Company registration no. 53626

IPC Media Limited

Report and financial statements for the year ended

31 December 2005

Registered office: King's Reach Tower,
Stamford Street, London, SE1 9LS

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2005.

Review of business activities and future developments

The principal activity of the company is the publication of magazines. During the coming year it is anticipated that this will continue to be the company's principal activity.

Results and dividends

Operating profit for the year was £71.9 million (2004 - £67.8 million restated). An interim dividend of £67.0 million was paid during the year (2004 - £nil). The directors do not recommend the payment of a final dividend (2004 - £nil).

Directors and their interests

W R Aley	(resigned 2 September 2005)
R G Atkinson	(resigned 31 December 2005)
S J Auton	
T S Brooks	(resigned 15 September 2006)
P A Brown	
R J Evans	
S K Evans	(appointed 4 January 2005)
E J Fuller	(appointed 18 September 2006)
S Hirst	(appointed 3 January 2006)
D M Mair	
C M McDevitt	(appointed 3 January 2006)
J A Newcombe	(appointed 3 January 2006)
H N Rosen	(appointed 28 February 2006)
M J Soutar	(resigned 7 June 2006)
D B Stam	(resigned 31 December 2005)
E A Webster	
A Whetton	(resigned 31 October 2005)
P R Williams	

Company Secretaries

J S Redpath
S J Williams

None of the directors had any beneficial interests in the shares of the company or any other group undertakings, as recorded in the register of directors' interests at the year end, which require disclosure in the financial statements.

Employee participation

Employees are informed of the performance and prospects of the company and encouraged to become aware of the financial and economic factors which affect the company and its ability to compete in the marketplace. The individual contributions of staff are recognised as being essential to the future success of the business.

The company has an established staff council which met regularly during the year.

Disabled persons

It is the policy of the group to consider the skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion. In pursuing this policy and having special concern for employees who become disabled, all practical measures are taken to ensure that disabled persons are placed in jobs suited to their individual circumstances.

Donations

During the year the company made charitable donations of £13,403 (2004 - £3,081).

Directors' report (continued)

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to shareholders at the forthcoming annual general meeting.

Approved by the Board of Directors
and signed by order of the Board

S J Williams
Company Secretary
26 September 2006

Statement of directors' reponsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

. select suitable accounting policies and then apply them consistently;

. make judgements and estimates that are reasonable and prudent;

. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of IPC Media Limited

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

27 September 2006

Profit and loss account

for the year ended 31 December 2005

	Note	Year ended 31 December 2005 £'000	Year ended 31 December 2004 as restated £'000
Turnover	2	**412,626**	400,308
Cost of sales		**(200,669)**	(194,366)
Gross profit		**211,957**	205,942
Sales and distribution costs		**(103,609)**	(96,206)
Administrative expenses	3	**(36,411)**	(41,943)
Operating profit	4	**71,937**	67,793
Income from joint ventures		**1,100**	1,500
		73,037	69,293
Net interest receivable	7	**4,052**	3,984
Other finance income	8	**3,030**	1,639
Profit on ordinary activities before taxation		**80,119**	74,916
Taxation on profit on ordinary activities	10	**(13,574)**	(12,113)
Profit on ordinary activities after taxation		**66,545**	62,803
Dividends on equity shares	11	**(67,000)**	-
Retained (loss)/profit for the year transferred to reserves	19	**(455)**	62,803

Turnover and operating income arose from continuing operations.

Statement of total recognised gains and losses

for the year ended 31 December 2005

	Note	Year ended 31 December 2005 £'000	Year ended 31 December 2004 as restated £'000
Profit for the financial year		**66,545**	62,803
Actuarial gains/(losses) on post employment plans	9	**46**	(1,770)
Related tax (charge)/credit	10	**(14)**	531
Total gains and losses recognised for the year		**66,577**	61,564
Prior year adjustment - adoption of FRS 17	1	**(20,130)**	
Total gains and losses recognised since last financial statements		**46,447**	

Balance sheet

as at 31 December 2005

	Note	31 December 2005 £'000	31 December 2004 as restated £'000
Fixed assets			
Intangible assets	12	**22,587**	25,565
Tangible assets	13	**17,153**	19,247
Investments	14	**72,145**	72,145
		111,885	116,957
Current assets			
Stocks	15	**5,034**	5,681
Debtors: amounts falling due within one year	16	**121,550**	134,024
Debtors: amounts falling due after more than one year	16	**4,856**	4,856
Cash at bank and in hand		**36,372**	34,193
		167,812	178,754
Creditors: amounts falling due within one year	17	**(126,536)**	(128,919)
Net current assets		**41,276**	49,835
Total assets less current liabilities		**153,161**	166,792
Creditors: amounts falling due after more than one year	17	**(879)**	-
Total net assets excluding pension asset		**152,282**	166,792
Post employment assets	9	**14,209**	-
Post employment liabilities	9	**(1,934)**	(1,812)
Pension asset/(liability)		**12,275**	(1,812)
Total net assets including pension asset/(liability)		**164,557**	164,980
Capital and reserves			
Called up share capital	18	**2,580**	2,580
Share premium account	19	**112,887**	112,887
Share redemption account	19	**2,318**	2,318
Profit and loss account	19	**46,772**	47,195
Equity shareholders' funds	19	**164,557**	164,980

These financial statements were approved by the Board of Directors on 26 September 2006.
Signed on behalf of the Board of Directors

S K Evans
Director

Notes to the financial statements

for the year ended 31 December 2005

1 Accounting policies

Basis of accounting

The financial statements are presented for the company as an individual undertaking. The company is not required to prepare group financial statements under Section 228 of the Companies Act 1985 because its parent undertaking is established under the law of a member State of the European Union.

Under the provisions of Financial Reporting Standard 1 - 'Cash Flow Statements', the company has not prepared a cash flow statement because it is a wholly owned subsidiary of Time Warner Holdings Limited, which is incorporated in Great Britain, and has prepared consolidated financial statements which include the financial statements of the company and which contain a cash flow statement.

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

New accounting policy

The company has adopted the reporting requirements of Financial Reporting Standard 17 - 'Retirement Benefits' in its financial statements from 1 January 2005. In prior years, the company complied with the transitional disclosure requirements of the standard. In the financial statements and all relevant notes to the financial statements, the cumulative impact of the adoption of FRS 17 on previous years has been recognised in the accounts as a prior year adjustment and comparative information has been restated as appropriate.

FRS 17 - Retirement Benefits replaces the use of the actuarial values for assessing pension costs in favour of a marked to market based approach where the assets of the defined benefit schemes are measured at their market value and the liabilities of those schemes are measured using the projected unit method. In order to cope with the volatility inherent in this measurement basis, the standard requires that the profit and loss account shows the relatively stable ongoing service cost, the expected return on assets and the expected interest on the liabilities. Differences between expected and actual returns on assets, and the impact on the liabilities of changes in the assumptions or experience, are reflected in the statement of total recognised gains and losses.

The adoption of FRS 17 has decreased the reported operating profit for the year ended 31 December 2005 by £1,849,000 (2004: £449,000 decrease). This charge has been offset by an increase in other finance income of £3,030,000 (2004: £1,639,000 increase) giving a net increase in the profit before taxation for the year of £1,181,000 (2004: £1,190,000 increase). In addition, the adoption of the standard has created a net post employment asset of £12,275,000 (2004: £1,812,000 liability). In aggregate the adoption of FRS 17 has reduced shareholders' funds at 31 December 2005 by £19,271,000 (2004: £20,130,000).

Investments

Investments are stated at cost less provision, if appropriate, for any impairment in value.

Intangible assets

Intangible publishing rights assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition are stated in the balance sheet at fair value on acquisition and are amortised on a straight line basis over the useful economic life up to a maximum of 20 years. Goodwill arising on the acquisition of the trade or assets of a business, being the difference between the fair value of the assets acquired and the consideration paid, is also amortised on a straight line basis over its useful economic life up to a maximum of 20 years.

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements
for the year ended 31 December 2005

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. Depreciation is provided on a basis that will write off the book value of fixed assets on a straight line basis over their expected lives. The depreciation rates range from 10% to 33 1/3% for equipment, and the remaining lease term for leasehold improvements.

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Operating leases

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

Stocks

Stocks are stated at the lower of cost and estimated net realisable value.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax balances are not discounted.

Pensions

The company operates both defined benefit and defined contribution pension schemes.

For defined benefit schemes, the amount charged to operating profit is the cost of accruing pension benefits promised to employees over the year plus any gains and losses arising on settlements and curtilments and any benefit improvements granted to members by the company during the year.

Other finance income in the profit and loss account includes a credit equivalent to the company's expected return on the pension schemes' assets over the year offset by a charge equal to the expected increase in the present value of schemes' liabilities over the year. The difference between the market value of the schemes' assets and the present value of the plans liabilities is disclosed as an asset or liability on the company's balance sheet net of deferred taxation (to the extent that it is recoverable). Any difference between the expected return on assets and that actually achieved and any changes in the liabilities over the year due to changes in assumptions or experience within the schemes are recognised in the statement of total recognised gains and losses.

Contributions payable by the company in respect of defined contribution schemes are charged to operating profit as incurred.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling on that date. The translation differences are dealt with in the profit and loss account.

Notes to the financial statements

for the year ended 31 December 2005

2 Segmental information

The analysis of the group's turnover by destination of geographical market is as follows:	**Year ended 31 December 2005 £'000**	Year ended 31 December 2004 £'000
United Kingdom	**347,273**	342,257
Europe	**46,387**	39,444
Rest of the world	**18,966**	18,607
Total	**412,626**	400,308

Turnover is derived principally from the company's main activity, magazine publishing, in the United Kingdom and is stated net of trade discounts and VAT.

It is not appropriate to analyse operating profit or net assets attributable to geographical market as the company operates principally from one geographical location.

3 Administrative expenses

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 as restated £'000
Exceptional reorganisation credit	**(791)**	-
Exceptional impairment of fixed asset investments	-	3,810
Other administrative expenses	**37,202**	38,133
Total administrative expenses	**36,411**	41,943

During the year the company released the remaining £791,000 (2004 - £nil) of the exceptional reorganisation costs provision set up in 2002 to cover the costs incurred associated with reorganising and integrating its business into that of Time Warner Inc.

In the prior year the company provided £3,810,000 for the impairment in value of its fixed asset investments in Reed Publishing Services Limited, £2,500,000 and The Magazine Publishing Company Limited, £1,310,000.

4 Operating profit

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible assets	**8,463**	8,194
Amortisation of intangible assets	**2,978**	2,956
Auditors' remuneration		
Audit fees	**119**	116
Operating lease rentals - land and buildings	**5,794**	5,767
Profit on disposal of fixed assets and titles	**(129)**	(149)

Notes to the financial statements
for the year ended 31 December 2005

5 Information regarding directors and employees

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 as restated £'000
Staff costs (including directors)		
Wages and salaries	**74,833**	76,472
Social security costs	**8,623**	8,506
Pensions	**6,655**	6,209
	90,111	91,187

	Number	Number
The monthly average number of persons employed		
Editorial	**964**	979
Sales and distribution	**782**	782
Administration	**374**	348
	2,120	2,109

6 Directors' emoluments

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Total emoluments	**3,357**	2,545
Compensation for loss of office	**212**	-
Company contributions paid to money purchase schemes	**19**	15

The number of directors accruing benefits at the year end in respect of defined benefit pension schemes is 8 (2004 - 8). There was 1 (2004 - 2) director accruing benefits at the year end in respect of defined contribution pension schemes.

Analysis of emoluments (excluding pension contributions) of the highest paid director:

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Aggregate emoluments	**671**	626
Accrued pension at year end	**218**	187

7 Net interest receivable

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Bank interest receivable	**5**	32
Interest receivable from group undertakings	**3,911**	3,952
Other interest receivable	**136**	-
	4,052	3,984

Notes to the financial statements

for the year ended 31 December 2005

8 Other finance income

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Interest on post retirement plan liabilities	**(10,170)**	(9,161)
Expected return on post employment plan assets	**13,200**	10,800
	3,030	1,639

9 Pension commitments

The company operates a number of pension schemes. As noted in note 1, during the year the company adopted the reporting requirements of Financial Reporting Standard 17 - 'Retirement Benefits'. For the defined benefit schemes the valuation used for FRS 17 disclosures has been based on the most recent formal actuarial valuation at 5 April 2003 and updated by an independent qualified actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the schemes at 31 December 2005. Scheme assets are stated at their market values as at the balance sheet date.

Actuarial assumptions	**31 December 2005 %**	31 December 2004 %	31 December 2003 %
Rate of price inflation	2.7	2.6	2.5
Rate of increase in salaries	4.2	4.1	4.0
Rate of increase in pensions	2.7	2.6	2.5
Discount rate	4.95	5.4	5.5
Contributions			
employees	**5.0**	5.0	5.0
employers	**12.6**	12.6	12.6

Fair value of assets and expected rate of return

	Expected rate of return 31 December 2005 %	**Fair value 31 December 2005 £m**	Expected rate of return 31 December 2004 %	Fair value 31 December 2004 £m	Expected rate of return 31 December 2003 %	Fair value 31 December 2003 £m
Equities	**8.00**	**191.0**	8.00	145.9	8.00	119.9
Corporate bonds	**4.95**	**22.1**	5.40	14.5	5.50	11.0
Gilts	**4.10**	**21.9**	4.50	14.5	4.75	10.9
Cash	**4.50**	**0.2**	4.80	0.2	3.75	0.2
Total fair value of assets		**235.2**		175.1		142.0

Notes to the financial statements

for the year ended 31 December 2005

9 Pension commitments (continued)

Net post employment assets/(liabilities)	31 December 2005 £'000	31 December 2004 as restated £'000
Fair value of scheme assets	235,200	175,100
Present value of scheme liabilities	(228,862)	(189,656)
Surplus/(deficit) in scheme	6,338	(14,556)
Related deferred tax asset (see note 10c)	5,937	12,744
Net FRS 17 pension asset/(liability)	12,275	(1,812)

At 31 December 2005 the net pension asset of £12,275,000 (2004: £1,812,000 Liability) represented, net of related deferred tax, individual plan surpluses of £14,209,000 (2004: £nil) and deficits of £1,934,000 (2004: £1,812,000).

Amounts to be charged to profit and loss account under FRS 17

	Defined benefit schemes year ended 31 December 2005 £'000	Other schemes year ended 31 December 2005 £'000	Total year ended 31 December 2005 £'000	Defined benefit schemes year ended 31 December as restated 2004 £'000	Other schemes year ended 31 December as restated 2004 £'000	Total year ended 31 December as restated 2004 £'000
Current service cost	5,400	555	5,955	5,600	409	6,009
Past service cost	700	-	700	200	-	200
Total charge to operating profit	6,100	555	6,655	5,800	409	6,209
Expected return on assets	(13,200)	-	(13,200)	(10,800)	-	(10,800)
Interest on liabilities	10,170	-	10,170	9,161	-	9,161
Total finance (income)/charge	(3,030)	-	(3,030)	(1,639)	-	(1,639)
Total profit and loss account charge	3,070	555	3,625	4,161	409	4,570

Amounts included in statement of recognised gains and losses	Year ended 31 December 2005 £'000	Year ended 31 December 2004 as restated £'000	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Gain/(loss) on actual return less expected return on assets	24,400	6,200	11,600	(34,500)
Experience (loss)/gain on liabilities	(861)	(388)	6,983	(1,300)
Loss on change of assumptions underlying the present value of scheme liabilities	(23,493)	(7,582)	(7,300)	-
Total actuarial gain/(loss)	46	(1,770)	11,283	(35,800)

Analysis of actuarial gains and losses	Year ended 31 December 2005 %	Year ended 31 December 2004 %	Year ended 31 December 2003 %	Year ended 31 December 2002 %
Actual returns less expected returns on assets as % of scheme assets	10.4	3.5	8.2	(34.0)
Experience gains and losses on liabilities as % of scheme liabilities	0.4	0.2	(4.2)	0.8
Change of assumptions as % of scheme liabilities	10.3	0.4	4.3	0.0

Notes to the financial statements
for the year ended 31 December 2005

9 Pension commitments (continued)

Analysis of movement in surplus/(deficit)	Year ended 31 December 2005 £'000	Year ended 31 December 2004 as restated £'000
Deficit at 1 January	**(14,556)**	(26,167)
Contributions paid	**23,918**	17,542
Current service cost	**(5,400)**	(5,600)
Past service cost	**(700)**	(200)
Finance income	**3,030**	1,639
Actuarial gain/(loss)	**46**	(1,770)
Surplus/(deficit) at 31 December	**6,338**	(14,556)

10 Taxation on profit on ordinary activities

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 as restated £'000
a) The charge based on the profit for the year is as follows:		
Taxation based on the profit for the year		
UK Corporation tax payable at 30.0%	**26**	1,901
Double tax relief	**(26)**	(8)
Group relief payments	**6,258**	5,970
Over provision for prior years	**(2,287)**	(77)
Overseas tax suffered	**26**	8
Total current tax charge (see 10 (b) below)	**3,997**	7,794
Deferred tax		
Timing differences, origination and reversal	**6,961**	3,833
Adjustment to estimated recoverability of deferred tax assets arising in earlier periods	**2,616**	486
Total deferred tax (see 10 (c) below)	**9,577**	4,319
Total tax charge on profit on ordinary activities	**13,574**	12,113

10 Taxation on profit on ordinary activities (continued)

b) Circumstances affecting the current tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2004 - 30%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 as restated £'000
Profit on ordinary activities before tax	**80,119**	74,916
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	**24,036**	22,475
Factors affecting the tax charge:		
Disallowable expenses	**1,594**	2,589
Capital allowances in excess of depreciation	**(1,699)**	(2,484)
Group relief received for nil consideration	**(12,055)**	(12,910)
UK dividends received	**(330)**	(450)
Tax overprovided in previous years	**(2,287)**	(77)
Other timing differences	**(5,262)**	(1,349)
Total current tax charge (see 10 (a) above)	**3,997**	7,794

c) Deferred tax

Deferred tax is provided at 30% (2004 - 30%) in the financial statements as follows:

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 as restated £'000
Included in debtors (see note 16)	**9,197**	11,981
Included in post employment assets/(liabilities) (see note 9)	**5,937**	12,744
	15,134	24,725
Capital allowance pool in excess of book value of qualifying assets	**7,674**	9,522
Short term timing differences	**7,460**	15,203
	15,134	24,725

Analysis of movement in deferred tax asset:	**£'000**
At 31 December 2004 as previously reported	16,097
Prior year adjustment (see note 1)	8,628
Debited to the profit and loss account (see note 10 (a) above)	(9,577)
Amounts debited to reserves in respect of post employment liabilities	(14)
At 31 December 2005	**15,134**

Notes to the financial statements
for the year ended 31 December 2005

11 Dividends on equity shares

Equity dividends on ordinary shares	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Interim dividends	67,000	-
	67,000	-

12 Intangible fixed assets

	Publishing rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2005	37,036	22,510	59,546
At 31 December 2005	**37,036**	**22,510**	**59,546**
Amortisation			
At 1 January 2005	27,493	6,488	33,981
Charge for the year	1,852	1,126	2,978
At 31 December 2005	**29,345**	**7,614**	**36,959**
Net book value			
At 31 December 2005	**7,691**	**14,896**	**22,587**
At 31 December 2004	9,543	16,022	25,565

13 Tangible fixed assets

	Equipment £'000	Leasehold improvements £'000	Total £'000
Cost			
At 1 January 2005	76,651	20,781	97,432
Additions	6,551	(157)	6,394
Disposals	(700)	-	(700)
At 31 December 2005	**82,502**	**20,624**	**103,126**
Accumulated depreciation			
At 1 January 2005	63,785	14,400	78,185
Charge for the year	6,047	2,416	8,463
Disposals	(675)	-	(675)
At 31 December 2005	**69,157**	**16,816**	**85,973**
Net book value			
At 31 December 2005	**13,345**	**3,808**	**17,153**
At 31 December 2004	12,866	6,381	19,247

Notes to the financial statements
for the year ended 31 December 2005

14 Fixed asset investments

Shares in subsidiary undertakings and joint ventures	31 December 2005 £'000	31 December 2004 £'000
Cost	**117,373**	117,373
Provisions	**(45,228)**	(45,228)
Net Book Value	**72,145**	72,145

Interests in the ordinary share capital of subsidiary undertakings relate to IPC Magazines (Overseas) Limited and dormant companies all of which are wholly owned. The dormant companies hold certain publishing rights to magazines published by the company.

The principal function of IPC Magazines (Overseas) Limited is to hold shares in overseas publishing undertakings.

IPC Magazines (Overseas) Limited has a 50% economic interest in Avantages SAS, whose principal activity is magazine publishing and is incorporated in France. IPC Magazine (Overseas) Limited also holds a 100% share of the capital of IPC Media Australia Holdings Pty Limited. IPC Media Australia Holdings Pty Limited is a holding company for magazine publishing interests in New Zealand and Australia and is incorporated in Australia.

IPC Media Limited has a joint venture interest in European Magazines Limited by virtue of its 50% ownership of the company's £100 issued share capital. This interest is included within fixed asset *investments at its original cost of £50. European Magazines Limited's principal activity is magazine* publishing. European Magazines Limited made a profit before tax of £3,285,000 for the year ended 31 December 2005 (year ended 31 December 2004 - £4,319,000) and had total shareholders' funds of £2,121,000 (31 December 2004 - £2,082,000). The year end for European Magazines Limited is 31 December. European Magazines Limited is incorporated in England and Wales.

In the opinion of the directors, the aggregate value of the company's investments is not worth less than the aggregate amount shown above.

15 Stocks

	31 December 2005 £'000	31 December 2004 £'000
Raw materials and consumables	**5,034**	5,681

Notes to the financial statements
for the year ended 31 December 2005

16 Debtors

	31 December 2005 £'000	31 December 2004 as restated £'000
Amounts falling due within one year:		
Trade debtors	**29,421**	30,956
Amounts owed by group undertakings	**74,898**	83,620
Amounts owed by joint ventures	**452**	801
Other debtors	**2,669**	2,592
Corporation tax	**84**	-
Prepayments and accrued income	**4,829**	4,074
Deferred tax asset (see note 10 (c) above)	**9,197**	11,981
	121,550	134,024

	31 December 2005 £'000	31 December 2004 as restated £'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	**4,856**	4,856
	4,856	4,856

17 Creditors

	31 December 2005 £'000	31 December 2004 as restated £'000
Amounts falling due within one year:		
Trade creditors	**54,434**	57,824
Amounts owed to group undertakings	**42,295**	39,449
Accruals and deferred income	**15,412**	15,267
Other creditors	**5,899**	6,379
Corporation tax	-	984
Taxation and social security	**3,727**	4,328
Group relief payable	**4,769**	4,688
	126,536	128,919
Amounts falling due after more than one year:		
Other creditors	**879**	-

Notes to the financial statements

for the year ended 31 December 2005

18 Called up share capital

	31 December 2005 £'000	31 December 2004 £'000
Authorised		
3,230,000 ordinary shares of £1 each	**3,230**	3,230
Called up, allotted and fully paid		
2,580,500 ordinary shares of £1 each	**2,580**	2,580

19 Reconciliations of movements in shareholders' funds and movement in reserves

	Share capital £'000	**Share premium account £'000**	**Share redemption account £'000**	**Profit and loss account £'000**	**Total £'000**
At 1 January 2004 as previously reported	2,580	112,887	2,318	5,355	123,140
Prior year adjustment - adoption of FRS 17	-	-	-	(19,724)	(19,724)
At 1 January 2004 as restated	2,580	112,887	2,318	(14,369)	103,416
Retained profit for the year as restated	-	-	-	*62,803*	*62,803*
Net actuarial losses on post employment plans	-	-	-	(1,239)	(1,239)
At 31 December 2004 as restated	2,580	112,887	2,318	47,195	164,980
Profit for the year	-	-	-	66,545	66,545
Dividends	-	-	-	(67,000)	(67,000)
Net actuarial losses on post employment plans	-	-	-	32	32
At 31 December 2005	**2,580**	**112,887**	**2,318**	**46,772**	**164,557**

20 Operating lease commitments

Annual commitments under non-cancellable land and buildings operating leases are as follows:

	31 December 2005 £'000	31 December 2004 £'000
Leases which expire:		
Within one year	-	-
Between two to five years	**5,455**	5,455
After five years	**339**	339
	5,794	5,794

Notes to the financial statements
for the year ended 31 December 2005

21 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 - 'Related Party Disclosures' from disclosing transactions with fellow members of the group where 90% or more of the voting rights are controlled within the group.

There were no material related party transactions during the year other than those set out below or disclosed elsewhere in the financial statements.

Joint ventures

During the year the group sold goods and provided management and other services to European Magazines Limited. The total value of these transactions was £11.1m (2004 - £11.2m). As at 31 December 2005 the company was owed £0.2m by European Magazines Limited (31 December 2004 - £0.6m due from European Magazines Limited).

The company also charged royalties totalling £0.4m (2004 - £0.4m) to Avantages SAS and as at 31 December 2005 the company was owed £0.2m (31 December 2004 - £0.2m) by Avantages SAS.

The directors are satisfied that all related party transactions were carried out on an arm's length basis.

22 Parent undertakings

The immediate parent undertaking is IPC Magazines Holdings Limited.

Time Warner Holdings Limited is the parent undertaking of the smallest group of undertakings of which the company is a member and for which group financial statements are drawn up. Time Warner Holdings Limited is registered in England and Wales and copies of its financial statements may be obtained from the Registrar of Companies in Cardiff.

Time Warner Inc., a company incorporated in the United States of America, is the ultimate parent undertaking of the largest group of undertakings of which the company is a member and for which group financial statements are drawn up. Copies of Time Warner Inc.'s financial statements can be obtained from One Time Warner Center, New York, NY 10019, USA.