

Company registration no. 53626

IPC Media Limited

Report and financial statements for the year ended

31 December 2010

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Registered office Blue Fin Building,
110 Southwark Street, London, SE1 0SU

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2010

Business review

The company is a wholly owned subsidiary of ultimate parent Time Warner Inc and in the UK the company's results are reported within the group accounts of Time Warner Holdings Limited. The annual reports of these parent entities contain information regarding the performance, future development and risks and uncertainties affecting the company.

The principal activity of the company is magazine and online publishing.

Turnover increased 1.5% year on year whilst operating costs excluding the exceptional item were flat. As a result operating profit before the exceptional item increased 12% year on year to £51.3m.

In accordance with FRS 17, an exceptional item of £20.5m has been included in operating profit relating to the pension surplus not recognised due to scheme closure to future service accrual.

No equity dividends were proposed or paid during the year (2009 - £nil).

Going concern

On the basis of their assessment of the company's financial position the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they consider that it is appropriate to prepare the financial statements on a going concern basis.

Directors

The directors during the year and subsequently were

S J Auton
H Averill
F A Dent
R J Evans
S K Evans
S Hirst
D M Mair
C L Meredith
J A Newcombe
N Robinson
E A Webster (resigned 31 December 2010)
P R Williams

Company Secretaries

L E Klein
S J Williams

Directors' indemnity

The company has granted indemnities to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. This qualifying third party indemnity provision was in force throughout the period and remains in force as at the date of approving the directors' report.

Directors' report (Cont'd)

Employee participation

Employees are informed of the performance and prospects of the company and encouraged to become aware of the financial and economic factors which affect the company and its ability to compete in the marketplace. The individual contributions of staff are recognised as being essential to the future success of the business.

The company has an established staff council which met regularly during the year.

Disabled persons

It is the company's policy to consider the skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion. In pursuing this policy and having special concern for employees who become disabled, all practical measures are taken to ensure that disabled persons are placed in jobs suited to their individual circumstances.

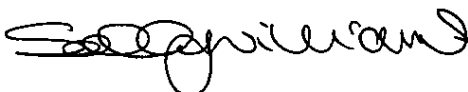
Donations

During the year the company made charitable donations of £27,498 (2009 - £14,523).

Disclosure of information to the auditors

As far as each person who was a director at the date of approving this report is aware there is no relevant information of which the company's auditors are unaware. Directors have taken all the steps they ought to take as directors to make themselves aware of relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board of Directors
and signed by order of the Board



S J Williams
Company Secretary
Blue Fin Building
110 Southwark Street
London
SE1 0SU

4 July 2011

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of IPC Media Limited

We have audited the financial statements of IPC Media Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Karl Havers (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

2 July 2011

Profit and loss account
for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Turnover	2	356,074	350,734
Cost of sales		<u>(166,581)</u>	<u>(170,387)</u>
Gross profit		189,493	180,347
Sales and distribution costs		<u>(90,265)</u>	<u>(90,086)</u>
Administrative expenses excluding exceptional item		<u>(47,923)</u>	<u>(44,358)</u>
Operating profit before exceptional item		51,305	45,903
Exceptional administrative expenses Pension surplus not recognised under FRS 17 due to scheme closure to future service accrual		<u>(20,500)</u>	<u>-</u>
Operating profit	3	30,805	45,903
Net interest receivable	6	437	597
Other finance income	7	<u>5,700</u>	<u>3,200</u>
Profit on ordinary activities before taxation		36,942	49,700
Taxation on profit on ordinary activities	9	<u>(12,241)</u>	<u>(300)</u>
Profit for the year	17	<u><u>24,701</u></u>	<u><u>49,400</u></u>

Turnover and operating income arose from continuing operations

Statement of total recognised gains and losses
for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Profit for the financial year		24,701	49,400
Actuarial losses on post employment plans	8	(607)	(28,987)
Tax (charge)/credit	9	<u>(549)</u>	<u>8,116</u>
Total gains and losses recognised for the year		<u>23,545</u>	<u>28,529</u>

Balance sheet

as at 31 December 2010

	Note	31 December 2010 £'000	31 December 2009 £'000
Fixed assets			
Intangible assets	10	18,185	24,843
Tangible assets	11	38,157	45,199
Investments	12	<u>79,746</u>	<u>81,246</u>
		136,088	151,288
Current assets			
Stocks	13	4,399	5,156
Debtors amounts falling due after more than one year	14	751	653
Debtors amounts falling due within one year	14	205,174	136,322
Cash at bank and in hand		<u>24,126</u>	<u>45,682</u>
		234,450	187,813
Creditors amounts falling due within one year	15	<u>(127,881)</u>	<u>(105,959)</u>
Net current assets		<u>106,569</u>	<u>81,854</u>
Total assets less current liabilities		242,657	233,142
Creditors amounts falling due after more than one year	15	<u>(13,877)</u>	<u>(15,510)</u>
Total net assets excluding pension asset/(liability)		228,780	217,632
Post employment assets	8	6,318	-
Post employment liabilities	8	<u>(2,226)</u>	<u>(10,044)</u>
Pension asset/(liability)		<u>4,092</u>	<u>(10,044)</u>
Total net assets including pension asset/(liability)		<u>232,872</u>	<u>207,588</u>
Capital and reserves			
Called up share capital	16	2,580	2,580
Share premium account	17	112,887	112,887
Share redemption account	17	2,318	2,318
Equity share-based payments	17	8,501	6,762
Profit and loss account	17	<u>106,586</u>	<u>83,041</u>
Equity shareholders' funds	17	<u>232,872</u>	<u>207,588</u>

These financial statements were approved by the Board of Directors on 4 July 2011
Signed on behalf of the Board of Directors



S K Evans
Director

Notes to the financial statements
for the year ended 31 December 2010

1 Accounting policies

Basis of preparation

The financial statements are presented for the company as an individual undertaking. The company is not required to prepare group financial statements under Section 400 of the Companies Act 2006 because its parent undertaking is established under the law of a member State of the European Union.

Under the provisions of Financial Reporting Standard 1 - 'Cash Flow Statements', the company has not prepared a cash flow statement because it is a wholly owned subsidiary of Time Warner Inc., which is incorporated in the United States of America and which has prepared consolidated financial statements which are publicly available.

On the basis of their assessment of the company's financial position the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future thus they consider that it is appropriate to prepare the financial statements on a going concern basis.

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Where appropriate, prior year comparatives have been restated to be consistent with the current year classification.

Share-based payments

For the purposes of determining the equity settled cost under FRS 20 the fair value of share based payments are estimated using the Black Scholes option pricing model, and recognised as an expense over the vesting period. Adjustments are made to the fair values to reflect the likelihood that share based payments will not vest due to employees leaving the company.

Investments

Investments are stated at cost less provision, if appropriate, for any impairment in value.

Intangible assets

Intangible assets are initially capitalised at fair value on acquisition and are subsequently amortised on a straight line basis over their useful economic life up to a maximum of 20 years.

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods when events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. Depreciation is provided on a basis that will write off the book value of fixed assets on a straight line basis over their expected lives. Depreciation rates range from 10% to 33 1/3% for equipment and the remaining lease term for leasehold improvements.

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

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the periods of the leases.

Stocks

Stocks are stated at the lower of cost and estimated net realisable value.

Notes to the financial statements
for the year ended 31 December 2010

1 Accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax balances are not discounted.

Pensions

The company operates defined benefit and defined contribution pension schemes.

The defined benefit charge to operating profit is the cost of accruing pension benefits promised to employees over the year plus any gains and losses arising on settlements and curtailments and any benefit improvements granted to members by the company during the year.

Other finance income in the profit and loss account includes a credit equivalent to the expected return on defined benefit scheme assets over the year offset by a charge equal to the expected increase in the present value of liabilities over the year. The difference between the market value of defined benefit scheme assets and the present value of the plans liabilities is disclosed as an asset or liability on the company's balance sheet net of deferred taxation. Any difference between the expected return on assets and that actually achieved and any changes in the liabilities over the year due to changes in assumptions or experience are recognised in the statement of total recognised gains and losses.

Contributions payable by the company in respect of defined contribution schemes are charged to operating profit as incurred.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling on that date. The translation differences are dealt with in the profit and loss account.

2 Segmental information

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
The analysis of the company's turnover by destination of geographical market is as follows		
United Kingdom	317,842	314,496
Europe	23,386	24,667
Rest of the world	14,846	11,571
Total	356,074	350,734

Turnover is derived from the company's principal activity, magazine and online publishing, and is stated net of trade discounts and VAT.

It is not appropriate to analyse operating profit or net assets attributable to geographical market as the company operates principally from one geographical location.

Notes to the financial statements
for the year ended 31 December 2010

3 Operating profit

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of owned tangible assets	10,631	11,023
Amortisation of intangible assets	2,147	2,399
Auditors' remuneration		
Fees payable to the company's auditor for the company and fellow subsidiaries	180	175
Operating lease rentals - land and buildings	11,505	11,481
Profit on disposal of fixed assets and titles	(767)	(346)

4 Information regarding directors and employees

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Staff costs (including directors)		
Wages and salaries	80,586	80,767
Social security costs	8,106	8,295
Pensions (note 8)	6,208	4,518
	<u>94,900</u>	<u>93,580</u>
	Number	Number
The monthly average number of persons employed		
Editorial	853	890
Sales and distribution	717	766
Administration	368	387
	<u>1,938</u>	<u>2,043</u>

5 Directors' emoluments

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Total emoluments	<u>2,908</u>	<u>2,482</u>
Compensation for loss of office	<u>.</u>	<u>263</u>
Company contributions paid to money purchase schemes	<u>25</u>	<u>24</u>

Notes to the financial statements
for the year ended 31 December 2010

5 Directors' emoluments (continued)

The number of directors accruing benefits at the year end in respect of defined benefit pension schemes is 6 (2009 - 6). There were 2 (2009 - 2) directors accruing benefits at the year end in respect of defined contribution pension schemes.

The number of directors that exercised share options during the year was 12 (2009 - 9).

Analysis of emoluments (excluding pension contributions) of the highest paid director

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Aggregate emoluments	581	451
Accrued pension at year end	40	37

6 Net interest receivable

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Interest receivable from group undertakings	431	338
Other interest receivable	6	272
Interest receivable	437	610
Interest payable	-	(13)
Net interest receivable	437	597

7 Other finance income

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Interest on post employment plan liabilities (note 8)	(16,600)	(13,800)
Expected return on post employment plan assets (note 8)	22,300	17,000
	5,700	3,200

Notes to the financial statements
for the year ended 31 December 2010

8 Pension commitments

The company operates a number of pension schemes. The valuation of defined benefit liabilities used for the FRS 17 disclosures has been based on a formal actuarial valuation updated by an independent qualified actuary to take account of the requirements of FRS 17. Scheme assets are stated at their 'bid' market values as at the balance sheet date. On 1 April 2011 the company closed its defined benefit scheme for future service accrual. In accordance with FRS 17 an exceptional item of £20.5m has been included in operating profit relating to the pension surplus not recognised due to scheme closure to future service accrual.

The amount charged to the profit and loss account in respect of pension costs is analysed as follows:

	Defined benefit year ended 31 December 2010 £'000	Defined contribution year ended 31 December 2010 £'000	Total year ended 31 December 2010 £'000	Defined benefit year ended 31 December 2009 £'000	Defined contribution year ended 31 December 2009 £'000	Total year ended 31 December 2009 £'000
Current service cost	4,700	1,508	6,208	3,100	1,418	4,518
Pension surplus not recognised	20,500		20,500			
Total charge to operating profit	25,200	1,508	26,708	3,100	1,418	4,518
Expected return on assets	(22,300)		(22,300)	(17,000)		(17,000)
Interest on liabilities	16,600		16,600	13,800		13,800
Total finance income	(5,700)		(5,700)	(3,200)		(3,200)
Total profit and loss account charge/(credit)	19,500	1,508	21,008	(100)	1,418	1,318

Principal actuarial assumptions

	31 December 2010 %	31 December 2009 %
Rate of price inflation	3.50	3.50
Rate of increase in salaries	4.50	4.50
Rate of increase in pensions	3.35	3.35
Rate of increase of deferred benefits	3.50	3.50
Discount rate	5.57	5.88
Mortality (post retirement tables used)	SAPs light normal *	SAPs light normal *

* Allowing for medium cohort future mortality improvements, subject to a minimum level of improvement of 1% pa for males and 0.5% for females.

Fair value of assets and expected rate of return

	Expected rate of return 31 December 2010 %	Fair value 31 December 2010 £m	Expected rate of return 31 December 2009 %	Fair value 31 December 2009 £m
Equities	8.50	245.5	8.50	202.4
Property	7.30	0.8	7.00	0.5
Corporate bonds	5.42	41.2	5.66	35.8
Gilt	4.18	42.6	4.45	34.1
Cash	3.70	6.6	2.00	0.3
Total fair value of assets		336.7		273.1

Net post employment assets/(liabilities)

	31 December 2010 £'000	31 December 2009 £'000
Fair value of scheme assets	336,700	273,050
Present value of scheme liabilities	(318,150)	(287,000)
Surplus/(deficit) in scheme	18,550	(13,950)
Pension surplus not recognised	(20,500)	
	(1,950)	(13,950)
Related deferred tax asset (see note 9c)	6,042	3,906
Net pension asset/(liability)	4,092	(10,044)

At 31 December 2010 the net pension asset of £4,092,000 (2009: £10,044,000 liability) represented individual plan surpluses of £6,318,000 (2009: £nil) and deficits of £2,226,000 (2009: £10,044,000). Of the individual plan deficits £2,226,000 (2009: £1,980,000) related to unfunded schemes.

Notes to the financial statements
for the year ended 31 December 2010

8 Pension commitments (continued)

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Analysis of movement in scheme assets		
At 1 January	273,050	222,750
Expected return on assets	22,300	17,000
Actuarial gain on assets	15,500	37,000
Employer contributions	32,107	4,427
Employee contributions	1,500	1,700
Benefits paid	(7,757)	(9,827)
At 31 December	<u>336,700</u>	<u>273,050</u>

Scheme assets do not include any of IPC Media Limited's own financial instruments or any property occupied by IPC Media Limited

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on gilts and corporate bonds are based on long term gilt indices and corporate bond yields as at 31 December 2010. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

The total contributions expected to be made to the scheme by IPC Media Limited in the year to 31 December 2011 is £1.4m

Analysis of movement in scheme liabilities

At 1 January	(287,000)	(212,240)
Employer service cost	(4,700)	(3,100)
Interest cost	(16,600)	(13,800)
Employee contributions	(1,500)	(1,700)
Actuarial losses	(16,107)	(65,987)
Benefits paid from scheme assets	7,757	9,827
At 31 December	<u>(318,150)</u>	<u>(287,000)</u>

	31 December 2010 £'000	31 December 2009 £'000	31 December 2008 £'000	31 December 2007 £'000	31 December 2006 £'000
Summary of scheme assets and liabilities					
Scheme assets	336,700	273,050	222,750	284,569	262,913
Scheme liabilities	<u>(318,150)</u>	<u>(287,000)</u>	<u>(212,240)</u>	<u>(251,293)</u>	<u>(242,842)</u>
Surplus/(deficit)	<u>18,550</u>	<u>(13,950)</u>	<u>10,510</u>	<u>33,276</u>	<u>20,071</u>

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
History of experience adjustments					
Experience gain/(loss) on scheme assets	<u>15,500</u>	<u>37,000</u>	<u>(85,300)</u>	<u>(839)</u>	<u>9,613</u>
As a % of scheme assets	<u>4.6%</u>	<u>13.6%</u>	<u>(38.3%)</u>	<u>(0.3%)</u>	<u>3.7%</u>
Experience gain/(loss) on scheme liabilities	<u>5,500</u>	<u>17,200</u>	<u>—</u>	<u>(15,704)</u>	<u>(1,075)</u>
As a % of scheme liabilities	<u>1.7%</u>	<u>6.0%</u>	<u>0.0%</u>	<u>(6.2%)</u>	<u>(0.4%)</u>
Experience (loss)/gain on change of assumptions	<u>(21,607)</u>	<u>(83,187)</u>	<u>56,708</u>	<u>23,093</u>	<u>1,124</u>
Total actuarial experience (loss)/gain	<u>(607)</u>	<u>(28,987)</u>	<u>(28,592)</u>	<u>6,550</u>	<u>9,662</u>
Total as % of scheme liabilities	<u>(0.2%)</u>	<u>(10.1%)</u>	<u>(13.5%)</u>	<u>2.6%</u>	<u>4.0%</u>

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £31.0m (2009: £29.8m)

Notes to the financial statements
for the year ended 31 December 2010

9 Taxation on profit on ordinary activities

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
a) The charge based on the profit for the year is as follows		
Taxation based on the profit for the year		
UK Corporation tax payable at 28% (2009 28%)	4,097	31
Double tax relief	(26)	(31)
Group relief payments	11,963	
Under/(over) provision for prior years	4	(870)
Overseas tax suffered	26	31
Total current tax charge/(credit) (see 9 (b) below)	16,064	(839)
Deferred tax		
Timing differences, origination and reversal	(3,473)	867
Credit due to change in tax rates	(359)	-
Under provision for prior years	9	272
Total deferred tax (see 9 (c) below)	(3,823)	1,139
Total tax charge on profit on ordinary activities	12,241	300

b) Circumstances affecting the current tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 28% (2009 28%) The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Profit on ordinary activities before tax	36,942	49,700
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	10,344	13,916
Factors affecting the tax charge		
Disallowable expenses	674	938
Depreciation in excess of capital allowances	948	219
Write off relating to title disposals not allowable	1,263	
Tax under/(over) provided in previous years	4	(870)
Group relief received for nil consideration	-	(14,299)
Other timing differences	2,831	(743)
Total current tax charge/(credit) (see 9 (a) above)	16,064	(839)

Notes to the financial statements
for the year ended 31 December 2010

9 Taxation on profit on ordinary activities (continued)

c) Deferred tax	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Deferred tax is provided at 27% (2009 28%) in the financial statements as follows		
Included in debtors (see note 14)	3,702	2,564
Included in post employment assets/(liabilities) (see note 8)	6,042	3,906
	<u>9,744</u>	<u>6,470</u>
Capital allowance pool in excess of book value of qualifying assets	890	289
Short term timing differences	8,854	6,181
	<u>9,744</u>	<u>6,470</u>
Analysis of movement in deferred tax asset	£'000	
At 1 January 2010	6,470	
Credited to the profit and loss account (see note 9 (a) above)	3,823	
Amounts debited to STRGL in respect of post employment liabilities	(549)	
At 31 December 2010	<u>9,744</u>	

Factors affecting future tax charges

A number of changes to the UK corporation tax system were announced in the June 2010 and March 2011 Budget statements. The Finance (No2) Act 2010, enacted in July 2010, included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. The effect of this change on the deferred tax balances has been included in the figures within these accounts.

A further 1% reduction in the rate, to 26% from 1 April 2011, was substantively enacted via Resolution in March 2011 but this change was substantively enacted after the balance sheet date so is not reflected in the figures within these accounts. Further changes to the rate are proposed to reduce the rate by a further 1% per annum to 23% by 1 April 2014, but these changes have not yet been substantively enacted and are not therefore included in the figures within these accounts. We estimate the impact upon deferred tax to be a reduction in the balance of approximately £1,443,000. It is not yet possible to quantify the impact of these rate changes upon current tax.

10 Intangible fixed assets

	Publishing rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2010	37,036	35,910	72,946
Additions	-	-	-
Write off relating to title disposals	(335)	(4,176)	(4,511)
At 31 December 2010	<u>36,701</u>	<u>31,734</u>	<u>68,435</u>
Amortisation			
At 1 January 2010	34,567	13,536	48,103
Charge for the year	560	1,587	2,147
At 31 December 2010	<u>35,127</u>	<u>15,123</u>	<u>50,250</u>
Net book value			
At 31 December 2010	<u>1,574</u>	<u>16,611</u>	<u>18,185</u>
At 31 December 2009	<u>2,469</u>	<u>22,374</u>	<u>24,843</u>

Notes to the financial statements
for the year ended 31 December 2010

11 Tangible fixed assets

	Leasehold improvements £'000	Equipment £'000	Total £'000
Cost			
At 1 January 2010	22,168	70,218	92,386
Additions	48	5,659	5,707
Disposals	(2,342)	(5,264)	(7,606)
Reclassifications	23	18	41
At 31 December 2010	19,897	70,631	90,528
Accumulated depreciation			
At 1 January 2010	4,729	42,458	47,187
Charge for the year	1,587	9,044	10,631
Disposals	(1,002)	(4,486)	(5,488)
Reclassifications	23	18	41
At 31 December 2010	5,337	47,034	52,371
Net book value			
At 31 December 2010	14,560	23,597	38,157
At 31 December 2009	17,439	27,760	45,199

12 Fixed asset investments

	Shares in subsidiary undertakings £'000	Interest in Joint ventures £'000	Total £'000
Cost			
At 1 January 2010	133,733	5,651	139,384
Loan repayments		(1,500)	(1,500)
At 31 December 2010	133,733	4,151	137,884
Provisions			
At 1 January 2010	(58,138)		(58,138)
At 31 December 2010	(58,138)		(58,138)
Net Book Value			
At 31 December 2010	75,595	4,151	79,746
At 31 December 2009	75,595	5,651	81,246

The company's fixed asset investments in subsidiaries relate to its 100% interests in the ordinary share capital of IPC Magazines (Overseas) Limited, Mousebreaker Limited and dormant companies. IPC Magazines (Overseas) Limited is an intermediate holding company of a group of undertakings whose main activity is consumer magazine and online publishing. Mousebreaker Limited owns the intellectual property rights of an online casual gaming business which it has licenced to IPC Media Limited. The dormant companies hold certain publishing rights to magazines published by the company.

Notes to the financial statements
for the year ended 31 December 2010

12 Fixed asset investments (continued)

IPC Media Limited has a 50% joint venture interest in European Magazines Limited. European Magazines Limited's principal activity is the publication of the UK edition of Marie Claire magazine. European Magazines Limited made a profit before tax of £321,000 for the year ended 31 December 2010 (year ended 31 December 2009 loss before tax £437,000) and had total shareholders' funds of £1,421,000 (31 December 2009 - £1,199,000). The year end for European Magazines Limited is 31 December. European Magazines Limited is incorporated in England and Wales.

IPC Media Limited also has a joint venture interest of 50% in Evarn Limited. The total investment in Evarn Limited of £4,151,000 consists of share capital of £576,000 and shareholder loan of £3,575,000 (31 December 2009 total investment £5,651,000 consisting of share capital £576,000 and shareholder loan £5,075,000). Evarn Limited's principal activity is the publication of LOOK magazine. Evarn Limited made a profit before tax of £3,193,000 for the year ended 31 December 2010 (year ended 31 December 2009 - profit before tax £890,000) and had a total shareholders' deficit of £4,120,000 (31 December 2009 - £7,734,000). The year end for Evarn Limited is 31 December. Evarn Limited is incorporated in England and Wales.

13 Stocks

	31 December 2010 £'000	31 December 2009 £'000
Raw materials and consumables	<u>4,399</u>	<u>5,156</u>

14 Debtors

	31 December 2010 £'000	31 December 2009 £'000
Amounts falling due within one year		
Trade debtors	15,677	15,905
Amounts owed by group undertakings	177,776	109,357
Amounts owed by joint ventures	607	429
Other debtors	2,184	1,680
Prepayments and accrued income	5,228	5,328
Deferred tax asset (see note 9 (c) above)	3,702	2,564
Corporation tax		1,059
	<u>205,174</u>	<u>136,322</u>

Where appropriate, prior year comparatives have been restated to be consistent with the current year classification.

	31 December 2010 £'000	31 December 2009 £'000
Amounts falling due after more than one year		
Other debtors	<u>751</u>	<u>653</u>
	<u>751</u>	<u>653</u>

Notes to the financial statements
for the year ended 31 December 2010

15 Creditors

	31 December 2010 £'000	31 December 2009 £'000
Amounts falling due within one year		
Trade creditors	51,055	47,288
Amounts owed to group undertakings	31,492	31,165
Amounts owed to joint ventures	905	1,042
Accruals and deferred income	17,442	19,025
Other creditors	6,881	4,187
Taxation and social security	4,072	3,252
Corporation tax	4,071	-
Group relief payable	11,963	-
	<u>127,881</u>	<u>105,959</u>

Where appropriate, prior year comparatives have been restated to be consistent with the current year classification

Amounts falling due after more than one year
Other creditors

13,877 15,510

16 Called up share capital

	31 December 2010 £'000	31 December 2009 £'000
Called up, allotted and fully paid 2,580,500 ordinary shares of £1 each	<u>2,580</u>	<u>2,580</u>

17 Reconciliations of movements in shareholders' funds and movement in reserves

	Share capital £'000	Share premium account £'000	Share redemption account £'000	Equity share-based payments £'000	Profit and loss account £'000	Total £'000
At 1 January 2009	2,580	112,887	2,318	5,277	54,512	177,574
Profit for the year		-	-		49,400	49,400
Net actuarial losses on post employment plans	-	-	-		(20,871)	(20,871)
Recharge from parent undertaking for share options exercised		-	-	(46)	-	(46)
Charge for share-based payments		-	-	1,531	-	1,531
At 31 December 2009	2,580	112,887	2,318	6,762	83,041	207,588
Profit for the year		-	-	-	24,701	24,701
Net actuarial losses on post employment plans		-	-	-	(1,156)	(1,156)
Recharge from parent undertaking for share options exercised		-	-	(299)	-	(299)
Charge for share-based payments		-	-	2,038	-	2,038
At 31 December 2010	<u>2,580</u>	<u>112,887</u>	<u>2,318</u>	<u>8,501</u>	<u>106,586</u>	<u>232,872</u>

No equity dividends were proposed or paid during the year (2009 £nil)

Notes to the financial statements
for the year ended 31 December 2010

18 Share-based payments

Certain employees of the company have been granted options to purchase shares in the company's ultimate parent undertaking, Time Warner Inc. Such options have been granted with exercise prices equal to, or in excess of, the fair market value at the date of grant. The options are denominated in US\$ and vest evenly over a 4 year period and expire 10 years from the date of grant.

In addition certain employees have been awarded restricted stock units in Time Warner Inc. denominated in US\$ which vest over a four year period. Holders of awards are generally entitled to receive cash dividends or dividend equivalents during the period of time that the awards are unvested.

The total charge to the profit and loss account in respect of share-based payments included within wages and salaries (see note 4) is £2,038,000 (2009 - £1,531,000).

a) Stock Options

Assumptions used in Black Scholes option pricing model	Year ended 31 December 2010	Year ended 31 December 2009
Expected volatility	29.50%	35.20%
Expected term to exercise from grant date	6.51 years	6.11 years
Risk-free rate	2.90%	2.50%
Expected dividend yield	3.10%	4.40%

Expected volatility is determined using implied volatilities data from traded options

	2010 Number of options '000	2010 Weighted average exercise price US \$	2009 Number of options '000	2009 Weighted average exercise price US \$
Outstanding as at 1 January	1,260	35.68	1,165	38.69
Granted	169	26.92	165	15.28
Exercised	(47)	30.62	(5)	27.95
Forfeited or expired	(49)	39.41	(65)	39.05
Outstanding as at 31 December	<u>1,333</u>	<u>34.97</u>	<u>1,260</u>	<u>35.68</u>
Exercisable at 31 December	<u>967</u>	<u>38.85</u>	<u>909</u>	<u>39.73</u>

The weighted average fair value of those options granted in 2010 was \$6.23 (2009 - \$3.70).

For the share options outstanding as at 31 December 2010, the weighted average remaining contractual life is 4.8 years (2009 - 5.3 years).

The range of exercise prices for options outstanding at 31 December is \$15.27 to \$66.05 (2009 - \$15.27 to \$66.05).

b) Restricted Stock Units

	2010 Number of units '000	2010 Weighted average grant date fair value US\$	2009 Number of units '000	2009 Weighted average grant date fair value US\$
Unvested as at 1 January	245	24.48	130	34.46
Granted	118	26.92	128	15.33
Vested	(37)	29.50	(3)	16.28
Forfeited	(7)	22.92	(10)	33.51
Unvested as at 31 December	<u>319</u>	<u>24.23</u>	<u>245</u>	<u>24.48</u>

The range of exercise prices for restricted stock units outstanding at 31 December 2010 is \$15.27 to \$41.48 (2009 - \$15.27 to \$41.48).

Notes to the financial statements
for the year ended 31 December 2010

19 Operating lease commitments

Annual commitments under non cancellable land and buildings operating leases are as follows

	31 December 2010 £'000	31 December 2009 £'000
Leases which expire		
Within one year	43	27
Between two to five years	324	279
After five years	11,127	11,101
	<u>11,494</u>	<u>11,407</u>

20 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 'Related Party Disclosures' from disclosing transactions with fellow members of the group where 90% or more of the voting rights are controlled within the group

There were no material related party transactions during the year other than those set out below or disclosed elsewhere in the financial statements

Joint ventures

During the year the company sold goods and provided management and other services to European Magazines Limited. The total value of these transactions was £10.9m (2009: £12.0m). As at 31 December 2010 the company was owed £0.6m (2009: £0.4m) by European Magazines Limited.

During the year the company also sold goods and provided management and other services to Evarn Limited. The total value of these transactions was £16.7m (2009: £16.8m). As at 31 December 2010 the company owed £0.9m (2009: £1.0m) to Evarn Limited.

The directors are satisfied that all related party transactions were carried out on an arm's length basis.

21 Parent undertakings

The company's immediate parent undertaking is IPC Magazines Holdings Limited.

Time Warner Holdings Limited is the parent undertaking of the smallest group of undertakings of which the company is a member and for which group financial statements are drawn up. Time Warner Holdings Limited is registered in England and Wales and copies of its financial statements may be obtained from the Registrar of Companies in Cardiff.

Time Warner Inc, a company incorporated in the United States of America, is the ultimate parent undertaking of the largest group of undertakings of which the company is a member and for which group financial statements are drawn up. Copies of Time Warner Inc's financial statements can be obtained from One Time Warner Center, New York, NY 10019, USA.