

Immediate Media Company London Limited

Annual report and financial statements for the year
ended 31 March 2016

Registered number 06189487

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Strategic report

The Directors present the Strategic Report of Immediate Media Company London Limited for the year ended 31 March 2016.

Principal activities

The principal activity of the Company is the development and exploitation of the Company's cross media brands.

Business review

The directors are pleased to report a strong set of results for the Company's fourth full year of trading within the Vancouver Midco 2 group.

The Company, which had previously been owned by BBC Worldwide, was acquired by Immediate Media Company Ltd, a subsidiary of Vancouver Midco 2, on 1 November 2011.

The Company operates the London based activities of Immediate Media's award winning special interest content and platform business, which creates compelling content that enhances the way people engage with what they love.

The main KPIs of the business relate to turnover, EBITDA and EBITDA margin.

	12 months to 31 March 2016	12 months to 31 March 2015
	£m	£m
Turnover	119.9	118.3
EBITDA	29.9	27.7
EBITDA margin	24.9%	23.4%

The business has continued to grow during the period. Turnover increased by 1.3% and EBITDA increased by 7.9%. EBITDA margins improved slightly from 23.4% to 24.9%

Both print and digital operations grew during the year. The Company continues to trade profitably and to execute its strategies of providing its customers with high quality content across a wide range of platforms, both print and digital.

The Company set up a new subsidiary Immediate Media TV Limited in the year, which acquired the trade and net assets of Jewellery Maker, a leading TV and online ecommerce platform, on 30th November 2015. The acquisition was mainly funded from cash generated by the Company.

Strategic report *(continued)*

Principal Risks and Uncertainties

The activities of the business are largely within the United Kingdom, and the business is therefore exposed to the overall performance of the UK economy.

A large proportion of the revenues of the business is earned from the distribution of physical magazines and over the long term it is expected that consumers will migrate from physical to digital media in a number of sectors in which the Company operates. The Company has a strategy to roll out digital products and to exploit its brands in the digital environment using in part the technology and knowhow it acquired through access to other companies in the group, but there can be no certainty of the success of this strategy.

The high loyalty of customers to the key brands of the business, the relatively high dependence on subscriptions and low dependence on advertising as income streams, and the up market nature of the business' customer base provide some mitigation of these risks.

The Company has strong operating cash flows, and the Directors consider that there are no significant working capital risks that are likely to require additional funding.

The Directors do not believe there is any significant credit risk with any trading partners that are material to the Company.



Kevin Langford
Director

Vineyard House
44 Brook Green
Hammersmith
London
W6 7BT

22 July 2016

Directors' report

The Directors present the Directors' Report and the audited financial statements of Immediate Media Company London Limited for the year ended 31 March 2016.

The performance KPIs and main developments in the year have been discussed in the Strategic Report.

Research and development

It is a strategic priority of the business to understand its customer base and to develop high quality print and digital products for this customer base. The business therefore invests in improving its knowledge of its customer base and its product development function and activity. Total research and development expenditure incurred during the year was £3,297,000 (2015: £3,390,000), which includes £2,737,000 of capital expenditure (2015: £2,944,000).

Dividends

No dividends have been declared or paid during the year (2015: £nil).

Directors

The directors who held office during the year were as follows:

Kevin Langford
Thomas Bureau
Stephen Lavin

Directors' and Officers' insurance cover was in place throughout the financial year as appropriate.

Political and charitable contributions

Neither the Company nor any of its fellow subsidiaries made any political donations or incurred any political expenditure during the year (2015: £nil). The Company made charitable donations during the year of £25,000 (2015: £31,950).

Going Concern

The Company is a guarantor to loans held by another group company, Immediate Media Company Limited, whose principal bank facilities expire in 2021. These loans are secured by a fixed and floating charge over the group's assets.

At 4 September 2015 the debt facilities in place at the previous balance sheet date were refinanced and rolled over into new facilities. The total bank facilities available to the Group are £125.8 million.

The financial covenants of these facilities include interest cover, leverage and cash flow cover, as well as a limit on capital expenditure in a given period. At 31 March 2016, the group is in compliance with its financial covenants. The Group has prepared trading forecasts for the 12 month period ending 31 July 2017. These indicate that there is sufficient headroom against all covenants for a period of not less than 12 months from the date of approval of these financial statements.

Based on this assessment, it is the Board's view that the group will have adequate resources to continue as a going concern for the foreseeable future.

Directors' report (*continued*)

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



Kevin Langford
Director

Vineyard House
44 Brook Green
Hammersmith
London
W6 7BT

22 July 2016

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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 period. Under that law, the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 and then apply them consistently;
- make judgments and 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; 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMMEDIATE MEDIA COMPANY LONDON LIMITED

We have audited the financial statements of Immediate Media Company London Limited for the year ended 31 March 2016. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 7, 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 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

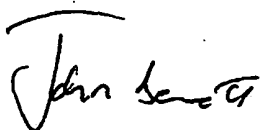
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



John Bennett (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

28 July 2016.

Statement of Comprehensive Income

for the year ended 31 March 2016

	Note	2016 £ 000's	2015 £ 000's
Turnover	1	119,867	118,313
Cost of sales		<u>(37,431)</u>	<u>(39,154)</u>
Gross profit		82,436	79,159
Distribution costs		<u>(12,634)</u>	(12,549)
Administrative expenses		<u>(45,907)</u>	<u>(44,575)</u>
Operating profit before restructuring costs		25,536	23,606
Restructuring costs		<u>(1,641)</u>	<u>(1,571)</u>
Operating profit	2	23,895	22,035
Income from shares in group undertakings		184	-
Interest receivable and similar income	4	<u>279</u>	<u>3</u>
Profit on ordinary activities before taxation		24,358	22,038
Tax on profit on ordinary activities	5	<u>(4,553)</u>	<u>(3,575)</u>
Profit for the financial year		19,805	18,463

The profit for the current year is based on continuing operations.

There were no items going through other comprehensive income.

The notes on pages 12 to 29 form part of these financial statements.

Statement of Financial Position

As at 31 March 2016

	Note	2016 £ 000's	2015 £ 000's
Fixed assets			
Intangible fixed assets	6	6,827	6,804
Tangible fixed assets	7	3,228	3,731
Investment in Subsidiaries	8a	9,138	9,138
Investment in Joint Ventures and Associate	8b	-	-
		19,193	19,673
Current assets			
Stocks	9	2,422	1,633
Debtors	10	60,708	42,792
Cash		2,907	3,417
		66,037	47,842
Creditors: amounts falling due within one year	11	(29,839)	(32,206)
Net current assets		36,198	15,636
Total assets less current liabilities		55,391	35,309
Provisions for liabilities	12	(877)	(600)
Net assets		54,514	34,709
Capital and reserves			
Called up share capital	13	0	0
Profit and loss account		54,514	34,709
Total shareholders' funds		54,514	34,709

The notes on pages 12 to 29 form part of these financial statements.

The financial statements were approved by the Board of Directors on 22 July 2016 and were signed on its behalf by:


Kevin Langford

Director

Statement of Changes in Equity

For the year ended 31 March 2016

	Called up share capital	Profit and loss account	Total
	£ 000's	£ 000's	£ 000's
At 1 April 2014	0	16,404	16,404
Effect of change in accounting policy	-	(158)	(158)
At 1 April 2014 restated	0	16,246	16,246
Profit and total comprehensive income for the year	-	18,463	18,463
At 31 March 2015 restated	0	34,709	34,709
Profit and total comprehensive income for the year	-	19,805	19,805
At 31 March 2016	0	54,514	54,514

The notes on pages 12 to 29 form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies

1a Basis of preparation

Immediate Media Company London Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis. The presentation currency of these financial statements is sterling (£). All amounts in the financial statements have been rounded to the nearest £1,000.

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual and not about its group. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

In the transition to FRS 102 from UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in Note 16.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to transition date have not been restated.
- Deferred development costs – at transition date the deemed cost was the cost deferred in accordance with SSAP 13.

The Company's parent undertaking, Vancouver Midco 2 Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Vancouver Midco 2 Limited are available to the public and may be obtained from Registrar of Companies, Companies House, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Key Management Personnel compensation.
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Notes to the financial statements (*continued*)

1b Going Concern

The company is a guarantor to loans held by another group company, Immediate Media Company Limited, whose principal bank facilities expire in 2021. These loans are secured by a fixed and floating charge over the group's assets.

At 4 September 2015 the debt facilities in place at the previous balance sheet date were refinanced and rolled over into new facilities. The total bank facilities available to the Group are £125.8 million.

The financial covenants of these facilities include interest cover, leverage and cash flow cover, as well as a limit on capital expenditure in a given period. At 31 March 2016, the group is in compliance with its financial covenants. The Company has prepared trading forecasts which include the 12 month period ending 31 July 2017. These indicate that there is sufficient headroom against all covenants for a period of not less than 12 months from the date of approval of these financial statements.

After reviewing the group's forecasts and projections, it is the Directors' view that the group has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1c Key sources of estimation uncertainty

Management capitalises certain development costs in line with the policy outlined in note 1m. Management has exercised judgement in determining what proportion of individual staff members' time is allocated to specific projects, and at what date the business will start to amortise these assets.

1d Turnover

Company turnover represents income from circulation, advertising and subscription revenue generated from print magazines and digital publishing.

Turnover is recognised on the provision of the related goods or services. Specifically:

- Advertising and circulation revenue are recognised on the date of sale of the related publication;
- Revenue from print and digital subscriptions is recognised over the period of the subscription;
- Other income is recognised on provision of service.

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Circulation income is stated after the deduction of the sales value of actual and estimated returned goods.

1e Employee benefits and pension costs

Employees participate in a defined contribution scheme to which the Company contributes.

The assets of each defined contribution scheme were held separately from those of the Company in independently administered funds. Contributions to each scheme have been charged to the income statement when payable.

Short-term employee benefits and contributions to the defined contribution scheme are recognised as an expense in the period in which they are incurred.

1f Foreign currency translation

The Company's presentational currency is sterling. Transactions in foreign currencies are translated into sterling at a monthly average exchange rate.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the balance sheet date at the rate of exchange ruling at that date. Surpluses and deficits arising from the translation of monetary assets and liabilities at these rates of exchange, together with exchange differences arising from trading, are included in the income statement.

Notes to the financial statements (*continued*)

1g Interest receivable

Other interest receivable and similar income includes interest receivable on funds advanced to joint ventures and group undertakings.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the Company's right to receive payments is established.

1h Intangible fixed assets and amortisation

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Intangible fixed assets purchased separately from a business are capitalised at their cost. Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

1i Intangible fixed assets and amortisation (*continued*)

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software and development costs	3 years
Other intangibles	10 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

1j Tangible fixed assets

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated so as to write down the cost less estimated residual value of all tangible fixed assets on a straight-line basis over their expected useful lives. Depreciation commences from the date an asset is brought into service.

The useful lives for depreciation purposes for the principal categories of assets are:

Plant and Machinery	3 to 5 years
Fixtures and Fittings	3 to 5 years
Leasehold Improvements	Over the term of the lease

Notes to the financial statements (*continued*)

1k Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

1l Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the Company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1m Leased assets

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

The Company has no finance leases.

1n Research and development

Qualifying development expenditure which gives rise to an asset delivering future economic benefit is deferred until the period in which the associated income is generated.

Design and content development costs are capitalised within intangible fixed assets to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. Such assets are depreciated over a period of 3 years. Research expenditure and development expenditure which does not meet these criteria is taken to the income statement as it is incurred.

1o Stocks

Stocks comprising raw materials, work in progress and shop stock are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Notes to the financial statements (*continued*)

1p Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

1q Taxation

Tax on the income statement for the year comprises current and deferred tax and is recognised in the income statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the financial statements (*continued*)

2 Profit on ordinary activities before taxation

2a Profit on ordinary activities before taxation is stated after charging:

	2016	2015
	£ 000's	£ 000's
Amortisation	3,325	2,722
Depreciation	1,014	1,373
Foreign exchange loss	57	51
Research and development expenditure	560	446
Restructuring costs	1,641	1,571
Operating lease costs	1,279	1,279

Restructuring costs includes costs, including integration costs related to acquisitions made by the Group, and certain redundancy costs.

2b Auditor's remuneration

The audit fee relating to the Company was as follows:

	2016	2015
	£ 000's	£ 000's
Fees for the audit of the Company	30	28

Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis. This disclosure is shown in the consolidated accounts of Vancouver Topco Limited.

Notes to the financial statements (*continued*)

3 Employees and remuneration

3a Persons employed

The average number of persons employed (full-time equivalent) in the year, including directors, was:

	2016	2015
	Average	Average
Sales	70	75
Production	247	264
Administration	122	125
Contract publishing	101	108
	<u>540</u>	<u>572</u>

Within the averages above, 23 (2015: 21) part-time employees have been included.

3b Staff costs

	2016	2015
	£ 000's	£ 000's
Salaries and wages	20,899	20,834
Social security costs	2,521	2,551
Other pension costs	914	859
	<u>24,334</u>	<u>24,244</u>

In addition to the above, redundancy costs and compensation for loss of office payments totalling £1,129,900 (2015: £599,488) were incurred in the year.

3c Pension schemes

Pensions

The pension costs for the defined contribution scheme in which the Company's employees participated during the year amounted to £0.9 million (2015: £0.9 million in the year). Contributions accrued at 31 March 2016 were £0.2m (2015: £0.2m).

Notes to the financial statements (*continued*)

3d Directors' remuneration

The remuneration of the Directors during the year was as follows:

	2016 £ 000's	2015 £ 000's
Directors emoluments	764	631
Company contribution to defined contribution pension scheme	52	49
	<u>816</u>	<u>680</u>

Directors' emoluments are presented without reflecting the impact of salary sacrifice.

The number of Directors to whom retirement benefits accrue under the following schemes is as follows:

	2016 Number of Directors	2015 Number of Directors
Defined contribution schemes	3	3

The remuneration of the highest paid Director during the year was as follows:

	2016 £ 000's	2015 £ 000's
Directors emoluments	469	313
Company contribution to defined contribution pension scheme	30	28
	<u>499</u>	<u>341</u>

4 Interest receivable

	2016 £ 000's	2015 £ 000's
Interest receivable from jointly controlled entities	41	3
Interest receivable from group undertakings	238	-
Total interest receivable	<u>279</u>	<u>3</u>

Notes to the financial statements (*continued*)

5 Taxation

5a Analysis of charges for the year

The charge for the year, based on a rate of corporation tax of 20% (2015: 21%), comprised:

	2016 £000's	2015 £000's
Current tax		
UK corporation tax on profits for the period	1,866	1,963
UK group relief payable	2,597	2,544
Adjustment in respect of prior years	(196)	(1,898)
Total Current Tax	4,267	2,609
Origination and reversal of timing differences	275	966
Change in tax rates	11	-
Total deferred tax	286	966
Tax on profit on ordinary activities	4,553	3,575

5b Factors affecting the tax charge

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained as follows:

	2016 £000's	2015 £000's
Profit on ordinary activities before tax	24,358	22,038
Current tax at 20% (2015: 21%)	4,872	4,628
Effects of:		
Disallowed expenditure / (income not taxable)	12	46
Other permanent differences	19	24
Other timing differences	-	-
Other tax adjustments	(262)	-
Adjustment in respect of prior year - current tax	(196)	(1,898)
Adjustment in respect of prior year - deferred tax	132	775
Change in tax rates	(24)	-
Total tax charge for the year	4,553	3,575

Notes to the financial statements (continued)

5c Analysis of deferred tax balance

In accordance with *FRS 102 .29: Deferred Taxation*, the Company provides for all deferred tax liabilities in full less available deferred tax assets.

	2016 £000's	2015 £000's
Deferred tax (liability) / asset at start of year	(419)	547
(Charge) to income statement for the period	(286)	(966)
Deferred tax (liability) at end of year	(705)	(419)

The deferred tax liability at the year end relates to timing differences on fixed assets.

The company has no deferred tax assets that are not fully recognised (2015: £nil).

The amount of the net reversal of deferred tax expected to occur next year is £234,481 (2015: £285,666), relating to the reversal of existing timing differences on tangible and intangible fixed assets and employee benefits.

5d Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31st March 2016 has been calculated based on these rates.

6 Intangible fixed assets

	Other intangibles £ 000's	Software and development £ 000's	Total £ 000's
Cost			
At 1 April 2015	3,085	8,475	11,560
Additions	500	2,848	3,348
Disposals	-	(2,275)	(2,275)
At 31 March 2016	3,585	9,048	12,633
Amortisation			
At 1 April 2015	803	3,953	4,756
Charge for the year	329	2,996	3,325
Disposals	-	(2,275)	(2,275)
At 31 March 2016	1,132	4,674	5,806
Net book value			
At 31 March 2016	2,453	4,374	6,827
At 31 March 2015	2,282	4,522	6,804

Notes to the financial statements (*continued*)

6 Intangible fixed assets (*continued*)

The amortisation charge is recognised within Administrative Expenses in the statement of comprehensive income.

Capitalised developments costs are not treated as a realised loss for the purposes of determining the Company's distributable profits as the cost meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

Other Intangibles brought forward relates to parenting and wedding titles and websites transferred to the Company from another Group company Immediate Media Company Magicalia Limited (now dormant). These assets are being amortised over a period of 10 years.

7 Tangible fixed assets

	Computer Hardware £ 000's	Fixtures & fittings £ 000's	Leasehold improvements £ 000's	Total £ 000's
Cost				
At 1 April 2015	3,425	1,453	3,197	8,075
Additions	485	12	14	511
Disposals	(2,518)	(1,332)	(20)	(3,870)
At 31 March 2016	1,392	133	3,191	4,716
Depreciation				
At 1 April 2015	2,645	1,174	525	4,344
Charge for the year	556	238	220	1,014
Disposals	(2,518)	(1,332)	(20)	(3,870)
At 31 March 2016	683	80	725	1,488
Net book value				
At 31 March 2016	709	53	2,466	3,228
At 1 April 2015	780	279	2,672	3,731

The depreciation charge is recognised within Administrative Expenses in the statement of comprehensive income.

Notes to the financial statements (continued)

8 Investments

8a Investments in Subsidiaries

	Subsidiaries	Total
	£ 000's	£ 000's
Cost and carrying value		
At 1 April 2015	9,138	9,138
Additions	0	0
At 31 March 2016	9,138	9,138

On 31st January 2015 the Company acquired the entire issued share capital of Hitched Ltd, a company incorporated in England and Wales, and its subsidiaries. The main operating activity of Hitched Ltd is digital media. Consideration payable was £9m, of which £6m was paid in cash on completion. The remaining £3m was paid on 31 July 2015.

On 24th September 2015 the Company subscribed to the share capital of Immediate Media TV Limited (formerly Crossco 1410 Limited) for £1.

8b Investments in Jointly Controlled entities and Associates

	Associates	Joint Ventures	Total
	£ 000's	£ 000's	£ 000's
Cost			
At 1 April 2015	0	0	0
Additions	-	0	0
At 31 March 2016	0	0	0

On 29th April 2015 the Company acquired 51% of the issued share capital of Radio Times Events Limited, a company incorporated in England and Wales, for £51. The main operating activity of Radio Times Events Limited is the production and operation of the Radio Times Events festival, which was held in 2015.

Notes to the financial statements *(continued)*

8b Investments in Jointly Controlled Entities and Associates *(continued)*

The Company has the following investments in subsidiaries, associates and jointly controlled entities:

	Country of incorporation	Principal activity	Percentage of Ordinary Shares Held
Subsidiary undertakings			
Hitched Ltd	England and Wales	Digital media	100%
Immediate Media TV Limited	England and Wales	Multi platform retail	100%
Mumdrum Ltd	England and Wales	Dormant	100% *
Hitched PTY Limited	South Africa	Dormant	100% *
Immediate Media Company Pte Singapore Limited	Singapore	Management	100%
Associated undertakings - joint ventures			
Dovetail Services (UK) Holdings Limited	England and Wales	Subscription	50%
Radio Times Events Limited	England and Wales	Live events	51%
Associated undertakings - associates			
Frontline Limited	England and Wales	Magazine distribution	23%

* indicates an indirectly held investment

9 Stock

	2016 £ 000's	2015 £ 000's
Raw materials and consumables	416	497
Work in progress	1,348	800
Finished goods and goods for resale	658	336
	2,422	1,633

Notes to the financial statements (continued)

10 Debtors

	2016	2015
	£ 000's	£ 000's
Amounts falling due within one year:		
Trade debtors	8,049	9,062
Other debtors	3,090	2,216
Prepayments and accrued income	1,415	1,516
Amounts owed by parent company	15,695	17,097
Amounts owed by associates and joint ventures (Note 16)	5,723	4,741
Amounts owed by group undertakings	26,735	8,160
	60,707	42,792

Included in amounts owed by group undertaking is £14,576,257 owed by Immediate Media TV Limited which was used by the subsidiary to purchase the trade and assets of the Jewellery Maker business. This loan is repayable on demand and accrues interest at 5% per annum.

All remaining amounts owed by group undertakings are repayable on demand and bear no interest.

11 Creditors

	2016	2015
	£ 000's	£ 000's
Amounts falling due within one year:		
Trade creditors	8,331	11,246
Accruals and other creditors including other taxes and social security	10,358	9,982
Deferred income	11,150	10,978
	29,839	32,206

12 Provisions for liabilities

	Deferred taxation (Note 5) £ 000's	Annual leave provision £ 000's	Total £ 000's
At 1 April 2015	419	181	600
Additions	-	172	172
Utilised	-	(181)	(181)
Origination and reversal of timing differences	275	-	275
Changes in tax rates	11	-	11
At 31 March 2016	705	172	877

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

Notes to the financial statements (continued)

13 Called up share capital

	2016	2015
	£	£
<i>Issued, allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

14 Commitments

The company is a guarantor to loans held by another group company, Immediate Media Company Limited whose principal bank facilities expire in 2021: these loans are secured by a fixed and floating charge over the group's assets.

Total commitments under operating leases are as follows:

	2016	2015
	£ 000's	£ 000's
Operating leases which expire:		
Within one year	1,390	1,390
In the second to fifth years inclusive	5,970	5,692
Over five years	10,886	12,554
	<u>18,246</u>	<u>19,636</u>

15 Related party transactions

The Company is a wholly owned subsidiary of Immediate Media Company Limited and has taken exemption under FRS 102 1.12(e) from disclosing transactions and balances with wholly owned entities which form part of the group headed by Vancouver Topco Limited.

Expenditure paid to related parties relates primarily to subscription and distribution services. Income from related parties relates to interest on outstanding loan balances.

Notes to the financial statements (continued)

15 Related party transactions (continued)

The following related party transactions were undertaken by the Company with the associates and joint ventures of the Vancouver Topco Group:

2016

Name of related party	How related to the Group	Income £000's	Expenditure £000's	Net debtors balance £000's
Dovetail Services Limited	Joint venture	41	(1,855)	650
Frontline Limited	Associate	-	(1,518)	4,795
Radio Times Events Limited	Joint Venture	-	-	278
Total		41	(3,373)	5,723

Total net debtors / (creditors) with related parties:

Debtors (Note 10)	5,723
Creditors (Note 11)	-
Total	5,723

2015

Name of related party	How related to the Group	Income £000's	Expenditure £000's	Net debtors balance £000's
Dovetail Services Limited	Joint venture	3	(1,907)	650
Frontline Ltd	Associate	-	(1,541)	4,091
Total		3	(3,448)	4,741

Total net debtors / (creditors) with related parties:

Debtors (Note 10)	4,741
Creditors (Note 11)	-
Total	4,741

Notes to the financial statements (continued)

16 Transition to FRS 102

The Company has adopted FRS 102 for the year ended 31 March 2016 and has restated the comparative prior year amounts.

Explanations

Changes for FRS 102 adoption

1. Under FRS 102.28 the Company now recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.
2. Under FRS 102.18 the Company now recognises computer software and development as intangible assets, these were previously recognised as tangible fixed assets.

Restated consolidated statement of financial position

	Explanation	31st March 2015 £'000	1st April 2014 £'000
Original Shareholders' funds		34,890	16,404
Adjustment to provisions for liabilities	1	(181)	(158)
Reduction of tangible fixed assets	2	(4,522)	(3,811)
Increase of intangible fixed assets	2	4,522	3,811
		<u>34,709</u>	<u>16,246</u>

Restated consolidated income statement for the year ended 31 March 2015

Original profit on ordinary activity before tax		22,061
Less movement in annual leave provision	1	<u>(23)</u>
		<u>22,038</u>
Original tax on ordinary activities		(3,575)
Restated profit for the financial year		<u>18,463</u>

Notes to the financial statements (*continued*)

17 Parent undertaking and controlling party

At 31 March 2016, the ultimate controlling party of the Company is Exponent Private Equity LLP on behalf of the funds under its management. The largest group in which the results of the Company are consolidated is Vancouver Topco Limited, a company registered in England and Wales. The smallest group in which the results of the Company are consolidated is Vancouver Midco 2 Limited, a company registered in England and Wales. Copies of the group financial statements of Vancouver Topco Limited and Vancouver Midco 2 Limited are available to the public and can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

The immediate parent undertaking as at 31 March 2016 is Immediate Media Company Limited. Copies of the financial statements are available to the public and can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.