

# IPC Magazines Holdings Limited

Report and financial statements

31 December 2015



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## Strategic report

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The directors present their strategic report for the year ended 31 December 2015.

The company is part of a group of undertakings whose main activity is magazine and digital publishing. The principal operating company in this group is Time Inc. (UK) Ltd.

The loss for the year amounted to £2.6m (2014: £1.2m) consisting of interest payable on a loan from the company's parent undertaking. Net assets at year-end were £309.5m (2014: £312.1m)

The business risks facing the company are the same as those facing its ultimate parent company Time Inc. A detailed description of these risks is set out in Time Inc.'s 10-K Annual Report filing which is available online at the Time Inc. investor relations site: [www.timeinc.com](http://www.timeinc.com).

Approved by the Board of Directors and signed on their behalf:



S J May  
Director  
Blue Fin Building  
110 Southwark Street  
London  
SE1 0SU

26 September 2016

## **Directors' report**

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The directors present their report and the audited financial statements for the year ended 31 December 2015.

### **Dividends**

No equity dividends were proposed or paid during the year (2014: £nil).

### **Directors**

The directors during the year and subsequently were:

J J Bairstow  
M A Rich  
C L Meredith (resigned 31 May 2016)  
S J May

The directors had no interest in the share capital of the company requiring disclosure under the Companies Act 2006.

### **Company Secretary**

L E Klein

### **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 section 234 of 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.

### **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.

**Directors' report (continued)**

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**Going concern**

Time Inc., the company's ultimate parent company, has confirmed that, if required, it will provide financial support to the company during the year following the approval of the accounts. 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.

Approved by the Board of Directors and signed on their behalf:



S J May  
Director  
Blue Fin Building  
110 Southwark Street  
London  
SE1 0SU

26 September 2016

**Statement of directors' responsibilities**

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The directors are responsible for preparing the Strategic report, 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 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

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.

## **Independent auditor's report to the members of IPC Magazines Holdings Limited**

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We have audited the financial statements of IPC Magazines Holdings Limited for the year ended 31 December 2015 which comprise the Income statement, Statement of comprehensive Income, Statement of financial position, Statement of changes in equity, and related notes 1 to 11. 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 to 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 Statement of directors' responsibilities set out on page 4, 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 Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

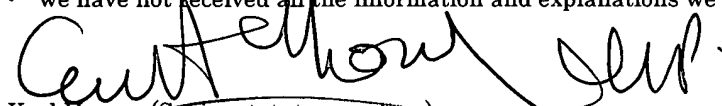
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and 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 UK

29 September 2016

# IPC Magazines Holdings Limited

## Income statement

for the year ended 31 December 2015

|   | Note | Year ended<br>31 December<br>2015<br>£'000 | Year ended<br>31 December<br>2014<br>£'000 |
|---|------|--|--|
| Interest payable and similar charges        | 4    | (2,601)                                    | (1,197)                                    |
| Loss on ordinary activities before taxation |      | <u>(2,601)</u>                             | <u>(1,197)</u>                             |
| Tax on loss on ordinary activities          | 5    | <u>-</u>                                   | <u>-</u>                                   |
| Loss for the year                           |      | <u><u>(2,601)</u></u>                      | <u><u>(1,197)</u></u>                      |

All activities relate to continuing operations.



**Statement of comprehensive income**  
**for the year ended 31 December 2015**

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|   | Year ended<br>31 December<br>2015<br>£'000 | Year ended<br>31 December<br>2014<br>£'000 |
|---|--|--|
| Loss for the year                               | (2,601)                                    | (1,197)                                    |
| Other comprehensive income                      | -  | -  |
| <b>Total other comprehensive income</b>         | -  | -  |
| <b>Total comprehensive expense for the year</b> | <b>(2,601)</b>                             | <b>(1,197)</b>                             |

**IPC Magazines Holdings Limited**  
**Company registration no. 3464980**

**Statement of financial position**  
as at 31 December 2015

|  | Note | 31 December<br>2015<br>£'000 | 31 December<br>2014<br>£'000 |
|--|------|------------------------------|------------------------------|
| <b>Fixed assets</b>  |      |                              |                              |
| Investments in subsidiary undertakings                         | 6    | <u>405,347</u>               | <u>405,347</u>               |
| <b>Creditors: amounts falling due within one year</b>          | 7    | <u>(3,798)</u>               | <u>(1,197)</u>               |
| <b>Net current liabilities</b>                                 |      | <u>(3,798)</u>               | <u>(1,197)</u>               |
| <b>Creditors: amounts falling due after more than one year</b> | 8    | <u>(92,047)</u>              | <u>(92,047)</u>              |
| <b>Total net assets</b>  |      | <u><u>309,502</u></u>        | <u><u>312,103</u></u>        |
| <b>Capital and reserves</b>                                    |      |                              |                              |
| Called up share capital  | 9    | 55                           | 55                           |
| Share premium  |      | 45                           | 45                           |
| Profit and loss account  |      | <u>309,402</u>               | <u>312,003</u>               |
| <b>Equity shareholders' funds</b>                              |      | <u><u>309,502</u></u>        | <u><u>312,103</u></u>        |

These financial statements were approved by the Board of Directors on 26 September 2016 and signed on their behalf:



S J May  
Director

**Statement of changes in equity**  
for the year ended 31 December 2015

|  | Profit and<br>loss<br>account<br>£'000 | Called-up<br>share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Total<br>equity<br>£'000 |
|--|--|--|--------------------------------------|--------------------------|
| Balance at 1 January 2014                | 313,200                                | 55                                     | 45                                   | 313,300                  |
| Total comprehensive expense for the year | (1,197)                                | -                                      | -                                    | (1,197)                  |
| At 31 December 2014                      | 312,003                                | 55                                     | 45                                   | 312,103                  |
| Total comprehensive expense for the year | (2,601)                                | -                                      | -                                    | (2,601)                  |
| At 31 December 2015                      | <u>309,402</u>                         | <u>55</u>                              | <u>45</u>                            | <u>309,502</u>           |

**Notes to the financial statements**  
for the year ended 31 December 2015

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**1 Accounting policies**

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**Statement of compliance**

IPC Magazines Holdings Limited is a limited liability company incorporated in England. The registered office is Room 3-C29 Blue Fin Building, 110 Southwark Street, London, SE1 0SU.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102), a Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006. This is the first year in which the financial statements have been prepared under FRS 102, the transition date is 1 January 2014. There is no difference between the financial position or financial result for the year ended 31 December 2014 under previous UK GAAP and the financial position and financial result under FRS 102.

**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 FRS 102 section 1.12(b), the company has elected to make use of the exemption from the requirement to present a cash flow statement. The company is a qualifying entity because its ultimate parent company, Time Inc., which is incorporated in the United States of America has prepared consolidated financial statements that include IPC Magazines Holdings Limited and are publicly available.

Time Inc., the company's ultimate parent company, has confirmed that, if required, it will provide financial support to the company during the year following the approval of the accounts. 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.

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

The financial statements have been prepared in pounds sterling, which is the functional currency of the company and are rounded to the nearest £'000.

**Judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

*Taxation*

The company establishes provisions based on reasonable estimates for possible consequences of audits by the tax authorities. The amount of such provisions is based upon various factors such as experience with previous tax audits and differing interpretations of tax regulations by the company and the responsible tax authority.

**Notes to the financial statements**  
for the year ended 31 December 2015

**1 Accounting policies (continued)**

**Fixed asset investments**

Investments are shown at cost less provision, if appropriate, for any diminution in value.

**Financial instruments**

The financial liabilities held by the company are basic financial instruments and were initially recognised at the transaction price. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Debt instruments that are payable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid, net of impairment.

**2 Directors and employees**

The directors did not receive any emoluments for their qualifying services as directors of the company (2014: £nil).

The company had no other employees during the year (2014: nil).

**3 Auditor's remuneration**

The auditor's remuneration in the current and preceding financial years is included in the fee disclosed in the financial statements of Time Inc. (UK) Ltd. The company made no other payments to the auditors.

**4 Interest payable and similar charges**

|  | Year ended<br>31 December<br>2015<br>£'000 | Year ended<br>31 December<br>2014<br>£'000 |
|--|--|--|
| Interest payable to group undertakings | <u>2,601</u>                               | <u>1,197</u>                               |

**5 Tax on loss on ordinary activities**

There is no tax charge based on the results for the current financial year or the preceding financial year.

**Notes to the financial statements**  
for the year ended 31 December 2015

**5 Tax on loss on ordinary activities (continued)**

**Circumstances affecting total tax charge**

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are reconciled below:

|   | 31 December<br>2015<br>£'000 | 31 December<br>2014<br>£'000 |
|---|------------------------------|------------------------------|
| Loss on ordinary activities before tax              | (2,601)                      | (1,197)                      |
| Tax on loss on ordinary activities at standard rate | (527)                        | (257)                        |
| Factors affecting charge:                           |                              |                              |
| Group relief surrendered for nil consideration      | 527                          | 257                          |
| Total tax expense                                   | -                            | -                            |

**Factors affecting future tax charges**

The Finance (no.2) Act 2015 included legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020.

The Finance Bill 2016 further reduced the rate to 17% from 1 April 2020 and was substantively enacted on 6 September 2016. As this change was not substantively enacted at the balance sheet date, it is not reflected within these accounts.

It is not yet possible to quantify the impact of these rate changes upon current tax.

**6 Investment in subsidiary undertakings**

|   | 31 December<br>2015<br>£'000 | 31 December<br>2014<br>£'000 |
|---|------------------------------|------------------------------|
| Investment in subsidiaries                  |                              |                              |
| Balance at 1 January                        | 405,347                      | 313,300                      |
| Additional investment in Time Inc. (UK) Ltd | -                            | 92,047                       |
| <b>Balance at 31 December</b>               | <b>405,347</b>               | <b>405,347</b>               |

The company holds a 100% interest in the ordinary share capital of Time Inc. (UK) Ltd which is incorporated in Great Britain and registered in England and Wales.

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

|                                    | 31 December<br>2015<br>£'000 | 31 December<br>2014<br>£'000 |
|------------------------------------|------------------------------|------------------------------|
| Amounts owed to parent undertaking | 3,798                        | 1,197                        |

Amounts owed to group undertakings consists of interest payable on the loan payable to Time UK Publishing Holdings Limited.

**Notes to the financial statements**  
for the year ended 31 December 2015

**8 Creditors: amounts falling due after more than one year**

|                                   | 31 December<br>2015<br>£'000 | 31 December<br>2014<br>£'000 |
|-----------------------------------|------------------------------|------------------------------|
| Amounts owed to group undertaking | <u>92,047</u>                | <u>92,047</u>                |

The loan note of £92.0m is repayable on 14 July 2019. Interest is payable at a rate per annum equal to LIBOR plus an applicable margin of 2.25% and is payable quarterly in arrears or as may otherwise be agreed by the parties.

**9 Called up share capital**

|  | 31 December<br>2015<br>£'000 | 31 December<br>2014<br>£'000 |
|--|------------------------------|------------------------------|
| Called up, allotted and fully paid<br>548,670,002 ordinary shares of £0.0001 | <u>55</u>                    | <u>55</u>                    |

**10 Related party transactions**

The loan payable to the company's parent undertaking is disclosed in note 7. Interest on this loan is disclosed in notes 4.

**11 Parent undertakings**

The company's immediate parent undertaking is International Publishing Corporation Limited.

Time Inc., a company incorporated in the United States of America, was the parent undertaking of the smallest and largest group of undertakings of which the company was a member and for which group financial statements were drawn up. Copies of Time Inc.'s financial statements can be obtained from Time Inc., 225 Liberty Street, New York, NY 10281, USA.