

Registered number: 01176085

BAUER CONSUMER MEDIA LIMITED

Unaudited

Annual Report and Financial Statements

For the Year Ended 31 December 2019



BAUER CONSUMER MEDIA LIMITED

Company Information

Directors	R Munro-Hall L Hayden (appointed 4 April 2019)
Company secretary	Bauer Group Secretariat Limited
Registered number	01176085
Registered office	Media House Peterborough Business Park Lynch Wood Peterborough PE2 6EA

BAUER CONSUMER MEDIA LIMITED

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BAUER CONSUMER MEDIA LIMITED

Strategic Report For the Year Ended 31 December 2019

Introduction

The directors present their strategic report for the year ended 31 December 2019.

Business review

On 1 January 2019 the Company disposed of its UK Consumer magazine business, which comprised approximately 92% of the Company's business, to a sister undertaking, H Bauer Publishing. H Bauer Publishing now holds all the group's UK consumer facing publishing assets. The Company is now concentrated on Business to Business ("B2B") brands and the results for 2019 reflect this. The B2B portfolio spans print, online and events in the Automotive and Rail Transport sectors. The Company has particular strategic focus on growing its events business in this space. As seen in the continuing operations disclosed in the profit and loss account on page 7, the B2B business is profitable. The Company is developing new business models across the sustainable transport and UK rail network sectors.

On 4 September 2019 the Company disposed of a portfolio of trademarks to a fellow group undertaking.

The proceeds of these disposals, plus surplus cash in the Company's balance sheet, enabled the Company to pay interim 2019 dividends of £231,004,000 (2018: £Nil).

As a result of the Company's change in focus, the Profit and Loss Account shows both continued and discontinued activities. Continued activities relates to the B2B business. Discontinued activities include transactions relating to the Consumer magazine business and the portfolio of trademarks transferred to fellow group undertakings.

The Company's turnover fell to £8,976,000 (2018: £120,322,000). Turnover from continuing operations fell to £8,976,000 (2018: £9,209,000). Operating loss was £2,004,000 (2018: £2,853,000). Operating profit from continuing operations was £1,352,000 (2018: £1,283,000). As disclosed in note 5 the Company suffered a loss on impairment of investments of £1,008,000 (2018: £2,013,000) relating to subsidiaries that transferred their business to H Bauer Publishing and a loss on impairment of intangible assets of £Nil (2018: £20,435,000).

At the year end the Company's net assets decreased to £21,705,000 (2018: £168,085,000), reflecting the disposal of the Company's B2C business and its trademarks portfolio, and dividends paid during the year.

Principal risks and uncertainties

The Company is exposed to risks associated with the ongoing structural change in the B2B market, fluctuations in advertising spend, the maintenance of key relationships through the UK magazine supply chain, changing paper prices and changes in search algorithms adversely affecting site traffic.

Although it is too early to foresee the full effect of COVID-19 on the UK economy, a significant downturn in advertising is already being felt and events have been cancelled or postponed. However, the Company is taking action to mitigate the impact and has taken steps to manage the cost base during the crisis.

Although the Company operates wholly within the UK, it is exposed to some foreign currency fluctuations from trading with overseas suppliers, principally of paper. Further its overseas assets and liabilities are similarly exposed. The Company seeks to minimise this risk with the support from the Company's parent.

The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by obtaining prepayments from new customers, and running credit checks on existing customers. Liquidity and cashflow risks are managed through support from the Company's parent.

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Strategic Report (continued) For the Year Ended 31 December 2019

Financial key performance indicators

The key financial performance indicators, on a like-for-like basis, are Turnover from continuing operations of £8,976,000 (2018: £9,209,000) and Operating profit from continuing operations of £1,352,000 (2018: £1,283,000).

Other key performance indicators

The key non-financial performance indicators include the number of staff employed by the Company (note 9), the gender pay gap, newsstand and subscription copy sales, as published by the Audit Bureau of Circulation on a six monthly or annual basis, and advertising market share.

Directors' statement of compliance with duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders in their decision making. The directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between members, the directors consider what is most likely to promote the success of the Company for its members in the long term. The directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is constantly brought to the Executive team through information provided by management and also by direct engagement with stakeholders themselves. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

The Company is a trading company and as such the Board consider that the Company's stakeholders are its customers, consumers, employees, shareholder and its supplier base.

Customers and consumers

The Company is committed to ensuring the future of publishing and serving the needs of its readers and advertisers. We produce highly engaging content which resonates with passionate audiences. Our publications provide a trusted advertising environment for our customers. The Board considers the impact on both customers and consumers when taking decisions about the future direction of titles.

Employees

We work to attract, develop and retain quality talent, equipped with the right skills for the future. Our people have a crucial role in delivering against our strategy and creating value.

The interests of our employees include training, development and prospects; diversity and inclusion; fair pay and benefits; health and safety and working conditions.

We do everything we can to ensure equality of opportunity for everyone who works at Bauer or wants to work at Bauer, including, but not limited to those from a BAME background, those who have a disability or mental health challenge and those from a lower socio economic background. This approach underpins how we attract and recruit new people into Bauer, as well as the support we provide to develop and progress our staff.

Disabled employees are given the same consideration as others and, depending on their skills and abilities, will enjoy the same training, development and prospects as other staff. Employees who become disabled during their employment with the Company will be retained wherever possible and encouraged to develop their careers.

We refer to our approach to diversity and inclusion in the UK business as "Belonging at Bauer". Belonging at Bauer means that we recognise people are at the heart of everything we do. Inclusion is at the core of our values

BAUER CONSUMER MEDIA LIMITED

Strategic Report (continued) For the Year Ended 31 December 2019

as a business and we celebrate authenticity, valuing the richness difference and diversity bring to our business.

In 2019, the business, in conjunction with the Bauer worldwide group, conducted an employee survey under the banner Bauer Voices, as a result of which 81% of staff contributed to development of an action plan focused on working at Bauer and opportunities for improvement.

Shareholder

Bauer Consumer Media Limited is a wholly owned subsidiary of HBVB. The Board considers its shareholder when making decisions for both the short and long term.

Suppliers

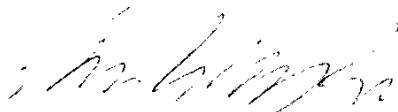
The Company operates an integrity based approach to our supply chain and looks to work with suppliers who share our values. Our supplier conduct policy is available at bauermedia.co.uk.

Our supplier interests include fair trading, payment terms, success of the business and long term partnerships and we regularly meet with key suppliers to develop these relationships. Our policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. The average trade creditors, expressed as a number of days, were 17 (2018: 18).

Environmental matters

The Company is committed to promoting good sustainable practices throughout the business. We continue to identify and adopt policies which take into account the need to protect the environment. Where possible we will choose a supplier that has environmental accreditation beyond the minimum required.

This report was approved by the board on 19 August 2020 and signed on its behalf.



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L Hayden
Director

BAUER CONSUMER MEDIA LIMITED

Directors' Report For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £84,624,000 (2018: £3,055,000).

An interim dividend of £231,004,000 was paid during the year (2018: £Nil). The directors do not recommend the payment of a final dividend (2018: £Nil).

Directors

The directors who served during the year were:

P Keenan (resigned 20 December 2019)
S Vickery (resigned 20 December 2019)
R Munro-Hall
L Hayden (appointed 4 April 2019)

Political contributions

The Company made no political donations nor incurred any political expenditure during the year (2018: £Nil).

Future developments

While the coronavirus crisis presents a challenging economic environment, the Company has adjusted quickly to manage the downside risk. The Company is developing new business models, with particular focus on the sustainable transport and UK rail network sectors. The Company expects its events to return in 2021, either Covid-secure, or by moving more of them online.

Matters covered in the strategic report

A business review, financial results, details of the principal risks and uncertainties faced by the Company and details on the Company's engagement with employees, shareholders and suppliers have been included in the Strategic Report on pages 1 - 3.

Post balance sheet events

Although it is too early to foresee the full effect of COVID-19 on the UK economy, a significant downturn in advertising is already being felt and events have been cancelled or postponed. However, the Company is taking action to mitigate the impact and has taken steps to manage the cost base during the crisis.

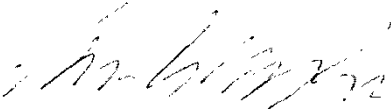
Auditor

The directors have claimed exemption, under section 479A of the Companies Act 2006, from the need to have these financial statements audited. A statement of guarantee by a parent undertaking, Heinrich Bauer Verlag Beteiligungs GmbH, a company incorporated in Germany with registration number HRB 32176, has been approved for filing at Companies House.

BAUER CONSUMER MEDIA LIMITED

Directors' Report (continued)
For the Year Ended 31 December 2019

This report was approved by the board on 19 August 2020 and signed on its behalf.



L Hayden
Director

Media House
Peterborough Business Park
Lynch Wood
Peterborough
PE2 6EA

BAUER CONSUMER MEDIA LIMITED

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements For the Year Ended 31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

BAUER CONSUMER MEDIA LIMITED

**Profit and Loss Account
For the Year Ended 31 December 2019**

		Continuing operations 2019 £000	Discontinued operations 2019 £000	Total 2019 £000	Continuing operations (restated) 2018 £000	Discontinued operations (restated) 2018 £000	Total (restated) 2018 £000
	Note						
Turnover	4	8,976		8,976	9,209	111,113	120,322
Cost of sales		(2,778)		(2,778)	(2,837)	(39,954)	(42,791)
Gross profit		6,198		6,198	6,372	71,159	77,531
Distribution costs		(430)		(430)	(488)	(9,244)	(9,732)
Administrative expenses - trade	5	(4,467)	(4,403)	(8,870)	(4,658)	(49,034)	(53,692)
Administrative expenses - impairment	5	-	(1,008)	(1,008)	-	(22,448)	(22,448)
Other operating income	6	51	2,055	2,106	57	5,431	5,488
Operating profit/(loss)	7	1,352	(3,356)	(2,004)	1,283	(4,136)	(2,853)
Income from shares in group undertakings		1,020	4,511	5,531	270	-	270
Profit on disposal of operations		-	81,138	81,138	-	-	-
Profit on disposal of investment		-	1	1	-	6,134	6,134
Interest receivable and similar income	11	-	249	249	-	166	166
Profit before tax		2,372	82,543	84,915	1,553	2,164	3,717
Tax on profit	12	(254)	(37)	(291)	(297)	(365)	(662)
Profit for the financial year		2,118	82,506	84,624	1,256	1,799	3,055

The notes on pages 10 to 30 form part of these financial statements.

BAUER CONSUMER MEDIA LIMITED
Registered number: 01176085

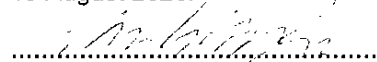
Balance Sheet
As at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	14	-	16,900
Tangible assets	15	-	-
Investments	16	9,400	9,923
		<u>9,400</u>	<u>26,823</u>
Current assets			
Stocks	17	3	25
Debtors: amounts falling due after more than one year	18	-	16
Debtors: amounts falling due within one year	18	19,675	44,522
Disposal group held for sale	19	-	2,602
Cash at bank and in hand		6,445	113,916
		<u>26,123</u>	<u>161,081</u>
Creditors: amounts falling due within one year	20	(13,818)	(19,774)
Net current assets		<u>12,305</u>	<u>141,307</u>
Total assets less current liabilities		<u>21,705</u>	<u>168,130</u>
Creditors: amounts falling due after more than one year	21	-	(45)
Net assets		<u><u>21,705</u></u>	<u><u>168,085</u></u>
Capital and reserves			
Called up share capital	23	424	424
Profit and loss account		21,281	167,661
		<u><u>21,705</u></u>	<u><u>168,085</u></u>

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006. The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 August 2020.



L Hayden
Director

The notes on pages 10 to 30 form part of these financial statements.

BAUER CONSUMER MEDIA LIMITED

**Statement of Changes in Equity
For the Year Ended 31 December 2019**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2019	424	167,661	168,085
Profit for the year	-	84,624	84,624
Dividends: Equity capital	-	(231,004)	(231,004)
At 31 December 2019	424	21,281	21,705

The notes on pages 10 to 30 form part of these financial statements.

**Statement of Changes in Equity
For the Year Ended 31 December 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018	424	119,133	45,473	165,030
Profit for the year	-	-	3,055	3,055
Transfer to/from Profit and Loss Account	-	(119,133)	119,133	-
At 31 December 2018	424	-	167,661	168,085

The notes on pages 10 to 30 form part of these financial statements.

On 26 November 2018 the Company reduced its capital from £119,557,000 to £424,000 by the cancellation of the Company's entire share premium account.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Bauer Consumer Media Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 01176085 and the registered address is Media House, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA.

The Company is a multimedia business managing a portfolio of influential magazines, websites and events in the UK.

2. Accounting policies

2.1 Basis of preparation of financial statements

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Bauer Consumer Media Limited acts as a non-disclosed agent for the raising of sales invoices and incurring of expenditure of other companies within the group. The invoices are raised by the shared service centre administered by another group entity, HBVB. Bauer Consumer Media Limited includes all sales invoices raised and cash receipts within the trade debtor balance in these accounts for all the companies where it acts as undisclosed agent as well as its own sales invoices and cash receipts relating to its revenue. Bauer Consumer Media Limited records a net intercompany creditor/debtor position in its books and the individual companies process a net corresponding intercompany debtor/creditor in their accounting records, this includes net impact of trade discounts which are accounted for centrally within HBVB. Bauer Consumer Media Limited and the companies have a legally enforceable right to set off intercompany balances, however the underlying credit and liquidity risk remain with the individual company.

The following principal accounting policies have been applied:

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Heinrich Bauer Verlag Beteiligungs GmbH as at 31 December 2019 and these financial statements may be obtained from Burchardstraße 11, 20095 Hamburg, Germany.

The Company has taken advantage of the exemption in Financial Reporting Standard 102 section 33.1A "Related party disclosures" and has not disclosed transactions with wholly owned group undertakings.

2.3 Going concern

Management have assessed the ability of the Company to continue as a going concern. The Company has positive net assets and will continue to focus on its B2B business as described in more detail in the Business Review section of the strategic report.

The future cash flow projections are based on the continuing operations and were prepared by directors for 12 months from signing date. The directors considered the future funding requirements of the business, and based on management forecasts have concluded that the Company will have sufficient funds to ensure that it can meet its financial liabilities as and when they fall due, for a period of at least 12 months from the day of signing these financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

All foreign exchange gains and losses are presented in the Profit and Loss Account within 'administrative expenses - trade'.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.5 Revenue

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Pre-paid subscription revenues are shown as deferred income and released to the Profit and Loss Account over the life of the subscription.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Advertising revenue is recognised according to the on-sale date of publication.

Event income is recognised when the event has taken place.

2.6 Intangible assets

Expenditure on brands created in-house is recognised in the Profit and Loss Account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the Profit and Loss Account on a straight-line basis over the estimated useful lives of intangible assets.

Intangible assets are amortised from the date they are available for use. All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The range of useful economic life for intangible assets is between 3 and 25 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with FRS 102 Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

2. Accounting policies (continued)

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

2.8 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on:

- the differences between the fair values of assets acquired and the future tax deductions available for them; and
- the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Short term leasehold property	- Over the period of the lease
Office equipment and vehicles	- 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

2.13 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.17 Disposal group held for sale

A disposal group held for sale is a cluster of assets and liabilities which the Company plans to dispose of as part of a single sales transaction. The assets in the disposal group are carried at the lower of the recoverable value under the applicable section of FRS102 or the proceeds expected from the sale.

2.18 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the accounting policies and the reported amounts of assets, liabilities, income and expenses. These are continually assessed based on factors such as historical experience and likely outcome of future events. The following judgment and estimates have had the most significant effect on amounts recognised in the financial statements.

(a) Turnover

Revenue is recognised when the significant risks and rewards of ownership have been transferred to a third party, or services provided at the point when it is probable that the economic benefits will flow to the Company and when the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration.

Magazine news stand circulation and advertising revenue are recognised according to the on-sale date of publication. Pre-paid subscription revenues are shown as deferred income and released to the income statement over the life of the subscription.

Event income is recognised when the event has taken place.

(b) Impairment of investments

The carrying values of the Company are reviewed for impairment when there are indicators that the assets may be impaired. When testing for impairment, recoverable amounts are measured at their value in use by discounting the future expected cash flows from the investments.

(c) Impairment of debtors

The Company makes an estimate of the recoverable values of trade and other debtors. The current credit rating of the debtor, the ageing of the debt and historical experience of debtors are used by management in assessing impairment of trade and other debtors.

4. Turnover

	2019 £000	2018 £000
Advertising	4,550	38,063
News stand and subscriptions	1,163	72,041
Events	2,861	5,417
Other	402	4,801
	<u>8,976</u>	<u>120,322</u>

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	8,949	114,589
Rest of the world	27	5,733
	<u>8,976</u>	<u>120,322</u>

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
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5. Administrative expenses

	2019 £000	2018 £000
Administrative expenses - trade	8,870	53,692
Administrative expenses - loss from impairment of intangible assets	-	20,435
Administrative expenses - loss from impairment of fixed asset investments	1,008	2,013
	<u>9,878</u>	<u>76,140</u>

The Company incurred charges of £Nil (2018: £20,435,000) in respect of a provision for the impairment of intangible assets. Following the transfer of the subsidiaries' trade and assets to H Bauer Publishing, the Company also incurred charges of £1,008,000 (2018: £2,013,000) in respect of a provision for the impairment of fixed asset investments (see note 16).

6. Other operating income

	2019 £000	2018 £000
Loss on disposal of intangible assets	(131)	(143)
Other operating income	2,237	5,631
	<u>2,106</u>	<u>5,488</u>

7. Operating loss

The operating loss is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	-	63
Amortisation of intangible assets	1,133	4,586
Impairment of intangible assets	-	20,435
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	-	83
Exchange differences	1,332	(641)
Other operating lease rentals	112	852
Defined contribution pension cost	83	847
	<u>83</u>	<u>847</u>

Some operating leases refer to car leases and there are no commitments at the period end for future rentals.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
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8. Auditors' remuneration

	2019	2018
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	-	85
	<u>-</u>	<u>85</u>

There were no non-audit fees paid to the Company's auditor.

9. Employees

Staff costs were as follows:

	2019	2018
	£000	£000
Wages and salaries	2,081	22,865
Social security costs	204	2,485
Cost of defined contribution scheme	83	847
	<u>2,368</u>	<u>26,197</u>

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

	2019	2018
	No.	No.
Sales	35	189
Editorial	20	354
Administrative	-	61
	<u>55</u>	<u>604</u>

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

10. Directors' remuneration

	2019 £000	2018 £000
Directors' remuneration - apportionment	58	533
	<u>58</u>	<u>533</u>

Directors' remuneration is borne by other group entities, HBVB Management Limited and H Bauer Publishing. The amount of directors' remuneration attributable to services provided to Bauer Consumer Media Limited has been apportioned based on time spent.

The directors of the Company are considered its key management personnel.

11. Interest receivable

	2019 £000	2018 £000
Other interest receivable	249	166
	<u>249</u>	<u>166</u>

12. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	287	635
Adjustments in respect of previous periods	(111)	(29)
Total current tax	<u>176</u>	<u>606</u>
Deferred tax		
Origination and reversal of timing differences	124	18
Adjustments in respect of previous periods	4	38
Changes to tax rates	(13)	-
Total deferred tax	<u>115</u>	<u>56</u>
Taxation on profit on ordinary activities	<u>291</u>	<u>662</u>

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	<u>84,915</u>	<u>3,717</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	16,134	706
Effects of:		
Non-tax deductible impairment	191	382
Adjustments to tax charge in respect of prior periods	(107)	9
Non-taxable income less expenses not deductible for tax purposes, other than impairment	337	(382)
Dividends from UK companies	(1,051)	(51)
Profit on sale of operations	(15,200)	-
Tax rate changes	(13)	(2)
Total tax charge for the year	<u><u>291</u></u>	<u><u>662</u></u>

Factors that may affect future tax charges

The statutory UK corporation tax rate is currently 19%, effective from 1 April 2017. Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur. This was confirmed in Finance Bill 2020 which was substantively enacted on 17 March 2020.

13. Dividends

	2019 £000	2018 £000
Interim dividend	<u>231,004</u>	-
	<u><u>231,004</u></u>	<u><u>-</u></u>

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements
For the Year Ended 31 December 2019

14. Intangible assets

	Trademarks £000
At 1 January 2019	171,590
Disposals	(171,590)
At 31 December 2019	-
At 1 January 2019	154,690
Charge for the year on owned assets	1,133
On disposals	(155,823)
At 31 December 2019	-
Net book value	
At 31 December 2019	-
At 31 December 2018	16,900

All intangible assets were disposed of during the year.

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements
For the Year Ended 31 December 2019

15. Tangible Fixed Assets

	Short term leasehold property £000
At 1 January 2019	1,080
Disposals	(1,080)
At 31 December 2019	-
At 1 January 2019	1,080
Disposals	(1,080)
At 31 December 2019	-
Net book value	
At 31 December 2019	-
At 31 December 2018	-

All tangible fixed assets were transferred at 1 January 2019 as part of the trade and assets deal to a sister entity.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

16. Fixed asset investments

	Investments in subsidiaries/ joint venture companies £000	Unlisted investments £000	Total £000
Cost or valuation			
At 1 January 2019	21,722	45	21,767
Additions	485	-	485
At 31 December 2019	<u>22,207</u>	<u>45</u>	<u>22,252</u>
Impairment			
At 1 January 2019	11,799	45	11,844
Charge for the period	1,008	-	1,008
At 31 December 2019	<u>12,807</u>	<u>45</u>	<u>12,852</u>
Net book value			
At 31 December 2019	<u>9,400</u>	<u>-</u>	<u>9,400</u>
At 31 December 2018	<u>9,923</u>	<u>-</u>	<u>9,923</u>

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

16. Fixed asset investments (continued)**Direct subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Bauer Active Limited	Ordinary	100 %	Dormant, dissolved 25 February 2020
Bauer Automotive Limited	Ordinary	100 %	Dormant, dissolved 25 February 2020
Bauer East Limited	Ordinary	100 %	Dormant, dissolved 25 February 2020
Bauer London Lifestyle Limited	Ordinary	100 %	Dormant, dissolved 25 February 2020
Bauer Esprit Limited	Ordinary	100 %	Dormant, dissolved 3 March 2020
Bauer Pop Limited	Ordinary	100 %	Dormant, dissolved 25 February 2020
Horse Deals Limited	Ordinary	100 %	Dormant
Classiccarsforsale Limited	Ordinary	100 %	Dormant
Fishface Promotions Limited	Ordinary	100 %	Dormant
Frontline Limited	Ordinary (various classes)	72 %	Sales, marketing and distribution
Frontline Publishing Services Limited	Ordinary	100 %	Agency

Indirect Subsidiary undertakings

The following were subsidiary indirect undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Seymour International Limited	Ordinary	72 %	Sales, marketing and distribution
Seymour Distribution Limited	Ordinary	72 %	Sales, marketing and distribution
USM Magazine Distribution Limited	Ordinary	72 %	Dormant
Routes to Retail Limited	Ordinary	72 %	Sales, marketing and distribution
Gold Key Media Limited	Ordinary	72 %	Sales, marketing and distribution

The registered office of all Direct subsidiary undertakings and Indirect subsidiary undertakings is the same as that of the Company: Media House, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

16. Fixed asset investments (continued)

Impairment tests for investments

At 31 December 2019, the directors reviewed the carrying value of investments and considered there to be indicators of impairment in respect of Classiccarsforsale Limited, Fishface Promotions Limited and Horse Deals Limited. The directors prepared detailed impairment assessments and concluded that a provision for impairment of £1,008,000 was necessary at 31 December 2019 (2018: £2,013,000) as the subsidiaries had transferred their trade and assets to H Bauer Publishing.

In the opinion of the directors the value of investments is not less than the aggregate amount at which they are stated in the balance sheet.

17. Stocks

	2019 £000	2018 £000
Raw materials and consumables	3	25
	<u>3</u>	<u>25</u>

In the opinion of the directors, the replacement value of stocks at 31 December 2019 and 31 December 2018 are not materially different from their book values at those dates.

18. Debtors

	2019 £000	2018 £000
Due after more than one year		
Other debtors	-	16
	<u>-</u>	<u>16</u>
Due within one year		
Trade debtors	6,579	15,157
Amounts owed by group undertakings	11,890	8,512
Other debtors	763	20,472
Prepayments and accrued income	443	266
Deferred taxation	-	115
	<u>19,675</u>	<u>44,522</u>

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**Notes to the Financial Statements
For the Year Ended 31 December 2019**

18. Debtors (continued)

Trade debtors includes invoices issued on an agency basis on behalf of other group companies.

An amount of £108,000 (2018: £7,326,000) included in trade debtors relates to balances for which related parties (see note 26) are responsible for collecting the funds in an agency capacity.

All other amounts owed by other group undertakings are unsecured, interest free and repayable on demand.

19. Disposal group held for sale

	2019	2018
	£000	£000
Intangible assets	-	7,156
Tangible fixed assets	-	196
Stock	-	594
Prepayments	-	2,072
Accrued income	-	2,533
Deferred income	-	(9,949)
	<u>-</u>	<u>2,602</u>

20. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Payments received on account	8,306	3
Trade creditors	182	1,633
Amounts owed to group undertakings	3,081	12,548
Corporation tax	189	-
Other taxation and social security	1,515	450
Other creditors	62	344
Accruals and deferred income	483	4,796
	<u>13,818</u>	<u>19,774</u>

Payments received on account includes payments received on behalf of other group companies on an agency basis.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2019**

21. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Other creditors	-	45
	<u>-</u>	<u>45</u>

22. Deferred taxation

	2019 £000	2018 £000
At beginning of year	115	171
(Released) to profit or loss	(115)	(56)
At end of year	<u>-</u>	<u>115</u>

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Depreciation in advance of capital allowances	-	115
	<u>-</u>	<u>115</u>

23. Called up share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
423,931 (2018: 423,931) ordinary shares of £1.00 each	424	424
	<u>424</u>	<u>424</u>

There is a single class of ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

There are no restrictions on the distribution of dividends and the repayment of capital.

BAUER CONSUMER MEDIA LIMITED

**Notes to the Financial Statements
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24. Discontinued operations

Discontinued activities include transactions relating to the Consumer magazine business sold to H Bauer Publishing on 1 January 2019, and the portfolio of trademarks transferred to fellow group undertakings on 4 September 2019.

25. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Land and buildings		
Not later than 1 year	646	604
Later than 1 year and not later than 5 years	1,441	1,951
	<u>2,087</u>	<u>2,555</u>
	2019 £000	2018 £000
Other		
Not later than 1 year	148	222
Later than 1 year and not later than 5 years	-	148
	<u>148</u>	<u>370</u>

BAUER CONSUMER MEDIA LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2019

26. Related party transactions

The Company received a dividend of £1,020,000 from Frontline Limited (2018: £270,000). During the year, the Company paid carriage and net sundry costs of £34,000 (2018: £1,707,000) to Frontline Limited, and £Nil (2018: £121,000) to Seymour International Limited.

The distribution of the Company's magazines to newsstand is carried out on an agency basis by Frontline group undertakings consisting of Frontline Limited, a 72% subsidiary of the Company and Seymour International Limited, a 100% subsidiary of Frontline Limited. The debtor balances shown below consist of cash due from third party wholesalers in relation to copies sold at retail.

	2019 £000	2018 £000
Included in trade debtors		
Frontline Limited	103	4,553
Seymour International Limited	5	2,773
	<u>108</u>	<u>7,326</u>

27. Post balance sheet events

Although it is too early to foresee the full effect of COVID-19 on the UK economy, a significant downturn in advertising is already being felt and events have been cancelled or postponed. However, the Company is taking action to mitigate the impact and has taken steps to manage the cost base during the crisis.

28. Controlling party

The immediate parent undertaking is HBVB, registered at Media House, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA.

Heinrich Bauer Verlag KG, established at Burchardstraße 11, 20095 Hamburg, Germany, is regarded by the directors as the Company's ultimate controlling party.

The only parent undertaking for which group accounts are drawn up is Heinrich Bauer Verlag Beteiligungs GmbH, registered in Germany. Copies of Heinrich Bauer Verlag Beteiligungs GmbH accounts are publicly available from Burchardstraße 11, 20095 Hamburg, Germany.