

Registered number: 01176085

BAUER CONSUMER MEDIA LIMITED

Annual Report and Financial Statements

For the Year Ended 31 December 2016

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BAUER CONSUMER MEDIA LIMITED

Company Information

Directors	P Keenan S Vickery R Munro-Hall (appointed 19 January 2017)
Company secretary	Bauer Group Secretariat Limited
Registered number	01176085
Registered office	Media House Peterborough Business Park Lynch Wood Peterborough PE2 6EA
Independent auditor	Grant Thornton UK LLP Statutory Auditor & Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

BAUER CONSUMER MEDIA LIMITED

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BAUER CONSUMER MEDIA LIMITED

Strategic Report For the Year Ended 31 December 2016

Introduction

The directors present their strategic report for the year ended 31 December 2016.

Business review

The Company is a multimedia business with a portfolio of influential media brands including many of the best known magazines, websites and events in the UK, which deliver excellent content to our audiences whenever, however and wherever they want. This provides an excellent platform for customers to reach their target audience through effective advertising campaigns.

No change in the nature of the Company's activities is anticipated to occur in the future.

Principal risks and uncertainties

The Company, along with other businesses in the advertising sector, is exposed to fluctuation in advertising media spend.

The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by obtaining prepayments from new customers, and running credit checks on existing customers. Liquidity and cashflow risks are managed through support from the Company's parent.

Although the Company operates wholly within the UK, its overseas assets and liabilities are exposed to fluctuations of foreign currency exchange. The Company seeks to minimise this risk with the support from the Company's parent.

Other key risks include a loss of key personnel and increased competition in the marketplace.


Financial key performance indicators

The Company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial. The key financial performance indicators are Turnover of £140,882,000 (2015: £152,590,000) and Operating profit of £26,389,000 (2015: £25,039,000).

Other key performance indicators

The key non-financial performance indicators include the number of staff employed by the Company (Note 7), newsstand and subscription copy sales, as published by the Audit Bureau of Circulation on a six monthly or annual basis.

This report was approved by the board on 12 July 2017 and signed on its behalf.


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S Vickery
Director

BAUER CONSUMER MEDIA LIMITED

Directors' Report For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Results and dividends

The profit for the year, after taxation, amounted to £12,840,000 (2015 - £20,996,000).

An interim dividend of £20,000,000 was paid during the year (2015: £32,000,000). The directors do not recommend the payment of a final dividend (2015: £NIL).

Directors

The directors who served during the year were:

P Keenan
D P Goodchild (resigned 11 May 2016)
G M Beddard (resigned 19 May 2017)
S Vickery

BAUER CONSUMER MEDIA LIMITED

Directors' Report (continued) For the Year Ended 31 December 2016

Future developments

The external commercial environment remains competitive in 2017 and beyond in all sectors. Future emphasis will continue on investing in existing products, developing new products and migrating existing brands across other platforms. The directors believe that with our strong brands the business is well positioned to face the fast-changing and challenging media environment of 2017 and beyond.

Employee involvement

The directors attach great importance to keeping staff fully informed of the Company's financial progress to involve them as much as possible in the activities of the Company. Information is communicated through Bauer's Intranet - Media Vine - and periodic discussions take place to keep people informed and seek out their ideas and opinions.

Disabled employees

Disabled employees are given the same consideration as others and, depending on their skills and abilities, will enjoy the same training, development and prospects as other staff. Employees who become disabled during their employment with the Company will be retained wherever possible and encouraged to develop their careers.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, has indicated its willingness to continue in office. The Company has elected under section 487 of the Companies Act 2006 not to re-appoint the auditor annually. Therefore the auditor, Grant Thornton UK LLP, is deemed to be re-appointed for the next financial year.

This report was approved by the board on 12 July 2017 and signed on its behalf.


S Vickery
Director

BAUER CONSUMER MEDIA LIMITED

Independent Auditor's Report to the Members of Bauer Consumer Media Limited

We have audited the financial statements of Bauer Consumer Media Limited for the year ended 31 December 2016, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

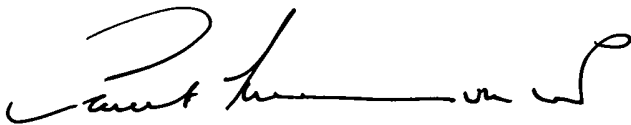
BAUER CONSUMER MEDIA LIMITED

Independent Auditor's Report to the Members of Bauer Consumer Media Limited

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.



Mark Henshaw (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
London

12 July 2017

BAUER CONSUMER MEDIA LIMITED

**Statement of Income and Retained Earnings
For the Year Ended 31 December 2016**

	Note	2016 £000	Restated 2015 £000
Turnover	4	140,882	152,590
Cost of sales		(50,028)	(55,218)
Gross profit		90,854	97,372
Distribution costs		(10,524)	(11,095)
Administrative expenses		(66,036)	(72,714)
Other operating income	5	12,095	11,476
Operating profit	6	26,389	25,039
Income from shares in group undertakings	22	-	480
Income from participating interests	22	3,000	2,750
Exceptional loss from impairment and disposal of intangible assets	8	(15,317)	(3,428)
Profit on disposal of business		511	22
Interest receivable and similar income	9	835	425
Profit before tax		15,418	25,288
Tax on profit	10	(2,578)	(4,292)
Profit after tax		12,840	20,996
 Retained earnings at the beginning of the year		 44,404	 55,408
Profit for the year		12,840	20,996
Dividends declared and paid		(20,000)	(32,000)
Retained earnings at the end of the year		37,244	44,404

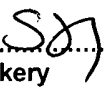
The notes on pages 8 to 27 form part of these financial statements.

BAUER CONSUMER MEDIA LIMITED
Registered number:01176085

Balance Sheet
As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	12	75,077	99,216
Tangible assets	13	312	424
Investments	14	16,666	16,666
		<u>92,055</u>	<u>116,306</u>
Current assets			
Stocks	15	1,084	985
Debtors: amounts falling due after more than one year	16	216	96
Debtors: amounts falling due within one year	16	53,096	49,571
Cash at bank and in hand		35,286	20,649
		<u>89,682</u>	<u>71,301</u>
Creditors: amounts falling due within one year	17	(23,313)	(23,120)
Net current assets		<u>66,369</u>	<u>48,181</u>
Total assets less current liabilities		<u>158,424</u>	<u>164,487</u>
Creditors: amounts falling due after more than one year		-	(431)
Provisions for liabilities			
Other provisions	19	(1,623)	(95)
		<u>(1,623)</u>	<u>(95)</u>
Net assets		<u>156,801</u>	<u>163,961</u>
Capital and reserves			
Called up share capital	20	424	424
Share premium account		119,133	119,133
Profit and loss account		37,244	44,404
		<u>156,801</u>	<u>163,961</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 July 2017.

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S Vickery
 Director

The notes on pages 8 to 27 form part of these financial statements.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

1. General information

Bauer Consumer Media Limited is a private limited company, incorporated in England.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Heinrich Bauer Verlag KG as at 31 December 2016 and these financial statements may be obtained from Burchardstraße 11, 20077 Hamburg, Germany.

2.3 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.4 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered the future funding requirements of the business, and based on management forecasts have concluded that the Company will have sufficient funds to ensure that it can meet its financial liabilities as and when they fall due, for a period of at least 12 months from the date of these financial statements.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Magazine news stand circulation revenue is recognised according to the on-sale date of publication. Pre-paid subscription revenues are shown as deferred income and released to the income statement over the life of the subscription.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Advertising revenue is recognised according to the on-sale date of publication. Event income is recognised when the event has taken place.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The range of useful economic life for existing intangible assets is between 3 and 50 years.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Short Term Leasehold Property - Over the period of the lease
Office equipment and vehicles - 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.8 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss 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 (or CGU'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 flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

2.13 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on:

- the differences between the fair values of assets acquired and the future tax deductions available for them; and
- the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the accounting policies and the reported amounts of assets, liabilities, income and expenses. These are continually assessed based on factors such as historical experience and likely outcome of future events. The following judgment and estimates have had the most significant effect on amounts recognised in the financial statements.

(a) Turnover

Revenue is recognised when the significant risks and rewards of ownership have been transferred to a third party, or services provided at the point when it is probable that the economic benefits will flow to the Company and when the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration.

Magazine news stand circulation and advertising revenue are recognised according to the on-sale date of publication. Pre-paid subscription revenues are shown as deferred income and released to the income statement over the life of the subscription.

Event income is recognised when the event has taken place.

(b) Useful economic lives and impairment of intangible assets

The annual amortisation charge and any impairment of intangible assets are sensitive to changes in the estimated useful economic lives and carrying values of these assets. These are reviewed annually and amended when necessary to reflect the current estimates based on current and future net licensing income and business activities.

(c) Impairment of debtors

The Company makes an estimate of the recoverable values of trade and other debtors. The current credit rating of the debtor, the ageing of the debt and historical experience of debtors are used by management in assessing impairment of trade and other debtors.

(d) Sale or return provision

A provision is deducted from circulation revenue for expected returns, based on previous experience, which is adjusted for actual returns when this is known.

4. Turnover

The directors are of the opinion that disclosing the Company's turnover by activity is not in the best interests of the Company.

Analysis of turnover by country of destination:

	2016 £000	2015 £000
United Kingdom	134,224	145,322
Rest of the world	6,658	7,268
	<u>140,882</u>	<u>152,590</u>

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

5. Other operating income

	2016	2015
	£000	£000
Royalty and licensing income	12,095	11,476
	12,095	11,476

6. Operating profit

The operating profit is stated after charging:

	2016	2015
	£000	£000
Depreciation of tangible fixed assets	153	188
Amortisation of intangible assets	7,983	8,152
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	98	98
Exchange differences	(3,344)	951
Other operating lease rentals	2,655	2,848
Defined contribution pension cost	914	531

During the year, no director received any emoluments (2015: £NIL).

The directors of the Company are considered its key management personnel.

Some operating leases refer to car leases and there are no commitments at the period end for future rentals.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

7. Employees

Staff costs were as follows:

	2016	2015
	£000	£000
Wages and salaries	25,786	15,162
Social security costs	2,696	1,494
Cost of defined contribution scheme	914	531
	<u>29,396</u>	<u>17,187</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016	2015
	No.	No.
UK full-time employees	<u>696</u>	<u>409</u>

The Company's business was organised through a number of fellow subsidiaries who acted as agents for the Company until 30 June 2015. From 1 July 2015 the staff of these subsidiaries were transferred to the Company.

8. Exceptional loss from impairment and disposal of intangible assets

	2016	Restated 2015
	£000	£000
Impairment of intangible assets	13,082	3,428
Loss on disposal of intangible assets	2,235	-
	<u>15,317</u>	<u>3,428</u>

The Company incurred exceptional charges of £13,082,000 (2015: £3,428,000) in respect of a provision for the impairment of intangible assets (see note 12), and £2,235,000 (2015: £NIL) in respect of the loss on disposal of intangible assets.

2015 has been restated to show the impairment of intangible fixed assets on a consistent basis with 2016.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

9. Interest receivable

	2016	2015
	£000	£000
Interest receivable from group companies	658	238
Other interest receivable	177	187
	<u>835</u>	<u>425</u>

10. Taxation

	2016	2015
	£000	£000
Corporation tax		
Current tax on profits for the year	2,675	4,428
Adjustments in respect of previous periods	(104)	(156)
	<u>2,571</u>	<u>4,272</u>
Total current tax	<u>2,571</u>	<u>4,272</u>
Deferred tax		
Origination and reversal of timing differences	(2)	2
Changes to tax rates	9	18
	<u>7</u>	<u>20</u>
Total deferred tax	<u>7</u>	<u>20</u>
Taxation on profit on ordinary activities	<u>2,578</u>	<u>4,292</u>

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	15,418	25,288
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	3,084	5,121
Effects of:		
Non-tax deductible impairment	32	24
Expenses not deductible for tax purposes, other than impairment	711	392
Adjustments to tax charge in respect of prior periods	(121)	(211)
Non-taxable income	-	(10)
Dividends from UK companies	(600)	(654)
Tax rate changes	7	10
Transfer pricing adjustments	(535)	(380)
Total tax charge for the year	2,578	4,292

Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK reduced from 21% to 20% with effect from 1 April 2015. Accordingly the Company's profits for the current period are taxed at an effective rate of 20.00%.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill (No 2) 2015 on 18 November 2015. This reduced the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

A number of changes to the UK corporation tax system were announced in the Chancellor's Budget on 16 March 2016. These include reductions to the main rate of UK corporation tax to 17% from 1 April 2020 (previously substantively enacted 8 July 2015 to 18%). These changes were fully enacted by the balance sheet date. As a result of these changes the deferred tax balances have been re-measured to 17%, the expected rate for when they will reverse.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

11. Dividends

	2016 £000	2015 £000
Interim dividend	20,000	32,000
	<u>20,000</u>	<u>32,000</u>

12. Intangible assets

	Trademarks £000
Cost	
At 1 January 2016	194,192
Disposals	(7,939)
At 31 December 2016	<u>186,253</u>
Amortisation	
At 1 January 2016	94,976
Charge for the year	7,983
On disposals	(4,865)
Impairment charge	13,082
At 31 December 2016	<u>111,176</u>
Net book value	
At 31 December 2016	<u>75,077</u>
At 31 December 2015	<u>99,216</u>

The directors have considered the carrying value of all intangible fixed assets at 31 December 2016 and a provision for impairment of £13,082,000 was considered necessary (2015: £3,428,000) on the closure of certain titles and net realisable value reviews, together with a change to the royalty rate agreement for remaining titles. Valuations have been measured by reference to the greater of net realisable value and value in use.

The value in use reflects the fact that significant license income is received in Australian Dollars. Exchange rate fluctuations affect the Company's future expected sterling income.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

13. Tangible fixed assets

	Short Term Leasehold Property £000	Office equipment and vehicles £000	Total £000
Cost or valuation			
At 1 January 2016	1,080	3,578	4,658
Additions	-	41	41
At 31 December 2016	<u>1,080</u>	<u>3,619</u>	<u>4,699</u>
Depreciation			
At 1 January 2016	1,054	3,180	4,234
Charge for the period on owned assets	24	129	153
At 31 December 2016	<u>1,078</u>	<u>3,309</u>	<u>4,387</u>
Net book value			
At 31 December 2016	<u>2</u>	<u>310</u>	<u>312</u>
At 31 December 2015	<u>26</u>	<u>398</u>	<u>424</u>

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

14. Fixed asset investments

	Investments in subsidiary companies £000	Investments in associates £000	Unlisted investments £000	Loans to associates £000	Total £000
Cost or valuation					
At 1 January 2016	26,302	258	45	210	26,815
Disposals	-	(258)	-	(210)	(468)
At 31 December 2016	26,302	-	45	-	26,347
Impairment					
At 1 January 2016	9,636	258	45	210	10,149
Impairment on disposals	-	(258)	-	(210)	(468)
At 31 December 2016	9,636	-	45	-	9,681
Net book value					
At 31 December 2016	16,666	-	-	-	16,666
At 31 December 2015	16,666	-	-	-	16,666

The investment in and the loan to associates has been written off as the related company has been dissolved.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

14. Fixed asset investments (continued)**Direct subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Bauer Active Limited	Ordinary	100 %	Dormant
Bauer Automotive Limited	Ordinary	100 %	Dormant
Bauer East Limited	Ordinary	100 %	Dormant
Bauer London Lifestyle Limited	Ordinary	100 %	Dormant
Bauer Esprit Limited	Ordinary	100 %	Dormant
Bauer Pop Limited	Ordinary	100 %	Dormant
Horse Deals Limited	Ordinary	100 %	Publishing
Classiccarsforsale Limited	Ordinary	100 %	Website trading
Frontline Publishing Services Limited	Ordinary	100 %	Agency
Frontline Limited	Ordinary (various classes)	72 %	Sales, marketing and distribution

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Seymour International Limited	Ordinary	100 %	Sales, marketing and distribution
Seymour Distribution Limited	Ordinary	100 %	Sales, marketing and distribution
USM Magazine Distribution Limited	Ordinary	100 %	Dormant

The registered office of all Direct subsidiary undertakings and Indirect subsidiary undertakings is the same as the Company: Media House, Peterborough Business Park, Lynch Wood, Peterborough. PE2 6EA.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

14. Fixed asset investments (continued)**Participating interests****Joint ventures**

Name	Country of incorporation	Class of shares	Holding	Principal activity
The Box Plus Network Limited	England	Ordinary	50%	Television broadcasting

The Box Plus Network Limited reported profit for the financial year ending 31 Dec 2016 of £5,170,000, (2015: £5,627,000), our profit share is in line with our shareholding.

Associates

On 20 September 2016, Storkup Limited, a non-trading associate company, was dissolved and struck-off from the register of companies. The carrying value of this investment was already £NIL at the start of the year.

The carrying value of the Company's investments are reviewed for impairment when there are indications that the assets may be impaired. No provision for impairment was considered necessary at 31 December 2016 (2015: £NIL). When testing for impairment, recoverable amounts are measured at their value in use by discounting the future expected cash flows from the investments.

In the opinion of the directors the value of investments is not less than the aggregate amount at which they are stated in the balance sheet.

15. Stocks

	2016 £000	2015 £000
Raw materials and consumables	886	985
Finished goods and goods for resale	198	-
	1,084	985

In the opinion of the directors, the replacement value of stocks at 31 December 2016 and 31 December 2015 are not materially different from their book values at those dates.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

16. Debtors

	2016 £000	2015 £000
Due after more than one year		
Other debtors	216	96
	<u>216</u>	<u>96</u>
	2016 £000	2015 £000
Due within one year		
Trade debtors	11,174	12,250
Amounts owed by group undertakings	26,172	24,866
Other debtors	12,086	9,222
Prepayments and accrued income	3,507	3,069
Deferred taxation	157	164
	<u>53,096</u>	<u>49,571</u>

Included in amounts owed by group undertakings is a loan of £17,580,000 (2015: £14,749,000) that is unsecured, interest at 4% per annum and is repayable on demand. This loan was repaid in full on 31 March 2017. All other amounts owed by other group undertakings are unsecured, interest free and repayable on demand.

17. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Payments received on account	8,241	8,123
Trade creditors	1,661	713
Other taxation and social security	678	593
Other creditors	992	455
Accruals and deferred income	11,741	13,236
	<u>23,313</u>	<u>23,120</u>

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

18. Deferred taxation

	2016 £000	2015 £000
At beginning of year	164	184
Charged to profit or loss	(7)	(20)
At end of year	157	164

The deferred tax asset is made up as follows:

	2016 £000	2015 £000
Depreciation in advance of capital allowances	145	121
Short term timing differences	12	43
	157	164

The deferred tax asset is not expected to reverse in 2017.

19. Provisions

	Property provision £000
At 1 January 2016	95
Charged to profit or loss	1,541
Utilised in year	(13)
At 31 December 2016	1,623

During the year a further £1,600,000 provision was made for the estimated costs in relation to properties no longer occupied by the Company. The current provision represents the best estimate of the future net cash outflows, expected to be incurred on either disposal of, or net rent shortfall incurred on each lease.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2016**

20. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
423,931 ordinary shares of £1 each	424	424

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

21. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Not later than 1 year	732	2,814
Later than 1 year and not later than 5 years	2,504	1,238
Later than 5 years	741	-
	3,977	4,052

	2016 £000	2015 £000
Not later than 1 year	188	189
Later than 1 year and not later than 5 years	109	296
	297	485

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

22. Related party transactions

The Company owns a 50% joint interest in The Box Plus Network Limited (Box TV).

During the year, the Company received a dividend of £3,000,000 (2015: £2,750,000). The Company's total revenue arising from Box TV was £2,175,000 (2015 £2,533,000) for commission on the sale of television advertising, central support services and brand royalties.

	2016 £000	2015 £000
Included in debtors		
Balances with Box TV	<u>379</u>	<u>673</u>

The distribution of the Company's magazines is carried out by Frontline group undertakings consisting of Frontline Limited, a 72% subsidiary of the Company and Seymour International Limited, a 100% subsidiary of Frontline Limited.

The Company received a dividend of £NIL (2015: £480,000). During the year, the Company paid for carriage and net sundry costs of £2,091,000 (2015: £2,235,000).

	2016 £000	2015 £000
Included in debtors		
Balances with Frontline group undertakings	<u>8,472</u>	<u>10,503</u>

The Company has taken advantage of the exemption in Financial Reporting Standard 102 section 33.1A "Related party disclosures" and has not disclosed transactions with wholly owned group undertakings.

23. Controlling parties

The immediate parent company is HBVB.

Heinrich Bauer Verlag KG, established in Germany, is regarded by the directors as the Company's ultimate controlling party.

The only parent undertaking for which Group accounts are drawn up is Heinrich Bauer Verlag KG, registered in Germany. Copies of Heinrich Bauer Verlag KG accounts are publicly available.