Company registration no. 53626

Time Inc. (UK) Limited
(formerly IPC Media Limited)

Report and financial statements for the year ended

31 December 2013

Registered office: Blue Fin Building,
110 Southwark Street, London, SE1 0SU

Strategic report

The directors present their strategic report for the year ended 31 December 2013.

The company is the principal operating company of a group of undertakings, whose main activity is magazine and digital publishing.

Since the year end an internal reorganisation of the group of companies of which the company is part was completed which included (i) the purchase by the company of all the shares of IPC Magazines Group Limited which owns the freehold of the property known as the Blue Fin Building (110 Southwark Street, London); and (ii) the purchase of the group by Time Inc..

Following the internal reorganisation, Time Inc. was spun-off from Time Warner Inc. as an independent, publicly traded company on 6 June 2014.

On 3 September 2014 the company changed its name from IPC Media Limited to Time Inc. (UK) Limited.

The principal risk facing the company relates to the economic environment in which it operates.

Turnover was £292.7m (2012 - £314.8m). Operating profit before exceptional item was £20.8m (2012 - £28.2m). Net assets at year end were £223.3m (2012 - £217.8m).

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

M A Rich
Director
Blue Fin Building
110 Southwark Street
London
SE1 0SU

22 September 2014

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2013.

Dividends

No equity dividends were proposed or paid during the year (2012 - £nil).

Directors

The directors during the year and subsequently were:

S J Auton (resigned 3 May 2013)
H Averill (resigned 3 September 2013)
J J Bairstow (appointed 2 October 2013)
A C Davies (appointed 20 June 2014)
F A Dent
R J Evans (resigned 11 July 2014)
S K Evans (resigned 15 July 2014)
S Hirst
D M Mair (resigned 18 July 2014)
C L Meredith
J A Newcombe
M A Rich (appointed 18 March 2014)
N S Robinson
P R Williams

Company Secretaries

L E Klein
S J Williams (resigned 31 December 2013)

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.

Directors' report (continued)

Donations

During the year the company made charitable donations of £30,806 (2012 - £4,465).

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 by order of the Board

M A Rich
Director
Blue Fin Building
110 Southwark Street
London
SE1 0SU

22 September 2014

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 to 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 auditors' report to the members of Time Inc. (UK) Limited

We have audited the financial statements of Time Inc. (UK) Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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.

Ernst & Young LLP

Karl Havers (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
23 September 2014

Profit and loss account
for the year ended 31 December 2013

	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Turnover	2	**292,701**	314,803
Cost of sales		**(145,586)**	(155,563)
Gross profit		**147,115**	159,240
Sales and distribution costs		**(84,990)**	(89,349)
Administrative expenses excluding exceptional items		**(41,338)**	(41,669)
		20,787	28,222
Exceptional items			
Impairment of fixed assets		**-**	(24,801)
Reorganisation costs		**(7,853)**	-
Operating profit	3	**12,934**	3,421
Interest receivable	6	**780**	991
Other finance income	7	**7,800**	7,000
Profit on ordinary activities before taxation		**21,514**	11,412
Tax charge on profit on ordinary activities	9	**(1,411)**	(3,705)
Profit for the year	17	**20,103**	7,707

Turnover and operating income arose from continuing operations.

Statement of total recognised gains and losses

for the year ended 31 December 2013

	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Profit for the financial year		**20,103**	7,707
Actuarial losses on post employment plans	8	**(2,303)**	(15,300)
Tax (charge)/credit	9	**(2,460)**	1,878
Total gains and losses recognised for the year		**15,340**	(5,715)

Balance sheet

as at 31 December 2013

	Note	31 December 2013 £'000	31 December 2012 £'000
Fixed assets			
Intangible assets	10	4,642	5,844
Tangible assets	11	22,884	26,289
Investments	12	63,637	63,887
		91,163	96,020
Current assets			
Stocks	13	4,147	5,064
Debtors: amounts falling due after more than one year	14	2,679	2,785
Debtors: amounts falling due within one year	14	263,359	237,588
		12,811	25,825
		282,996	271,262
Creditors: amounts falling due within one year	15	(140,262)	(130,233)
Net current assets		142,734	141,029
Total assets less current liabilities		233,897	237,049
Creditors: amounts falling due after more than one year	15	(9,156)	(10,639)
Total net assets excluding pension liability		224,741	226,410
Post employment assets	8	2,080	-
Post employment liabilities	8	(3,480)	(8,636)
Pension liability		(1,400)	(8,636)
Total net assets including pension liability		223,341	217,774
Capital and reserves			
Called up share capital	16	2,580	2,580
Share premium account	17	112,887	112,887
Share redemption account	17	2,318	2,318
Equity share-based payments	17	(749)	9,024
Profit and loss account	17	106,305	90,965
Equity shareholders' funds	17	223,341	217,774

These financial statements were approved by the Board of Directors on 22 September 2014.
Signed on behalf of the Board of Directors

M A Rich
Director

1 Accounting policies

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 1 - 'Cash Flow Statements', the company has not prepared a cash flow statement because it is a wholly owned subsidiary of Time Inc., which is incorporated in the United States of America and which has prepared consolidated financial statements which are publicly available.

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.

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

Share-based payments

For the purposes of determining the equity settled cost under FRS 20 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.

Investments

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

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 up to a maximum of 20 years.

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

Tangible fixed assets and depreciation

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

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

Operating leases

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

Stocks

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

Notes to the financial statements
for the year ended 31 December 2013

1 Accounting policies (continued)

Deferred tax

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

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

Pensions

The company operates defined benefit and defined contribution pension schemes.

The defined benefit charge to operating profit is the cost of accruing pension benefits promised to employees over the year plus any gains and losses arising on settlements and curtailments and any benefit improvements granted to members by the company during the year.

Other finance income in the profit and loss account includes a credit equivalent to the 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 total recognised gains and losses.

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

Foreign exchange

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

2 Segmental information

The analysis of the company's turnover by destination of geographical market is as follows:	**Year ended 31 December 2013 £'000**	Year ended 31 December 2012 £'000
United Kingdom	**261,304**	282,134
Rest of the world	**31,397**	32,669
Total	**292,701**	314,803

Turnover is derived from the company's principal activity, magazine and digital publishing, and is stated net of trade discounts and VAT.

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

Notes to the financial statements
for the year ended 31 December 2013

3 Operating profit

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible assets	7,252	9,776
Amortisation of intangible assets	1,202	1,727
Auditors' remuneration		
Fees payable to the company's auditor for the company and fellow subsidiaries	206	185
Operating lease rentals - land and buildings	11,533	11,443
Profit on disposal of fixed assets and titles	(209)	(97)

4 Information regarding directors and employees

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Staff costs (including directors)		
Wages and salaries	74,250	76,217
Social security costs	8,013	8,437
Pensions (note 8)	4,975	4,964
	87,238	89,618

	Number	Number
The monthly average number of persons employed		
Editorial	703	747
Sales and distribution	641	658
Administration	332	355
	1,676	1,760

5 Directors' emoluments

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Total emoluments	2,563	2,714
Company pension contributions paid to money purchase schemes	159	155
Compensation for loss of office	413	-

Notes to the financial statements
for the year ended 31 December 2013

5 Directors' emoluments (continued)

The number of directors accruing benefits at the year end in respect of defined benefit pension schemes was nil (2012 - nil). There were 6 (2012 - 6) directors accruing benefits at the year end in respect of defined contribution pension schemes.

11 directors, including the highest paid director, exercised share options during the year (2012: 11).

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

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Aggregate emoluments	**331**	766

6 Net interest receivable

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Interest receivable from group undertakings	**724**	987
Other interest receivable	**56**	4
Interest receivable	**780**	991

7 Other finance income

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Interest on post employment plan liabilities (note 8)	**(16,600)**	(16,300)
Expected return on post employment plan assets (note 8)	**24,400**	23,300
	7,800	7,000

Notes to the financial statements
for the year ended 31 December 2013

8 Pension commitments

The amount charged to the profit and loss account in respect of pension costs is analysed as follows:

	Defined benefit year ended 31 December 2013 £'000	Defined contribution year ended 31 December 2013 £'000	Total year ended 31 December 2013 £'000	Defined benefit year ended 31 December 2012 £'000	Defined contribution year ended 31 December 2012 £'000	Total year ended 31 December 2012 £'000
Current service cost	-	4,975	4,975	-	4,964	4,964
Total charge to operating profit	-	4,975	4,975	-	4,964	4,964
Expected return on assets	(24,400)	-	(24,400)	(23,300)	-	(23,300)
Interest on liabilities	16,600	-	16,600	16,300	-	16,300
Total finance income	(7,800)	-	(7,800)	(7,000)	-	(7,000)
Total profit and loss account (credit)/charge	(7,800)	4,975	(2,825)	(7,000)	4,964	(2,036)

Defined benefit pension scheme

The company's defined benefit pension scheme is closed to future service accrual. The valuation of defined benefit liabilities has been based on a formal actuarial valuation updated by an independent qualified actuary to take account of the requirements of FRS 17.

Principal actuarial assumptions	31 December 2013 %	31 December 2012 %
Rate of price inflation	3.36	2.85
Rate of increase in salaries	3.86	3.35
Rate of increase in pensions	3.06	2.75
Rate of increase of deferred benefits	3.06	2.75
Discount rate	4.48	4.52
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% pa for males and 0.5% for females.

Fair value of assets and expected rate of return	Expected rate of return 31 December 2013 %	Fair value** 31 December 2013 £m	Expected rate of return 31 December 2012 %	Fair value** 31 December 2012 £m
Equities	8.50	262.7	8.50	245.5
Property	6.60	1.0	6.90	0.8
Corporate bonds	4.42	52.1	4.07	47.2
Gilts	3.58	84.0	3.02	48.3
Cash	2.80	5.0	2.50	15.0
Total fair value of assets		404.8		356.8

** Scheme assets are stated at their 'bid' market values as at the balance sheet date.

Net post employment assets/(liabilities)	31 December 2013 £'000	31 December 2012 £'000
Fair value of scheme assets	404,800	356,800
Present value of scheme liabilities	(406,550)	(370,050)
Deficit in scheme	(1,750)	(13,250)
Related deferred tax asset (see note 9c)	350	4,614
Net pension liability	(1,400)	(8,636)

At 31 December 2013 the net pension liability of £1,400,000 (2012: £8,636,000 liability) represented individual plan surpluses of £2,080,000 (2012: £nil) and deficits of £3,480,000 (2012: £8,636,000). Of the individual plan deficits £3,480,000 (2012 - £2,888,000) related to unfunded schemes.

Notes to the financial statements

for the year ended 31 December 2013

8 Pension commitments (continued)

Analysis of movement in scheme assets	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
At 1 January	356,800	328,200
Expected return on assets	24,400	23,300
Actuarial gain on assets	26,900	14,900
Employer contributions	6,000	-
Benefits paid	(9,300)	(9,600)
At 31 December	404,800	356,800

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

The expected return on scheme assets is determined by considering the expected returns available on the underlying assets. Expected yields on gilts and corporate bonds are based on long term gilt indices and corporate bond yields as at 31 December 2013. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The total contributions expected to be made to the scheme by Time Inc. (UK) Limited in the year to 31 December 2014 is £10.3m.

Analysis of movement in scheme liabilities	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
At 1 January	(370,050)	(333,150)
Interest cost	(16,600)	(16,300)
Actuarial losses	(29,200)	(30,200)
Benefits paid from scheme assets	9,300	9,600
At 31 December	(406,550)	(370,050)

Summary of scheme assets and liabilities	31 December 2013 £'000	31 December 2012 £'000	31 December 2011 £'000	31 December 2010 £'000	31 December 2009 £'000
Scheme assets	404,800	356,800	328,200	336,700	273,050
Scheme liabilities	(406,550)	(370,050)	(333,150)	(318,150)	(287,000)
(Deficit)/surplus	(1,750)	(13,250)	(4,950)	18,550	(13,950)

History of experience adjustments	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Experience gain/(loss) on scheme assets	26,900	14,900	(25,300)	15,500	37,000
As a % of scheme assets	*6.6%*	*4.2%*	*-7.7%*	*4.6%*	*13.6%*
Experience gain/(loss) on scheme liabilities	1,000	(12,300)	(100)	5,500	17,200
As a % of scheme liabilities	*0.2%*	*(3.3%)*	*0.0%*	*1.7%*	*6.0%*
Experience (loss)/gain on change of assumptions	(30,203)	(17,900)	15,207	(21,607)	(83,187)
Total actuarial experience (loss)/gain	(2,303)	(15,300)	(10,193)	(607)	(28,987)
Total as % of scheme liabilities	*(0.6%)*	*(4.1%)*	*(3.1%)*	*(0.2%)*	*(10.1%)*

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £99.7m (2012: £97.4m).

Notes to the financial statements
for the year ended 31 December 2013

9 Taxation on profit on ordinary activities

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
a) The charge based on the profit for the year is as follows:		
Taxation based on the profit for the year		
UK Corporation tax payable at 23.25% (2012: 24.5%)	-	22
Double taxation relief	-	(22)
Group relief (receipts)/payments	(1,292)	1,252
Tax under provided in previous years	41	203
Overseas tax suffered	14	22
Total current tax (credit)/charge (see 9 (b) below)	(1,237)	1,477
Deferred tax		
Timing differences, origination and reversal	5,134	3,054
Credit due to change in tax rates	(2,450)	(1,190)
(Over)/under provision for prior years	(36)	364
Total deferred tax (see 9 (c) below)	2,648	2,228
Total tax charge on profit on ordinary activities	1,411	3,705

b) Circumstances affecting the current tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 23.25% (2012 - 24.5%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Profit on ordinary activities before tax	21,514	11,412
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	5,002	2,796
Factors affecting the tax charge:		
Disallowable expenses	471	664
Depreciation in excess of capital allowances	449	728
Tax under provided in previous years	41	203
Group relief received for nil consideration	-	(4,621)
Overseas tax suffered	14	-
Impairment of fixed assets not tax deductible	-	5,695
Other timing differences	(7,214)	(3,988)
Total current tax (credit)/charge (see 9 (a) above)	(1,237)	1,477

9 Taxation on profit on ordinary activities (continued)

c) Deferred tax

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Deferred tax is provided at 20% (2012 - 23%) in the financial statements as follows:		
Included in debtors (see note 14)	3,253	4,097
Included in post employment assets/(liabilities) (see note 8)	350	4,614
	3,603	8,711
Capital allowance pool in excess of book value of qualifying assets	1,812	1,712
Short term timing differences	1,791	6,999
	3,603	8,711

Analysis of movement in deferred tax asset:	£'000
At 1 January 2013	8,711
Charged to the profit and loss account (see note 9 (a) above)	(2,648)
Amounts charged to STRGL in respect of post employment liabilities	(2,460)
At 31 December 2013	**3,603**

Factors affecting future tax charges

The Finance Act 2013, enacted in July 2013, included legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. The effect of this change on the deferred tax balances has been included in the figures within these accounts. It is not yet possible to quantify the impact of this rate change upon current tax.

10 Intangible fixed assets

	Publishing rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 January and 31 December 2013	**33,536**	**25,768**	**59,304**
Amortisation			
At 1 January 2013	32,820	20,640	53,460
Charge for the year	429	773	1,202
At 31 December 2013	**33,249**	**21,413**	**54,662**
Net book value			
At 31 December 2013	**287**	**4,355**	**4,642**
At 31 December 2012	716	5,128	5,844

Notes to the financial statements
for the year ended 31 December 2013

11 Tangible fixed assets

	Leasehold improvements £'000	Equipment £'000	Total £'000
Cost			
At 1 January 2013	18,153	63,705	81,858
Additions	93	3,763	3,856
Disposals/retirements	-	(377)	(377)
At 31 December 2013	**18,246**	**67,091**	**85,337**
Accumulated depreciation			
At 1 January 2013	7,409	48,160	55,569
Charge for the year	1,158	6,094	7,252
Disposals/retirements	-	(368)	(368)
At 31 December 2013	**8,567**	**53,886**	**62,453**
Net book value			
At 31 December 2013	**9,679**	**13,205**	**22,884**
At 31 December 2012	10,744	15,545	26,289

12 Fixed asset investments

	Shares in subsidiary undertakings £'000	Interest in Joint ventures £'000	Total £'000
Cost			
At 1 January 2013	133,733	2,651	136,384
Loan repayments	-	(250)	(250)
At 31 December 2013	**133,733**	**2,401**	**136,134**
Provisions			
At 1 January and 31 December 2013	**(70,422)**	**(2,075)**	**(72,497)**
Net Book Value			
At 31 December 2013	**63,311**	**326**	**63,637**
At 31 December 2012	63,311	576	63,887

The company's fixed asset investments in subsidiaries relate to its 100% interests in the ordinary share capital of IPC Magazines (Overseas) Limited, Mousebreaker Limited and dormant companies. IPC Magazines (Overseas) Limited is an intermediate holding company of a group of undertakings whose main activity is magazine and digital publishing. Mousebreaker Limited owns the intellectual property rights of an online casual gaming business which it has licenced to Time Inc. (UK) Limited. The dormant companies hold certain publishing rights to magazines published by the company.

Notes to the financial statements

for the year ended 31 December 2013

12 Fixed asset investments (continued)

Time Inc. (UK) Limited has a 50% joint venture interest in European Magazines Limited. European Magazines Limited's principal activity is the publication of the UK edition of Marie Claire magazine. European Magazines Limited made a profit before tax of £211,000 for the year ended 31 December 2013 (year ended 31 December 2012 - profit before tax £193,000) and had total shareholders' funds of £1,992,000 (31 December 2012 - £1,840,000). The year end for European Magazines Limited is 31 December. European Magazines Limited is incorporated in England and Wales.

Time Inc. (UK) Limited also has a joint venture interest of 50% in Evarn Limited. The total investment in Evarn Limited of £2,401,000 consists of share capital of £576,000 and shareholder loan of £1,825,000 (31 December 2012: total investment £2,651,000 consisting of share capital £576,000 and shareholder loan £2,075,000). Evarn Limited's principal activity is the publication of LOOK magazine. Evarn Limited made a profit before tax of £783,000 for the year ended 31 December 2013 (year ended 31 December 2012 - profit before tax £708,000) and had a total shareholders' deficit of £1,168,000 (31 December 2012 - £1,756,000). The year end for Evarn Limited is 31 December. Evarn Limited is incorporated in England and Wales.

13 Stocks

	31 December 2013 £'000	31 December 2012 £'000
Raw materials and consumables	**4,147**	5,064

14 Debtors

	31 December 2013 £'000	31 December 2012 £'000
Amounts falling due within one year:		
Trade debtors	**11,996**	12,337
Amounts owed by group undertakings	**239,694**	214,778
Amounts owed by joint ventures	**467**	285
Other debtors	**1,198**	1,475
Prepayments and accrued income	**5,500**	4,616
Deferred tax asset (see note 9 (c) above)	**3,253**	4,097
Group relief	**1,251**	-
	263,359	237,588

	31 December 2013 £'000	31 December 2012 £'000
Amounts falling due after more than one year:		
Other debtors	**2,679**	2,785
	2,679	2,785

Notes to the financial statements
for the year ended 31 December 2013

15 Creditors

	31 December 2013 £'000	31 December 2012 £'000
Amounts falling due within one year:		
Trade creditors	46,646	52,682
Amounts owed to group undertakings	63,636	48,049
Amounts owed to joint ventures	319	561
Accruals and deferred income	18,628	18,598
Other creditors	6,329	3,936
Taxation and social security	4,704	4,887
Corporation tax	-	891
Group relief payable	-	629
	140,262	130,233

	31 December 2013 £'000	31 December 2012 £'000
Amounts falling due after more than one year:		
Other creditors	9,156	10,639

Other creditors due after more than one year consists of the unamortised balance of the rent free period relating to office premises leased to the company by IPC Magazines Group Limited.

16 Called up share capital

	31 December 2013 £'000	31 December 2012 £'000
Called up, allotted and fully paid		
2,580,500 ordinary shares of £1 each	2,580	2,580

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

	Share capital £'000	Share premium account £'000	Share redemption account £'000	Equity share-based payments £'000	Profit and loss account £'000	Total £'000
At 1 January 2012	2,580	112,887	2,318	10,543	96,680	225,008
Profit for the year	-	-	-	-	7,707	7,707
Net actuarial losses on post employment plans	-	-	-	-	(13,422)	(13,422)
Recharge from parent undertaking for share share-based payments	-	-	-	(4,560)	-	(4,560)
Charge for share-based payments	-	-	-	3,041	-	3,041
At 31 December 2012	2,580	112,887	2,318	9,024	90,965	217,774
Profit for the year	-	-	-	-	20,103	20,103
Net actuarial losses on post employment plans	-	-	-	-	(4,763)	(4,763)
Recharge from parent undertaking for share-based payments	-	-	-	(11,784)	-	(11,784)
Charge for share-based payments	-	-	-	2,011	-	2,011
At 31 December 2013	2,580	112,887	2,318	(749)	106,305	223,341

No equity dividends were proposed or paid during the year (2012 - £nil).

18 Share-based payments

Certain employees of the company have been granted options to purchase shares in Time Warner Inc. Such options have been granted with exercise prices equal to the fair market value at the date of grant. The options are denominated in US$ and vest over a 4 year period and expire 10 years from the date of grant.

In addition certain employees have been awarded restricted stock units in Time Warner Inc. denominated in US$ which vest over a four year period. Holders of awards are generally entitled to receive cash dividends or dividend equivalents during the period of time that the awards are unvested.

No share options or restricted stock units were granted during the year.

The total charge to the profit and loss account in respect of share-based payments is £2,011,000 (2012 - £3,042,000).

a) Stock Options

Assumptions used in Black Scholes option pricing model:	Year ended 31 December 2013	Year ended 31 December 2012
Expected volatility	29.60%	31.20%
Expected term to exercise from grant date	6.27 years	6.50 years
Risk-free rate	1.30%	1.30%
Expected dividend yield	2.10%	2.80%

Expected volatility is determined using implied volatilities data from traded options.

	2013 Number of options '000	2013 Weighted average exercise price US $	2012 Number of options '000	2012 Weighted average exercise price US $
Outstanding as at 1 January	650	32.13	1,396	33.65
Exercised	(366)	32.27	(610)	31.19
Forfeited or expired	(25)	27.91	(136)	51.97
Outstanding as at 31 December	259	32.34	650	32.13
Exercisable at 31 December	168	32.10	414	33.76

No share options were granted in 2013 (2012 : nil).

For the share options outstanding as at 31 December 2013, the weighted average remaining contractual life is 4.4 years (2012 - 4.7 years).

The range of exercise prices for options outstanding at 31 December 2013 is $15.27 to $41.48 (2012: $15.27 to $41.48).

b) Restricted Stock Units

	2013 Number of units '000	2013 Weighted average grant date fair value US$	2012 Number of units '000	2012 Weighted average grant date fair value US$
Unvested as at 1 January	427	30.92	389	25.93
Granted	-	-	144	37.48
Vested	(177)	25.21	(98)	20.70
Forfeited	(12)	34.22	(8)	31.47
Unvested as at 31 December	238	34.99	427	30.92

The range of grant date fair values for restricted stock units unvested at 31 December 2013 is $26.92 to $37.48 (2012: $15.27 to $37.48).

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for the year ended 31 December 2013

19 Operating lease commitments

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

	31 December 2013 £'000	31 December 2012 £'000
Leases which expire:		
Within one year	74	-
Between two to five years	1,483	340
After five years	9,644	11,101
	11,201	11,441

20 Related party transactions

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

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

Joint ventures

During the year the company sold goods and provided management and other services to European Magazines Limited. The total value of these transactions was £10.6m (2012 - £11.5m). As at 31 December 2013 the company was owed £467k (2012 - £285k) by European Magazines Limited.

During the year the company also sold goods and provided management and other services to Evarn Limited. The total value of these transactions was £12.2m (2012-£14.4m). As at 31 December 2013 the company owed £319k (2012 - £561k) to Evarn Limited.

21 Post balance sheet events

Since the year end an internal reorganisation of the group of companies of which the company is part was completed which included (i) the purchase by the company of all the shares of IPC Magazines Group Limited which owns the freehold of the property known as the Blue Fin Building (110 Southwark Street, London); and (ii) the purchase of the group by Time Inc..

Following the internal reorganisation, Time Inc. was spun-off from Time Warner Inc. as an independent, publicly traded company on 6 June 2014.

22 Parent undertakings

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

Until 30 April 2014 Time Warner Holdings Limited was the parent undertaking of the smallest group of undertakings of which the company was a member and for which group financial statements were drawn up. Time Warner Holdings Limited is registered in England and Wales and copies of its financial statements may be obtained from the Registrar of Companies in Cardiff.

From 30 April 2014 Time Inc., a company incorporated in the United States of America, was the parent undertaking of the smallest 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., 1271 Avenue of the Americas, New York, NY 10020, USA.

Until 6 June 2014 Time Warner Inc., a company incorporated in the United States of America, was the ultimate parent undertaking of the largest group of undertakings of which the company was a member and for which group financial statements were drawn up. Copies of Time Warner Inc.'s financial statements can be obtained from One Time Warner Center, New York, NY 10019, USA.

From 6 June 2014 Time Inc. became the ultimate parent undertaking of the largest group of undertakings of which the company was a member and for which group financial statements are drawn up. Copies of Time Inc.'s financial statements can be obtained from Time Inc., 1271 Avenue of the Americas, New York, NY 10020, USA.