REGISTERED NUMBER: 09550826 (England and Wales)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2018

FOR TIME OUT MARKET LIMITED

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FOR THE YEAR ENDING 31 DECEMBER 2018

TIME OUT MARKET LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDING 31 DECEMBER 2018

Directors:	J Bruno Castellanos S A R Rose D Souillat
Registered office:	77 Wicklow Street London WC1X 9JY
Registered number:	09550826 (England and Wales)
Independent auditors:	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Bankers:	HSBC 70 Pall Mall London SW14 SE2

TIME OUT MARKET LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDING 31 DECEMBER 2018

The Directors present their Strategic Report of the Company for the year ending 31 December 2018.

Overview of the business

The first Time Out market was launched in May 2014 and occupies a former food market hall in Lisbon. The market in Lisbon serves to bring together a curated selection of the city's best restaurants, food shops and culture under one roof. In May 2015, Time Out Market Limited acquired a 75.1% interest in MC-Mercados da Capital, Lda which operates the Time Out market in Lisbon. This interest has subsequently increased to 96.3%.

The Directors believe that the Time Out market concept has the potential to attract millions of customers and to enhance customers' physical and digital connection to the Time Out brand. The Company sees opportunities to expand the market concept internationally and has signed leases for sites in London, Miami, Porto, New York, Boston and Chicago along with management agreements in Montreal, Prague and Dubai.

Principal risks and uncertainties

The Directors set out below the principal risks and uncertainties that they consider could impact the business. The Directors continually review the potential risks facing the Company and the controls in place to mitigate any potential adverse impacts. The Directors also recognise that the nature and scope of risks can change and that there may be other risks to which the Company is exposed and so the list is not intended to be exhaustive.

Competition
Offerings which focus on food and drink are common and as such the Company operates in a highly competitive environment, the most directly comparable concept being Eataly, an Italian-based marketplace. The Directors believe that the strategy to leverage the growth of the food hall concept using globally consistent and well-recognised branding differentiates it from other competitors.

Key Management
Time Out Market's success depends on its key personnel, particularly its senior management team, and its ability to retain them and hire other qualified employees. The loss of a significant number of key personnel may have a negative effect on Time Out's ability to deliver its products in a timely manner and would, amongst other things, require the remaining key personnel to divert immediate and substantial attention to seeking a replacement. In order to mitigate this risk, the HR department monitors employee satisfaction through employee surveys and forums and uses the information to develop staff retention programs.

Consumer Spending Habits/Tourism/Terrorism
Other economic factors which may affect spending habits of consumers include, but are not limited to, acts of terrorism or other visitor incidents, including fire, crowd control, or any other disaster or failure to comply with health and safety, security and environmental requirements. These could affect the willingness of consumers to continue existing spending habits and use of free time.

Market Development
The roll-out of new markets may take longer than planned, due to delays in negotiating commercial terms with landlords, securing vacant possession of premises, obtaining necessary planning permissions, and in construction.

Technology
Failure of IT systems, or poor execution of IT solutions, preclude potential synergies with Time Out Group's digital strategy.

STRATEGIC REPORT
FOR THE YEAR ENDING 31 DECEMBER 2018 - continued

Review of the year
The Company continues to make significant progress developing its rollout of the market concept. The Company is planning to open new markets in areas where leases have been signed and planning and licencing has been obtained. These include Porto, Miami, New York, Chicago, Boston and London. Further sites have been identified and lease negotiations are in progress.

Operating results

The Company reported an operating loss for the year of £1,836k (2017: £3,178k) which included a charge of £514k relating to the recalculation of the put option. The operating loss also includes depreciation of £4k and amortisation of £6k (2017: £4k and £5k respectively).

The loss before income tax of £4,171k (2017: £5,048k) results primarily from the above.

The Company reported a net liabilities position of £13,997k (2017: £9,826k)

The Strategic Report on pages 2 to 3 was approved by the Board of Directors on 3 May 2019 and signed on its behalf by:

....

J Bruno Castellanos

REPORT OF THE DIRECTORS
FOR THE YEAR ENDING 31 DECEMBER 2018

The Directors present their report with the audited financial statements of the Company for the year ending 31 December 2018.

Principal activities
The Company's principal activity is to act as a management and holding company with oversight of its subsidiary's activity operating a cultural and food market in Lisbon along with the development of future market rollouts.

Review of operations
The Company made a loss for the financial year ending 31 December 2018 of £4,171k (2017: £5,048k). The financial statements have been prepared on a going concern basis as the Company has received a letter of support from its ultimate parent, Time Out Group Plc indicating its intention to continue to provide financial support to the Company for a period of not less than twelve months from the date of approval of these financial statements.

Future developments
Please refer to the Strategic Report for a review of the Company's business and future developments.

Dividends
The Directors do not recommend the payment of any dividends (2017: £nil).

Events since the end of the period
Information relating to events since the end of the period is given in note 17 of the financial statements.
On 13 March 2019, the Company incorporated a new subsidiary, Time Out Market Dubai Limited which is registered in England & Wales.

Directors
The Directors of the company who were in office during the year and up to the date of this report were:

J Bruno Castellanos
S A R Rose
D Souillat
S Fenton Whittet (Resigned 21 July 2018)

Qualifying third party indemnity provisions
The Company has made qualifying third-party indemnity provisions for the benefit of its Directors and officers during the year and these remain in force as at the date of approving the report of the Directors.

Financial risk management
The Company faces a number of financial risks which are managed as part of the Time Out Group Plc's risk management objectives and policies. The Company does not hedge any of these risks and therefore hedge accounting is not applied in these financial statements.

Market risk
The Company is exposed to foreign exchange risk as it has transactions in foreign currencies. The Company's gain on foreign exchange for the year was £720k (2017: (£973k)). The Company does not hedge its foreign currency risk despite the majority of the Company's receivables, payables and borrowings are denominated in either Euros or USDs.

Interest rate risk
The Company's exposure to interest rate risk is subject to increases in EURIBOR for but all other debt is at a fixed rate.

REPORT OF THE DIRECTORS - continued
FOR THE YEAR ENDING 31 DECEMBER 2018

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors
The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:
J Bruno Castellanos

3 May 2019

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TIME OUT MARKET LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Time Out Market Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Reporting on other information - continued

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Sam Taylor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

3 May 2019

INCOME STATEMENT
FOR THE YEAR ENDING 31 DECEMBER 2018

	Note	**Year ending 31 December 2018**	Year ended 31 December 2017
		£'000	£'000
Revenue	2	**166**	-
Administrative expenses	6	**(2,002)**	(3,178)
Operating loss		**(1,836)**	(3,178)
Finance income	4	**2,059**	525
Finance cost	5	**(4,394)**	(2,395)
Loss before income tax		**(4,171)**	(5,048)
Income tax expense	7	**-**	-
Loss for the financial year		**(4,171)**	(5,048)

All amounts relate to continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 31 DECEMBER 2018

	Year ending 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Loss for the financial year	**(4,171)**	(5,048)
Other comprehensive expense for the year, net of tax	**-**	-
Total comprehensive expense for the year	**(4,171)**	(5,048)

These notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31 December 2018 £'000	31 December 2017 £'000
Assets			
Non-current assets			
Tangible assets	8	**8**	7
Intangible assets	9	**27**	30
Investments	10	**7,405**	7,405
Trade and other receivables	11	**-**	499
		7,440	7,941
Current assets			
Trade and other receivables	11	**33,075**	8,667
Cash and cash equivalents		**366**	10,912
		33,441	19,579
Total assets		**40,881**	27,520
Liabilities			
Current liabilities			
Trade and other payables	12	**(34,585)**	(16,849)
Borrowings	13	**(765)**	(713)
		(35,350)	(17,562)
Non-current liabilities			
Trade and other payables	12	**(9)**	(739)
Borrowings	13	**(19,519)**	(19,045)
		(19,528)	(19,784)
Total liabilities		**(54,878)**	(37,346)
Net liabilities		**(13,997)**	(9,826)
Equity			
Called up share capital	14	**-**	-
Accumulated losses		**(13,997)**	(9,826)
Total equity		**(13,997)**	(9,826)

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The financial statements on pages 9 to 26 were approved by the Board of Directors on 3 May 2019 and were signed on its behalf by:

J Bruno Castellanos
Time Out Market Limited – registered number 09550826

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING 31 DECEMBER 2018

	Called up share capital	Accumulated losses	**Total equity**
	£'000	£'000	**£'000**
Balance at 1 January 2017	-	**(4,778)**	**(4,778)**
Loss for the financial year	-	**(5,048)**	**(5,048)**
Total comprehensive expense	-	**(5,048)**	**(5,048)**
Balance at 31 December 2017	-	**(9,826)**	**(9,826)**
Loss for the financial year	-	**(4,171)**	**(4,171)**
Total comprehensive expense	-	**(4,171)**	**(4,171)**
Balance at 31 December 2018	-	**(13,997)**	**(13,997)**

The notes form part of these financial statements

1. Accounting policies

Domicile

The Company is a private company limited by shares, registered and domiciled in the United Kingdom. The registered office is located at 77 Wicklow Street, London, WC1X 9JY.

Basis of preparation

The financial statements of Time Out Market Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, plant and equipment;
  - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows)
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The Company made a loss for the financial year of £4,171k. The financial statements have been prepared on a going concern basis as the Company has received a letter of support from its ultimate parent undertaking, Time Out Group Plc indicating its intention to continue to provide financial support to the Company for a period of not less than twelve months from the date of approval of these financial statements.

The Company is a subsidiary of Time Out Group BC Limited and of its ultimate parent, Time Out Group Plc. The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The accounting policies have been applied consistently.

1. **Accounting policies - continued**

New and amended standards adopted by the Company
The accounting standards and policies adopted in these financial statements are consistent with those of the annual financial statements for the year ended 31 December 2018 as prepared under FRS 101. The accounting policies have been applied consistently by the Group year-on-year, except as described below:

- IFRS 15, 'Revenue from contracts with customers' was implemented on 1 January 2018. It deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018, and earlier application is permitted. There was no impact on the Group on implementation.

- IFRS 9, 'Financial Instruments' was implemented on 1 January 2018. It addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. For financial liabilities, there are no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. There was no impact on the Group on implementation.

Financial instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including preference shares) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Where the contractual terms of preference shares do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Financial assets are derecognised when the right to receive cash-flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. When securities classified as available for sale are sold, or impaired, the accumulated fair value adjustments previously taken to reserves are included in the income statement.

Taxation
The charge for taxation is based on profits or losses for the period and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided in full using the balance sheet liability method. A deferred tax asset is recognised where it is probable that future taxable income will be sufficient to utilise the available relief. Tax is charged or credited to the income statement except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity. Deferred tax is provided on temporary timing differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax liabilities and assets are not discounted.

1. **Accounting policies - continued**

Foreign currencies
The functional and presentational currency of the Company is sterling. All transactions denominated in foreign currency are translated at the rate of exchange ruling at the time of the transaction. All foreign exchange differences are taken to the Income Statement in the period in which they arise. At the Statement of Financial Position date, monetary assets and liabilities denominated in foreign currencies are translated using the closing rate.

Property, plant and equipment
The cost of property, plant and equipment includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Computer equipment – over three years on a straight-line basis
Fixtures and fittings - over three years on a straight-line basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets
Trademark and copyright assets are amortised over a period of fifteen years on a straight-line basis from the month of acquisition. Websites are amortised over four years on a straight-line basis.

Investments
Investments are stated at cost less provision for impairment.

Trade and other receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade and other payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with a maturity of three months or less.

1. **Accounting policies - continued**

Borrowings
All interest-bearing loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Preference shares that are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these preference shares are recognised in the income statement as an interest expense.

Employee benefit costs
The Company contributes to certain employees' personal pension plans on a defined contribution basis. The Company pays contributions to publicly or privately administrated pension plans on a mandatory, contractual or voluntary basis depending on location. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the income statement.

Revenue recognition
Revenue represents non-refundable pre-development fees received from management agreement contracts. The revenue is recognised in the profit and loss account over the pre-opening period.

Critical accounting estimates and judgements
The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

For the investment in subsidiaries, impairment exists when the carrying value on an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model, where appropriate. The cash flows are derived from the business plan for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The estimation uncertainty exists here due to a number of estimation factors applied to any model used.

2. Revenue

Revenue is analysed as follows:	**2018**	2017
	£'000	£'000
Pre-Opening Development Fee	**166**	-
	166	-

3. Employees and Directors

Employee costs:	**2018**	2017
	£'000	£'000
Wages and salaries	**1,012**	858
Social security costs	**132**	109
Other pension costs	**42**	39
	1,186	1,006

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

	2018	2017
Administration	**8**	7
	8	7

Information regarding total remuneration to Directors and key managers is as follows:

	2018	2017
	£'000	£'000
Short-term employee benefits	**375**	375
Pension costs	**25**	25
	400	400

Two of the three directors are remunerated at Group level.

Information regarding the highest paid Director or key manager is as follows:

	2018	2017
	£'000	£'000
Short-term employee benefits	**375**	375
Pension costs	**25**	25
	400	400

4. Finance income

	2018	2017
	£'000	£'000
Interest receivable from group undertakings	2,059	525
	2,059	525

5. Finance costs

	2018	2017
	£'000	£'000
Interest payable on preference shares	914	905
Interest payable to group undertakings	2,401	1,397
Interest payable on bank debt	1,079	93
	4,394	2,395

6. Administrative Expenses

Expenses by nature:

	2018	2017
	£'000	£'000
Staff costs (note 3)	1,186	1,006
Depreciation - owned assets	4	4
Amortisation of intangibles	5	5
Auditors' remuneration for audit services	10	10
(Gain)/Loss on foreign exchange	(720)	973
Recalculation of Put Option (note 12)	514	596
Other expenses	1,003	584
Total administrative expenses	2,002	3,178

7. Income tax expense

Analysis of Income tax expense

	2018	2017
UK corporation tax:	**£'000**	£'000
Current tax charge/(credit)	-	-
Deferred tax charge	-	-
	-	-

Factors affecting the Income tax expense

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£'000	£'000
Loss before income tax	(4,171)	(5,048)
Loss before income tax multiplied by the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(792)	(972)
Effects of:		
Expenses not deductible for tax purposes	311	377
Losses not recognised	481	595
Other short term timing differences	-	-
Current tax (credit)/charge	-	-
Deferred tax charge	-	-
Total tax (income)/expense	-	-

Potential deferred tax assets of £1,529k (2017: £1,048k) relating to timing differences on losses carried forward have not been recognised as the Directors take an approach not to recognise any deferred tax asset until such time as there is greater visibility of profitability in the medium term.

At Summer Budget 2015, the government announced legislation setting the Corporation Tax rate at 19% for the years starting 1 April 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2017, the government announced a further reduction to the Corporation Tax rate for the year starting 1 April 2020, setting the rate at 17%.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDING 31 DECEMBER 2018

8. Tangible assets

	Fixtures and fittings	Computer equipment	Total
	£'000	£'000	**£'000**
Cost			
At 1 January 2018	5	7	**12**
Additions	3	2	**5**
At 31 December 2018	8	9	**17**
Accumulated Depreciation			
At 1 January 2018	2	3	**5**
Charge for the year	2	2	**4**
At 31 December 2018	**4**	**5**	**9**
Net book value			
At 31 December 2018	4	4	**8**
At 31 December 2017	3	4	**7**

9. **Intangible assets**

	Website	Trademark	Total
	£'000	£'000	**£'000**
Cost			
At 1 January 2018	16	22	38
Additions	2	-	2
At 31 December 2018	18	22	40
Accumulated amortisation			
At 1 January 2018	5	3	8
Charge for the year	4	1	5
At 31 December 2018	**9**	**4**	**13**
Net book value			
At 31 December 2018	9	18	27
At 31 December 2017	11	19	30

10. Investments

	Shares in subsidiary undertakings	Total
	£'000	£'000
Cost and Net Book Value		
At 1 January 2017	**5,504**	**5,504**
Additions	1,901	1,901
At 31 December 2017	**7,405**	**7,405**
At 31 December 2018	**7,405**	**7,405**

As at 31 December 2018, the Company held an investment of 96.3% (2017: 96.3%) in MC-Mercados da Capital, Lda.

As at 31 December 2018, the Company held an investment of 75.1% (2017: 75.1%) in Time Out Market Porto, Lda, the trading company of the planned Time Out Market in Porto.

The Directors consider the value of the investments to be supported by their underlying assets.

At 31 December 2018, the Company held investments in the following undertakings:

Name of company	Holding	Nature of business	Registered address	Country of registration (or incorporation)
Direct subsidiaries:				
Time Out Market Porto, LDA	75.1%	Food Market	Rua D. Luis no 19-2 andar 1200-149 Lisbon	Portugal
MC-Mercados da Capital, LDA	96.3%	Food Market	Rua D. Luis no 19-2 andar 1200-149 Lisbon	Portugal
Time Out Market London Limited	100%	Food Market	77 Wicklow Street, London, WC1X 9JY	England and Wales
Time Out Market Central London Limited	100%	Food Market	77 Wicklow Street, London, WC1X 9JY	England and Wales
Time Out Market US Holdings, LLC	100%	Intermediate Holding Company	1540 Broadway, 42nd Floor New York, NY 10036	USA
Time Out Market (Canada) Holdings Inc	100%	Intermediate Holding Company	1000, rue De La Gauchetiere O, bureau 2900, Montreal QC	Canada
Time Out Market Prague s.r.o	100%	Food Market	C 302936 vedená u Městského soudu v Praze	Czech Republic

10. **Investments (continued)**

Name of company	Holding	Nature of business	Registered address	Country of registration (or incorporation)
Indirect subsidiaries:				
Time Out Market (Miami), LLC	100%	Food Market Operations	1540 Broadway, 42^{nd} Floor New York, NY 10036	USA
Time Out Market (New York), LLC	100%	Food Market Operations	1540 Broadway, 42^{nd} Floor New York, NY 10036	USA
Time Out Market (Boston), LLC	100%	Food Market Operations	1540 Broadway, 42^{nd} Floor New York, NY 10036	USA
Time Out Market (Chicago), LLC	100%	Food Market Operations	1540 Broadway, 42^{nd} Floor New York, NY 10036	USA
Concept TOM Montreal Inc	100%	Food Market Operations	1000, rue De La Gauchetiere O, bureau 2900, Montreal QC	Canada

11. **Trade and other receivables**

	2018	2017
Current:	**£'000**	£'000
Other debtors	24	40
Prepayment and accrued income	68	21
Value added tax	18	43
Amounts owed by group undertakings	32,965	8,563
	33,075	8,667

	2018	2017
Non-current:	**£'000**	£'000
Amounts owed by group undertakings	-	499
	-	499

The fair values of all financial assets of the Company equate to their carrying value.

The amounts owed by Group undertakings totalling £32,965k (2017: £9,062k) are interest bearing at 12% per annum, unsecured and repayable on demand.

12. Trade and other payables

	2018	2017
	£'000	£'000
Current:		
Trade creditors	26	225
Accruals	424	387
Amounts due to group undertakings	32,831	16,206
Financial liability for option over non-controlling interest	1,262	-
Other creditors	42	31
	34,585	16,849

	2018	2017
	£'000	£'000
Non-current:		
Deferred Income	9	739
	9	739

The fair values of all financial liabilities of the Company equate to their carrying value.
From 1 January 2018, all amounts owed to group undertakings are interest bearing at 12% per annum, unsecured and repayable on demand.

The financial liability for option over non-controlling interest reflects the liability of the Company as party of a put/call option agreement with the minority shareholders of MC-Mercados da Capital, Lda, the operator of the Lisbon Time Out market. The liability has been recognised at fair value and is revalued at the end of each period.

13. Borrowings

	2018	2017
	£'000	£'000
Current:		
Bank Debt	765	713
	765	713

	2018	2017
	£'000	£'000
Non-current:		
Preference shares	13,341	12,263
Bank Debt	6,178	6,782
	19,519	19,045

Borrowings are repayable as follows:	2018	2017
	£'000	£'000
Preference shares		
Over 5 years	13,341	12,263
Bank Debt		
Between one and two years	768	758
Between two and five years	5,410	6,024
	6,178	6,782

The Preference shares do not carry rights to receive notice of or to attend and vote at any general meeting of the Company. The Preference shares shall be entitled to a fixed cumulative preferential dividend at 9% which shall be paid by the Company, at the Company's option of (i) 31 May each year or (ii) at any time thereafter. On a return of capital on liquidation, reduction of capital or otherwise, the surplus assets of the Company shall be applied first, in paying the holders of the Preference Shares.

The Company entered in to a loan facility with Incus Capital Advisors, S.L. in November 2017, of €9,000k at a rate of 11% above EURIBOR, repayable in instalments annually through to November 2022.

At year end, the outstanding loan balance was €7,725k (£6,943k) (2017: €8,441k (£7,945k)) which includes €8,170k (£7,339) (2017: €9,000k (£7,987k)) of principal, €83k (£69k) (2017: €95k (£84k)) of accrued interest offset against €528k (£465k) (2017: €654k (£576k)) of transaction costs.

The fair values of all financial liabilities of Company equate to their carrying value.

14. Called up share capital

Authorised and fully paid shares	2018	2017
	Number	Number
Ordinary shares	20,000	20,000
SR shares	706	706
Management shares	2,823	2,823
	23,529	23,529

Authorised and fully paid shares	Nominal value	2018	2017
		£	£
Ordinary shares	£0.001	**20.00**	20.00
SR shares	£0.001	**0.71**	0.71
Management shares	£0.001	**2.82**	2.82
		23.53	23.53

Each Ordinary share, SR share and Management share is entitled to vote, receive dividends or other distributions and participate in a distribution arising on a winding up of the Company or otherwise. These shares are not redeemable.

15. Related party disclosures

Related party transactions can be summarised as follows:

Directors & Shareholders
The Company paid directors' remuneration of £45k for S A R Rose as Chairman of the Board for the year ending 31 December 2018 (2017: £45k). At the end of the year, the company owed S A R Rose fees of £11k for his role as director of the Company.

16. Ultimate controlling party

The immediate parent company is Time Out Group BC Limited.

The ultimate parent company and controlling entity is Time Out Group Plc, a company listed on the Alternative Investment Market in London.

The largest and smallest group of which this company is a member and for which Group financial statements are prepared is Time Out Group Plc. Copies of the consolidated financial statements may be obtained from its registered office at 77 Wicklow Street, London WC1X 9JY.

17. Events after the reporting period

On 13 March 2019, the Company incorporated a new subsidiary, Time Out Market Dubai Limited which is registered in England & Wales.

On 12 March 2019, the Company entered in to a loan stock facility with Incus Capital Advisors, S.L, of €10,000k at a rate of 11% above EURIBOR, repayable in instalments annually through to November 2022.

On 2 April 2019, the minority shareholder in MC-Mercados da Capital, Lda formally stated his intention to action the Put Option relating to the remaining 3.7% shareholding in MC-Mercados da Capital, Lda.