Bauer Consumer Media Limited

Report and Accounts

For the nine month period ended 31 December 2008

Company Registered No. 1176085

Bauer Consumer Media Limited
Index to the report and accounts
For the nine month period ended 31 December 2008

Bauer Consumer Media Limited
Directors, officers and auditors

DIRECTORS

P Keenan
G Beddard
D Goodchild
C Llewellyn
G White

SECRETARY

Sisec Limited

AUDITORS

BDO Stoy Hayward LLP
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London
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REGISTERED OFFICE

21 Holborn Viaduct
London
EC1A 2DY

COMPANY NUMBER

1176085

The directors submit their report and the accounts for the nine month period ended 31 December 2008.

Business review and principal activities

Bauer Consumer Media Limited ("the Company") is a multimedia business organised through a number of fellow subsidiaries who act as agents for the Company.

Operating profits during the nine months to 31 December 2008 of £33,123,000 (12 months ended 31 March 2008: £65,389,000) delivered an operating margin of 15.7% (12 months ended 31 March 2008: 20.9%).

For the nine month period to 31 December 2008 the Company showed a pre-tax profit of £36,050,000 (12 months ended 31 March 2008: £94,529,000) and sales of £210,844,000 (12 months ended 31 March 2008: £313,120,000). These numbers are not comparable since the December 2008 results are for a period of only nine months. Interim dividends of £nil (12 months ended 31 March 2008: £nil) were paid during the period. The Directors do not recommend the payment of a final dividend (12 months ended 31 March 2008: £nil). The surplus to be added to reserves is £23,935,000 (12 months ended March 2008: surplus £72,509,000).

The decrease in revenues in the period reflected the general decline in magazine advertising revenues during the UK recession, particularly in the men's and automotive markets. Magazine circulation revenues also declined reflecting some softening in UK newsstand sales.

Whilst magazine based revenues declined in the period continued investment in digital products assisted growth from existing digital products and new product launches.

Strong cost control across all categories of operating costs reduced total costs in the period. Cost initiatives included a major restructuring of the magazine operating cost base started during the third quarter of 2008. Magazine operating costs were also reduced as a result of both lower advertising and newsstand sales. 2009 results will benefit from the full year impact of the restructure.

On 15 December 2008, the Company acquired a 40% shareholding in Next Gen Publishing Limited, a company incorporated in India, for a cash consideration of £4,003,000.

Post balance sheet events

After undertaking a thorough review of Yospace Technologies Limited, the Company was sold for a cash consideration of £1 on 3rd April 2009. The disposal will not have a material impact on the Company as the emerging trends within the mobile market landscape resulted in less of a strategic fit for the business within Bauer's broader product portfolio.

Future Outlook

The external commercial environment remains competitive in 2009 and beyond as competitive intensity remains high in both the specialist and lifestyle sectors. The implementation of proposals from operational efficiency reviews in 2008 will allow the Company to free up resources to ensure that the business is better able to meet the needs of consumers and customers. Future emphasis will remain on migrating existing brands onto digital platforms and increasing the Company's digital reach and capability. The directors believe that with our strong brands the business is well equipped to face the fast-changing and challenging media environment of 2009 and beyond.

Principal risks and uncertainties

The Company, along with other businesses in the advertising sector, is exposed to the downturn in advertising revenue as part of a wider economic downturn. Other key risks include a loss of key personnel and increased competition in the marketplace.

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.

Key performance indicators ("KPIs")

The Company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial. Key financial performance indicators are advertising and circulation revenues and operating profit on continuing operations. The key non-financial performance indicators include the number of staff employed (note 6) by the Company, newsstand and subscription copy sales, as published by the Audit Bureau of Circulation on a six monthly or annual basis.

The key financial performance indicators for the nine months ended 31 December 2008, with comparatives for the 12 months ended 31 March 2008, are set out below:

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Advertising revenue	72,113	108,673
Circulation revenue	126,567	182,413
Operating profit	33,123	65,389

The reasons for the movements in these performance indicators is set out in the business review above.

Directors

The current directors are shown on page 1. The directors who held office during the nine month period are given below:

P A Keenan	
C Llewellyn	
D P Mistry	(resigned 2 April 2008)
M Rich	(resigned 1 August 2008)
M A Stanton	(resigned 23 July 2008)
D Goodchild	
G M Beddard	
G White	(appointed 23 July 2008)

Branches

The Company operates a branch outside of the UK, in France.

Insurance of directors

Directors' and Officers' liability insurance was maintained by Bauer Consumer Media (Holdings) Limited for the nine month period.

Employees

The Directors attach great importance to keeping staff fully informed of the Company's financial progress to involve them as much as possible in the activities of the Company. Periodic surveys seeking staff views on communications and benefits are conducted.

Employee share schemes

Following the completion of the sale of the Company on 31 January 2008 the Company's employees were no longer eligible to participate in the Emap International Limited (formerly Emap plc) ("Emap") share scheme.

Up to 31 January 2008, through the Emap All Employee Share Ownership Plan, Emap offered free shares to the value of £840 to each qualifying staff member. Sharemap was part of Lifemap, Emap's flexible benefits plan and allowed staff to save up to £1,500 a year to buy Emap shares. Emap would then match the cumulative investment in shares on a one to one basis. The shares were held in trust for staff for three years, after which time they could be sold. After five years, the shares were free of income tax on release from the trust.

Disabled employees

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.

Creditor payment policy

The Company recognises the benefits to be derived from maintaining good relationships with its suppliers. It is the Company policy that payment is made on time, provided suppliers perform in accordance with agreed terms. Trade creditors at the period end represented 23 days (12 months ended 31 March 2008: 19 days) of purchases.

Statement of directors' responsibilities

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

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

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

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit, and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

BDO Stoy Hayward LLP, have indicated their willingness to continue in office. The Company has elected under section 386 of the Companies Act 1985 not to re-appoint auditors annually. Therefore the auditors, BDO Stoy Hayward LLP are deemed to be re-appointed for the next financial year.

Approved by the Board of Directors on 24 July, 2009.

Gary C White

G White
Director

Independent auditor's report to the members of Bauer Consumer Media Limited

We have audited the financial statements of Bauer Consumer Media Limited for the nine month period ended 31 December 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the nine month period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London

24 July 2009

Bauer Consumer Media Limited
Profit and Loss Account
For the nine month period ended 31 December 2008

	Note	Nine months ended 31 December 2008	Twelve months ended 31 March 2008
		£'000	£'000
Turnover	2	**210,844**	313,120
Cost of sales		**(82,059)**	(126,562)
Gross profit		**128,785**	186,558
Distribution costs		**(10,227)**	(13,184)
Administrative expenses		**(91,080)**	(114,801)
		27,478	58,573
Other operating income		**5,645**	6,816
Operating profit	*3*	**33,123**	65,389
Profit on sale of fixed asset investments	*10*	**-**	29,230
Income from shares in group undertakings		**1,750**	12,417
Other interest receivable and similar income		**8,196**	3,659
Amounts written off fixed asset investments	*10*	**(4,283)**	(15,424)
Interest payable and similar charges	*5*	**(2,736)**	(742)
Profit on ordinary activities before taxation	*2*	**36,050**	94,529
Tax on profit on ordinary activities	*7*	**(12,115)**	(22,020)
Profit for the financial period	*18, 19*	**23,935**	72,509

All activities relate to continuing operations.

There is no difference between the profits on ordinary activities before taxation and the retained profits for the periods stated above and their historical cost equivalents.

The notes on pages 9 to 22 form part of these accounts.

Bauer Consumer Media Limited
Statement of Total Recognised Gains and Losses
For the nine month period ended 31 December 2008

	Nine months ended 31 December 2008	Twelve months ended 31 March 2008
	£'000	£'000
Profit for the financial period	23,935	72,509
Foreign currency gains	413	12
Total gains recognised since the last Report and Accounts	24,348	72,521

The notes on pages 9 to 22 form part of these accounts.

Company No: 1176085

Bauer Consumer Media Limited
Balance Sheet
At 31 December 2008

	Note	At 31 December 2008	At 31 March 2008
		£'000	£'000
Fixed assets			
Intangible fixed assets	*8*	**11,713**	10,022
Tangible fixed assets	*9*	**2,967**	3,469
Investments	*10*	**13,199**	13,479
		27,879	26,970
Current assets			
Stock	*11*	**1,310**	1,083
Current asset investments	*10*	**-**	-
Debtors	*12*	**234,544**	274,356
Cash at bank and in hand		**352**	97
		236,206	275,536
Creditors : amounts falling due within one year	*13*	**(105,212)**	(167,601)
Net current assets		**130,994**	107,935
Total assets less current liabilities		**158,873**	134,905
Creditors: amounts falling due after one year	*14*	**(289)**	(200)
Provisions for liabilities	*16*	**-**	(469)
Net assets	*2*	**158,584**	134,236
Capital and reserves			
Called up share capital	*17*	**400**	400
Profit and loss account	*18*	**158,184**	133,836
Total shareholders' funds	*19*	**158,584**	134,236

The financial statements were approved by the Board of Directors and authorised for issue on 24 July, 2009.

Gary C White

G White
Director

1 Accounting policies

(a) Accounting convention

These accounts have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The directors, in accordance with the Financial Reporting Standard 18, "Accounting Policies" ("FRS 18"), confirm that the accounting policies used by the Company are the most appropriate, consistently applied and adequately disclosed. A summary of the more important accounting policies is set out below.

(b) Consolidation

As the Company is a wholly owned subsidiary of Heinrich Bauer Verlag Beteiligungs GmbH, a corporate body registered in Germany, advantage has been taken of s228 of the Companies Act 1985 not to prepare group accounts. Bauer Consumer Media Limited is included within the consolidated accounts of Heinrich Bauer Verlag Beteiligungs GmbH which are publicly available.

(c) Investments

Investments in subsidiary undertakings are included in the balance sheet at cost. Their value is reviewed annually by the directors and provision is made, where appropriate, for any permanent diminution in value.

(d) Intangible fixed assets

Publishing rights, titles and exhibitions are capitalised and amortised through the profit and loss account over their estimated useful economic lives - based on the nature, age and stability of the industry in which the business operates and viewed by the directors as not exceeding 20 years. The net book amounts of intangible fixed assets are reviewed by the directors at the end of the first full financial year after acquisition if there is any event or change in circumstances that indicates that the carrying value may have declined.

Impairment is measured by comparing the carrying value of the asset with the higher of the net realisable value and the value in use. The value in use is measured with reference to discounted cash flows based on future revenue and the Company's weighted average cost of capital. Any impairment charges are recognised in the profit and loss account for the period in which they arise, unless they relate to previously revalued assets.

(e) Stocks

Stock and work in progress are stated at the lower of cost or net realisable value. Cost represents purchase cost, including attributable overheads.

(f) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

(g) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates ruling at the period end. All such exchange differences are taken to the profit and loss account.

1 Accounting policies (continued)

(h) Depreciation

The cost of tangible fixed assets less estimated residual value on disposal is written down evenly over their expected useful economic lives as follows:

Leasehold property	Over the period of the lease
Leasehold improvements	5 years
Machinery, equipment and vehicles	3 to 12 years

(i) Dividends receivable

Dividends receivable are recognised as income in the profit and loss account in the period in which they are approved by the shareholders of the investment company. Interim dividends receivable are recorded in the period in which they are paid.

(j) Leasing

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

(k) Other operating income

Income from royalties and licensing magazine brands to third party publishers is recognised on an accruals basis.

(l) Pensions

Bauer operates a defined contribution pension scheme provided by Scottish Widows for all eligible staff across the Group. This scheme is known as the Bauer Consumer Media Pension scheme. The costs of this pension scheme are charged to the profit and loss account as they become payable. Prior to 31 January 2008, eligible staff were only able to join the Flexiplan a defined contribution pension plan operated by the Emap.

The Company contributed to the Emap Earnings Related Pension Plan (EERPP), a defined benefit pension scheme which was operated by Emap through payments to trustee administered funds. It was unable to identify the Company's share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore in accordance with FRS17 'Retirement Benefits', the Company disclosed its contributions to the scheme as if it were a defined contribution scheme. Contributions to the defined benefit pension scheme were charged to the profit and loss account so as to spread the cost of providing pensions over the employees' working lives within the Group. Variations in pension cost, identified as a result of actuarial valuations, were amortised over the average expected remaining lives of the employees. Differences between amounts paid and amounts charged were treated as either prepayments or provisions in the balance sheet.

On 9 November 2007, Emap agreed to transfer its obligations under its defined benefit pension scheme to Paternoster UK Limited, a regulated insurance company. This transfer absolved the Emap Group from further obligations and liabilities in respect of this scheme.

(m) Share-based payments

During the 12 months ended 31 March 2008, Emap operated several employee option and performance-related share schemes.

The cost of options or shares granted to the Company's employees under these schemes was recognised in the profit and loss account of the Company over the period in which any performance conditions were fulfilled, ending on the date on which the relevant employees became fully entitled to the award, based on management's best estimate of the number of awards that would ultimately vest. A corresponding amount was taken to the profit and loss reserve. No expense was recognised for awards that did not ultimately vest, except for those where the vesting depended on a market condition. Whether or not the market condition was satisfied, these were treated as vesting as long as all other performance conditions were satisfied.

The basis of the valuation for the awards is explained in note 6 (staff costs).

The national insurance cost associated with the grant of employee share options to the Company's employees was borne by Emap and recharged to the Company.

Following the completion of the sale of the Company on 31 January 2008 the Company's employees were no longer eligible to participate in these schemes.

1 Accounting policies (continued)

(n) Provisions for Liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be released, the release is recognised only when it is virtually certain. The expense relating to any provision is presented in the income statement net of any release.

If the time value of money has a material effect on quantifying the provision, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance charge.

(o) Cash flow statement and related party transactions

The Company is a wholly owned subsidiary of Heinrich Bauer Verlag Beteiligungs GmbH and is included in the consolidated financial statements of Heinrich Bauer Verlag Beteiligungs GmbH, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 "Cash Flow Statements" (revised 1996).The Company is also exempt under the terms of Financial Reporting Standard 8 "Related Party Transactions" from disclosing related party transactions with entities that are part of the Heinrich Bauer Verlag KG group and included within the consolidated accounts of Heinrich Bauer Verlag Beteiligungs GmbH, which are publicly available.

2 Turnover and geographical segments

Revenue is recognised when the significant risks and rewards of ownership have been transferred to a third party, or for 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 and represents amounts receivable for services and goods provided in the normal course of business, net of discounts, custom duties and sales taxes.

Magazine news stand circulation and advertising revenue are recognised according to the on-sale date of the publication. A provision is deducted from circulation revenue for expected returns, which is adjusted for actual returns when this is known. Pre-paid subscription revenues are shown as deferred income and released to the income statement over the life of the subscription.

Exhibition income is recognised when the event has taken place.

An analysis of turnover by geographical market is given below:

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
United Kingdom	**202,992**	301,832
Rest of the World	**7,852**	11,288
	210,844	313,120

There is no material difference between turnover by origin and by destination.

An analysis of turnover by category is given below:

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Advertising	**72,113**	108,673
Circulation	**126,567**	182,413
Events	**2,255**	4,857
Other	**9,909**	17,177
	210,844	313,120

2 Turnover and geographical segments (continued)

An analysis of profit on ordinary activities before taxation is given below:

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
United Kingdom	35,786	86,161
Rest of the World	264	8,368
	36,050	94,529

An analysis of net assets is given below:

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
United Kingdom	145,921	122,986
Rest of the World	12,663	11,250
	158,584	134,236

3 Operating profit

This is stated after charging:		Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Depreciation of tangible fixed assets		642	453
Amortisation of intangible fixed assets		1,157	909
Impairment of intangible fixed assets		977	-
Operating lease rentals	- plant and machinery	773	1,138
	- other	3,582	5,199
Fees for the audit of the Company and its parent and susidiaries		144	269
Fees paid to auditor for other services			
	- taxation services	239	-
	- non regulatory reporting on internal controls	864	-
	- employment advice	32	-

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

Other operating income relates to licensing and royalty income.

4 Directors' emoluments:

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Aggregate emoluments	933	1,753
Compensation for loss of office	393	-
Pension contributions - defined contribution	112	110
Pension contributions - defined benefit	-	43
	1,438	1,906

There are no directors (12 months ended 31 March 2008: nil) accruing retirement benefits under the defined benefit scheme and 3 directors (12 months ended 31 March 2008: 4) accruing retirement benefits under the defined contribution pension schemes.

The emoluments of the highest paid director were as follows:	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Aggregate emoluments	253	508
Pension contributions - defined contribution	49	43
	302	551

5 Interest payable and similar charges

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Interest payable on intercompany loan	2,736	693
Other interest payable	-	49
	2,736	742

6 Staff costs

(a) Costs (including directors' emoluments)	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Wages and salaries	3,924	4,028
Social security costs	491	618
Pension costs	224	222
Share based payments	-	660
	4,639	5,528

6 Staff costs (continued)

(b) Pension costs

The Company has participated in two defined contribution pension schemes that are operated by the Bauer and Emap groups. Until 9 November 2007, it also participated in a defined benefit pension scheme operated by Emap; the obligations of which have been transferred outside of the Emap Group. In all cases the assets of the schemes were held in separate trustee administered funds.

Defined benefit scheme (Emap Earnings Related Pension Plan (EERPP))

On 9 November 2007, Emap agreed to transfer its obligations under its defined benefit pension scheme to Paternoster UK Limited, a regulated insurance company. This transfer absolved the Emap Group from further obligations and liabilities in respect of this scheme.

The total pension expense for the period ended 31 December 2008 was £nil (12 months ended 31 March 2008: £32,873).

Defined contribution plan (Scottish Widows & Flexiplan)

The Company has participated in a defined contribution pension scheme, the Bauer Consumer Media Pension Scheme operated by Scottish Widows from 1 March 2008. During the year ended 31 March 2008 the Company also participated in Flexiplan a defined contribution scheme provided by Emap up to 31 January 2008. The pension charge represents contributions due from the employer and during the nine month period it amounted to £224,036 (12 months ended 31 March 2008: £188,767).

The average number of employees	**Nine months ended 31 December 2008 Number**	Twelve months ended 31 March 2008 Number
UK full-time employees	**78**	65

(c) Share based payments

Although these share awards were granted by Emap, the related share-based payment charge was borne by the employing company.

The charge for share based payments in the period amounted to £nil (12 months ended 31 March 2008: £660,000).

A reconciliation of option movements over the year to 31 December 2008 is shown below:

	Nine months ended 31 December 2008 Number of share options	Twelve months ended 31 March 2008 Number of share options
Outstanding at 1 April	-	283,630
Granted	-	180,969
Exercised	-	(282,165)
Lapsed	-	(182,434)
Outstanding at 31 December	-	-

At 31 December 2008, the weighted average exercise price was not applicable (31 March 2008: £nil).

The cost of equity-settled transactions with employees was measured by reference to the fair value at the date at which they were granted. Fair values were determined according to the Black-Scholes option-pricing model, except in the case of share awards under the PRP and ESOP schemes which contain performance conditions based on total shareholder return compared to other entities in the Media and Entertainment sector, and which were valued by external experts using a Monte-Carlo simulation option-pricing model. The fair value per option for options granted in the year and the assumptions used in the calculation are as follows:

6 Staff costs (continued)

(c) Share based payments (continued)

	Twelve months ended 31 March 2008
Scheme type	PRP
Grant date	16 July 2007
Share price at grant date	837.0p
Exercise price	nil
Vesting period (years)	3
Expected volatility	20.0%
Option life (years)	10.0
Expected life (years)	3.0
Risk free rate	n/a
Expected dividends expressed as a dividend yield	n/a
TSR correlation	36%
SAYE fair value per option	
PRP fair value per option - Basic award	837.0p
PRP fair value per option - Performance award (EPS element)	837.0p
PRP fair value per option - Performance award (TSR element)	399.0p

The expected volatility is based on Emap historical volatility averaged over a period equal to the expected life. The expected life was the average expected period to exercise. The risk free rate of return was based on the UK Government gilt strip return over a period equal to the expected life.

In April 2007, under the staff Share Plan scheme, free shares were issued in trust to employees with a vesting period of 3 years. Employees received dividends during the period and the fair value per share was 810.0p, the market price at the date of issue.

In July each year staff were invited under the Sharemap scheme to save a monthly amount for a year and to then use their savings to purchase Emap shares. The purchase price was the lower of the share price at the beginning and end of the savings period. Emap also matched the number of shares acquired by the employee and these were placed in trust with a vesting period of 3 years. There was a charge to the income statement for the 1 year savings period and the 3 year vesting period and the assumptions and fair values were as follows:

	Sharemap Twelve months ended 31 March 2008
Start of savings period	1 July 2007
End of savings period	31 December 2007
Savings amount at grant date	£368,970
Share price at grant date	808.5p
Expected volatility	22.1%
Risk free rate	5.8%
Expected dividends expressed as a dividend yield	3.8%
Fair value for 1 year savings period	53.2p
Fair value for 3 year vesting period	853.9p

Following the completion of the sale of the Company on 31 January 2008 the Company's employees were no longer eligible to participate in these schemes.

7 Tax on profit on ordinary activities

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Current tax		
Corporation tax at 28% (12 months ended 31 March 2008: 30%)	12,357	20,539
Corporation tax prior year adjustments	(59)	(442)
Total current tax	12,298	20,097
Deferred tax - current period	13	1,734
Deferred tax - prior year	(196)	189
Corporation tax charge for the period	12,115	22,020

The tax assessed for the period is higher (12 months ended 31 March 2008: lower) than the standard rate of corporation tax in the UK. The difference between tax as per the financial statements and tax at the UK nominal rate is explained below:

	Nine months ended 31 December 2008 £'000	Twelve months ended 31 March 2008 £'000
Profit before tax	36,050	94,529
Tax charge at 28% (12 months ended 31 March 2008: 30%)	10,094	28,359
Adjustments in respect of prior years (corporation tax)	(59)	(442)
Non-tax deductible expenses	3,096	1,400
Capital allowances in excess of depreciation	(16)	(302)
Short term timing differences	3	(1,432)
Non-taxable income	(490)	(7,361)
Group relief	(330)	-
Tax rate changes	-	(125)
Current tax charge for the period	12,298	20,097

8 Intangible fixed assets

	Publishing rights and titles £'000
Cost	
At 1 April 2008	18,246
Additions	3,825
At 31 December 2008	**22,071**
Amortisation	
At 1 April 2008	8,224
Provided during the period	1,157
Impairment	977
At 31 December 2008	**10,358**
Net book value at 31 December 2008	**11,713**
Net book value at 1 April 2008	10,022

The intangible fixed assets have arisen from the acquisition of publishing rights and titles.

The directors have considered the value of all intangible fixed assets at 31 December 2008 and a provision of £977,000 for impairments was considered necessary. Valuations have been measured by reference to the greater of net realisable value and value in use. For the nine month period ended 31 December 2008, value in use has been calculated with reference to future expected cash flows, discounted at a rate of 11% (12 months ended 31 March 2008: 11%), the Company's pre-tax weighted average cost of capital.

9 Tangible fixed assets

	Short Leasehold Property £'000	Leasehold Improvements £'000	Office Equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 April 2008	3,391	1,998	15,180	126	**20,695**
Additions	-	57	504	-	**561**
Disposals	-	-	(261)	-	**(261)**
Transfers to other Group undertakings	-	-	(438)	-	**(438)**
At 31 December 2008	**3,391**	**2,055**	**14,985**	**126**	**20,557**
Depreciation					
At 1 April 2008	2,768	165	14,168	125	**17,226**
Provided during the period	65	298	279	-	**642**
Disposals	-	-	(233)	-	**(233)**
Transfers to other Group undertakings	-	-	(45)	-	**(45)**
At 31 December 2008	**2,833**	**463**	**14,169**	**125**	**17,590**
Net book value at 31 December 2008	**558**	**1,592**	**816**	**1**	**2,967**
Net book value at 1 April 2008	623	1,833	1,012	1	3,469

10 Investments

	Fixed asset investments £'000	Current asset investments £'000	Total £'000
Cost			
At 1 April 2008	28,903	-	28,903
Additions	-	4,003	4,003
Reclassification	(7,531)	7,531	-
At 31 December 2008	**21,372**	**11,534**	**32,906**
Provisions			
At 1 April 2008	15,424	-	15,424
Provided	280	4,003	4,283
Reclassification	(7,531)	7,531	-
At 31 December 2008	**8,173**	**11,534**	**19,707**
Net book value at 31 December 2008	**13,199**	**-**	**13,199**
Net book value at 1 April 2008	13,479	-	13,479

On 10 July 2007, the Company completed the sale of its entire interest in AGOR SAS for a cash consideration of €85m (£53m). The resulting profit on disposal, net of costs, was £9.1m.

On 20 July 2007, the Company agreed to complete a joint venture agreement with Channel 4 with the aim of creating the number one UK music TV provider. The Company sold 50 per cent of Box Television Limited to Channel 4 for cash consideration of £28m subject to a post-completion working capital adjustment. The agreement includes a price adjustment mechanism capped at £4m, dependent upon the performance of the joint venture over the next three years. The resulting profit on disposal, net of cost, was £20.1m.

On 27 November 2007, the Company sold its Emap shares held in trust for cash consideration of £814,000 resulting in no profit or loss.

On 15 December 2008, the Company acquired a 40% shareholding in Next Gen Publishing, a company incorporated in India, for a cash consideration of £4,003,000 from Emap with the intention to sell the investment.

On 3 April 2009, the Company sold Yospace Technologies Limited, so it has been reclassified as a current asset investment.

At 31 December 2008 the Company had the following subsidiary undertakings:

Name of company	Country of registration	Holding	Proportion	Nature of business
Bauer Active Limited	England	Ordinary shares	100%	Agency
Bauer Automotive Limited	England	Ordinary shares	100%	Agency
Bauer East Limited	England	Ordinary shares	100%	Agency
Bauer London Lifestyle Limited	England	Ordinary shares	100%	Agency
Bauer Esprit Limited	England	Ordinary shares	100%	Agency
Bauer Pop Limited	England	Ordinary shares	100%	Non-trading
Yospace Technologies Limited	England	Ordinary shares	100%	Digital

At 31 December 2008 the Company had the following significant interests in joint ventures:

Box Television Limited	England	Ordinary shares	50%	Television Broadcasting

The Company's share of the assets, liabilities, income and expenses in this joint venture are shown below:

	At 31 December 2008 £'000	At 31 March 2008 £'000
Fixed assets	**346**	236
Current assets	**4,725**	5,743
Current liabilities	**(2,676)**	(2,485)
Net assets	**2,395**	3,494
Income	**9,731**	9,075
Expenses	**(9,315)**	(6,933)
Share of post-tax results from joint venture	**415**	2,142

10 Investments (continued)

Associates

At 31 December 2008 the Company had the following associated undertakings:

Name of company	Country of registration	Holding	Proportion	Nature of business
Next Gen Publishing Limited	India	Ordinary shares	40%	Magazine publishing

The Company's share of the assets, liabilities, income and expenses in this associate are shown below:

	At 31 December 2008 £'000	At 31 March 2008 £'000
Fixed assets	233	-
Current assets	887	-
Current liabilities	(527)	-
Creditors: amounts falling due after one year	(3)	-
Net assets	590	-
Income	54	-
Expenses	(80)	-
Share of post-tax results from the associate undertaking	(26)	-

During the nine month period £4,003,000 was written off the Next Gen Publishing Limited investment and £280,000 was written off Bauer Active Limited (12 months ended 31 March 2008, the amount written off fixed asset investments relates to Bauer East Limited £7,893,000 and Yospace Technologies Limited £7,531,000). The carrying values for these investments have been reduced to their recoverable amounts.

The directors are of the opinion that the aggregate value of the Company's investments in subsidiary undertakings (including amounts owed by subsidiary undertakings) is not less than the amount at which they are stated in the accounts.

The Company reviews its investments annually for indicators of impairment. When testing for impairment, recoverable amounts are measured at their value in use by discounting the future expected cash flows from the investments. These calculations use cash flow projections based on management approved budgets and the Company's five year plan. Cash flows beyond the initial five year period are extrapolated using a long term growth rate of 2.25% (31 March 2008: 2.5%). The cash flows have been discounted at a pre-tax discount rate of 11% (31 March 2008: 11%), the Company's current cost of capital.

11 Stock

	At 31 December 2008 £'000	At 31 March 2008 £'000
Raw materials and consumables	1,310	1,083

In the opinion of the directors, the replacement value of stocks at 31 December 2008 and at 31 March 2008 was not materially different from their book value at those dates.

12 Debtors

	At 31 December 2008 £'000	At 31 March 2008 £'000
Trade debtors	13,543	15,798
Amounts owed by a parent undertaking - Bauer UK Magazine GmbH	211,795	203,957
Other debtors (see Note 21)	3,622	47,333
Deferred tax (see Note 15)	371	188
Prepayments and accrued income	5,213	7,080
	234,544	274,356

Amounts owed by Bauer UK Magazine GmbH includes interest of £9,549,550 (12 months ended 31 March 2008: £1,710,801 being interest at 5.16% from 31 January 2008 onwards).

13 Creditors: amounts falling due within one year

	At 31 December 2008 £'000	At 31 March 2008 £'000
Payments received on account	9,790	9,533
Trade creditors	5,172	6,717
Amounts owed to other Group undertakings	35,580	52,517
Corporation tax	24,121	42,813
Other taxes and social security costs	266	2,740
Other creditors	8,435	25,147
Accruals and deferred income	21,848	28,134
	105,212	167,601

Amounts owed to other Group undertakings are unsecured and have no fixed date of repayment. Included in amounts owed to other Group undertakings are balances bearing interest at 5.16% from 31 January 2008 onwards (bore interest at the SONIA rate until 30 September 2007).

14 Creditors: amounts falling due after one year

	At 31 December 2008 £'000	At 31 March 2008 £'000
Unsecured guaranteed loan note	289	200

The loan note is irrevocably and unconditionally guaranteed by the Company and is due for repayment in 2010. Interest is calculated at 1% below the base rate of the National Westminster Bank Plc.

15 Deferred tax

	At 31 December 2008 £'000	At 31 March 2008 £'000
Accelerated capital allowances	314	188
Short term timing differences	57	-
	371	188

The movement in the deferred taxation asset is as below:

	£'000
At 1 April 2008	188
Transferred to profit and loss account (note 7)	183
At 31 December 2008	371

There is no unprovided deferred taxation (31 March 2008: £nil).

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

16 Provisions for liabilities

	Property provisions
	£'000
At 1 April 2008	469
Utilised in the period	(260)
Released	(209)
At 31 December 2008	-

The provision related to the reletting of two floors of a property occupied by the Company. The provision represented the best estimate of the future net cash outflow, expected to be incurred on the net rent shortfall from this lease.

17 Share capital

	At 31 December 2008	At 31 March 2008
Authorised	£'000	£'000
5,000,000 ordinary shares of £1 each	5,000	5,000
4,000,000 redeemable preference shares of £1 each	4,000	4,000
	9,000	9,000
Allotted and fully paid		
400,100 ordinary shares of £1 each	400	400

The ordinary shares of the Company rank after the preference shares as regards payment of dividends and return of capital but carry full voting rights at general meetings of the Company. Voting rights are not available to the preference shareholders except to vary the rights attached to that class. Dividends payable on ordinary shares may fluctuate depending on the Company's results whereas preference dividends are payable at a fixed rate of 5.18% and are cumulative. Under the presentational requirements of FRS 25 'Financial Instruments: Disclosure and presentation', any preference shares issued would be classified as debt.

18 Profit and loss account

	Total £'000
At 1 April 2008	133,836
Profit for the financial period	23,935
Other foreign currency gains	413
At 31 December 2008	**158,184**

19 Reconciliation of movement in shareholders' funds

	At 31 December 2008 £'000	At 31 March 2008 £'000
Retained profit for the financial period	23,935	72,509
Other foreign currency gains	413	12
Share options - value of employee services	-	660
Net increase in shareholders' funds	24,348	73,181
Opening shareholders' funds	134,236	61,055
Closing shareholders' funds	158,584	134,236

20 Leasing commitments

The Company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings At 31 December 2008 £'000	Land & Buildings At 31 March 2008 £'000	Other Assets At 31 December 2008 £'000	Other Assets At 31 March 2008 £'000
Leases expiring within one year	9	391	-	47
Leases expiring between two and five years	1,488	2,972	238	95
Leases expiring after five years	2,747	1,582	-	-
	4,244	4,945	238	142

21 Related party transactions

Following the acquisition of the Company by Heinrich Bauer Verlag KG on 31 Janaury 2008, Emap International Limited, the Company's ultimate parent undertaking until that date, continued to provide accounting and IT services to the Company. During the 12 months ended 31 March 2008: £2,206,000 was charged for these services and at 31 March 2008 £2,206,000 was payable to Emap International Limited and included in creditors due within one year.

During the 12 months ended 31 March 2008, Emap also facilitated the collection of amounts due from debtors of the Company, and payments due to creditors of the Company. At 31 March 2008 £46.9m was due to the Company from Emap International Limited and included in other debtors.

Company registered in England and Wales. At 31 December 2008 the Company owed £1,808,981 to CE Digital Limited (31 March 2008: £nil).

Bauer Digital Radio Limited, another Group undertaking of the Company, owns 51% of the share capital of EG Digital Limited, a joint venture Company registered in England and Wales. At 31 December 2008, the Company was owed £71,981 by EG Digital Limited (31 March 2008: £nil).

22 Immediate and ultimate controlling parties

The immediate parent company is Bauer Consumer Media (Holdings) Limited.

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.

Heinrich Bauer Verlag KG, established in Germany, is regarded by the directors as the Company's ultimate controlling party.

23 Post balance sheet events

After undertaking a thorough review of Yospace Technologies Limited, the Company was sold for a cash consideration of £1 on 3rd April 2009. The disposal will not have a material impact on the Company as the emerging trends within the mobile market landscape resulted in less of a strategic fit for the business within Bauer's broader product portfolio.