

IPC Magazines Holdings Limited

Report and financial statements
for the year ended 31 December 2016



IPC Magazines Holdings Limited

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Strategic report

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

The company is part of a group of undertakings whose main activity is magazine print and digital publishing. The principal operating company in this group is Time Inc. (UK) Ltd. The company acts as an intermediate holding company within the group.

The loss for the year amounted to £2.5m (2015: £2.6m) consisting of interest payable on a loan from the company's parent undertaking. Net assets at year end were £307.0m (2015: £309.5m). Given that the company is an intermediate holding company, the directors do not believe there are any key performance indicators.

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.

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



S J May
Director
161 Marsh Wall
London
England
E14 9AP

31 October 2017

Directors' report

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

Dividends

No equity dividends were proposed or paid during the year (2015: £nil).

Directors

The directors during the year and subsequently were:

J J Bairstow (resigned 7 November 2016)
S D'Emic (appointed 7 November 2016)
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)

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
161 Marsh Wall
London
England
E14 9AP

3\ October 2017

Statement of directors' responsibilities

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

We have audited the financial statements of IPC Magazines Holdings Limited for the year ended 31 December 2016 which comprise the Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the 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 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 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). These 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 2016 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, based on the work undertaken in the course of the audit:

- 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.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.



Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London UK

2 November 2017

IPC Magazines Holdings Limited

Income statement

for the year ended 31 December 2016

	Note	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Interest payable and similar charges	4	(2,525)	(2,601)
Loss on ordinary activities before taxation		(2,525)	(2,601)
Tax on loss on ordinary activities	5	-	-
Loss for the year		(2,525)	(2,601)

All activities relate to continuing operations.

Statement of comprehensive income
for the year ended 31 December 2016

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Loss for the year	(2,525)	(2,601)
Other comprehensive income	-	-
Total other comprehensive income	-	-
Total comprehensive expense for the year	(2,525)	(2,601)

IPC Magazines Holdings Limited
Company registration no. 3464980

Statement of financial position
as at 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Fixed assets			
Investments in subsidiary undertakings	6	<u>405,347</u>	<u>405,347</u>
Creditors: amounts falling due within one year	7	<u>(6,323)</u>	<u>(3,798)</u>
Net current liabilities		(6,323)	(3,798)
Creditors: amounts falling due after more than one year	8	<u>(92,047)</u>	<u>(92,047)</u>
Total net assets		<u>306,977</u>	<u>309,502</u>
Capital and reserves			
Called-up share capital	9	55	55
Share premium		45	45
Profit and loss account		<u>306,877</u>	<u>309,402</u>
Equity shareholders' funds		<u>306,977</u>	<u>309,502</u>

These financial statements were approved by the Board of Directors on 31 October 2017 and signed on their behalf:



S J May
Director

Statement of changes in equity
for the year ended 31 December 2016

	Profit and loss account £'000	Called-up share capital £'000	Share premium account £'000	Total equity £'000
At 1 January 2015	312,003	55	45	312,103
Total comprehensive expense for the year	(2,601)	-	-	(2,601)
At 31 December 2015	309,402	55	45	309,502
Total comprehensive expense for the year	(2,525)	-	-	(2,525)
At 31 December 2016	<u>306,877</u>	<u>55</u>	<u>45</u>	<u>306,977</u>

IPC Magazines Holdings Limited

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies

Statement of compliance

IPC Magazines Holdings Limited is a limited liability company incorporated in England. The registered office is 3rd Floor, 161 Marsh Wall, London, England, E14 9AP.

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 with the Companies Act 2006.

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 which 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 2016

1 Accounting policies (continued)

Fixed asset investments

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

Dividends

Dividends are recognised when the company's right to receive payment is established.

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 (2015: £nil).

The company had no other employees during the year (2015: 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 31 December 2016 £'000	Year ended 31 December 2015 £'000
Interest payable to group undertakings	<u>2,525</u>	<u>2,601</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.

IPC Magazines Holdings Limited

Notes to the financial statements for the year ended 31 December 2016

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% (2015: 20.25%). The differences are reconciled below:

	31 December 2016 £'000	31 December 2015 £'000
Loss on ordinary activities before tax	(2,525)	(2,601)
Tax on loss on ordinary activities at standard rate	(505)	(527)
Factors affecting charge:		
Group relief surrendered for nil consideration	505	527
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 Act 2016 further reduced the rate to 17% from 1 April 2020.

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

6 Investment in subsidiary undertakings

	31 December 2016 £'000	31 December 2015 £'000
Shares in subsidiary undertaking		
At 31 December	405,347	405,347

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.

IPC Magazines Holdings Limited is an intermediate holding company of a group of undertakings whose main activity is magazine print and digital publishing. The principal operating company in this group is Time Inc. (UK) Ltd.

7 Creditors: amounts falling due within one year

	31 December 2016 £'000	31 December 2015 £'000
Amounts owed to group undertaking	6,323	3,798

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 2016

8 Creditors: amounts falling due after more than one year

	31 December 2016 £'000	31 December 2015 £'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 2016 £'000	31 December 2015 £'000
Called-up, allotted and fully paid 548,670,002 ordinary shares of £0.0001	<u>55</u>	<u>55</u>

10 Related party transactions

The loan and interest payable to Time UK Publishing Holdings Limited is disclosed in note 8. Interest on this loan is disclosed in notes 4. There are no other related party transactions in the current year.

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.