Vancouver Topco Limited

(Formerly De Facto 1865 Ltd)

Directors' report and financial statements for the period from incorporation (13 May 2011) to 31 March 2012

Registered number 07633974

Contents

Directors' report

The Directors present their report and the audited financial statements of the Vancouver Topco Group for the period ended 31 March 2012

Principal activities

The principal activity of the Group is the development and exploitation of the Group's cross media brands The principal activity of the Company is as a holding company for the Group's activities

Business review

These financial statements are for the first period of trading for the Vancouver Topco group The Company did not trade until 1 November 2011 The group was formed on 1 November 2011 on the acquisition by its indirectly held subsidiary, Vancouver Bidco Limited (subsequently renamed to Immediate Media Company Limited) of two businesses, BBC Magazines (which included Origin Publishing), and Magicalia The full list of entities acquired can be seen in note 17 to these financial statements

The main KPI's of the business relate to turnover, EBITDA and EBITDA margin

	5 months to 31 March 2012
	£m
Turnover excluding Joint Ventures	63 5
EBITDA	11 3
EBITDA margin	17 8%

Since the acquisition the subsidiary businesses have performed in line with expectations and ahead of the main markets in which these businesses trade During the 5 month period the group generated EBITDA of £11 3m, operating profit (before restructuring costs and amortisation) of £10 7m and cashflow from operating activities of £8 6m

During the period, the business commenced the separation of its infrastructure from BBC Worldwide and the creation of new financial and operational systems and capabilities such as are required by a fully independent business The business identified and began to prepare new London premises for the BBC Magazines and Magicalia business Restructuring costs relating to these costs and incurred during the period are shown separately on the face of the profit and loss account The development of new systems and the separation from BBC Worldwide was materially complete by summer of 2012 at which point the business moved into its new premises

During the period, the business also acquired You and Your Wedding magazine and website, Prima Baby magazine and Baby Expert website from Hearst Details of this transaction are included in note 17

Goodwill amortisation of £4 46m reflects the charging to the profit and loss account of the outlay in relation to the acquisition of the business over a period of 12 years in accordance with accounting principles and has no implications for future cash flows

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 the Magicalia transaction but there can be no certainty of the success of this strategy

Directors Report *(Continued)*

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 together provide some mitigation of both of these risks

Financial Instruments

The Group is funded via external bank loans and loan notes listed on the Channel Islands Stock Exchange ("CISX"), subordinated loan notes and its ultimate controlling party, the funds under the management of Exponent Private Equity LLP

The Group has a £75,000,000 Senior Term and Multicurrency Revolving Debt Facilities Agreement and is required to comply with financial covenants The balance outstanding at 31 March 12 was £69,500,000 of which £8,791,000 is repayable within 12 months The Facilities Agreement imposes certain restrictions on the activities of the group The Group has given security under the Facilities Agreement over its assets

The loan notes listed on the CISX are issued by the Company's directly held subsidiary Vancouver Midco 1 Limited and are all held by the ultimate controlling party, the funds under the management of Exponent Private Equity LLP The total value of listed loan notes at 31 March 2012 was £54,179,255 and interest of £2,256,971 was accrued but not paid at that date These loan notes are subordinated to the Group's bank debt and so have been classified in these financial statements as falling due in more than 12 months

Interest rate risk

The Group has entered into interest rate swap arrangements to hedge potential interest rate rises on its external bank borrowings The debt listed on the CISX is at a fixed rate of interest

Liquidity risk

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

Price and credit risk

The directors do not believe there is any significant credit risk with any trading partners that are material to the group

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

Proposed dividend

The directors do not recommend the payment of a dividend

Policy and practice on payment of creditors

It is Group policy to adhere to the payment terms agreed with suppliers Payments are contingent on the supplier providing the goods and services to the required standard

At the period end there were 34 days purchases in trade creditors

Directors Report *(Continued)*

Employees

People with disabilities are fully and fairly considered for vacancies arising within the Group and are given equal opportunities in relation to training, career development and promotion If an employee becomes disabled while in the employment of the Group and as a result is unable to perform his/her existing job, every effort is made to offer suitable alternative employment and re-training

All staff are invited to "All Hands" staff meetings which communicate the Group's performance and activities

The Group operates an employee bonus scheme that allows eligible staff to share in the financial performance of the Group

Directors

The directors who held office during the year were as follows

Kevin Langford (appointed 31 October 2011)
Thomas Bureau (appointed 31 October 2011)
Stephen Alexander (appointed 31 October 2011)
Peter Phippen (appointed 31 October 2011)
Oliver Bower (appointed 2 August 2011)
James Lenane (appointed 7 July 2011)
Christopher Graham (appointed 7 July 2011)
Travers Smith Limited (appointed 13 May 2011, resigned 7 July 2011)
Travers Smith Secretaries Limited (appointed 13 May 2011, resigned 7 July 2011)
Ruth Bracken (appointed 13 May 2011, resigned 7 July 2011)

Political and charitable contributions

Neither the Company nor any of its subsidiaries made any political or charitable donations or incurred any political expenditure during the year

Going Concern

The group's forecast and projections show that the group should be able to operate within the level of its current bank facilities The group forecasts to meet all banking covenant requirements for the next 12 months These forecasts include scheduled repayments of bank debt

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future Thus they have adopted the going concern basis of accounting in preparing the annual financial statements

Directors' indemnities

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

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

During the period KPMG LLP was appointed as auditor of the company 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
Chief Financial Officer

Vineyard House
44 Brook Green
Hammersmith
London
W6 7BT

19 December 2012

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

The directors are responsible for preparing 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 they have elected to prepare the group and parent company 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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company 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 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 group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities

Independent Auditor's report to the Members of Vancouver Topco Limited

We have audited the financial statements of Vancouver Topco Ltd for the period ended 31 March 2012 set out on pages 7 to 38 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 5, 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 (APB'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 APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2012 and of the group's loss for the period 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 Directors' Report for the financial period 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

J C Bennett (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor *Chartered Accountants*

15 Canada Square
London, E14 5GL

20 December 2012

Consolidated Profit and Loss Account

for the period from incorporation to 31 March 2012

	Note	**Period from incorporation to 31 March 2012** **£ 000's**
Group Turnover and Share of JVs	*1*	65,581
Less Share of JV Turnover		(2,108)
Group Turnover		**63,473**
Cost of Sales		(30,073)
Group Gross Profit		**33,400**
Administrative expenses	*2*	(22,738)
Group Operating profit before restructuring costs and amortisation		**10,662**
Restructuring Costs		(1,479)
Amortisation of Goodwill		(4,462)
Group operating profit	*2 - 4*	**4,721**
Share of operating loss in Joint Ventures and Associates		(184)
Total operating profit		**4,537**
Interest receivable	*5*	39
Interest payable and similar charges	*6*	(4,365)
Profit on ordinary activities before taxation		**211**
Tax on profit on ordinary activities	*7*	(1,962)
Loss on ordinary activities after taxation		**(1,751)**
Minority interests	*20*	2
Loss for the financial year	*19*	**(1,749)**

The results above are all attributable to acquisitions made during the period from incorporation which was on 13 May 2011

There is no difference in the profit for the financial period as reported compared to a historical cost basis

There were no recognised gains and losses other than those recognised in the profit and loss account Accordingly, no separate statement of total recognised gains and losses has been presented

The notes on pages 12 to 38 form part of the Financial Statements

Consolidated Balance Sheet
at 31 March 2012

	Note	2012 £ 000's
Fixed assets		
Goodwill	9	**125,752**
Other intangible assets	9	**3,147**
Tangible assets	10	**2,964**
Investments in joint ventures and Associates	11	**379**
		132,242
Current Assets		
Stocks	12	**2,656**
Debtors	13	**26,534**
Cash at bank and in hand		**5,772**
		34,962
Creditors: amounts falling due within one year	15	**(50,067)**
Net current liabilities		**(15,105)**
Total assets less current liabilities		**117,137**
Creditors: amounts falling due after more than one year	16	**(118,005)**
Net liabilities		**(868)**
Capital and reserves		
Called up share capital	18	**59**
Share Premium	18	**824**
Profit and Loss account	19	**(1,749)**
		(866)
Minority Interest	20	**(2)**
Equity		**(868)**

These financial statements were approved by the board of directors on 19 December 2012 and were signed on its behalf by

Kevin Langford
Director

Company Balance Sheet
at 31 March

	Note	2012 £ 000's
Fixed assets		
Investments	11	753
Total Fixed Assets		753
Current Assets		
Debtors (due after more than one year)	13	4,016
Cash at bank and in hand		-
Total Current Assets		4,016
Creditors: amounts falling due within one year		-
Net current liabilities		4,016
Total assets less current liabilities		4,769
Creditors: amounts falling due after more than one year	16	(3,891)
Net Assets		878
Capital and reserves		
Called up share capital	18	59
Share premium	18	824
Profit and Loss account	19	(5)
Equity		878

The notes on pages 12 to 38 form part of the Financial Statements

These financial statements were approved by the board of directors on 19 December 2012 and were signed on its behalf by

Kevin Langford
Director

Consolidated Cash Flow Statement

for the period from incorporation to 31 March 2012

	Note	Period from incorporation to 31 March 2012 £ 000's
Cash flow from operating activities	23	8,606
Returns on investments and servicing of finance	24	(1,634)
Taxation		(295)
Capital expenditure and financial investment	24	(1,196)
Acquisitions and disposals	24	(124,700)
Cash outflow before financing		**(119,219)**
Financing	24	124,991
Increase in cash in the period		**5,772**

Consolidated Reconciliation of net cash flow to movement in net debt

for the period from incorporation to 31 March 2012

		Period from incorporation to 31 March 2012 £ 000's
Increase in cash in the period		**5,772**
Cash inflow from increase in debt less amounts raised through equity		**(124,108)**
Change in net debt resulting from cash flows		**(118,336)**
Non cash movements		**(2,688)**
Movement in net debt in the period		**(121,024)**
Net debt at incorporation		**-**
Net debt at the end of the period	25	**(121,024)**

Reconciliation of Movements in Shareholders' Funds

for the period from incorporation to 31 March 2012

	Group	Company
	Period from incorporation to 31 March 2012	Period from incorporation to 31 March 2012
	£ 000's	£ 000's
Loss for the financial period	(1,749)	(5)
Retained profit	**(1,749)**	**(5)**
New share capital subscribed	883	883
Net addition to shareholders' deficit	**(866)**	**878**
Shareholders' funds at incorporation	-	-
Closing shareholders' deficit	**(866)**	**878**

Notes to the Financial Statements

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 1 to 2

The group funds its activities through a mixture of equity, shareholder loans and external bank debt held by its subsidiary Immediate Media Company Limited These bank facilities expire in 2017 and are secured by a fixed and floating charge over the group's assets

The financial covenants of these facilities include interest cover, leverage cover and cash flow cover, as well as a limit on capital expenditure in a given period At 31 March 2012, the group is in compliance with its financial covenants The group has prepared trading forecasts for the 12 month period ending 31 December 2013 These indicate that there is sufficient headroom against the all covenants for a period of not less than 12 months from the date of approval of these financial statements

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2012 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

An associate is an undertaking in which the Group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control The Group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, is included in investments in the consolidated balance sheet

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account

Goodwill and negative goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life

Notes *(continued)*

1 Accounting policies *(continued)*

Intangible fixed assets and amortisation

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

Investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Leasehold land and buildings	-	life of lease
Plant and machinery	-	3 to 5 years
Fixtures and Fittings	-	3 years

Impairment of fixed assets and goodwill

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable If any such indication exists, the asset's recoverable amount is estimated

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leases

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

Post retirement benefits

The Group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Group in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to exceed related future sales and adequate resources exist to enable the project to be completed

Stocks

Stocks comprising raw materials, work in progress and shop stock are stated at the lower of cost and net realisable value

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Group turnover represents income from print and digital magazine publishing, advertising and distribution and sales of promotional merchandise

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

- Advertising, circulation and subscription revenues are recognised on the sale date of the magazine published, and
- Other income is recognised on delivery or provision of service

Turnover excludes value added tax and trade discounts and is recognised at the fair value of consideration receivable Sales of promotional merchandise and distribution income are stated after deduction of the sales value of actual and estimated returned goods

All the material activities of the group are publishing in the UK therefore no segmental analysis has been provided

Financial Instruments

The Group's principal financial instruments, which exclude short-term debtors and creditors as permitted by FRS 13 'Derivatives and other financial instruments disclosures', comprise a bank loan, listed loan notes and cash These listed loan notes are registered on the Channel Islands Stock Exchange ("CISX") and are all held by the ultimate controlling party, the funds under the management of Exponent Private Equity LLP

It is, and has been throughout the financial period, the Group's policy that no trading in financial instruments shall be undertaken

The loan notes registered on the CISX are at a fixed rate of interest

Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount

The balance outstanding on the Group's bank loan at 31 March 12 was £69,500,000 of which £8,791,000 is repayable within 12 months

The total value of listed loan notes at 31 March 2012 was £54,179,255 and interest of £2,256,971 was accrued but not paid at that date These loan notes are subordinated to the Group's bank debt and so have been classified in these financial statements as falling due in more than 12 months

Fair Value of Financial Instruments

The carrying amounts and fair values of the material financial instruments are as follows

1 **Accounting policies** *(continued)*

	2012 carrying amount	2012 fair value
	£000's	£000's
Short Term Instruments		
Cash	5,772	5,772
Short term bank debt	(8,791)	(8,791)
Long Term Instruments		
Long term bank debt	(60,709)	(60,709)
Listed loan notes	(56,424)	(56,424)
Subordinated loan notes	(3,891)	(3,891)

The group, in estimating its fair value disclosures for financial instruments has used the following methods and assumptions

Cash The carrying value reported approximates to fair value because of its short maturity

Long-term loans The Directors consider that it is not practicable to estimate the fair value of the Group's long-term borrowings as there is no active market for these instruments and fair values calculated on a net present value basis are deemed to be unreliable However due to the nature of the terms of the long-term borrowings, the face value of these loans is equal to their fair market value

Dividends on shares presented within equity

Dividends are only recognised as a liability to the extent that they are declared prior to the period end Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Notes *(continued)*

2 Notes to the profit and loss account

	Period from incorporation to 31 March 2012 £ 000's
Loss on ordinary activities before taxation is stated after charging/(crediting)	
Depreciation	650
Foreign exchange gain	(14)
Research and development expenditure	8
Operating lease costs	253

Total research and development expenditure incurred in the period was £264,000

Restructuring costs shown on the face of the profit and loss account comprise costs incurred in the establishment of the new business and the migration of systems and staff from BBC Worldwide

Auditor's remuneration.

	5 months to 31 March 2012 £ 000's
Audit of these financial statements	21
Amounts receivable by auditors and their associates in respect of	
Audit of financial statements of subsidiaries pursuant to legislation	67
All other services	5
	93

Notes *(continued)*

3 Remuneration of directors

The remuneration of the Directors during the period was as follows

	2012
	£ 000's
Emoluments	508

The number of Directors to whom retirement benefits accrue is as follows

	2012
	Number of Directors
Defined contribution schemes	2

The remuneration of the highest paid Director during the period was as follows

	2012
	£ 000's
Emoluments	199

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows

	Number of employees Period from incorporation to 31 March 2012
Sales	135
Production	416
Administration	125
Contract publishing	119
	795

The aggregate payroll costs of these persons were as follows

	Period from incorporation to 31 March 2012 £ 000's
Wages and salaries	12,616
Social security costs	1,241
Other pension costs	289
	14,146

5 Other interest receivable and similar income

	Period from incorporation to 31 March 2012 £ 000's
Interest receivable from Joint Ventures and Associates	10
Share of Joint Venture and Associate Interest	29
	39

Notes *(continued)*

6 Interest payable and similar charges

	Period from incorporation to 31 March 2012 £ 000's
On bank loans and overdrafts	1,590
Interest rate swap interest	66
On amounts listed on the Channel Islands Stock Exchange	2,257
On subordinated loan notes	156
Amortisation of capitalised loan arrangement fees	275
Share of Joint Venture and Associate Interest	21
	4,365

Amounts listed on the Channel Islands Stock Exchange are all held by the ultimate controlling party, the funds under the management of Exponent Private Equity LLP

7 Taxation

Analysis of charge in period

	Period from incorporation to 31 March 2012 £ 000's
Current tax:	
UK corporation tax	1,986
Total Current Tax	**1,986**
Deferred tax:	
Origination and reversal of timing differences	(55)
Change in tax rates	31
Total deferred tax	**(24)**
Tax on profits on ordinary activities	**1,962**

Notes *(continued)*

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK of 26% The differences are explained below

	Period from incorporation to 31 March 2012 £ 000's
Profit on ordinary activities before tax	211
Current tax at 26%	55
Effects of	
Disallowed expenditure	664
Other timing differences	15
Amortisation of goodwill	1,158
Share of results of joint ventures	46
Depreciation in excess of capital allowances	40
Other permanent differences	8
Current tax charge for the year	**1,986**

Factors that may affect future current and total tax charges

Prior to the balance sheet date, the UK Government announced that the main rate for the Financial Year beginning 1 April 2012 would drop by 2% to 24% and confirmed that this is to be followed by two further annual 1% cuts to 22% by the Financial Year beginning 1 April 2014 The impact of the future rate reductions will be accounted for in future periods, to the extent that they are enacted at the balance sheet date, however it is estimated that this will not have a material effect on the Company

8 Dividends

No dividends were paid or declared during the period

Notes *(continued)*

9 Intangible fixed assets

Group	Goodwill	Other intangibles	Total
	£ 000's	£ 000's	£ 000's
Cost			
At incorporation	-	-	-
Acquired in business combination	130,160	-	130,160
Additions	-	3,200	3,200
At end of period	**130,160**	**3,200**	**133,360**
Amortisation			
At incorporation	-	-	-
Charged in period	(4,408)	(53)	(4,461)
At end of period	**(4,408)**	**(53)**	**(4,461)**
Net book value			
At 31 March 2012	**125,752**	**3,147**	**128,899**

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises The amortisation periods for the goodwill acquired during the period are disclosed at note 17

Capitalised development costs are not treated as a realised loss for the purpose of determining the Group's distributable profits as the Group has a policy of capitalising these costs as tangible assets in accordance with SSAP 13

Notes *(continued)*

10 Tangible fixed assets

	Plant and Machinery £ 000's
Group	
Cost	
At incorporation	-
Additions	1,332
Acquired in business combination	2,282
At end of period	3,614
Depreciation	
At incorporation	-
Charge for period	(650)
At end of period	(650)
Net book value	
At 31 March 2012	**2,964**

Notes *(continued)*

11 Fixed asset investments

The Company holds the following fixed asset investments

	Shares in Group Undertaking directly held
	£ 000's
Company	
Cost	
At beginning of year	-
Additions	753
At end of year	753

The investment acquired by the Company relates to the acquisition by the Company of the entire issued share capital of Vancouver Midco 1 Limited during the period

Notes *(contınued)*

11 Fixed asset investments (continued)

The undertakıngs ın whıch the Group's ınterest at the penod end ıs more than 20% are as follows

	Country of ıncorporatıon	Prıncıpal actıvıty	Percentage of Ordınary Shares Held	
			Group	**Company**
Subsıdıary undertakıngs				
Vancouver Mıdco 1 Lımıted	England and Wales	Holdıng company		100%
Vancouver Mıdco2 Lımıted	England and Wales	Holdıng company	100%	
Immedıate Medıa Company Lımıted	England and Wales	Management servıces	100%	
Immedıate Medıa Company London Lımıted	England and Wales	Magazıne publıshıng	100%	
Immedıate Medıa Company Brıstol Lımıted	England and Wales	Magazıne publıshıng	100%	
Immedıate Medıa Company Servıces Lımıted	England and Wales	Management servıces	100%	
Immedıate Medıa Company Orıgın Lımıted	England and Wales	Magazıne publıshıng	100%	
Immedıate Medıa Company Orıgın Holdıngs Lımıted	England and Wales	Holdıng company	100%	
Genealogy Events Lımıted	England and Wales	Lıve events	77 5%	
Immedıate Medıa Company Magıcalıa Lımıted	England and Wales	Dıgıtal Medıa	100%	
Magıcalıa Medıa Lımıted	England and Wales	Holdıng company	100%	
Vısordown Lımıted	England and Wales	Dormant	100%	
Brıstol Magazınes USA LLC	Unıted States of Amenca	Dormant	100%	
Assocıated undertakıngs - joınt ventures				
Dovetaıl Servıces (UK) Holdıngs Lımıted	England and Wales	Subscrıptıon fulfilment	50%	
Assocıated undertakıngs - assocıates				
Frontlıne Lımıted	England and Wales	Magazıne dıstrıbutıon	23%	

Notes *(continued)*

11 Fixed asset investments *(continued)*

Associates and joint ventures

The total of the Group's loss before taxation from interests in associates and joint ventures was (£180,000)

The movement in investments in joint ventures and associates is as below

	Joint Venture (Dovetail)	Associate (Frontline)	Total Joint Venture and Associate
Goodwill			
At 1 November 2011	-	-	-
Acquisition	74	-	74
At 31 March 2012	**74**	**-**	**74**
Net Assets			
At 1 November 2011	-	-	-
Net Assets Acquired	(74)	511	437
Share of profit after tax	21	(153)	(132)
Closing Balance At 31 March 2012	**(53)**	**358**	**305**
Net book value at 31 March 2012	**21**	**358**	**379**
Net book value at 1 November 2011	-	-	-

On 31 October 2011 the Group acquired the entire Ordinary D share capital in Frontline Limited The shares are entitled to 23% of the voting rights in Frontline Limited The Company also acquired 6% of the Ordinary A share capital, 25% of the Ordinary E share capital and 23% of the Ordinary F Share capital of Frontline Limited These shares have no voting rights Frontline is a company incorporated in England and Wales and its principal activity is magazine distribution

On 31 October 2011 the Group acquired 50% of the ordinary share capital of Dovetail Services (UK) Holdings Limited from BBC Worldwide Limited Dovetail Services (UK) Holdings Limited is a company incorporated in England and Wales and its principal activity is magazine subscription fulfilment

Notes *(continued)*

12 Stocks

	Group 2012 £ 000's
Raw materials and consumables	1,811
Work in progress	845
	2,656

13 Debtors

	Group 2012 £ 000's	Company 2012 £ 000's
Debtors due in less than one year		
Trade debtors	17,861	-
Amounts owed by Joint Ventures	650	-
Deferred tax assets	385	-
Other debtors	4,698	-
Prepayments and accrued income	2,915	-
	26,509	**0**
Debtors due in more than one year		
Amounts owed by Related Parties	25	-
Amounts owed by subsidiary undertaking	-	4,016
	25	**4,016**
	26,534	**4,016**

Notes *(continued)*

14 Deferred Taxation

	Deferred taxation £ 000's
Group	
At incorporation	-
Acquired from business combinations	360
Credit to the profit and loss for the period	25
At end of period (see note 13)	**385**

The elements of deferred taxation are as follows

	Period from incorporation to 31 March 2012 £ 000's
Difference between accumulated depreciation and amortisation and capital allowances	400
Other timing differences	16
Change in tax rate	(31)
Total asset	**385**
Deferred tax asset (see note 13)	385
Deferred tax liability	-
	385

A deferred tax asset of £1,343,823 has not been recognised at 31 March 2012 The unrecognised asset relates to tax losses carried forward from previous financial years in a group company In the opinion of the directors, the ability of the Group to obtain the tax benefit of these payments is dependent on suitable profits arising in the relevant statutory companies in the future, that are either not currently foreseen or cannot be estimated with sufficient certainty

Notes *(continued)*

15 Creditors: amounts falling due within one year

	Group 2012 £ 000's
Bank loans and overdrafts	8,791
Trade creditors	11,944
Deferred consideration payable	1,697
Corporation tax creditor	2,673
Other creditors including other taxes and social security	2,412
Accruals and deferred income	22,550
	50,067

The deferred consideration balance shown above relates to the acquisition of the trade and assets of *You and Your Wedding* magazine and website, *Prima Baby* magazine and *Baby Expert* disclosed in note 17 This balance was settled in full on 3 April 2012

16 Creditors: amounts falling due after more than one year

	Group 2012 £ 000's	Company 2012 £ 000's
Bank loans	60,709	-
Capitalised loan arrangement fees	(3,021)	-
Amounts listed on the Channel Islands Stock Exchange	56,424	-
Subordinated loan notes	3,892	3,891
	118,005	**3,891**

Subordinated loan notes accrue interest at 10% per annum The repayment of the balance must be agreed by both the borrower and the lender consequently, the Directors consider this to be not falling due for the foreseeable future

Notes *(continued)*

The Group holds bank loans which are due for repayment as follows

	2012
	£ 000's
Within one year	8,791
In the second to fifth years inclusive	24,089
Over five years	36,620
	69,500

Interest is charged on the bank loans at LIBOR plus a margin The company has an interest rate swap on 90% of its debt which caps interest at current levels

17 Acquisitions

Company

During the period the Company acquired the entire issued share capital of Vancouver Midco 1 Limited Vancouver Midco 1 Ltd also acquired the entire issued share capital of Vancouver Midco 2 Limited which acquired the entire issued share capital of Vancouver Bidco Limited (subsequently renamed Immediate Media Company Limited) Prior to these acquisitions neither the Company, Vancouver Midco 1 Limited, Vancouver Midco 2 Limited nor Vancouver Bidco Limited traded Purchase consideration paid by the Company in cash was £753,466

Group

Acquisition of Subsidiaries from BBC Worldwide

On 31 October 2011 the Group acquired the following shareholdings

Name at Acquisition	Name post Acquisition	Percentage of Ordinary Shares Acquired
BBC Magazines Limited	Immediate Media Company London Limited	100%
Bristol Magazines Limited	Immediate Media Company Bristol Limited	100%
Magazines Services Limited	Immediate Media Company Services Limited	100%
OPL Holdings Limited	Immediate Media Company Origin Holdings Limited	100%

The resulting goodwill of £121,600,000 was capitalised and will be written off over 12 years The reason for this period is to reflect the estimated useful economic life on average across the portfolio of the assets acquired

Notes *(continued)*

	Book Value	Valuation Adjustments	Fair Value
	£ 000's	£ 000's	£ 000's
Fixed assets			
Intangible	8,849	(8,849)	-
Tangible	1,540	-	1,540
Investments	-	-	-
	10,389	**(8,849)**	**1,540**
Current assets			
Stock	2,052	-	2,052
Debtors	20,395	-	20,395
Deferred tax asset	360	-	360
Cash at bank and in hand	43	-	43
Total assets	**22,850**	-	**22,850**
Liabilities			
Creditors	(33,512)	-	(33,512)
Total liabilities	**(33,512)**	-	**(33,512)**
Net assets	**(273)**	**(8,849)**	**(9,122)**
Goodwill			121,600
Purchase consideration			112,553
Satisfied by.			
Cash			112,553

The acquired undertakings made a profit of £1,801,000 from the beginning of their financial year to the date of acquisition In their previous financial year commencing on 1April 2010 the profit was £2,134,000 This profit arose under the intra group royalty arrangements that were in existence before the business was acquired and is therefore not reflective of the continuing profitability of the business acquired

The purchase consideration and fair values of net assets above are determined on a provisional basis

The fair values of intangible assets acquired as part of a business are determined by reference to market value A write off of previously capitalised goodwill has been made on consolidation because this is considered to have a nil fair value

Acquisition of Subsidiaries from Exponent PE Partners

On 31 October 2011 the Group acquired the entire issued share capital of Magicalia Media Limited

The resulting goodwill of £8,020,000 was capitalised and will be written off over 12 years The reason for this period is to reflect the estimated useful economic life on average across the portfolio of the assets acquired

	Book Value	Valuation Adjustments	Fair Value
	£ 000's	£ 000's	£ 000's
Fixed assets			
Intangible	290	(290)	-
Tangible	930	-	930
Investments	-	-	-
Total Fixed Assets	**1,220**	**(290)**	**930**
Current assets			
Stock	41	-	41
Debtors	1,281	-	1,281
Deferred tax asset	-	-	-
Cash at bank and in hand	213	-	213
Total assets	**1,535**	-	**1,535**
Liabilities			
Creditors	(485)	-	(485)
Total liabilities	**(485)**	-	**(485)**
Net assets	**2,270**	**(290)**	**1,980**
Goodwill			**8,020**
Purchase consideration			10,000
Satisfied by:			
Cash and subordinated loan notes			10,000

The acquired undertakings made a loss of £88,000 from the beginning of their financial year to the date of acquisition In their previous financial year commencing on 1 January 2010 the loss was £806,000

The purchase consideration and fair values of net assets above are determined on a provisional basis

The fair values of intangible assets acquired as part of a business are determined by reference to market value No intangible assets with a fair value attributable to them were acquired

Notes *(continued)*

Other Acquisitions

In addition to the above the group acquired the trade and assets of *You and Your Wedding* magazine and website, *Prima Baby* magazine and *Baby Expert* website on 16 January 2012

18 Called up share capital

	2012	2012	2012
	£ 000's	£ 000's	£ 000's
	Share capital	Share premium	Total
Allotted, called up and fully paid			
80,358,270 A ordinary shares of £0 0001 each	8	796	804
5,022,392 B ordinary shares of £0 01 each	50	-	50
2,795,274 C ordinary shares of £0 0001 each	0	28	28
75,000 D ordinary shares of £0 0001	0	1	1
	59	**824**	**883**

The above shares were issued in four stages 2 shares were issued at incorporation for £1 each, a further 8 shares were issued on 2 August 2011 for £1 each On 31 October 2011 these 10 shares were each subdivided into 100 A ordinary shares of £0 0001 Also on 31 October 2011 a further 79,999,000 A ordinary shares were issued along with 5,000,000 B ordinary shares and 2,786,317 C ordinary shares On 9 December 2011 the remaining 358,270 A ordinary shares, 22,392 B ordinary shares and 8,957 C ordinary shares were issued

19 Reserves

Company	**Profit and loss account £000 's**
At incorporation	-
Profit for the period	(5)
At end of year	**(5)**

Group	**Profit and loss account £ 000's**
At incorporation	-
Profit for the period	(1,749)
At end of year	**(1,749)**

Notes *(continued)*

20 Minority interests

	2012 Group £ 000's
At incorporation	-
Share of profit for year outside group	(2)
At end of year	**(2)**

21 Commitments

(a) Capital commitments at the end of the financial period, for which no provision has been made, are as follows

	2012 Group £ 000's
Contracted	1,513
	1,513

The capital expenditure committed by the group relates to the fit out of a new office building An Intention to Lease this building had been agreed at the period end The lease has been signed subsequent to the balance sheet date

(b) Annual commitments under non-cancellable operating leases are as follows

	2012 Land and buildings	2012 Other
Group	**£ 000's**	**£ 000's**
Operating leases which expire		
Within one year	339	47
In the second to fifth years inclusive	240	-
Over five years	-	-
	579	**47**

Notes (Contınued)

The Company does not hold any operatıng leases and has no capıtal commıtments at the end of the financıal perıod

22 Pension scheme

Defined contrıbutıon pension scheme

The Group operates a defined contrıbutıon pensıon scheme The pensıon cost charge for the perıod represents contrıbutıons payable by the Group to the scheme and amounted to £289,492

Contrıbutıons amountıng to £110,000 were payable to the scheme at 31 March 2012 and are ıncluded ın credıtors

No contrıbutıons were payable by the Company to the scheme durıng the perıod

23 Reconciliation of operating profit to operating cash flows

	Perıod from incorporatıon to 31 March 2012
	£ 000's
Operatıng profit	**4,722**
Deprecıatıon, amortısatıon and ımpaırment charges	**5,112**
Increase ın stocks	**(563)**
Increase ın debtors	**(4,423)**
Increase ın credıtors	**3,758**
Net cash flow from operatıng actıvıtıes	**8,606**

Notes *(continued)*

24 Analysis of cash flows

	Notes	Period from incorporation to 31 March 2012
		£ 000's
Returns on investment and servicing of finance		
Interest received		10
Interest paid		(1,644)
		(1,634)
Capital expenditure and financial investment		
Purchase of tangible fixed assets		(1,196)
		(1,196)
Acquisitions and disposals		
Purchase of subsidiary undertakings		(122,949)
Cash acquired within subsidiary undertaking		259
Purchase of trade and assets		(1,500)
Purchase of interest in joint venture		(511)
		(124,701)
Financing		
Issue of ordinary share capital		883
Debt due within one year		
Increase in short-term borrowing		8,791
Repayment of secured loan		(500)
Debt due after more than one year		
New secured loan		57,914
Issue of debt listed on CISX		54,433
Issue of subordinated loan notes		3,470
		124,991

Notes *(continued)*

25 Analysis of net debt

	At beginning of period	Cash flow	At end of period
	£ 000's	£ 000's	£ 000's
Cash in hand, at bank	-	5,772	5,772
	-	**5,772**	**5,772**
Debt due after one year	-	(118,006)	(118,006)
Debt due within one year	-	(8,791)	(8,791)
	-	**(126,795)**	**(126,795)**
Total	-	**(121,024)**	**(121,024)**

26 Related party disclosures

Related parties of Immediate Media Company Limited include its subsidiary, associated and joint venture undertakings and its ultimate controlling parties as well as its directors and their close family members

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note as permitted by FRS 8

Group

The following related party transactions were undertaken by the Group

2012 Name of related party	How related to the Group	Income	Expenditure	Net debtors/ (creditors) balance
		£000's	£000's	£000's
Dovetail Services Limited	Joint venture	9	(1,237)	544
Frontline Ltd	Associate	-	(1,257)	4,773
Exponent PE Partner GP I	Significant shareholder	-	(203)	(6,655)
Exponent PE Partner GP II	Significant shareholder	-	(1,833)	(49,795)

The fees payable and the outstanding balance with Dovetail relate to subscription fulfilment The fees payable to Frontline relate to magazine distribution The balance outstanding with Frontline relates to Group revenues collected by Frontline and its subsidiary and joint venture undertakings and due to the group This balance is net of associated fees and marketing and distribution costs

Notes *(continued)*

Fees paid to Exponent include management fees payable and fees relating to the acquisitions detailed in note 17 of these financial statements

At the balance sheet date subordinated loan notes of £1,371,971 are payable by the Company to T Bureau This is consideration due in payment for his shareholding in Magicalia Holdings Limited which the Group acquired on 31 October 2012

At the period end a balance of £24,586 18 is outstanding from T Bureau This loan does not accrue interest and there is no scheduled repayment date During the period a further loan was made to S Alexander of £18,000 which was fully repaid during the period

Company

The Company has taken exemption under FRS 8 from disclosing transactions and balances with wholly owned entities which form part of the group headed by Vancouver Topco Limited Remuneration of Directors is disclosed in note 3 of these accounts

27 Ultimate parent company

At 31 March 2012, the ultimate controlling party and immediate parent company of the company is Exponent Private Equity LLP on behalf of the funds under its management The highest level at which the results of the Company are consolidated is in these financial statements