Company registration no. 53626

IPC Media Limited

Report and financial statements for the year ended

31 December 2004

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

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2004.

Review of business activities and future developments

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

Results and dividends

Operating profit for the year was £68.2 million (2003 - £76.6 million). No interim dividends were proposed for the year (2003 - £90.0 million). The directors do not recommend the payment of a final dividend (2003 - £nil).

Directors and their interests

W R Aley	
R G Atkinson	
S J Auton	
T S Brooks	
P A Brown	
G Crace	(resigned 5 November 2004)
R J Evans	
S K Evans	(appointed 4 January 2005)
D M Mair	(appointed 12 July 2004)
M J Soutar	
D B Stam	
C S Ward	(resigned 20 February 2004)
E A Webster	
A Whetton	
P R Williams	(appointed 12 July 2004)

Company Secretaries

J S Redpath
S J Williams

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

Employee participation

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

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

Disabled persons

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

Donations

During the year the company made charitable donations of £3,081 (2003 - £5,590).

Directors' report (continued)

Auditors

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

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

S J Williams
Company Secretary
20 June 2005

Statement of directors' reponsibilities in respect of the financial statements

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

. select suitable accounting policies and then apply them consistently;

. make judgements and estimates that are reasonable and prudent;

. state whether applicable accounting standards have been followed; and

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

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

Independent auditors' report to the members of IPC Media Limited

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

20 June 2005

Profit and loss account

for the year ended 31 December 2004

	Note	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Turnover	2	**400,308**	390,216
Cost of sales		**(194,366)**	(189,939)
Gross profit		**205,942**	200,277
Sales and distribution costs		**(96,206)**	(87,821)
Administrative expenses	3	**(41,494)**	(35,817)
Operating profit	4	**68,242**	76,639
Income from joint ventures		**1,500**	1,850
		69,742	78,489
Net interest receivable	7	**3,984**	3,220
Profit on ordinary activities before taxation		**73,726**	81,709
Taxation on profit on ordinary activities	9	**(11,756)**	(12,743)
Profit on ordinary activities after taxation		**61,970**	68,966
Dividends on equity shares	10	**-**	(90,000)
Retained profit/(loss) for the year transferred to reserves	18	**61,970**	(21,034)

Turnover and operating income arose from continuing operations.

Statement of total recognised gains and losses

for the year ended 31 December 2004

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Profit for the financial year	**61,970**	68,966
Total gains and losses recognised since last annual report	**61,970**	68,966

Balance sheet

as at 31 December 2004

	Note	31 December 2004 £'000	31 December 2003 £'000
Fixed assets			
Intangible assets	11	**25,565**	27,488
Tangible assets	12	**19,247**	19,270
Investments	13	**72,145**	75,955
		116,957	122,713
Current assets			
Stocks	14	**5,681**	4,831
Debtors: amounts falling due within one year	15	**138,140**	184,228
Debtors: amounts falling due after more than one year	15	**20,682**	4,856
Cash at bank and in hand		**34,193**	23,220
		198,696	217,135
Creditors: amounts falling due within one year	16	**(128,919)**	(216,708)
Net current assets		**69,777**	427
Total assets less current liabilities		**186,734**	123,140
Creditors: amounts falling due after more than one year	16	**(1,624)**	-
Total net assets		**185,110**	123,140
Capital and reserves			
Called up share capital	17	**2,580**	2,580
Share premium account	18	**112,887**	112,887
Share redemption account	18	**2,318**	2,318
Profit and loss account	18	**67,325**	5,355
Equity shareholders' funds	18	**185,110**	123,140

These financial statements were approved by the Board of Directors on 20 June 2005.
Signed on behalf of the Board of Directors

S K Evans
Director

Notes to the financial statements

for the year ended 31 December 2004

1 Accounting policies

Basis of accounting

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

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

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

Investments

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

Intangible assets

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. Depreciation is provided on a basis that will write off the book value of fixed assets on a straight line basis over their expected lives. The depreciation rates range from 10% to $33^1/_3$% for equipment, and the remaining lease term for leasehold improvements.

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

Notes to the financial statements
for the year ended 31 December 2004

1 Accounting policies (continued)

Operating leases

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

Stocks

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

Deferred tax

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

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

Pensions

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

For defined benefit schemes, the expected costs of pensions in respect of the scheme are charged to the profit and loss account so as to spread the costs over the service lives of the employees in the scheme. Actuarial surpluses or deficits are allocated over the average expected remaining service lives of the employees.

For defined contribution schemes, the pension cost charged to the profit and loss account represents contributions payable by the company to the relevant funds as they become payable in accordance with the rules of the schemes.

Differences between the amounts funded and the amounts charged in the profit and loss account are treated as creditors and prepayments in the balance sheet.

Foreign exchange

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

Notes to the financial statements
for the year ended 31 December 2004

2 Segmental information

The analysis of the group's turnover by destination of geographical market is as follows:	**Year ended 31 December 2004 £'000**	Year ended 31 December 2003 £'000
United Kingdom	**349,047**	341,836
Europe	**31,106**	30,145
Rest of the world	**20,155**	18,235
Total	**400,308**	390,216

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

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

3 Administrative expenses

	Year ended 31 December *2004* £'000	Year ended 31 December *2003* £'000
Exceptional reorganisation costs	-	(2,816)
Exceptional impairment of fixed asset investments	**3,810**	-
Other administrative expenses	**37,684**	38,633
Total administrative expenses	**41,494**	35,817

During the year the company provided £3,810,000 for the impairment in value of its fixed asset investments in Reed Publishing Services Limited, £2,500,000, and The Magazine Publishing Company Limited, £1,310,000. In the prior year the company released £2,816,000 of the exceptional reorganisation costs provision set up in 2002 to cover the costs incurred associated with reorganising and integrating its business into that of Time Warner Inc.

4 Operating profit

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible assets	**8,194**	7,595
Amortisation of intangible assets	**2,956**	2,926
Auditors' remuneration		
Audit fees	**116**	110
Operating lease rentals - land and buildings	**5,767**	6,184
Profit on disposal of fixed assets and titles	**(149)**	(212)

Notes to the financial statements
for the year ended 31 December 2004

5 Information regarding directors and employees

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Staff costs (including directors)		
Wages and salaries	**75,485**	72,340
Social security costs	**8,506**	7,376
Pensions	**5,760**	7,798
	89,751	87,514

	Number	Number
The monthly average number of persons employed		
Editorial	**979**	952
Sales and distribution	**782**	778
Administration and finance	**348**	347
	2,109	2,077

6 Directors' emoluments

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Total emoluments	**2,545**	2,407
Compensation for loss of office	-	220
Company contributions paid to money purchase schemes	**15**	10

The number of directors accruing benefits at the year end in respect of defined benefit pension schemes is 8 (2003 - 8). There were 2 (2003 - 1) directors accruing benefits at the year end in respect of defined contribution pension schemes.

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

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Aggregate emoluments	**626**	534
Accrued pension at year end	**187**	151

7 Net interest receivable

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Bank interest receivable	**32**	3
Interest receivable from group undertakings	**3,952**	3,248
Other interest payable	-	(31)
	3,984	3,220

Notes to the financial statements
for the year ended 31 December 2004

8 Pension commitments

The company operates a number of pension schemes. The principal scheme, the IPC Media Pension Scheme (the Scheme) is of the defined benefit type. SSAP 24 has been used as the basis for preparing the financial statements. The disclosures set out below cover the requirements of SSAP 24 and FRS 17.

SSAP 24

The pension cost of the Scheme charged to the profit and loss account has been assessed in accordance with the advice of a qualified actuary using the projected unit method. The Scheme was closed throughout the year hence the projected unit service cost will increase as members approach retirement. The latest triennial actuarial assessment was as at 5 April 2003. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase of salaries and pensions. It was assumed that the investment return for past service would be 7.5% per annum and for future service 6.5% per annum, that salary increases would average 4.5% per annum and that present and future pensions would increase at 3% per annum.

At the date of the latest formal actuarial valuation, the market value of the assets of the Scheme was £90.4m which represented a shortfall of £17.1m compared with the benefits that had accrued to members, after allowing for expected future increases in earnings (actuarial value of assets 84% of accrued benefits). Since the date of the valuation the company has made two lump sum contributions to the Scheme. £21.1m in December 2003 and £10.0m in December 2004.

The company also participates in a defined contribution scheme (the Time Warner Money Purchase Pension Plan). Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

The assets are held in separate trustee administered funds.

The total pension cost for the company for the year was £5,760,000 (2003 - £7,797,773).

FRS 17 additional transitional disclosures

The valuation used for FRS 17 disclosures has been based on the most recent formal actuarial valuation at 5 April 2003 and updated by an independent qualified actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the Scheme at 31 December 2004. Scheme assets are stated at their market values at the balance sheet date.

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

Notes to the financial statements
for the year ended 31 December 2004

8 Pension commitments (continued)

Fair value of assets and expected rate of return

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

Impact on net assets if FRS 17 pension liability were recognised

	31 December 2004	31 December 2003
	£m	£m
Fair value of scheme assets	175.1	142.0
Present value of scheme liabilities	(189.3)	(167.8)
Deficit in scheme	(14.2)	(25.8)
Related deferred tax	4.3	7.7
Net FRS 17 pension liability	(9.9)	(18.1)
Add back SSAP 24 pension asset	(14.2)	(2.0)
Impact on net assets if FRS 17 pension liability recognised	(24.1)	(20.1)
Net assets as currently stated	185.1	123.1
Net assets including pension liability	161.0	103.0

Profit and loss reserves if FRS 17 pension liability were recognised

	31 December 2004	31 December 2003
	£m	£m
Profit and loss reserve as currently stated	67.3	5.4
Net FRS 17 pension liability	(9.9)	(18.1)
Deduct SSAP 24 pension asset	(14.2)	(2.0)
Profit and loss reserve if FRS 17 pension liability recognised	43.2	(14.7)

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

	Defined benefit schemes year ended 31 December 2004	Other schemes year ended 31 December 2004	Total year ended 31 December 2004	Defined benefit schemes year ended 31 December 2003	Other schemes year ended 31 December 2003	Total year ended 31 December 2003
	£m	£m	£m	£m	£m	£m
Current service cost	5.6	0.4	6.0	6.8	0.3	7.1
Past service cost	0.2	-	0.2	0.2	-	0.2
Total charge to operating profit	5.8	0.4	6.2	7.0	0.3	7.3
Expected return on assets	(10.8)	-	(10.8)	(7.8)	-	(7.8)
Interest on liabilities	9.2	-	9.2	8.4	-	8.4
Total finance (income)/charge	(1.6)	-	(1.6)	0.6	-	0.6
Total profit and loss account charge	4.2	0.4	4.6	7.6	0.3	7.9

Notes to the financial statements

for the year ended 31 December 2004

8 Pension commitments (continued)

	Year ended 31 December 2004	Year ended 31 December 2003
Amounts to be included in statement of recognised gains and losses under FRS 17	**£m**	£m
Gain on assets	**6.2**	11.6
Experience (loss)/gain on liabilities	**(0.2)**	7.0
Loss on change of assumptions	**(7.6)**	(7.3)
Total actuarial (loss)/gain	**(1.6)**	11.3

	Year ended 31 December 2004	Year ended 31 December 2003
Analysis of actuarial gains and losses	**%**	%
Actual returns less expected returns on assets as % of scheme assets	**3.5**	8.2
Experience gains and losses on liabilities as % of scheme liabilities	**(0.1)**	4.1

	Year ended 31 December 2004	Year ended 31 December 2003
Analysis of movement in deficit	**£'m**	£'m
Deficit at 1 January	**(25.8)**	(52.5)
Contributions paid	**17.4**	23.0
Current service cost	**(5.6)**	(6.8)
Past service cost	**(0.2)**	(0.2)
Finance income/(charge)	**1.6**	(0.6)
Actuarial (loss)/gain	**(1.6)**	11.3
Deficit at 31 December	**(14.2)**	(25.8)

9 Taxation on profit on ordinary activities

	Year ended 31 December 2004	Year ended 31 December 2003
	£'000	£'000
a) The charge based on the profit for the year is as follows:		
Taxation based on the profit for the year		
UK Corporation tax payable at 30.0%	**1,901**	8,790
Double tax relief	**(8)**	(4)
Group relief payments	**5,970**	2,887
(Over)/Under provision for prior years	**(77)**	420
Overseas tax suffered	**8**	4
Total current tax charge (see 9 (b) below)	**7,794**	12,097
Deferred tax		
Timing differences, origination and reversal	**3,476**	1,148
Adjustment to estimated recoverability of deferred tax assets arising in earlier periods	**486**	(502)
Total deferred tax (see 9 (c) below)	**3,962**	646
Total tax charge on profit on ordinary activities	**11,756**	12,743

Notes to the financial statements
for the year ended 31 December 2004

9 Taxation on profit on ordinary activities (continued)

b) Circumstances affecting the current tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2003 - 30%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Profit on ordinary activities before tax	**73,726**	81,709
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	**22,118**	24,513
Factors affecting the tax charge:		
Disallowable expenses	**2,589**	1,296
Capital allowances in excess of depreciation	**(2,484)**	(2,590)
Group relief received for nil consideration	**(12,910)**	(12,429)
UK dividends received	**(450)**	(555)
Tax (overprovided)/underprovided in previous years	**(77)**	420
Other timing differences	**(992)**	1,442
Total current tax charge (see 9 (a) above)	**7,794**	12,097

c) Deferred tax

Deferred tax is provided at 30% (2003 - 30%) in the financial statements as follows:

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Included in debtors (see note 15)	**(16,097)**	(19,608)
Capital allowance pool in excess of book value of qualifying assets	**(9,522)**	(12,732)
Short term timing differences	**(6,575)**	(6,876)
	(16,097)	(19,608)
Deferred tax asset	**(16,097)**	(19,608)

Analysis of movement in asset:	**£'000**
At 1 January 2004	(19,608)
Debited to the profit and loss account (see note 9 (a) above)	3,962
Transfer to miscellaneous liability	(451)
At 31 December 2004	**(16,097)**

Notes to the financial statements
for the year ended 31 December 2004

10 Dividends on equity shares

Equity dividends on ordinary shares	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000
Interim dividends	-	90,000
Final dividends	-	-
	-	90,000

11 Intangible fixed assets

	Publishing rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2004	37,036	21,477	58,513
Additions	-	1,033	1,033
At 31 December 2004	**37,036**	**22,510**	**59,546**
Amortisation			
At 1 January 2004	25,641	5,384	31,025
Charge for the year	1,852	1,104	2,956
At 31 December 2004	**27,493**	**6,488**	**33,981**
Net book value			
At 31 December 2004	**9,543**	**16,022**	**25,565**
At 31 December 2003	11,395	16,093	27,488

12 Tangible fixed assets

	Equipment £'000	Leasehold improvements £'000	Total £'000
Cost			
At 1 January 2004 as restated	72,128	17,745	89,873
Additions	5,562	2,650	8,212
Disposals	(653)	-	(653)
Reclassifications	(386)	386	-
At 31 December 2004	**76,651**	**20,781**	**97,432**
Accumulated depreciation			
At 1 January 2004 as restated	58,518	12,085	70,603
Charge for the year	5,879	2,315	8,194
Disposals	(612)	-	(612)
At 31 December 2004	**63,785**	**14,400**	**78,185**
Net book value			
At 31 December 2004	**12,866**	**6,381**	**19,247**
At 31 December 2003 as restated	13,610	5,660	19,270

The 2003 comparatives in the above table have been restated on a consistent basis with 2004.

Notes to the financial statements

for the year ended 31 December 2004

13 Fixed asset investments

Shares in subsidiary undertakings and joint ventures	31 December 2004 £'000	31 December 2003 £'000
Cost	**117,373**	117,373
Provisions	**(45,228)**	(41,418)
Net Book Value	**72,145**	75,955

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

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

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

IPC Media Limited has a joint venture interest in European Magazines Limited by virtue of its 50% ownership of the company's £100 issued share capital. This interest is included within fixed asset investments at its original cost of £50. European Magazines Limited's principal activity is magazine publishing. European Magazines Limited made a profit before tax of £4,319,000 for the year ended 31 December 2004 (year ended 31 December 2003 - £4,207,000) and had total shareholders' funds of £2,082,000 (31 December 2003 - £2,061,000). The year end for European Magazines Limited is 31 December. European Magazines Limited is incorporated in England and Wales.

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

14 Stocks

	31 December 2004 £'000	31 December 2003 £'000
Raw materials and consumables	**5,681**	4,831

Notes to the financial statements
for the year ended 31 December 2004

15 Debtors

	31 December 2004 £'000	31 December 2003 £'000
Amounts falling due within one year:		
Trade debtors	**31,271**	29,935
Amounts owed by group undertakings	**83,620**	127,418
Amounts owed by joint ventures	**486**	435
Other debtors	**2,592**	3,180
Prepayments and accrued income	**4,074**	3,652
Deferred tax asset (see note 9 (c) above)	**16,097**	19,608
	138,140	184,228

	31 December 2004 £'000	31 December 2003 £'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	**4,856**	4,856
Pension asset	**15,826**	-
	20,682	4,856

16 Creditors

	31 December 2004 £'000	31 December 2003 £'000
Amounts falling due within one year:		
Trade creditors	**57,824**	46,694
Amounts owed to group undertakings	**39,449**	45,855
Accruals and deferred income	**15,267**	14,519
Other creditors	**6,379**	6,419
Corporation tax	**984**	3,724
Taxation and social security	**4,328**	3,791
Group relief payable	**4,688**	5,706
Dividends payable to immediate parent undertaking	-	90,000
	128,919	216,708
Amounts falling due after more than one year:		
Accrued pension costs	**1,624**	-

Notes to the financial statements
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17 Called up share capital

	31 December 2004 £'000	31 December 2003 £'000
Authorised		
3,230,000 ordinary shares of £1 each	**3,230**	3,230
Called up, allotted and fully paid		
2,580,500 ordinary shares of £1 each	**2,580**	2,580

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

	Share capital £'000	Share premium account £'000	Share redemption account £'000	Profit and loss account £'000	Total £'000
At 1 January 2003	2,580	112,887	2,318	26,389	144,174
Profit for the year	-	-	-	68,966	68,966
Dividends	-	-	-	(90,000)	(90,000)
At 31 December 2003	2,580	112,887	2,318	5,355	123,140
Profit for the year	-	-	-	61,970	61,970
At 31 December 2004	**2,580**	**112,887**	**2,318**	**67,325**	**185,110**

19 Operating lease commitments

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

	31 December 2004 £'000	31 December 2003 £'000
Leases which expire:		
Within one year	-	7
Between two to five years	**5,455**	5,406
After five years	**339**	26
	5,794	5,439

Notes to the financial statements
for the year ended 31 December 2004

20 Related party transactions

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

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

Joint ventures

During the year the group sold goods and provided management and other services to European Magazines Limited. The total value of these transactions was £11.2m (2003 - £11.7m). As at 31 December 2004 the company was owed £0.3m by European Magazines Limited (31 December 2003 - £0.2m due from European Magazines Limited).

The company also charged royalties totalling £0.4m (2003 - £0.4m) to Avantages SAS and as at 31 December 2004 the company was owed £0.2 m (31 December 2003 - £0.2m) by Avantages SAS.

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

21 Parent undertakings

The immediate parent undertaking is IPC Magazines Holdings Limited.

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

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