Company registration no. 53626

Time Inc. (UK) Ltd

Report and financial statements for the year ended

31 December 2015

Registered office: Room 3-C29, Blue Fin Building, 110 Southwark Street, London, SE1 0SU

Contents

Strategic report

The directors present their strategic report for the year ended 31 December 2015.

Time Inc. (UK) Ltd is a leading UK consumer multi-platform publisher. The company participates in the print magazine industry, which is in secular decline. Recognising this, the company's strategy is to develop digital and adjacent revenue streams whilst extending the lifecycle of print products by reengineering the cost base of the business.

A significant milestone in the turnaround of the company was achieved during the year with adjusted revenues* growing by 1% following several years of decline.

Operating profit for the year was £96.9m (2014: £13.9m profit) and balance sheet net assets at year end were £443m (2014: £314m).

In line with its strategy, the company has invested in excess of £20m in the following acquisitions:

1. On 4 February 2015 the company acquired 100% of the share capital of UK Cycling Events Limited, a cycling events business. The acquisition complements the company's existing assets in the cycling sector, providing a platform for future growth in this segment;
2. On 16 April 2015 the company acquired the remaining 50% of the share capital of its joint venture Evarn Limited (the publisher of "Look" magazine). At the same time a subsidiary of the company disposed of its 50% economic interest in Avantages SAS (the publisher of Avantages and Famili magazines in France). Previously both publishing operations were joint ventures with Groupe Marie Claire. The acquisition of Look provides the opportunity to accelerate the digital transformation of this brand;
3. On 27 July 2015 the company acquired 21% of Snap Tech Ltd (formerly Snap Fashion Ltd) a business which has developed visual search engine software;
4. On 2 September 2015 the company acquired 100% of the share capital of International Craft & Hobby Fair Limited ("ICHF"). ICHF is an events business specialising in trade and consumer events in the craft sector.
5. On 8 July 2016 the company acquired Collective Europe Limited, a leading provider of premium creative digital advertising solutions;

The freehold property known as the Blue Fin Building (110 Southwark Street, London) was sold by the group on 24 November 2015 for £415m. The company will continue to lease space at the Blue Fin Building and it remains the company's UK headquarters.

As part of the sale of the Blue Fin Building, agreement was reached with the Trustees of the company's legacy defined benefit pension plan that use of sale proceeds would not be restricted. The agreement provides that Time Inc. (the company's ultimate parent) will guarantee all of the company's obligations under the pension scheme including the following cash contributions:

- £50m contribution paid in November 2015;
- £11m to be contributed annually until the sixth anniversary of the sale closing;
- Further contributions if required between the sixth and eighth anniversaries of the sale closing, to eliminate any self-sufficiency deficit in the plan.

Since the year end the company's main print supplier went into administration. As a result, the company has signed a new print agreement with Walstead the largest British-owned printer which ensures that all of its magazines will continue to be printed in the UK.

The business risks facing the company are the same as those facing its ultimate parent company Time Inc. A detailed description of these risks is set out in Time Inc.'s 10-K Annual Report filing which is available online at the Time Inc. investor relations site: www.timeinc.com

*Adjusted revenue consists of turnover reported in the accounts adjusted to include turnover reported in subsidiaries from the date of acquisition and to exclude the impact of the change of accounting policy from cover dated to on-sale recognition and to exclude titles which have been closed or disposed.

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

S J May
Director
Blue Fin Building
110 Southwark Street
London
SE1 0SU

18 November 2016

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2015.

Dividends

No equity dividends were proposed or paid during the year (2014: £nil).

Directors

The directors during the year and subsequently were:

J J Bairstow (resigned 7 November 2016)
P A Cheal (appointed 1 March 2016)
A C Davies
S D'Emic (appointed 7 November 2016)
F A Dent
S P Finlay (appointed 1 March 2016)
O E W Grady (appointed 1 March 2016)
S Hirst (resigned 30 September 2015)
A J Hughes (appointed 1 March 2016)
M M Koch (appointed 1 March 2016)
R MacDonald (appointed 1 March 2016)
S J May
C L Meredith (resigned 31 May 2016)
J A Newcombe (resigned 31 October 2015)
M A Rich
N S Robinson
L Swarbrick
P R Williams (resigned 30 September 2015)

Company Secretary

L E Klein

Directors' indemnity

The company has granted indemnities to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. This qualifying third party indemnity provision was in force throughout the period and remains in force as at the date of approving the directors' report.

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 company's policy 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.

Disclosure of information to the auditors

As far as each person who was a director at the date of approving this report is aware there is no relevant information of which the company's auditors are unaware. Directors have taken all the steps they ought to take as directors to make themselves aware of relevant audit information and to establish that the company's auditors are aware of that information.

Going concern

On the basis of their assessment of the company's financial position the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future thus they consider that it is appropriate to prepare the financial statements on a going concern basis.

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

S J May
Director
Blue Fin Building
110 Southwark Street
London
SE1 0SU

18 November 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Time Inc. (UK) Ltd

We have audited the financial statements of Time Inc. (UK) Ltd for the year ended 31 December 2015 which comprise the Income statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity, and related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable to law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of directors responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Karl Havers (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London UK
18 November 2016

Income statement
for the year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Turnover		260,660	272,295
Cost of sales		(124,892)	(133,906)
Gross profit		135,768	138,389
Sales and distribution costs		(75,602)	(76,750)
Administrative expenses excluding exceptional items		(31,482)	(34,819)
Operating profit before exceptional items		28,684	26,820
Exceptional items			
Loss on disposal of tangible assets		(7,603)	-
Gain on disposal of fixed asset investment		90,450	-
Reorganisation costs		(14,680)	(12,897)
Operating profit	2	96,851	13,923
Dividend received from fixed asset investment		48,220	-
Net interest expense	5	(499)	(1,056)
Profit on ordinary activities before taxation		144,572	12,867
Tax credit / (charge) on profit on ordinary activities	7	1,681	(1,124)
Profit for the year		146,253	11,743

Turnover and operating income arose from continuing operations.

Statement of comprehensive income
for the year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Profit for the year		**146,253**	11,743
Actuarial losses on post employment plans	6	**(18,700)**	(4,400)
Movement on deferred tax relating to pension scheme	7	**(3,516)**	(1,250)
Movement on current tax relating to pension scheme	7	**4,801**	2,215
Total comprehensive income for the year		**128,838**	8,308

Time Inc. (UK) Ltd

Company registration no. 53626

Statement of financial position

as at 31 December 2015

	Note	31 December 2015 £'000	31 December 2014 £'000
Fixed assets			
Intangible assets	8	12,256	7,408
Tangible assets	9	3,978	14,525
Investments	10	499,614	389,679
		515,848	411,612
Current assets			
Stocks	11	4,730	3,916
Debtors: amounts falling due after more than one year	12	3,914	3,423
Debtors: amounts falling due within one year	12	30,065	28,920
Cash at bank and in hand		61,197	25,756
		99,906	62,015
Creditors: amounts falling due within one year	13	(216,976)	(155,177)
Net current liabilities		(117,070)	(93,162)
Total assets less current liabilities		398,778	318,450
Creditors: amounts falling due after more than one year	13	(1,103)	(7,672)
Total net assets excluding pension asset / (liability)		397,675	310,778
Defined benefit pension asset	6	50,300	8,100
Defined benefit pension liability	6	(4,600)	(4,400)
Net defined benefit pension asset		45,700	3,700
Total net assets including pension asset / (liability)		443,375	314,478
Capital and reserves			
Called up share capital	14	2,581	2,581
Share premium account		204,934	204,934
Share redemption account		2,318	2,318
Equity-settled share-based payments		(9,909)	(9,968)
Profit and loss account		243,451	114,613
Equity shareholders' funds		443,375	314,478

These financial statements were approved by the Board of Directors on 18 November 2016 and signed on their behalf:

S J May
Director

Statement of changes in equity
for the year ended 31 December 2015

	Share capital £'000	Share premium account £'000	Share redemption account £'000	Equity-settled share-based payments £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	2,581	112,887	2,318	(749)	106,305	223,342
Profit for the year	-	-	-	-	11,743	11,743
Share issue	-	92,047	-	-	-	92,047
Net actuarial loss on post employment plans	-	-	-	-	(3,435)	(3,435)
Recharge from parent undertaking for share-based payments	-	-	-	(11,909)	-	(11,909)
Charge for share-based payments	-	-	-	2,690	-	2,690
At 31 December 2014	2,581	204,934	2,318	(9,968)	114,613	314,478
Profit for the year	-	-	-	-	146,253	146,253
Net actuarial loss on post employment plans	-	-	-	-	(17,415)	(17,415)
Recharge from parent undertaking for share-based payments	-	-	-	(1,565)	-	(1,565)
Charge for share-based payments	-	-	-	1,624	-	1,624
At 31 December 2015	**2,581**	**204,934**	**2,318**	**(9,909)**	**243,451**	**443,375**

No equity dividends were proposed or paid during the year (2014: £nil).

1 Accounting policies

Statement of compliance

Time Inc. (UK) Ltd is a limited liability company incorporated in England. The registered office is Room 3-C29, Blue Fin Building, 110 Southwark Street, SE1 0SU.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102), a Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006. This is the first year in which the financial statements have been prepared under FRS 102, the date of transition is 1 January 2014. The effect of the transition has been more fully explained in note 19.

Basis of preparation

The financial statements are presented for the company as an individual undertaking. The company is not required to prepare group financial statements under Section 400 of the Companies Act 2006 because its parent undertaking is established under the law of a member State of the European Union.

Under the provisions of Financial Reporting Standard 102 section 1.12(b) the company has elected to make use of the exemption from the requirement to present a cash flow statement. The company is a qualifying entity because its ultimate parent company, Time Inc., which is incorporated in the United States of America and which has prepared consolidated financial statements that include Time Inc. (UK) Ltd and are publicly available. The company has taken advantage of the following exemptions permitted by FRS 102:

- Exemption under FRS 102.1.12 (b) from the requirement to prepare a cash flow statement.
- Exemption under FRS 102.1.12(c) from certain disclosure relating to financial instruments
- Exemption under FRS 102.1.12(d) of the requirements of Section 26 Share-based payments paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- Exemption under FRS 102.33.1A from disclosing transactions entered into between two or more members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member.

On the basis of their assessment of the company's financial position, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future thus they consider that it is appropriate to prepare the financial statements on a going concern basis.

During the year ended 31 Decemer 2015, the company adopted a new chart of accounts that allows an improved level of granularity with respect to profit and loss. The company has reclassified amounts between cost of sales, sales and distribution costs and administrative expenses in the comparative year to improve comparability. As a result of this reclassification, gross profit has decreased by £2.2m with operating profit remaining unchanged.

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

The financial statements have been prepared in pound sterling, which is the functional currency of the company and are rounded to the nearest £'000.

Judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

1 Accounting policies (continued)

Judgements and estimates (continued)

Impairment of investments

Where there are indicators of impairment, the company performs impairment tests based on a value-in-use calculation based on a discounted cash flow model. The cash flows are derived from the five year plan. The recoverable amount is most sensitive to the discount rate and the expected growth rate.

Taxation

The company establishes provisions based on reasonable estimates.

Pension

Amounts included in the financial statements in respect of defined benefit pension schemes are calculated by a qualified actuary using assumptions agreed by the directors. Key assumptions include discount rates, future salary increases, mortality rates and future pension increases. The basis of the discount rate assumption is the interest rate applicable to corporate bonds with at least an AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based. The mortality rate is based on publicly available mortality tables for the UK. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 6.

Goodwill and intangible assets

The company establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed and any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Intangible assets

Intangible assets are initially capitalised at fair value on acquisition and are subsequently amortised on a straight-line basis over their useful economic life. The useful lives of intangible assets vary between three and fifteen 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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated in the statement of financial position 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. Depreciation rates range from 7% 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.

Investments

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

1 Accounting policies (continued)

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the date of the statement of financial position.

Share-based payments

Certain employees have been awarded restricted stock units in Time Inc. denominated in US$ which vest over a four year period. The equity settled cost of the fair value of share based payments are estimated using the Black Scholes option pricing model, and recognised as an expense over the vesting period. Adjustments are made to the fair values to reflect the likelihood that share-based payments will not vest due to employees leaving the company.

Pensions

The company is a participating employer in a legacy defined benefit pension scheme which is closed to service accruals. Ongoing pension benefits are provided to staff through a defined contribution scheme.

Net interest expense in the Income statement includes a credit equivalent to the expected return on defined benefit scheme assets over the year, offset by a charge equal to the expected increase in the present value of liabilities over the year. The difference between the market value of defined benefit scheme 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. 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 are recognised in the Statement of other comprehensive income.

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

Revenue recognition

Revenue is derived from the company's principal activity, magazine and digital publishing, and is stated net of trade discounts, VAT and retail display allowances. Print magazine revenues are recognised in line with the date that the publication becomes available for sale. Digital advertising and other revenues are recognised when the service has been provided.

1 Accounting policies (continued)

Foreign currencies

Transactions denominated in foreign currencies are translated into pound 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 charged to the Income statement.

Operating leases

Operating lease rentals are charged to the Income statement on a straight-line basis over the period of the lease.

Restructuring costs

The company recognises restructuring costs when it has a detailed formal plan and there is no realistic possibility of withdrawing from the plan. Restructuring costs are measured at management's best estimate of the expenditure required.

2 Operating profit

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible assets	3,839	4,790
Amortisation of intangible assets	3,474	3,800
Surrender premium on cancellation of leases	(4,333)	-
Auditor's remuneration		
Audit fees payable for the company and fellow subsidiaries	165	126
Under-provision for prior year audit	19	-
For professional services	17	-
Operating lease rentals - land and buildings	2,899	6,184
Provision for diminution in value of fixed asset investment	1,141	686

3 Information regarding directors and employees

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Staff costs (including directors)		
Wages and salaries	70,476	72,092
Social security costs	7,636	7,853
Pensions (note 6)	4,039	4,487
	82,151	84,432

	Number	Number
The monthly average number of persons employed		
Editorial	655	675
Sales and distribution	625	640
Administration	239	243
	1,519	1,558

Notes to the financial statements
for the year ended 31 December 2015

4 Directors' emoluments

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Total emoluments	2,850	2,819
Company pension contributions paid to money purchase schemes	119	149
Compensation for loss of office	1,818	1,145

Number of directors:		
Granted restricted stock during the year	10	10
Vested restricted stock units during the year	11	11
Accruing benefits at year end in respect of the defined contribution pension scheme	5	9
Accruing benefits in respect of defined benefit pension	-	-

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

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Aggregate emoluments	630	466
Company pension contributions paid to money purchase schemes	15	14
	645	480

5 Net interest expense

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Bank interest income	54	-
Other interest income	1	38
Interest income	55	38
Interest payable to group undertakings	(92)	(294)
Unwinding of discount on deferred consideration	(262)	-
Net interest on pension asset / obligation	(200)	(800)
Interest expense	(554)	(1,094)
Net interest expense	(499)	(1,056)

6 Pension commitments

Charged to the income statement:	Defined benefit year ended 31 December 2015 £'000	Defined contribution year ended 31 December 2015 £'000	Total year ended 31 December 2015 £'000
Current service cost	-	4,039	4,039
Total charge to operating profit	-	4,039	4,039
Interest expense	200	-	200
Total charge to the income statement	**200**	**4,039**	**4,239**
Taken to other comprehensive income:			
Return on plan assets lower than expected return	11,200	-	11,200
Actuarial loss arising during year	7,500	-	7,500
Loss recognised in other comprehensive income	**18,700**	**-**	**18,700**

Charged to the income statement:	Defined benefit year ended 31 December 2014 £'000	Defined contribution year ended 31 December 2014 £'000	Total year ended 31 December 2014 £'000
Current service cost	-	4,487	4,487
Total charge to operating profit	-	4,487	4,487
Interest expense	800	-	800
Total charge to the income statement	800	4,487	5,287
Taken to other comprehensive income:			
Return on plan assets greater than expected return	(27,900)	-	(27,900)
Actuarial loss arising during year	32,300	-	32,300
Loss recognised in other comprehensive income	4,400	-	4,400

6 Pension commitments (continued)

Principal actuarial assumptions	31 December 2015 %	31 December 2014 %
Rate of price inflation	3.10	3.00
Rate of increase in salaries	3.10	3.00
Rate of increases for in-payment benefits	2.90	2.80
Rate of increase of deferred benefits	2.90	2.80
Discount rate	3.84	3.70
Mortality (post retirement tables used)	SAPs light normal *	SAPs light normal *

* Allowing for medium cohort future mortality improvements, subject to a minimum level of improvement of 1.25% pa for both males and females.

Fair value of assets

	Fair value** 31 December 2015 £m	Fair value** 31 December 2014 £m
Equities	280.5	281.9
Property	1.2	1.0
Corporate bonds	155.4	58.8
Other	67.7	109.5
Total fair value of assets	504.8	451.2

** Scheme assets are stated at their 'bid' market values

Net post employment assets/(liabilities)	31 December 2015 £'000	31 December 2014 £'000
Fair value of scheme assets	504,800	451,200
Present value of scheme liabilities	(459,100)	(447,500)
Net pension asset	45,700	3,700

At 31 December 2015 the net pension asset represented individual plan surpluses of £50.3m (2014: £8.1m) and deficits of £4.6m (2014: £4.4m). Of the individual plan deficits £4.6m (2014: £4.4m) related to unfunded schemes.

The most recent comprehensive actuarial valuation was performed as at 5 April 2015.

6 Pension commitments (continued)

Analysis of movement in scheme assets	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
At 1 January	451,200	404,800
Expected return on assets	16,200	17,200
Actuarial (loss) / gain on assets	(11,200)	27,900
Employer contributions	61,000	10,300
Benefits paid	(12,400)	(9,000)
At 31 December	504,800	451,200

Scheme assets do not include any of Time Inc. (UK) Ltd's own financial instruments or any property occupied by Time Inc. (UK) Ltd.

The total contributions expected to be made to the scheme by Time Inc. (UK) Ltd in the year to 31 December 2016 is £11.0m.

Analysis of movement in scheme liabilities	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
At 1 January	(447,500)	(406,200)
Interest cost	(16,500)	(18,000)
Actuarial losses	(7,500)	(32,300)
Benefits paid from scheme assets	12,400	9,000
At 31 December	(459,100)	(447,500)

7 Taxation on profit on ordinary activities

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
a) The (credit) / charge based on the profit for the year is as follows:		
Taxation based on the profit for the year		
Group relief receipts	-	(1,550)
Tax overprovided in previous years	(344)	-
Current taxation in respect of pension scheme	4,801	2,215
	4,457	665
Overseas tax suffered	6	12
Total current tax (credit)/charge	4,463	677
Deferred tax		
Origination and reversal of timing differences	(3,943)	514
Credit due to change in tax rate	(2,019)	-
Tax overprovided in previous years	(182)	(67)
Total deferred tax (see 7 (c) below)	(6,144)	447
Total tax (credit) / charge on profit on ordinary activities (refer 7(b))	(1,681)	1,124
Total current and deferred tax credit relating to items of other comprehensive income	(1,285)	(965)
	(2,966)	159

b) Circumstances affecting the total tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 20.25% (2014: 21.5%). The total tax (credit) / charge for the year differs from the standard rate for the reasons in the reconciliation below:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Profit on ordinary activities before tax	144,572	12,867
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	29,276	2,766
Factors affecting the tax charge:		
Disallowable expenses	263	228
Movement on provision against fixed asset investments	229	(299)
Share based payments deduction	(663)	(1,284)
Gain on disposal of investment not taxable	(18,471)	-
Investment income not taxable	(9,765)	-
Overseas tax suffered	6	12
Credit due to change in tax rate	(2,019)	-
Tax over provided in previous years	(526)	(67)
Other	(11)	(232)
Total tax (credit)/charge (see 7 (a) above)	(1,681)	1,124

7 Taxation on profit on ordinary activities (continued)

c) Deferred tax

Deferred tax is provided at 18% (2014 - 20%) in the financial statements as follows:	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Included in debtors (see note 12)	3,914	1,906
Analysed as:		
Pension costs (see note 6)	(1,513)	(740)
Tax losses carried forward	1,177	-
Capital allowance pool in excess of book value of qualifying assets	4,146	2,254
Short term timing differences	104	392
	3,914	1,906

Analysis of movement in deferred tax asset:	£'000
At 1 January 2015	1,906
Credited to the profit and loss account (see note 7 (a))	6,144
Amounts charged to other comprehensive income in respect of post employment liabilities	(3,516)
Movements on business acquisitions	(620)
At 31 December 2015	3,914

Factors affecting future tax charges

The Finance (no.2) Act 2015 included legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. The effect of these changes on the deferred tax balance has been included in the figures within these accounts. The Finance Act 2016 further reduced the rate to 17% from 1 April 2020 and was substantively enacted on 6 September 2016. As this change was not substantively enacted at the balance sheet date, it is not reflected within these accounts. The effect of this change in rate is a reduction in the deferred tax asset of £0.2m.

8 Intangible fixed assets

Cost	Software £'000	Trademarks £'000	Publishing rights £'000	Goodwill £'000	Total £'000
At 1 January 2015 under FRS 15	-	-	33,536	25,768	59,304
Reclassification of software	26,837	-	-	-	26,837
At 1 January 2015 under FRS 102	26,837	-	33,536	25,768	86,141
Additions	3,258	3,100	-	1,964	8,322
Disposals	(2,288)	-	-	-	(2,288)
At 31 December 2015	27,807	3,100	33,536	27,732	92,175

8 Intangible fixed assets (continued)

Amortisation	Software £'000	Trademarks £'000	Publishing rights £'000	Goodwill £'000	Total £'000
At 1 January 2015 under FRS 15	-	-	33,536	22,185	55,721
Reclassification of software	23,012	-	-	-	23,012
At 1 January 2015 under FRS 102	23,012	-	33,536	22,185	78,733
Charge for the year	2,308	271	-	895	3,474
Retirements	(2,288)	-	-	-	(2,288)
At 31 December 2015	**23,032**	**271**	**33,536**	**23,080**	**79,919**
Net book value					
At 31 December 2015	**4,775**	**2,829**	**-**	**4,652**	**12,256**
At 31 December 2014	3,825	-	-	3,583	7,408

9 Tangible fixed assets

	Leasehold improvements £'000	Equipment £'000	Total £'000
Cost			
At 1 January 2015 under FRS 15	16,266	59,045	75,311
Reclassification of software	-	(26,837)	(26,837)
At 1 January 2015 under FRS 102	16,266	32,208	48,474
Additions	144	1,291	1,435
Reclassifications	24	(24)	-
Disposals/retirements	(14,900)	(12,634)	(27,534)
At 31 December 2015	**1,534**	**20,841**	**22,375**
Accumulated depreciation			
At 1 January 2015 under FRS 15	8,435	48,526	56,961
Reclassification of software	-	(23,012)	(23,012)
	8,435	25,514	33,949
Charge for the year	1,260	2,579	3,839
Disposals/retirements	(8,342)	(11,049)	(19,391)
At 31 December 2015	**1,353**	**17,044**	**18,397**
Net book value			
At 31 December 2015	**181**	**3,797**	**3,978**
At 31 December 2014	7,831	6,694	14,525

Certain software assets that were classified as tangible assets under previous FRS 15 have been reclassified to intangible assets in accordance with FRS 102 section 18.

10 Fixed asset investments

	Shares in subsidiary undertakings £'000	Interest in Joint ventures £'000	Associates £'000	Total £'000
Cost				
At 1 January 2014	133,733	2,401	-	136,134
Additions	325,153	-	-	325,153
Loan repayments	-	(500)	-	(500)
At 31 December 2014	458,886	1,901	-	460,787
Additions	433,985	-	1,894	435,879
Acquisition of remaining 50% of Evarn Ltd	2,251	(576)	-	1,675
Disposal of IPC Magazines Group Limited	(325,153)	-	-	(325,153)
Loan repayments	-	(1,325)	-	(1,325)
At 31 December 2015	**569,969**	**-**	**1,894**	**571,863**
Provision for diminution in value				
At 1 January 2014	70,422	2,075	-	72,497
Provision (recognised) / not required	686	(2,075)	-	(1,389)
At 31 December 2014	71,108	-	-	71,108
Provision	1,141	-	-	1,141
At 31 December 2015	**72,249**	**-**	**-**	**72,249**
Net Book Value				
At 31 December 2015	497,720	-	1,894	499,614
At 31 December 2014	387,778	1,901	-	389,679

The company's investments in subsidiaries at the beginning of the year relate to its 100% interests in the ordinary share capital of IPC Magazines Group Limited, IPC Magazines (Overseas) Limited, Mousebreaker Limited and dormant companies which are incorporated in Great Britain and registered in England and Wales. The company's interest in joint ventures at the beginning of the year related to its 50% interest in European Magazines Limited, the publisher of the UK edition of Marie Claire magazine and Evarn Limited, the publisher of Look magazine.

On 4 February 2015, the company acquired 100% of the share capital of UK Cycling Events Limited, a cycling events business.

On 16 April 2015, the company acquired 100% of the share capital of Mareve Limited. Mareve Limited was the joint venture partner which held the other 50% of Evarn Limited, the publisher of Look magazine. The company subsequently acquired all of the business and assets of Look magazine from Evarn Limited and hence impaired its investment in Mareve Limited in full.

On 2 September 2015, the company acquired 100% of the issued share capital of International Craft & Hobby Fair Limited, an events business specialising in trade and consumer events in the craft sector.

10 Fixed asset investments (continued)

On 3 September 2015, the company incorporated Time Inc. (UK) Property Investments Limited. On 28 October 2015, the company increased its investment to £416.4m. On 28 October 2015, the company sold its investment in IPC Magazines Group Limited to Time Inc. (UK) Property Investments Limited for £416.4m. Prior to its disposal, IPC Magazines Group Limited owned the freehold of the property known as the Blue Fin Building at 110 Southwark Street, London.

The dormant companies hold certain publishing rights to magazines published by the company.

European Magazines Limited made a profit before tax of £0.3m for the year ended 31 December 2015 (year ended 31 December 2014 - profit before tax £0.1m) and had total shareholders' funds of £2.3m (31 December 2014 - £2.1m).

During the year the company acquired a 21% interest in the share capital of Snap Tech Limited, a business which has developed visual search engine software.

11 Stocks

	31 December 2015 £'000	31 December 2014 £'000
Raw materials and consumables	4,730	3,916

Stocks recognised as an expense during the year were £30.1m (2014: 33.8m)

12 Debtors

	31 December 2015 £'000	31 December 2014 £'000
Amounts falling due within one year:		
Trade debtors	18,949	14,343
Amounts owed by group undertakings	2,326	1,549
Amounts owed by joint ventures	179	179
Other debtors	1,191	2,046
Prepayments and accrued income	6,504	6,057
Deferred tax asset (see note 7 (c))	-	1,906
Corporation tax	916	-
Group relief	-	2,840
	30,065	28,920

Amounts falling due after more than one year:		
Deferred tax asset (see note 7 (c))	3,914	-
Other debtors	-	3,423
	3,914	3,423

Notes to the financial statements
for the year ended 31 December 2015

13 Creditors

	31 December 2015 £'000	31 December 2014 £'000
Amounts falling due within one year:		
Trade creditors	44,818	47,580
Amounts owed to group undertakings	142,392	79,174
Amounts owed to joint ventures	73	73
Accruals and deferred income	16,652	17,857
Other creditors	8,760	7,204
Taxation and social security	3,463	3,289
Group relief payable	818	-
	216,976	155,177

Amounts falling due after more than one year:		
Other creditors	1,103	7,672

14 Called up share capital

	31 December 2015 £'000	31 December 2014 £'000
Called up, allotted and fully paid		
2,580,501 ordinary shares of £1 each	2,581	2,581

15 Operating lease commitments

The future minimum lease payments under non-cancellable land and buildings operating leases are as follows:

	31 December 2015 £'000	31 December 2014 £'000
Within one year	10,189	1,358
Between two to five years	40,345	40,597
After five years	48,775	58,712
	99,309	100,667

16 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 102 section 33.1A - 'Related Party Disclosures' from disclosing transactions with fellow members of the group provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

There were no other 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 company sold goods and provided management and other services to European Magazines Limited. The total value of these transactions was £8.1m (2014: £9.7m). As at 31 December 2015 the company was owed £1.2m (2014: £0.2m) by European Magazines Limited.

On 16 April 2015, the company acquired the remaining 50% of Evarn Limited. Until this date, Evarn Limited was classified as a joint venture. Time Inc. (UK) Ltd sold goods and provided management and other services to Evarn Limited. The total value of these transactions up to 16 April 2015 was £2.3m (year ended 31 December 2014: £10.1m).

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

Associates

During the year the company provided advertising to the value of £0.4m to Snap Tech Ltd. Included in Creditors is an accrual of £0.8m in respect of advertising commitments.

17 Post balance sheet events

Since the year end, the following post balance sheet events have occured:

1. The company's main printer, went into administration in April 2016. The company signed a new print agreement with Walstead Newco1 Limited in June 2016.

2. On 8 July 2016 the company acquired Collective Europe Limited for an initial consideration of £7.0m. Collective Europe Limited trades as Collective UK and is a leading provider of premium digital creative advertising solutions.

18 Parent undertakings

The company's immediate parent undertaking is IPC Magazines Holdings Limited.

Time Inc., a company incorporated in the United States of America, was the parent undertaking of the smallest and largest group of undertakings of which the company was a member and for which group financial statements were drawn up. Copies of Time Inc.'s financial statements can be obtained from Time Inc., 225 Liberty Street, New York, NY 10281, USA.

19 Transition to FRS 102

The company transitioned to FRS 102 from previous UK GAAP as at 1 January 2014. The impact of the transition on the financial position as at 1 January 2014 is set out below.

Statement of financial position at 1 January 2014

	Note	Previous UK GAAP £'000	Transition to FRS 102 £'000	1 January 2014 £'000
Fixed assets				
Intangible assets	19.3	4,642	4,652	9,294
Tangible assets	19.3	22,884	(4,652)	18,232
Investments		63,637	-	63,637
		91,163	-	91,163
Current assets				
Stocks		4,147	-	4,147
Debtors: amounts falling due after more than one year	19.4	2,679	350	3,029
Debtors: amounts falling due within one year		263,359	-	263,359
Cash at bank and in hand		12,811	-	12,811
		282,996	350	283,346
Creditors: amounts falling due within one year		(140,262)	-	(140,262)
Net current assets		142,734	350	143,084
Total assets less current liabilities		233,897	350	234,247
Creditors: amounts falling due after more than one year		(9,156)	-	(9,156)
Total net assets excluding pension liability		224,741	350	225,091
Defined benefit pension liability	19.4	(1,400)	(350)	(1,750)
Total net assets including pension liability		223,341	-	223,341
Capital and reserves				
Called up share capital		2,580	-	2,580
Share premium account		112,887	-	112,887
Share redemption account		2,318	-	2,318
Equity share-based payments		(749)	-	(749)
Profit and loss account		106,305	-	106,305
Equity shareholders' funds		223,341	-	223,341

19 Transition to FRS 102 (continued)

The impact of the transition to FRS 102 on the financial position as at 31 December 2014 is set out below.

Statement of financial position at 31 December 2014

	Note	Previous UK GAAP £'000	Transition to FRS 102 £'000	31 December 2014 £'000
Fixed assets				
Intangible assets	19.3	3,583	3,825	7,408
Tangible assets	19.3	18,350	(3,825)	14,525
Investments		389,679	-	389,679
		411,612	-	411,612
Current assets				
Stocks		3,916	-	3,916
Debtors: amounts falling due after more than one year		3,423	-	3,423
Debtors: amounts falling due within one year	19.1 / 19.4	29,623	(703)	28,920
Cash at bank and in hand		25,756	-	25,756
		62,718	(703)	62,015
Creditors: amounts falling due within one year	19.1	(155,570)	393	(155,177)
Net current liabilities		(92,852)	(310)	(93,162)
Total assets less current liabilities		318,760	(310)	318,450
Creditors: amounts falling due after more than one year		(7,672)	-	(7,672)
Total net assets excluding net pension asset		311,088	(310)	310,778
Defined benefit pension asset		2,960	740	3,700
Total net assets		314,048	430	314,478
Capital and reserves				
Called up share capital		2,581	-	2,581
Share premium account		204,934	-	204,934
Share redemption account		2,318	-	2,318
Equity share-based payments		(9,968)	-	(9,968)
Profit and loss account	19.1	114,183	430	114,613
Equity shareholders' funds		314,048	430	314,478

19 Transition to FRS 102 (continued)

Equity

The equity balance at 1 January 2014 under FRS 102 is the same as under previous UK GAAP.

Profit and loss account at 31 December 2014	**£'000**
Profit and loss account at 31 December 2014 under previous UK GAAP	114,183
Adjustments affecting net profit	
Adjustment to revenue recognition(Refer note 19.1)	430
Adjustment to taxation on defined benefit pension schemes	2,080
Adjustment to net interest on defined benefit pension assets (Refer note 19.2)	(10,400)
Adjustments affecting other comprehensive income	
Adjustment to actuarial losses on post employment plans recognised in other comprehensive income (Refer note (19.2)	10,400
Adjustment to taxation on defined benefit pension scheme (recognised in other comprehensive income)	(2,080)
Profit and loss account at 31 December 2014 under FRS 102	114,613

19.1 Adjustment to revenue

Cover date vs On-sale date

Under previous UK GAAP, the company recognised revenue on printed publications based on the cover date of each publication. As a result of more detailed guidance in FRS 102 the company has recognised revenue on the date when the publications is made available for sale. The effect of this change on the profit and loss account at 31 December 2014 is an increase in revenue of £0.4m and a net increase in operating profit of £0.4m.

Retail display allowance

Under previous UK GAAP, the company recognised the retail display allowance paid to retailers as an expense. As a result of more detailed guidance in FRS 102, the company has offset this cost against revenue. The effect of this change on the profit and loss account at 31 December 2014 is a decrease in revenue of £7.7m and corresponding decrease in selling and distribution costs of £7.7m.

19.2 Adjustment to net interest on net defined benefit pension assets

Under previous UK GAAP, the expected return on defined benefit pension plan assets was calculated using an expected asset rate. FRS 102 requires the return on plan assets to be calculated using the liability discount rate for the scheme. As such less finance income is recognised in net profit and a corresponding adjustment is required to other comprehensive income.

19.3 Reclassification of software

Under previous UK GAAP, software costs must be recognised within tangible fixed assets. Under FRS 102 the company should determine whether an asset is tangible or intangible based on the nature of the item. The company has reclassified software with a carrying value of £3.8m at 31 December 2014 to intangible assets.

19 Transition to FRS 102 (continued)

19.4 Reclassification of deferred tax on post-employment benefit liability

Under FRS 102 the deferred tax arising on the post-employment benefit asset, is now included within the deferred tax balance on the balance sheet. Under the previous UK GAAP, and applying FRS 17 and 19, the deferred tax liability arising from the pension asset was offset against the provision for liabilities. This has no effect on the company's equity or profit for the year ended 31 December 2014.

19.5 Transitional relief

On transition to FRS 102 from previous UK GAAP, the company has taken advantage of the transitional relief as follows:

Share-based payment transactions
The company elected not to apply Section 26 share-based payment to equity instruments granted before the date of transition to FRS 102. FRS 20 has been applied to instruments granted prior to the date of transition.

Investments in subsidiaries
The company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.

Lease incentives
The company has not applied paragraphs 20.15A or 20.50A to lease incentives where the lease commenced before the transition to FRS 102. It has continued to recognise any residual cost associated with these leases on the same basis that applied prior to the transition.

20 Contingent liabilities

The local tax authority responsible for the Blue Fin Building rates bill gave notice on 31 March 2016 of its intention to change the rates for bills relating to periods prior to 1 April 2015 to reflect a recent court decision. The company is vigorously contesting this decision which represents a contingent liability of circa £4.0m.

21 Commitments

The company has committed to assisting Collective Europe Ltd, one of its wholly-owned subsidiaries in meeting its liabilities as and when they fall due but only to the extent that money is not otherwise available to them to meet such liabilities. This commitment is effective for 12 months from 1 November 2016.