)

The income statement has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with exception of receivables and payables, which include GST invoiced. On the statements of cash flows receipts from customers and payments to suppliers are shown inclusive of GST.

(y) Critical accounting judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below:

(i) Impairment

The Group annually tests whether goodwill and other non-amortising intangible assets (including mastheads and radio licenses) have suffered any impairment, in accordance with the accounting policy stated in note 1 (j). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of assumptions. Refer to note 11 for details of these assumptions.

(ii) Valuations of other financial assets

The Group periodically revalues other financial assets in accordance with the accounting policy stated in note 1 (o). These valuations are based on available information at the time the valuation is conducted but is subject to estimation. Refer to note 27 for details of these assumptions.

(iii) Income taxes

The Group is subject to income taxes in New Zealand and where it has foreign operations. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amount that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Judgement is also required in relation to the recognition of carried forward tax losses as deferred tax assets. The Group assesses whether there will be sufficient future taxable profits to utilise the losses based on a range of factors, including forecast earnings and expected changes to tax groupings.

(z) New standards and standards and interpretations issued but not yet effective

(i) New standards applied during the period

During the year the Group has adopted XRB A1 (FP Entities Update), which was applicable for periods beginning on or after 1 December 2012. This has not resulted in a change in the basis of preparation for the Company.

The Group applied NZ IFRS 10 *Consolidated Financial Statements*, NZ IFRS 12 *Disclosure of interests in other entities* and NZ IFRS 13 *Fair value measurement* for the first time in their annual reporting period beginning 1 January 2013. The Group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under NZ IFRS 10 than under previous standards. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of NZ IFRS 10 or any of the other new standards applied in the period.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) *New standards, amendments, and interpretations to existing standards which are relevant to the Group but which the Group has not early adopted*

There are no standards and interpretations that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

2. REVENUE AND OTHER INCOME

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
<i>Revenue from operations</i>				
Advertising revenue	523,536	539,387	-	-
Circulation revenue	112,243	121,422	-	-
Other revenue	12,397	13,491	-	-
Revenue from operations	648,176	674,300	-	-
<i>Other income</i>				
Dividends received	4,400	898	-	-
Partnership income	5,730	6,611	-	-
Gain on sale of properties and businesses	1,402	1,155	-	-
Derecognition of contingent consideration provision (note 15)	2,608	-	-	-
Gains on insurance claims – Christchurch earthquake	-	1,426	-	-
Other	3,403	2,532	-	-
Other income	17,543	12,622	-	-
<i>Finance income</i>				
Interest received – related parties	10,614	14,740	5,605	5,629
Interest received – other entities	431	477	-	-
Finance income	11,045	15,217	5,605	5,629
Total other revenue and income	28,588	27,839	5,605	5,629
Total revenue and other income	676,764	702,139	5,605	5,629

3. EXPENSES

<i>Expenses before finance costs</i>				
Employee benefits expense	234,636	257,289	-	-
Selling and production expense	188,138	200,100	-	-
Rental and occupancy expense	18,300	30,186	-	-
Depreciation and amortisation expense	24,266	24,169	-	-
Masthead license fees	30,213	62,078	-	-
New Zealand Herald relaunch costs	-	3,756	-	-
Redundancies and associated costs	3,008	6,690	-	-
Asset writedowns and business closures	4,214	10,174	-	-
Other	57,705	42,256	31	1,082
Total expense before finance costs	560,480	636,698	31	1,082
<i>Finance costs</i>				
Interest and finance charges – related parties	7,167	9,545	30,411	31,485
Interest and finance charges – other entities	16,616	19,462	8,244	10,509
Borrowing cost amortisation	2,034	1,779	922	836
Total finance costs	25,817	30,786	39,577	42,830

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

4. SEGMENT REPORTING

(a) Description of Segments

Management has determined the operating segments based on the internal reports reviewed by the Directors and other senior management team in assessing performance and in allocating resources.

The four reportable segments are as follows:

New Zealand Media	Newspaper, magazine and online publishing
Australian Radio Network	Metropolitan radio networks in Australia
The Radio Network	Radio networks throughout New Zealand
Digital group	Digital businesses

(b) Results by operating segment

The Directors and senior management team assess the performance of the operating segment based on a measure of EBITDA which excludes the effects of exceptional items such as restructuring costs and impairment of intangible assets.

The segment information provided to the Directors and senior management team for the year ended 31 December 2013 is shown below.

2013	New Zealand Media \$'000	Australian Radio Network \$'000	The Radio Network \$'000	Digital group \$'000	Unallocated \$'000	Total \$'000
Revenue from external customers	330,453	175,545	120,584	21,594	-	648,176
Segment result	63,595	68,345	23,543	5,657	(34,152)	126,988
Segment assets	310,502	382,236	177,496	29,650	328,581	1,228,465
Segment liabilities	48,708	27,071	14,665	7,665	357,268	455,377

Reconciliation of segment result to operating profit before income tax

Segment result	126,988
Depreciation and amortisation	(24,266)
Net finance cost	(14,772)
Partnership income	5,730
Gains on derecognition of contingent consideration provision	2,608
Redundancies and associated costs	(3,008)
Asset write downs, disposals and business closures	(2,813)
Impairment of financial assets	(22,397)
Profit before tax	68,070

The gain on derecognition of contingent consideration provision relates to adjustments to the amounts due under earn out arrangements relating to the acquisition of Idea HQ Ltd in 2012.

Redundancies and associated costs relate to the ongoing restructuring of our NZ Media Division.

Assets writedowns, disposals and business closures relate mainly to print and publishing properties and equipment.

Impairment of financial assets relates to the Group's investment in the Level 4 Partnership.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

4. SEGMENT REPORTING (continued)

2012	New Zealand Media \$'000	Australian Radio Network \$'000	The Radio Network \$'000	Digital group \$'000	Unallocated \$'000	Total \$'000
Revenue from external customers	364,237	178,857	110,812	20,394	-	674,300
Segment result	63,635	65,404	19,336	4,207	(67,549)	85,033
Segment assets	279,631	499,122	190,654	30,021	342,438	1,341,866
Segment liabilities	31,724	34,700	12,998	15,156	430,317	524,895
Reconciliation of segment result to operating loss before income tax						
Segment result						85,033
Depreciation and amortisation						(24,169)
Net finance cost						(15,569)
Partnership income						6,611
Gains on disposals of properties and businesses						1,155
Gains on insurance claims						1,426
New Zealand Herald relaunch costs						(3,756)
Redundancies and associated costs						(8,116)
Asset write downs and business closures						(7,960)
Impairment of intangible assets (note 11)						(104,205)
Loss before tax						(69,550)

Gains on insurance claims relate to claims made against damage to property, plant and equipment as a result of the Christchurch earthquakes during 2011.

Redundancies and associated costs relate to the restructuring program put in place during the year in the NZ Media Division.

(c) Other segment information

Segment revenues and expenses comprise amounts that are directly attributable to a segment and the relevant portion that can be allocated on a reasonable basis. Corporate overheads including centralised finance, legal and administrative costs and related party royalty charges are not allocated against operating segments but rather are included above as unallocated amounts.

Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment, goodwill and other intangible assets, net of related provisions. Segment liabilities consist primarily of trade and other payables, employee benefits and provision for restructuring. Tax balances, the investment in Level 4 Partnership and external borrowing are not allocated to operating assets or liabilities.

Segment revenues and results exclude transfers between segments. Such transfers are priced on an arm's length basis and are eliminated on consolidation.

The entity is domiciled in New Zealand and operates predominantly in New Zealand and Australia. The amount of its revenue from external customers in New Zealand is \$472,631,000 (2012: \$495,443,000) and Australia \$175,545,000 (2012: \$178,857,000). Segment revenues are allocated based on the country in which the customer is located.

The total of non-current assets located in New Zealand is \$473,544,000 (2012: \$520,374,000) and other countries is \$273,113,000 (2012: \$317,204,000). Segment assets are allocated to countries based on where the assets are located.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

5. INCOME TAX EXPENSE

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Income tax benefit differs from the amount prima facie payable as follows:				
Profit/ (loss) from operations before tax	68,070	(69,550)	(62,722)	(38,283)
Prima facie income tax at 28%	19,060	(19,474)	(17,562)	(10,720)
Asset sales and distribution receipts	(2,172)	(2,183)	-	-
Non-deductible impairment charge	6,271	29,178	8,041	-
Non-assessable gains	(730)	-	-	-
Differences in international tax treatments and rates	1,518	1,918	-	-
Non-deductible expenses	725	1,079	-	-
Non-deductible interest	854	6,215	854	6,215
Other	1,280	(3,200)	-	-
Prima facie tax adjusted for permanent differences	26,806	13,596	(8,667)	(4,505)
Under provision in prior years	1,004	811	1	2,543
Income tax expense / (benefit)	27,810	14,407	(8,666)	(1,962)
Reported income tax expense / (benefit) comprises:				
Current tax expense/ (benefit)	24,963	30,496	(719)	(10,360)
Deferred tax expense/(benefit)	1,843	(16,900)	(7,948)	5,855
Under provision in prior years	1,004	811	1	2,543
Income tax expense / (benefit)	27,810	14,407	(8,666)	(1,962)

The Company is involved in a dispute with the New Zealand Inland Revenue Department ("IRD") regarding certain financing transactions. The dispute involves tax of NZ\$56 million for the period up to 31 December 2013. The IRD are seeking to impose penalties of between 10% and 50% of the tax in dispute and interest in addition to the tax claimed. The Company has tax losses available to offset any amount of tax payable to the extent of \$40 million.

On 22 February 2013 the Adjudication Unit of the IRD advised that it agrees with the position taken by the IRD. Accordingly the IRD issued Notices of Assessment denying deductions in relation to interest claimed on certain financing transactions. In response to this step the Company has commenced litigation in the High Court of New Zealand to defend its position in relation to this matter.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

6. RECEIVABLES

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Trade receivables	81,019	90,860	-	-
Provision for doubtful debts	(1,622)	(1,981)	-	-
	79,397	88,879	-	-
Amounts due from related companies (note 21)	378,116	389,491	588,532	594,509
Other receivables and prepayments	11,887	15,680	26	27
Total current receivables	469,400	494,050	588,558	594,536
Non-current				
Loans to related companies	715	715	-	-
Total non-current receivables	715	715	-	-

Trade receivables are generally settled within 60 days. The Directors consider the carrying amount of trade receivables approximates their net fair value. Loans to related companies are unsecured, interest bearing and repayable at call.

(a) Impaired trade receivables

As at 31 December 2013, current trade receivables of the Group with a nominal value of \$3,402,000 (2012: \$4,986,000) were impaired. For the purposes of *NZ IAS 39 Financial Instruments*: impaired receivables are regarded as those that are more than 90 days past due together with any other balances where the credit department considers collection to be in doubt. The amount of the provision was \$1,622,000 (2012: \$1,981,000). It was assessed that a portion of the impaired receivables is expected to be recovered.

The ageing of these receivables is as follows:

One to three months	986	1,265	-	-
Three to six months	1,350	1,604	-	-
Over six months	1,066	2,117	-	-
Impaired receivables	3,402	4,986	-	-

Movements in the provision for doubtful debts are as follows:

Balance at beginning of the year	1,981	2,514	-	-
Provision for doubtful debts expensed	1,162	1,519	-	-
Receivables written off	(1,521)	(2,052)	-	-
Provision for doubtful debts	1,622	1,981	-	-

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

6. RECEIVABLES (continued)

(b) Past due but not impaired – trade receivables

As of 31 December 2013, trade receivables of \$18,399,000 (2012: \$19,295,000) were past due but not impaired. These receivables are 90 days or less past due.

Amounts charged to the provision account are generally written off when there is no expectation of recovery.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on previous collection history, over 98% of these receivables would be expected to be collected.

(c) Fair value and credit risk

The fair value of current receivables is assumed to be their current value due to their short-term nature.

The fair value and carrying values of non-current receivables of the Group are as follows:

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Loans to related parties	715	715	-	-

The loans to related parties have no fixed term.

The maximum exposure to credit risk at the reporting date is the higher of the carrying amount and fair value of each receivable. The Group does not hold any collateral as security. Refer note 25 for further information on the risk management policy of the Group.

7. INVENTORIES

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Raw materials	3,121	3,449	-	-
Total inventories	3,121	3,449	-	-

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

8. ASSETS CLASSIFIED AS HELD FOR SALE

On 1 November 2013 the Company and the Bauer Media Group (Bauer) announced that they had entered into an agreement for the sale and purchase of New Zealand Magazines' consumer titles. Under the agreement, all the Group's wholly owned magazine brands, being the New Zealand Woman's Weekly, The Listener, Simply You, Simply You Living and Creme are sold to Bauer. The Pacific Magazines titles – New Idea, That's Life and Girlfriend – are not affected by the transaction and the Group will continue to publish these magazines under licence from the Pacific Magazines Group Australia. The transaction completed on 28 February 2014.

The assets and liabilities associated with the titles sold to Bauer are being treated as assets held for sale:

(a) Assets classified as held for sale

	2013 \$'000
Disposal group held for sale	
Property, plant and equipment	161
Intangible assets	248
Other	379
Total assets of disposal group held for sale	788

(b) Liabilities directly associated with assets classified as held for sale

Disposal group held for sale	
Payables	3,132
Total liabilities directly associated with assets classified as held for sale	3,132

9. OTHER FINANCIAL ASSETS

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Listed investments	1	2	-	-
Shares in subsidiary companies	-	-	573,846	602,565
Shares in other companies	25,011	27,541	-	-
Investment in partnership	86,011	108,408	-	-
Total other financial assets	111,023	135,951	573,846	602,565

All other financial assets except for shares in subsidiary companies are categorised as assets at fair value through the profit or loss and are reflected above at their fair values.

Management have undertaken an impairment review of the investment in its subsidiary, APN NZ Investments Limited. As a result of this review, an impairment charge of \$28,719,000 has been recognised in the parent Company. The recoverable amount is determined based on the net assets of the subsidiary, which reflect the value in use calculations of that subsidiary's operations.

Other than the impaired investment described above, the parent's investment in shares in subsidiary companies is stated at historical cost, in accordance with NZ IAS 27.

Shares in other companies represent ownership interests in companies that are not consolidated or equity accounted.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

9. OTHER FINANCIAL ASSETS (continued)

Shares in subsidiary companies

Significant subsidiaries include:

Name of Entity	Principal Activity	Ownership interest	
		2013	2012
APN Holdings NZ Limited	Media and Publishing	100%	100%
APN Specialist Publications NZ Limited	Media and Publishing	100%	100%
APN New Zealand Limited	Media and Publishing	100%	100%
APN Print NZ Limited	Printing	100%	100%
APN NZ Investments Limited	Investment	100%	100%
Idea HQ Limited	Investment	100%	100%
GrabOne Limited	Online businesses	100%	100%
Australian Radio Network Pty Ltd (i)	Commercial radio	50%	50%
The Radio Network Limited (i)	Commercial radio	50%	50%

All subsidiary entities listed above have a balance date of 31 December and are incorporated in New Zealand with the exception of Australian Radio Network Pty Ltd which is incorporated in Australia.

(i) Under the shareholders agreement, whilst Wilson & Horton Limited holds 50% of the issued capital and is entitled to appoint 50% of the Directors. Wilson & Horton Limited has the right to appoint the chief executive of this entity and so exercises effective positive and sustained control over the financial policies of this entity.

Investment in Partnership

Name of entity	Principal Activity	Ownership interest	
		2013	2012
The Level 4 Partnership	Investment	99%	99%

The partnership has balance date of 31 December and is domiciled in Australia.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land \$'000	Buildings \$'000	Plant and Equipment \$'000	TOTAL \$'000
At 1 January 2012				
Cost or fair value	12,981	25,632	426,130	464,743
Accumulated depreciation	-	(3,212)	(309,357)	(312,569)
Net book amount	12,981	22,420	116,773	152,174
Year ended 31 December 2012				
Opening net book amount	12,981	22,420	116,773	152,174
Additions	-	68	11,769	11,837
Disposals	(6,859)	(18,217)	(929)	(26,005)
Depreciation	-	(429)	(18,636)	(19,065)
Impairment	-	-	(1,240)	(1,240)
Transfers and other adjustments	(186)	(241)	2	(425)
Foreign exchange differences	(23)	(19)	(717)	(759)
Net book amount	5,913	3,582	107,022	116,517
At 1 January 2013				
Cost or fair value	5,913	3,582	427,319	436,814
Accumulated depreciation	-	-	(320,297)	(320,297)
Net book amount	5,913	3,582	107,022	116,517
Year ended 31 December 2013				
Opening net book amount	5,913	3,582	107,022	116,517
Additions	-	122	12,339	12,461
Transfers to assets for sale	-	-	(161)	(161)
Disposals	(420)	(1,154)	(2,394)	(3,968)
Depreciation	-	(308)	(18,495)	(18,803)
Impairment	-	-	(2,980)	(2,980)
Foreign exchange differences	(74)	(66)	(2,129)	(2,269)
Net book amount	5,419	2,176	93,202	100,797
As at 31 December 2013				
Cost or fair value	5,419	2,296	392,384	400,099
Accumulated depreciation and impairment	-	(120)	(299,182)	(299,302)
Net book amount	5,419	2,176	93,202	100,797

- (i) The Directors consider that freehold land and buildings are carried at fair value.
- (ii) Independent valuations were carried out in 2012 and carrying values have been adjusted to reflect such valuations. Independent valuations in 2012 were carried out by certified valuers.
- (iii) Group properties located in Bay of Plenty, Wairarapa and Hawkes Bay were sold in the period.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

11. INTANGIBLE ASSETS

	Goodwill	Software	Mastheads	Radio Licences	Brands	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2012						
Cost	166,108	26,401	15,855	464,181	59,087	731,632
Accumulated amortisation	-	(20,891)	-	(22,044)	-	(42,935)
Net book amount	166,108	5,510	15,855	442,137	59,087	688,697
Year ended 31 December 2012						
Opening net book amount	166,108	5,510	15,855	442,137	59,087	688,697
Additions	-	7,192	-	-	-	7,192
Disposals	-	(849)	(24)	-	-	(873)
Amortisation	-	(2,623)	-	(2,481)	-	(5,104)
Impairment	(95,614)	-	(8,591)	-	-	(104,205)
Other adjustments	(76)	1	(1)	-	61	(15)
Foreign exchange differences	(11)	3	-	(16,508)	-	(16,516)
Net book amount	70,407	9,234	7,239	423,148	59,148	569,176
At 1 January 2013						
Cost	166,021	32,220	15,830	447,673	59,148	720,892
Accumulated amortisation	(95,614)	(22,986)	(8,591)	(24,525)	-	(151,716)
Net book amount	70,407	9,234	7,239	423,148	59,148	569,176
Year ended 31 December 2013						
Opening net book amount	70,407	9,234	7,239	423,148	59,148	569,176
Additions	-	2,274	-	-	-	2,274
Disposals	-	(286)	-	-	-	(286)
Transfers to assets held for sale	-	(248)	-	-	-	(248)
Amortisation	-	(2,980)	-	(2,480)	-	(5,460)
Other adjustments	76	-	-	-	(72)	4
Foreign exchange differences	(35)	1	-	(52,526)	-	(52,560)
Net book amount	70,448	7,995	7,239	368,142	59,076	512,900
At 31 December 2013						
Cost	166,062	32,433	15,830	395,147	59,076	668,548
Accumulated amortisation and impairment	(95,614)	(24,438)	(8,591)	(27,005)	-	(155,648)
Net book amount	70,448	7,995	7,239	368,142	59,076	512,900
Allocation of goodwill and non-amortising intangible assets						
	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000		
Name of CGU						
New Zealand Media	7,239	7,239	-	-		
New Zealand Radio	103,751	103,751	-	-		
Australian Radio	325,578	378,139	-	-		
Digital	25,559	25,555	-	-		
Total goodwill and non-amortising intangible assets	462,127	514,684	-	-		

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

11. INTANGIBLE ASSETS (continued)

Impairment of cash generating units (CGUs) including goodwill and indefinite life intangible assets

A comprehensive impairment review was conducted at 31 December 2013. The recoverable amount of each CGU which includes goodwill or indefinite life intangible assets has been reviewed. The recoverable amount of each CGU is determined based on value in use calculations using management budgets and forecasts for a three year period after adjusting for central overheads. Cash flows beyond five years are extrapolated at growth rates not exceeding the long term average growth rate for the business in which the CGU operates. The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

The key assumptions used in the value in use calculations are:

Name of CGU	2013 Post-tax discount rate	2013 Long-term growth rate	2012 Post-tax discount rate	2012 Long-term growth rate
New Zealand Media – Metro	11.0%	0.0%	10.5%	0.0%
New Zealand Media – Regional	11.0%	(2.0%)	10.5%	(2.0%)
Australian Radio	10.0%	2.0%	10.5%	2.5%
New Zealand Radio	11.0%	2.0%	10.5%	2.5%
Digital	12.0%	4.0%	15.0%	4.0%

Value in use calculations are highly sensitive to changes in key assumptions. All CGUs have sufficient headroom such that changes to key assumptions would not give rise to an impairment charge.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

12. DEFERRED TAX ASSETS

Movements in deferred tax - Group

	Balance 1 Jan 12 \$'000	Recognised in income \$'000	Recognised in equity \$'000	Other movements \$'000	Balance 31 Dec 12 \$'000
Tax credits	1,258	(1,254)	-	-	4
Tax losses	47,728	18,489	-	(11,978)	54,239
Employee benefits	3,137	39	-	-	3,176
Doubtful debts	723	(143)	-	-	580
Accruals/restructuring	2,293	672	-	-	2,965
Intangible assets	(33,868)	4,036	-	-	(29,832)
Depreciation	(14,241)	2,395	-	-	(11,846)
Financial instruments	23,391	(7,257)	-	-	16,134
Other	(3,989)	(77)	-	-	(4,066)
	26,432	16,900	-	(11,978)	31,354

	Balance 1 Jan 13 \$'000	Recognised in income \$'000	Recognised in equity \$'000	Other movements \$'000	Balance 31 Dec 13 \$'000
Tax credits	4	2,170	-	-	2,174
Tax losses	54,239	7,423	-	(9,228)	52,434
Employee benefits	3,176	(626)	-	-	2,550
Doubtful debts	580	(122)	-	-	458
Accruals/restructuring	2,965	(3,959)	-	3,116	2,122
Intangible assets	(29,832)	1,387	939	(3,116)	(30,622)
Depreciation	(11,846)	(498)	-	-	(12,344)
Financial instruments	16,134	(7,770)	-	-	8,364
Other	(4,066)	152	-	-	(3,914)
	31,354	(1,843)	939	(9,228)	21,222

Movements in deferred tax - Parent

	Balance 1 Jan 12 \$'000	Recognised in income \$'000	Recognised in equity \$'000	Other movements \$'000	Balance 31 Dec 12 \$'000
Tax losses	56,349	1,455	-	(5,696)	52,108
Financial instruments	23,391	(7,257)	-	-	16,134
Other	-	(53)	-	-	(53)
	79,740	(5,855)	-	(5,696)	68,189

	Balance 1 Jan 13 \$'000	Recognised in income \$'000	Recognised in equity \$'000	Other movements \$'000	Balance 31 Dec 13 \$'000
Tax losses	52,108	15,428	-	(2,760)	64,776
Financial instruments	16,134	(7,770)	-	-	8,364
Other	(53)	290	-	-	237
	68,189	7,948	-	(2,760)	73,377

Group deferred income tax assets and liabilities are presented net. These include net deferred income tax liabilities of \$17,788,000 (2012: \$18,778,000) arising from the Group's Australian subsidiaries.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

13. PAYABLES	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Trade and other payables	75,384	83,645	4,085	3,095
Amounts due to subsidiary companies	-	-	854,481	785,116
Amounts due to related companies (note 21)	155,301	155,792	697	674
Total payables	230,685	239,437	859,263	788,885

Trade and other payables are generally settled within 30 days from the end of the months in which they are incurred.

14. INTEREST BEARING LIABILITIES

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Current				
Bank loans	-	6,715	-	-
Mandatory convertible notes	29,870	27,751	29,870	27,751
Other financing	1,544	-	-	-
Total current interest bearing liabilities	31,414	34,466	29,870	27,751
Non-current				
Bank loans	69,500	88,500	69,500	88,500
Mandatory convertible notes	-	29,870	-	29,870
New Zealand Bonds	100,000	100,000	-	-
Other financing	2,979	-	-	-
Total non-current interest bearing liabilities	172,479	218,370	69,500	118,370
Deduct				
Borrowing costs	11,568	11,568	6,617	6,616
Accumulated amortisation	(8,314)	(6,450)	(5,445)	(4,524)
Net borrowing costs	3,254	5,118	1,172	2,092
Total non-current interest bearing liabilities, net of borrowing costs	169,225	213,252	68,328	116,278

New Zealand Bonds

On 15 December 2010, APN Media (NZ) Limited (a subsidiary of the company), issued APN Media Bonds ("New Zealand Bonds"), bearing a fixed interest rate of 7.86% per annum payable quarterly in arrears or any early redemption date. The bonds will mature on 15 March 2016 subject to early redemption in the following circumstances:

- Early redemption by the issuer prior to maturity date
- Redemption following change of control
- Redemption following an event of default

APN Media (NZ) Limited has no intention to exercise the early redemption clause in the next 12 months and accordingly the liability is recognised as non-current.

Mandatory Convertible Notes

The parent entity issued 150,000,000 9.03% convertible notes for \$349,500,000 on 17 February 2005. Interest is payable in June and December each year. Each note will convert into one ordinary share of the parent entity on 20 December 2014. The notes are subject to early conversion at the option of the holder in the event of default.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

14. INTEREST BEARING LIABILITIES (continued)

The mandatory convertible notes are presented in the balance sheet as follows:

	2013 \$'000	2012 \$'000
Face value of convertible notes issued on 17 February 2005	349,500	349,500
Equity component	(132,885)	(132,885)
Liability component on initial recognition	216,615	216,615
Interest expense to date	91,328	87,519
Total repayments to date	(278,073)	(246,513)
Liability component at 31 December	29,870	57,621

The liability is split between the current and non-current elements as follows:

	2013 \$'000	2012 \$'000
Current liabilities	29,870	27,751
Non-current liabilities	-	29,870
Liability component at 31 December	29,870	57,621

15. PROVISIONS

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Current provision				
Employee entitlements	10,194	12,507	-	-
Restructuring provision	1,960	2,598	-	-
Contingent consideration	-	3,746	-	-
Total current provision	12,154	18,851	-	-
Non-Current				
Restructuring provision	445	6,453	-	-
Contingent consideration	-	4,113	-	-
Total non-current provision	445	10,566	-	-

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

15. PROVISIONS (continued)

Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Group 2013	Restructuring \$'000	Contingent consideration \$'000	Total \$'000
Carrying amount at beginning of year	9,051	7,859	16,910
Charged/(credited) to profit or loss			
Additional provisions recognised	2,112	-	2,112
Unused amounts reversed	-	(2,608)	(2,608)
Amounts used	(8,758)	(5,251)	(14,009)
Carrying amount at end of the year	2,405	-	2,405

Group 2012	Restructuring \$'000	Contingent consideration \$'000	Total \$'000
Carrying amount at beginning of year	7,969	2,400	10,369
Charged/(credited) to profit or loss			
Additional provisions recognised	2,394	11,971	14,365
Amounts used	(1,312)	(6,512)	(7,824)
Carrying amount at end of the year	9,051	7,859	16,910

The restructuring provision includes onerous rental contracts and expected redundancy costs related to formally announced restructuring plans.

The provision for contingent consideration represents the fair value of amounts payable on business combinations should certain pre-determined gross margin thresholds be met by the acquired business.

16. CONTRIBUTED EQUITY

	2013 Number	2012 Number	2013 \$'000	2012 \$'000
Share capital				
Issued and paid up capital	228,550,000	228,550,000	279,974	279,974
Other equity securities				
Value of conversion rights – mandatory convertible notes	-	-	204,368	204,368
Total contributed equity	228,550,000	228,550,000	484,342	484,342

All ordinary shares rank equally with one vote attached to each ordinary share and have no par value.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

17. RESERVES AND RETAINED PROFITS

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
(a) Reserves				
Asset revaluation reserve	2,408	2,297	-	-
Foreign currency translation reserve	(25,236)	23,846	-	-
Transactions with non-controlling interests reserve	(6,373)	(6,373)	-	-
Total reserves	(29,201)	19,770	-	-
Asset revaluation reserve				
Balance at beginning of the year	2,297	7,147	-	-
Revaluation of freehold land and buildings	-	(34)	-	-
Transfer to foreign currency translation reserve	295	59	-	-
Transfer to retained profits	(184)	(4,875)	-	-
Balance at end of year	2,408	2,297	-	-
Foreign currency translation reserve				
Balance at beginning of the year	23,846	36,639	-	-
Foreign exchange transfers from other reserves	(295)	(59)	-	-
Net exchange difference on translation of foreign operations	(48,787)	(12,734)	-	-
Balance at end of year	(25,236)	23,846	-	-
Transactions with non-controlling interests reserve				
Balance at beginning of the year	(6,373)	-	-	-
Increase in purchase consideration for controlled business (note 20)	-	(6,373)	-	-
Balance at end of year	(6,373)	(6,373)	-	-
(b) Retained profits/(accumulated losses)				
Balance at beginning of the year	15,058	122,309	(151,962)	(115,641)
Transfer from reserves	184	4,875	-	-
Profit attributable to owners of the parent entity	9,399	(112,126)	(54,056)	(36,321)
Balance at end of year	24,641	15,058	(206,018)	(151,962)

(c) Nature and purpose of reserves

(i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policies. The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of any foreign controlled entities are taken to the foreign currency translation reserve, as described in accounting policies.

(iii) Transactions with non-controlling interests reserve

This reserve is used to record the differences described in note 1(b)(i) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

17. RESERVES AND RETAINED PROFITS (continued)

(d) Non-controlling interest

	2013 Group \$'000	2012 Group \$'000
Share capital	209,538	236,227
Reserves	2,058	(15,137)
Retained Profits	160,159	177,662
Other	(78,449)	(84,816)
Non-controlling interests	293,306	313,936

18. CONTINGENT LIABILITIES

(a) Guarantees

The ultimate parent entity and all wholly-owned controlled entities have provided guarantees in respect of banking facilities. As at 31 December 2013 the facilities had been drawn down to the extent of A\$454,270,000 (2012: A\$483,140,000).

The ultimate parent entity and some wholly-owned controlled entities have given guarantees in respect of certain banking facilities to a maximum of A\$8,000,000 (2012: A\$45,000,000).

(b) Claims

Claims for damages are made against the Group from time to time in the ordinary course of business. The Directors are not aware of any claim that is expected to result in material costs or damages.

The Parent entity is involved in a dispute with the New Zealand Inland Revenue Department regarding certain financing transactions. Refer to note 5 for further details.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

19. COMMITMENTS

(a) Lease commitments

Commitments for minimum lease payments in relation to rental commitments contracted for at the reporting date and not recognised as liabilities, payable:

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Not later than one year	19,898	22,762	-	-
Later than one year but not later than five years	45,530	58,657	-	-
Later than five years	28,175	33,485	-	-
Commitments not recognised in the financial statements	93,603	114,904	-	-
Representing:				
Cancellable operating leases	1,892	3,271	-	-
Non-cancellable operating leases	91,711	111,633	-	-
Commitments not recognised in the financial statements	93,603	114,904	-	-

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
(b) Masthead commitments				
Not later than one year	29,400	30,300	-	-
Later than one year but not later than five years	117,600	-	-	-
Later than five years	58,800	-	-	-
Total masthead commitments	205,800	30,300	-	-

The Masthead License Agreement with Wilson & Horton Finance Pty Limited (NZ Branch) requires an annual review be performed to determine the masthead royalty payments for the following year. As such, the masthead commitments disclosed in the above table may vary.

(c) Capital commitments

Capital expenditure contracted for at balance date but not recognised as liabilities:

Payable not later than one year	-	540	-	-
Total capital commitments	-	540	-	-

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

20. INTERESTS IN OTHER ENTITIES

(a) Material subsidiaries with non-controlling interests

Set out below are the Group's material subsidiaries with non-controlling interests at 31 December 2013. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the group, and the proportion of ownership interests held equals to the voting rights held by the group.

Name of entity	Place of business	Country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
			2013	2012	2013	2012	
Australian Radio Network Pty Ltd (i)	Australia and New Zealand	Australia	50%	50%	50%	50%	Commercial radio

(i) The Australian Radio Network owns 100% of The New Zealand Radio Network.

(b) Non-controlling interests (NCI)

Set out below is the summarised financial information for the subsidiary. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Australian Radio Network Pty Ltd	
Summarised balance sheet	2013 \$'000	2012 \$'000
Current assets	188,705	196,720
Current liabilities	41,062	46,769
Current net assets	147,643	149,951
Non-current assets	566,697	623,092
Non-current liabilities	21,484	21,023
Non-current net assets	545,213	602,069
Net assets	692,856	752,020
Accumulated NCI	260,911	283,559
Summarised statement of comprehensive income	2013 \$'000	2012 \$'000
Revenue	302,996	290,424
Profit for the period	56,794	51,610
Other comprehensive income	33,187	9,742
Total comprehensive income	89,981	61,352
NCI within the ARN Group (i)	2,464	2,542
Total comprehensive income allocated to NCI	47,455	33,218
Dividends paid to NCI	22,967	18,503

(i) ARN has a controlling 50% interest in Brisbane FM Radio Pty Ltd. This represents a 25% interest for the Wilson & Horton Group. As such, a further 25% of the earnings attributable to Brisbane FM Radio Pty Ltd forms part of the non-controlling interest in the Group.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

20. INTERESTS IN OTHER ENTITIES (continued)

Summarised cash flows

Australian Radio Network Pty Ltd

	2013 \$'000	2012 \$'000
Cash flows from operating activities	69,986	62,339
Cash flows from investing activities	(8,579)	(4,899)
Cash flows from financing activities	(57,352)	(59,486)
Net increase/ (decrease) in cash and cash equivalents	4,055	(2,046)

(c) Transactions with non-controlling interests

In May 2012, the Group acquired the final 25% of Idea HQ Limited and subsidiaries, including GrabOne Limited. This transaction was treated as a transaction with a non-controlling interest as the Group previously controlled and consolidated Idea HQ Limited. The purchase consideration was \$4,074,000 with a further \$7,859,000 payable should the businesses achieve certain predetermined performance targets.

The carrying amount of the non-controlling interests in Idea HQ Limited on the date of acquisition was \$5,560,000. The Group recognised a decrease in equity to owners of the parent of \$6,373,000.

The effect of changes in the ownership interest on the equity attributable to owners of the Group during the year is summarised as follows:

	2013 \$'000	2012 \$'000
Carrying amount of non-controlling interests acquired	-	5,560
Contingent consideration provision recognised	-	(7,859)
Consideration paid to non-controlling interests	-	(4,074)
Amounts recognised in non-controlling interests reserve	-	(6,373)

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

21. RELATED PARTY INFORMATION

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Total remuneration for Directors and other key management personnel				
Short term benefits	2,969	2,479	-	-
Post-employment benefits	76	63	-	-
	3,045	2,542	-	-

Wilson & Horton Limited is a wholly owned subsidiary of Australian Provincial Newspapers International Pty Ltd, a company incorporated in Australia. Its ultimate parent company is APN News & Media Limited, a company incorporated in Australia.

The Group charged interest of \$10,614,000 (2012: \$14,740,000) to Biffin Pty Ltd a member of the APN News & Media Limited Group. Biffin Pty Ltd charged management fees to APN Holdings NZ Limited of \$3,595,000 (2012: \$5,188,000). A group company, APN Holdings NZ Limited charged shared services fees totalling \$4,079,311 (2012: \$5,016,016) to related parties. The group sold printing equipment for \$1,200,000 to Beacon Print Ltd a company in which the group holds an interest in. The group purchased print services worth \$1,358,000 (2012: \$49,000) from Beacon Print Ltd.

Wilson & Horton Limited has issued mandatory convertible notes to Mamin Ltd, an entity controlled by the Group's ultimate parent company (refer to note 14). Wilson & Horton Limited has made total payments of \$31,560,000 during the year (2012: \$31,559,950) Using the effective interest method, these payments have been classified as interest of \$3,809,000 (2012: \$5,643,000) and principal repayments of \$27,751,000 (2012: \$25,916,000). As at 31 December 2013, Wilson & Horton had an amount of \$29,870,000 (2012: \$57,621,000) outstanding on its mandatory convertible note agreement with Mamin Ltd. Wilson & Horton Ltd charged certain subsidiary companies interest totalling \$5,605,000 in the period (2012: \$5,630,000).

In the period Biffin Pty Ltd repaid loans of \$25,916,227 to certain group companies (2012: \$150,478,509).

Wilson & Horton Finance Pty Ltd, New Zealand Branch, charged royalty fees of \$30,213,000 (2012: \$62,078,000), advanced \$15,150,000 (2012: \$25,500,000) and charged interest of \$3,389,000 (2012: \$3,012,000) to the Group. The Group charged Wilson & Horton Finance Pty Ltd, New Zealand Branch, office rental and service fees of \$168,000 (2012: \$168,000). Group entities offset tax losses for consideration of \$9,228,000 (2012: \$11,978,000) with other APN Group companies.

Group	2013 Receivables \$'000	2012 Receivables \$'000	2013 Payables \$'000	2012 Payables \$'000
Balances with related party				
Biffin Pty Limited	277,876	300,162	697	675
Mamin Ltd	-	-	-	163
Media Tek Pty Limited	51,544	59,865	1,084	1,259
APN Newspapers Pty Limited	45,304	25,334	227	208
APN Educational Media (NZ) Limited	3,107	2,841	9,337	8,519
Wilson & Horton Finance Pty Limited – New Zealand Branch	-	-	106,356	101,355
APN News & Media Limited	-	-	34,786	39,208
Other related party balances	285	1,289	2,814	4,405
Total related party receivables and payables	378,116	389,491	155,301	155,792

Parent	2013 Receivables \$'000	2012 Receivables \$'000	2013 Payables \$'000	2012 Payables \$'000
Balances with related party				
Biffin Pty Limited	-	-	697	674
APN Holdings NZ Limited	428,074	431,010	854,471	785,106
APN New Zealand Limited	92,039	92,039	-	-
APN Specialist Publications NZ Limited	67,947	71,294	-	-
Other related party balances	472	166	10	10
Total related party receivables and payables	588,532	594,509	855,178	785,790

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

22. CASH FLOW INFORMATION

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Reconciliation of cash				
Cash at end of the year, as shown in the statements of cash flows, comprises:				
Cash and cash equivalents	8,499	6,789	4	4
Reconciliation of net cash inflows (outflows) from operating activities to profit/ (loss) for the year:				
Profit/ (loss) for the year	40,260	(83,957)	(54,056)	(36,321)
Depreciation and amortisation expense	24,266	24,169	-	-
Borrowing cost amortisation	2,034	1,779	922	836
Net gain on sale of non-current assets	(88)	(548)	-	-
Change in current / deferred tax payable	(10,126)	(69)	5,188	(1,962)
Foreign exchange losses	892	298	-	-
Asset write offs and business closure	-	2,258	-	-
Amounts credited to provision against assets	-	(491)	-	-
Impairment of financial assets	22,397	-	-	-
Impairment of investment in subsidiaries	-	-	28,719	-
Impairment of intangible assets	-	104,205	-	-
Changes in assets and liabilities net of effect of acquisitions:				
Trade and other receivables	23,342	(11,195)	-	-
Inventories	333	422	-	-
Prepayments	314	887	-	(27)
Trade and other payables and employee benefits	(11,593)	62,991	8,188	162,677
Net cash inflows from operating activities	92,031	100,749	(11,039)	125,203

Finance facilities

Details of credit standby arrangements and loan facilities are included in note 24.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

23. REMUNERATION OF AUDITORS

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
(i) Remuneration for audit or review of the financial reports				
PricewaterhouseCoopers – New Zealand firm	376	353	-	-
Other firms	349	380	-	-
(ii) Remuneration for other assurance services				
PricewaterhouseCoopers – New Zealand firm	18	14	-	-
Other firms	76	91	-	-
Total audit and other assurance services	818	838	-	-
(iii) Remuneration for other services				
PricewaterhouseCoopers – New Zealand firm				
Tax Services				
• Transactional advice	184	424	-	-
• Compliance	139	194	-	-
• Other advisory services	-	42	-	-
PricewaterhouseCoopers – overseas firms				
Tax Services				
• Compliance	-	48	-	-
• Other advisory services	60	35	-	-
Other firms				
Tax Services				
• Transactional advice	22	58	-	-
• Compliance	106	102	-	-
• Other advisory services	-	78	-	-
Total non-audit services	511	981	-	-

24. STANDBY ARRANGEMENTS AND CREDIT FACILITIES

	2013 Group \$'000	2012 Group \$'000	2013 Parent \$'000	2012 Parent \$'000
Entities in the Group have access to:				
Overdraft facilities				
Unsecured bank overdraft facility totalling	9,168	9,518	-	-
Amount of credit utilised	-	(633)	-	-
Amount of available credit	9,168	8,885	-	-
Loan facilities				
Unsecured bank loan facility totalling	238,485	272,936	238,485	272,936
New Zealand Bonds	100,000	100,000	-	-
Amount of facility utilised	(230,841)	(312,200)	(130,841)	(205,485)
Amount of available facility	107,644	60,736	107,644	67,451

Loan facilities as at 31 December 2013 includes \$31,470,000 for letters of credit. (2012: \$59,200,000).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

25. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis for credit risk.

Risk management is carried out by a central Treasury Function under policies approved by the Board of Directors. The policies provide principles for overall risk management, as well as areas covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed interest rates expose the Group to fair value interest rate risk. Group policy is to maintain a mix of fixed and variable rate borrowings.

Based on the outstanding net floating debt at 31 December 2013, a change in interest rates of +/-1% per annum with all other variables being constant would impact post-tax profit by \$0.5 million lower/higher (2012: \$0.6 million lower/higher).

(ii) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency.

Whilst the Group as a whole has assets and liabilities in multiple currencies, individual entities in the Group do not have a significant foreign exchange exposure to receivables or payables in currencies that are not their functional currency.

(iii) Price risk

The Group is not exposed to significant price risk. There is some risk associated with other financial assets however this is not deemed to be significant as other financial assets are categorised as level 3 in the fair value hierarchy and have been impaired, where applicable, to the present value of expected future cash flows.

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, the creditworthiness is assessed prior to entering into arrangements and approved by the Board. For other customers, risk control assesses the credit quality, taking into account financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

Credit risk further arises in relation to financial guarantees given to certain parties (see note 18 for details).

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

25. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The tables below analyse the Group's financial liabilities including interest to maturity into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

31 December 2013	Less than one year \$'000	Between one and two years \$'000	Between two and five years \$'000	Over five years \$'000
Trade payables	75,384	-	-	-
Bank loans	3,594	71,516	-	-
Mandatory convertible notes	31,560	-	-	-
New Zealand Bonds	7,860	7,860	101,965	-
Related party loans	157,265	1,965	1,310	-
Gross liability	275,663	81,341	103,275	-
Less interest	(13,564)	(10,119)	(2,018)	-
Principal	262,099	71,222	101,257	-

31 December 2012	Less than one year \$'000	Between one and two years \$'000	Between two and five years \$'000	Over five years \$'000
Trade payables	83,645	-	-	-
Bank loans	11,730	35,740	59,220	-
Mandatory convertible notes	31,560	31,560	-	-
New Zealand Bonds	7,860	7,860	109,825	-
Related party loans	155,792	-	-	-
Gross liability	290,587	75,160	169,045	-
Less interest	(16,684)	(13,790)	(12,045)	-
Principal	273,903	61,370	157,000	-

26. CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

27. FAIR VALUE MEASUREMENTS

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL);
- Derivative financial instruments; and
- Land and buildings.

The Group has also measured assets and liabilities at fair value on a non-recurring basis as a result of the reclassification of assets and liabilities as held for sale.

(a) Fair value hierarchy

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(b) Recognised fair value measurements

The following table presents the Group's financial assets and liabilities measured and recognised at fair value at 31 December 2013. Comparative information for non-financial assets and liabilities has not been provided as permitted by the transitional provisions of the new rules.

31 December 2013	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Recurring fair value measurements</i>					
Financial assets					
Financial assets at fair value through profit and loss					
Shares in other companies	9	-	-	25,012	25,012
Investment in Partnership	9	-	-	86,011	86,011
Total financial assets		-	-	111,023	111,023
Non-financial assets					
Land and buildings					
Land	10	-	-	5,419	5,419
Buildings	10	-	-	2,176	2,176
Total assets		-	-	7,595	7,595
<i>Non-recurring fair value measurements</i>					
Assets held for sale	8	-	-	788	788
Total non-recurring assets		-	-	788	788
Liabilities directly associated with assets held for sale	8	-	-	3,132	3,132
Total non-recurring liabilities		-	-	3,132	3,132
31 December 2012					
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets					
Financial assets at fair value through profit and loss					
Shares in other companies	9	-	-	27,543	27,543
Investment in Partnership	9	-	-	108,408	108,408
Total assets		-	-	135,951	135,951

The parent entity holds no assets or liabilities measured and recognised at fair value.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

27. FAIR VALUE MEASUREMENTS (continued)

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

The Group's policy is to recognise transfers between fair value hierarchy levels as at the end of the reporting period.

(c) Disclosed fair values

The Group also has a number of assets and liabilities which are not measured at fair value but for which fair values are disclosed in these notes.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. There are no outstanding non-current receivables as at 31 December 2013 (level 3).

The fair value of non-current borrowings disclosed in note 14 is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the group for similar financial instruments. For the period ending 31 December 2013, the borrowing rates were determined to be between 5.7% and 11.0%, depending on the type of borrowing. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant (level 2).

(d) Valuation techniques used to derive level 2 and 3 fair values

Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for shares in other companies.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group obtains independent valuations at least every three years for its freehold land and buildings (classified as property, plant and equipment), less subsequent depreciation for buildings. This is considered sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. All resulting fair value estimates for properties are included as Level 3.

Non-recurring fair value measurements

Assets classified as held for sale during the reporting period were measured at the lower of its carrying amount and fair value less cost to sell at the time of the reclassification. The fair value was determined in reference to current market offers.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

27. FAIR VALUE MEASUREMENTS (continued)

(e) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2013 and 2012 for recurring fair value measurements:

	Shares in other corporations \$'000	Investment in Partnership \$'000	Land \$'000	Buildings \$'000	Total \$'000
Opening balance 1 January 2012	15,253	108,408	-	-	123,661
Exchange losses recognised in other comprehensive income	(519)	-	-	-	(519)
Gains recognised in other income*	12,809	-	-	-	12,809
Closing balance 31 December 2012	27,543	108,408	-	-	135,951
Adoption of NZ IFRS 13	-	-	5,913	3,582	9,495
Acquisitions	-	-	-	122	122
Disposals and other transfers	-	-	(420)	(1,154)	(1,574)
Depreciation and impairment	-	(22,397)	-	(308)	(22,705)
Exchange losses recognised in other comprehensive income	(3,489)	-	-	-	(3,489)
Gains recognised in other income *	958	-	(74)	(66)	818
Closing balance 31 December 2013	25,012	86,011	5,419	2,176	118,618
* Unrealised gains or (losses) recognised in profit or loss attributable to assets held at the end of the reporting period (included in gains/(losses) recognised in other income above):					
2013	958	-	-	-	958
2012	-	-	-	-	-

There were no changes in valuation technique or transfers between levels 2 and 3 in the hierarchy during the year.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

27. FAIR VALUE MEASUREMENTS (continued)

(f) Fair value measurements using significant unobservable inputs (level 3)

(i) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (d) above for the valuation techniques adopted.

Description	Fair value as at 31 Dec 2013 \$'000	Valuation technique	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Shares in other corporations	20,271	Discounted cash flows	Cash flow growth factor	Between -4.0% and +8.5 % (+1.7%)	Increasing cash growth factor by 50 basis points and lowering discount rate by 100 basis points would increase the FV by \$2.5m. Lowering cash growth factor by 50 basis points and raising the discount rate by 100 basis points would decrease the fair value by \$2.1m.
			Risk - adjusted discount rate	16.0%	
	4,741	Capitalisation multiple	EBITDA multiples	Between 3.5x and 5.5x (4.5x)	The higher the capitalisation multiple the higher the value.
Investment in partnership	86,011	Discounted cash flows	Cash flow growth factor	Between - 26.5% and - 0.5 % (-12.0%)	Increasing cash growth factor by 100 basis points and lowering discount rate by 100 basis points would increase the FV by \$6.75m. Lowering cash growth factor by 100 basis points and raising the discount rate by 100 basis points would decrease the FV by \$2.5m.
			Risk - adjusted discount rate	10%	
	111,023				

(ii) Valuation processes

APN Group's finance department performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This department reports directly to the APN Group's Chief Financial Officer and the Audit committee. Discussions of valuation processes and results are held between the Chief Financial Officer, the Audit Committee and the finance team at least once every six months, in line with the APN Group's half-yearly reporting dates.

The Group engages external, independent, qualified valuers to determine the fair value of the Group's land and buildings at least every three years.

The level 3 inputs used by the Group are derived and evaluated as follows:

- The value of shares in other corporations/ investment in Level 4 Partnership – discount rates, forecasted cashflows, EBITDA multiples estimated by management based on comparable transactions and industry data.

WILSON & HORTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

28. SUBSEQUENT EVENTS

On 1 November 2013 the Company and the Bauer Media Group (Bauer) announced that they had entered into an agreement for the sale and purchase of New Zealand Magazines' consumer titles. Under the agreement, all the Group's wholly owned magazine brands, being the New Zealand Woman's Weekly, The Listener, Simply You, Simply You Living and Creme pass to Bauer for consideration of \$7,000,000. The Pacific Magazines titles – New Idea, That's Life and Girlfriend – are not affected by the transaction and the Group will continue to publish these magazines under licence from the Pacific Magazines Group Australia. The transaction completed on 28 February 2014.

On 19 February 2014, the ultimate parent company announced the acquisition of the 50% of Australian Radio Network Pty Limited (ARN) and the Radio Network Limited (TRN) that it did not already own. The purchase price was A\$246.5 million to be funded in part by equity raised by way of a fully underwritten accelerated non-renounceable entitlement offer. As a result, the non-controlling interests in ARN and TRN are now held by a related party of the Group.

Other than the matters described above, the Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.



Independent Auditors' Report to the shareholders of Wilson & Horton Limited

Report on the Financial Statements

We have audited the financial statements of Wilson & Horton Limited ("the Company") on pages 3 to 44, which comprise the balance sheets as at 31 December 2013, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 December 2013 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors, tax advisors, and providers of other assurance and advisory services we have no relationship with, or interests in, Wilson & Horton Limited or any of its subsidiaries. These services have not impaired our independence as auditors of the Company and the Group.



Opinion

In our opinion, the financial statements on pages 3 to 44:

- (i) comply with generally accepted accounting practice in New Zealand; and
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the financial position of the Company and the Group as at 31 December 2013, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 December 2013:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which 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 shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in cursive script, likely representing a PricewaterhouseCoopers representative.

Chartered Accountants
27 June 2014

Auckland