

Registered number: 07633974

VANCOUVER TOPCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



VANCOUVER TOPCO LIMITED

COMPANY INFORMATION

Directors	Thomas Bureau Kevin Langford Martin Weiss
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Registered number	07633974
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Registered office	Vineyard House 44 Brook Green Hammersmith London W6 7BT
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VANCOUVER TOPCO LIMITED

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VANCOUVER TOPCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The Directors present the Strategic Report of the Vancouver Topco Group for the year ended 31 December 2018.

Principal activities

The principal activity of the Group is the development and exploitation of the Group's cross media brands. The principal activity of the Company is as a holding company for the Group's activities.

Business review

The Directors are pleased to report that the Group continues to trade strongly.

The Group operates an award winning special interest content and platform business which creates compelling content that enhances the way people engage with what they love.

On 31 August 2018 a subsidiary of the Group, Immediate Media Company London Limited, acquired BBC Good Food, the UK market-leading media food brand, establishing the Group as the largest food media publisher in the UK. The acquisition is an opportunity to build on experience and relationships developed previously as the BBC's contract-publisher for the brand and exploit its strong digital offering, as consumers move away from print products in the long term. The acquisition was part-funded via a £20 million loan from the Group's parent company, *Burda Gesellschaft mit beschränkter Haftung* (Hubert Burda Media), and continues the Group's development as it looks to accelerate its growth through strategic acquisitions and product development.

Financial key performance indicators

The main KPIs of the business relate to turnover, EBITDA and EBITDA margin.

	2018	2017
	£m	£m
Turnover	211.2	201.5
EBITDA	41.6	38.7
EBITDA margin	19.7%	19.2%

EBITDA is equal to operating profit before restructuring, amortisation, depreciation and impairment, plus the Group's share of joint ventures and associates EBITDA of £0.7 million (2017: £0.5 million).

Compared to the twelve months to 31 December 2017, turnover grew 4.8% from £201.5 million to £211.2 million. EBITDA margin also improved. Growth was driven by continued revenue growth from our strong print portfolio, the growth of our non-print businesses and the acquisition of the BBC Good Food brand in August 2018.

The business generated £32.9 million cashflow from operating activities in the year to 31 December 2018 (2017: £24.4 million).

The consolidated statement of comprehensive income includes goodwill amortisation which mainly reflects charging to the income statement of the outlay in relation to the original acquisition of the business and of subsequent acquisitions in accordance with accounting principles and has no implications for future cash flows.

The Group also monitors digital visitors and engagement, print and digital circulation and readership numbers.

The Group continues to trade profitably and to execute its strategies of providing its customers with high quality content across a wide range of platforms, both print and digital.

VANCOUVER TOPCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks and uncertainties

The activities of the business are largely within the United Kingdom, and the business is therefore exposed to the overall performance of the UK economy. Whilst a significant majority of the costs of the Group arise in the UK and are denominated in sterling, certain items are imported and will be impacted by currency fluctuations that may arise as a consequence of Brexit. Management has implemented strategies to mitigate such fluctuations to the extent possible.

A large proportion of the revenues of the business are earned from the distribution of physical magazines and over the long term it is expected that consumers will migrate from physical to digital media in a number of sectors in which the Group operates. The Group has a strategy to roll out digital products and to exploit its brands in the digital environment but there can be no certainty of the success of this strategy.

The high loyalty of customers to the key brands of the business, the relatively high dependence on subscriptions and low dependence on advertising as income streams, and the up-market nature of the business' customer base together provide some mitigation of these risks.

Liquidity risk

The Group has strong operating cash flows, and the Directors consider that there are no significant working capital risks that are likely to require additional funding.

Price and credit risk

The Directors do not believe there is any significant credit risk with any trading partners that are material to the Group.

Financial instruments

Prior to 11 January 2017 the Group was funded via external bank loans and debt provided to its subsidiary undertaking, Immediate Media Company Limited, and shareholder debt provided to its subsidiary undertaking, Vancouver Midco 1 Limited.

On 15 March 2017 the Group successfully refinanced its debt facilities in place at the balance sheet date, rolling them into a new facility with a more favourable interest rate. Costs were incurred in renegotiating this deal, which have been capitalised and will be written off over the term of the loan. At 31 December 2018 the total bank facility available to the Group is £92 million.

As part of the acquisition of BBC Good Food the Group's ultimate parent company, Hubert Burda Media, provided a loan of £20 million to Immediate Media Company London Limited to finance the purchase.

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



Kevin Langford
Director

Date: 26 April 2019

VANCOUVER TOPCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present the Directors' report and the financial statements for the year ended 31 December 2018.

Dividends

The profit for the year, after taxation and minority interests, amounted to £4.4 million (2017: loss £0.8 million).

The Directors do not recommend the payment of a dividend (2017: £nil).

Directors

The Directors who served during the year were:

Thomas Bureau
Kevin Langford
Martin Weiss

Directors' and Officers' insurance cover was in place throughout the financial year as appropriate.

Political and charitable contributions

The Company did not make any political or charitable donations or incur any political expenditure during the year (2017: £nil).

One of the Company's subsidiaries made charitable donations of £10,296 (2017: £26,287).

Going concern

On 15 March 2017 the debt facilities in place at that date were refinanced and rolled over into a new facility. The total bank facility available to the Group at the balance sheet date is £92 million, and the facility expires in March 2022.

The financial covenants of this facility include cash flow cover and leverage. The Group has prepared trading forecasts for the 12 month period ending 30 April 2020; these indicate that there is sufficient headroom against all covenants for a period of not less than 12 months from the date of approval of these financial statements.

After reviewing the Group's forecasts and projections, it is the Directors' view that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

Research and development

It is a strategic priority of the business to understand its customer base and to develop high quality print and digital products for this customer base. The business therefore invests in improving its knowledge of its customer base and its product development function and activity. Total research and development expenditure incurred in the year was £7 million (2017: £5.6 million), which includes £6.3 million (2017: £4.9 million) of capital expenditure.

Employee involvement

Employees attend quarterly update meetings where information is shared with regard to Group performance and organisational priorities. Feedback is encouraged during the quarterly update and on an ad-hoc basis. Further information is provided via team meetings and the Group Intranet.

VANCOUVER TOPCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

In January 2019, the Group's subsidiary, Immediate Media Company London Limited, acquired the Upper Street Events group, one of the UK's leading producers of consumer enthusiast events.

In February 2019, following a strategic review of the structure of the Cycling portfolio, the Group's subsidiary, Immediate Media Company Bristol Limited, sold the CyclingNews and ProCycling brands to Future PLC.

The Group's subsidiary, Immediate Media Company London Limited, is investing in new leasehold premises at Eagle House, Bristol, and its fellow subsidiary, Immediate Media Company Bristol Limited, will move into the new office space in the summer of 2019.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

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



**Kevin Langford
Director**

Date: 26 April 2019

Vineyard House
44 Brook Green
Hammersmith
London
W6 7BT

VANCOUVER TOPCO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group and parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and to enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the parent company and to prevent and detect fraud and other irregularities.

VANCOUVER TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANCOUVER TOPCO LIMITED

Opinion

We have audited the financial statements of Vancouver Topco Limited ("the Company") for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and related notes, including the accounting policies in Note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the parent company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill, intangible assets and inventories, capitalisation of development costs, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or parent company, or to cease their operations, and as they have concluded that the Group's and the parent company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or if there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

VANCOUVER TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANCOUVER TOPCO LIMITED

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group will continue in operation.

Strategic Report and Directors' Report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or parent company, or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

VANCOUVER TOPCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANCOUVER TOPCO LIMITED

The purpose of our audit work and to whom we owe our responsibilities

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



Frederic Caharel (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

26 April 2019

VANCOUVER TOPCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover		211,198	201,546
Cost of sales		(65,062)	(62,287)
Gross profit		<u>146,136</u>	<u>139,259</u>
Distribution costs		(24,886)	(22,613)
Administrative expenses excluding restructuring, amortisation, depreciation and impairment		(80,344)	(78,437)
Operating profit before restructuring, amortisation, depreciation and impairment		<u>40,906</u>	<u>38,209</u>
Restructuring costs		(2,586)	(3,117)
Amortisation of goodwill, other intangibles, depreciation and impairment		(26,665)	(26,854)
Total operating profit	4	<u>11,655</u>	<u>8,238</u>
Share of profit of joint ventures and associates		418	912
Profit on ordinary activities before interest		<u>12,073</u>	<u>9,150</u>
Other interest receivable and similar income	8	44	126
Interest payable and similar expenses	9	(3,662)	(7,067)
Profit before taxation		<u>8,455</u>	<u>2,209</u>
Tax on profit	10	(4,053)	(3,018)
Profit/(loss) for the financial year		<u>4,402</u>	<u>(809)</u>
Profit/(loss) for the year attributable to:			
Non-controlling interests		3	(22)
Owners of the parent Company		4,399	(787)
		<u>4,402</u>	<u>(809)</u>

There was no other comprehensive income for 2018 (2017: £nil).

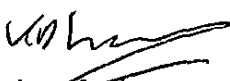
The notes on pages 16 to 46 form part of these financial statements.

VANCOUVER TOPCO LIMITED
REGISTERED NUMBER: 07633974

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	11	103,068	91,011
Tangible assets	12	4,768	4,394
Investments	13	258	-
		<hr/> 108,094	<hr/> 95,405
Current assets			
Stocks	15	8,462	8,301
Debtors	16	31,497	25,984
Cash at bank and in hand	17	13,950	9,312
		<hr/> 53,909	<hr/> 43,597
Creditors: amounts falling due within one year	18	(59,233)	(54,525)
Net current liabilities		<hr/> (5,324)	<hr/> (10,928)
Total assets less current liabilities		<hr/> 102,770	<hr/> 84,477
Creditors: amounts falling due after more than one year	19	(105,698)	(91,514)
Provisions for liabilities			
Deferred taxation	21	(1,822)	(1,885)
Other provisions	22	(146)	(376)
		<hr/> (1,968)	<hr/> (2,261)
Net liabilities		<hr/> (4,896)	<hr/> (9,298)
Capital and reserves			
Called up share capital	23	98	98
Share premium account		17,485	17,485
Profit and loss account		(22,450)	(26,849)
		<hr/> (4,867)	<hr/> (9,266)
Equity attributable to owners of the parent Company		<hr/> (4,867)	<hr/> (9,266)
Non-controlling interests		(29)	(32)
		<hr/> (4,896)	<hr/> (9,298)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Kevin Langford
Director
Date: 26 April 2019


The notes on pages 16 to 46 form part of these financial statements.

VANCOUVER TOPCO LIMITED
REGISTERED NUMBER: 07633974

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	13	1,149	1,149
		<u>1,149</u>	<u>1,149</u>
Current assets			
Debtors	16	162	161
		<u>162</u>	<u>161</u>
Creditors: amounts falling due within one year	18	(3)	(2)
Net current assets		<u>159</u>	<u>159</u>
Total assets less current liabilities		<u>1,308</u>	<u>1,308</u>
Net assets		<u><u>1,308</u></u>	<u><u>1,308</u></u>
Capital and reserves			
Called up share capital	23	98	98
Share premium account		17,485	17,485
Profit and loss account carried forward		(16,275)	(16,275)
		<u>1,308</u>	<u>1,308</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Kevin Langford
Director

Date: 26 April 2019

The notes on pages 16 to 46 form part of these financial statements.

VANCOUVER TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD TO 31 DECEMBER 2018**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Non- controlling interests £000	Total equity £000
At 1 January 2017	97	869	(26,062)	(25,096)	(10)	(25,106)
Comprehensive income for the year						
Loss for the year	-	-	(787)	(787)	-	(787)
NCI share of loss	-	-	-	-	(22)	(22)
Total comprehensive income for the year	-	-	(787)	(787)	(22)	(809)
Shares issued during the year	1	16,616	-	16,617	-	16,617
Total transactions with owners	1	16,616	-	16,617	-	16,617
At 1 January 2018	98	17,485	(26,849)	(9,266)	(32)	(9,298)
Comprehensive income for the year						
Profit for the year	-	-	4,399	4,399	-	4,399
NCI share of profit	-	-	-	-	3	3
Total comprehensive income for the year	-	-	4,399	4,399	3	4,402
Total transactions with owners	-	-	-	-	-	-
At 31 December 2018	98	17,485	(22,450)	(4,867)	(29)	(4,896)

The notes on pages 16 to 46 form part of these financial statements.

VANCOUVER TOPCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD TO 31 DECEMBER 2018**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2017	97	869	135	1,101
Comprehensive income for the year				
Loss for the year	-	-	(16,410)	(16,410)
Total comprehensive income for the year	-	-	(16,410)	(16,410)
Contributions by and distributions to owners				
Shares issued during the year	1	16,616	-	16,617
Total transactions with owners	1	16,616	-	16,617
At 1 January 2018	98	17,485	(16,275)	1,308
Total comprehensive income for the year	-	-	-	-
At 31 December 2018	98	17,485	(16,275)	1,308

The notes on pages 16 to 46 form part of these financial statements.

VANCOUVER TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	£000	£000
Cash flows from operating activities		
Profit for the financial year	4,399	(787)
Adjustments for:		
Amortisation of intangible assets	24,892	23,764
Depreciation of tangible assets	1,645	1,715
Impairments of intangible assets	128	1,375
Loss on disposal of tangible assets	9	-
Interest payable and similar expenses	3,662	7,067
Interest receivable and similar income	(44)	(126)
Taxation charge	4,053	3,018
Increase in stocks	(161)	(516)
Increase in debtors	(3,418)	(2,030)
Increase/(decrease) in creditors	2,253	(3,991)
Decrease in provisions	(230)	(2,250)
Corporation tax paid	(3,355)	(1,134)
R&D expenditure credit	(531)	(793)
Movement in minority interest	(3)	22
Share of profit of joint ventures and associates	(418)	(912)
Net cash generated from operating activities	32,881	24,422
Cash flows from investing activities		
Acquisition of intangible assets	(6,367)	(5,023)
Acquisition of tangible assets	(2,018)	(1,674)
Acquisition of trade and assets of a business	(31,756)	-
Dividends received	104	345
Net cash used in investing activities	(40,037)	(6,352)

VANCOUVER TOPCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	£000	£000
Cash flows from financing activities		
Issue of ordinary shares	-	16,618
New secured loans	-	111,000
New shareholder loans	20,000	-
Repayment of loans	(5,000)	(130,094)
Interest paid	(3,206)	(4,215)
Refinancing fees	-	(1,119)
Repayment of shareholder debt	-	(16,618)
Net cash generated from financing activities	11,794	(24,428)
Net increase/(decrease) in cash and cash equivalents	4,638	(6,358)
Cash and cash equivalents at beginning of year	9,312	15,670
Cash and cash equivalents at the end of year	13,950	9,312
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	13,950	9,312
	13,950	9,312

The notes on pages 16 to 46 form part of these financial statements.

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General Information

Vancouver Topco Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company cash flow statement with related notes is included;
- Key management personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.26 Share Based Payments; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2014.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report on pages 1 to 2.

In the financial period the Group funded its activities through a mixture of equity and external bank debt held by one of the Group's subsidiary undertakings, *Immediate Media Company Limited*.

On 15 March 2017 the debt facilities in place at that date were refinanced and rolled over into a new facility of £111.0 million. The total bank facility available to the Group at the balance sheet date is £92.0 million.

The financial covenants of this facility include cash flow cover and leverage. The Group has prepared trading forecasts for the 12 month period ending 30 April 2020. These indicate that there is *sufficient headroom against all covenants for a period of not less than 12 months from the date of approval of these financial statements.*

After reviewing the Group's forecasts and projections, it is the Directors' view that the Group has adequate resources to continue in operational existence for the foreseeable future. Based on this assessment, and notwithstanding the Group's net current liabilities, it is the Board's view that the Group will have adequate resources to continue as a going concern for the foreseeable future.

2.4 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is sterling (£). All amounts in the financial statements have been rounded to the nearest £1,000.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the *Consolidated Statement of Comprehensive Income* except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 Turnover

Group turnover represents income from circulation, advertising and subscription revenue generated from print magazines and digital publishing, as well as income earned from sales of goods over the internet and via television shopping and from the operation of online market places.

Turnover is recognised on the provision of the related goods or services. Specifically:

- advertising and circulation revenue are recognised on the date of sale of the related publication;
- revenue from print and digital subscriptions is recognised over the period of the subscription;
- revenue from online directory listings is recognised over the period to which it pertains;
- other income is recognised on provision of service;
- event income is recognised when the event has taken place;
- sale of goods is recognised when the risks of ownership has passed to the purchaser, which is considered to be when the order has been dispatched. An immaterial provision is also made for anticipated returns.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Circulation income is stated after the deduction of the sales value of actual and estimated returned goods.

All the material activities of the Group are based in the UK and therefore no segmental analysis has been provided.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.8 Finance costs

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

2.9 Borrowing costs

All borrowing costs are capitalised and charged to the Consolidated Statement of Comprehensive Income over the term of the debt at a constant rate on the carrying amount. If the debt is extinguished at a later date then the remaining capitalised borrowing costs are charged to the Consolidated Statement of Comprehensive Income.

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software and Development	-	3 years
Goodwill	-	2 to 15 years
Other intangible fixed assets	-	3 to 10 years

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

At each reporting date the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount. The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.13 Research and development costs

Software and development costs are recognised as an intangible asset when all the following criteria are demonstrated:

- the technical feasibility of completing the software so that it will be available for use or sale;
- the intention to complete the software and use or sell it;
- the ability to use the software or to sell it;
- how the software will generate probable future economic benefits;
- the availability of adequate resources to complete the development and to use or sell the software; and
- the ability to measure reliably the expenditure attributable to the software during its development.

Software and development costs which do not meet the above criteria are recognised in the Consolidated Statement of Comprehensive Income as an expense when incurred.

Capitalised development costs are not treated as a realised loss for the purpose of determining the Group's distributable profits as the costs meet the condition requiring them to be treated as an asset in accordance with FRS 102 Section 18.

2.14 Tangible fixed assets

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

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

The estimated useful lives range as follows:

Long-term leasehold property	- Over the term of the lease
Plant and machinery	- 3 to 5 years
Fixtures and fittings	- 3 to 5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.15 Impairment of fixed assets and goodwill

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

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.18 Business combinations

Business combinations are accounted for using the purchase method at acquisition date, which is the date on which control is transferred to the Group.

At the acquisition date, the Group recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration transferred); plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Company elected not to restate business combinations that took place prior to the transition date of 1 April 2014. In respect of acquisitions prior to the transition date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangibles assets previously included in goodwill are not recognised separately.

2.19 Stocks

Stocks comprising raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis, and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.20 Debtors

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

2.21 Cash and cash equivalents

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

2.22 Creditors

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

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.23 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.24 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.25 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that *are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.* However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.25 Financial instruments (continued)

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Consolidated Statement of Comprehensive Income in finance costs or income as appropriate. The Group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.26 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

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

The Group has made a number of acquisitions. In each case management has estimated the fair value of the acquired assets and liabilities. Following the adoption of FRS 102, management has also estimated, in line with the standard's requirements, a deferred tax provision in relation to acquired assets where relevant.

On the acquisition of assets and their recognition in the statement of financial position, management has estimated the useful life of the asset and amortised the assets over its useful life. Carrying values are reviewed at each balance sheet date.

Management capitalises certain development costs in line with the Research and development costs policy and Intangible assets policy. Management has exercised judgement in determining what proportion of individual staff members' time is allocated to specific projects, and at what date the business will start to amortise these assets.

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Amortisation of goodwill	13,769	13,548
Amortisation of other intangibles	11,123	10,216
Impairment of intangible assets	128	1,375
Depreciation of tangible fixed assets	1,645	1,715
Research & development charged as an expense	655	706
Exchange differences	76	331
Operating lease rentals	2,805	2,084
Restructuring costs	2,586	3,117

Total research and development expenditure incurred in the year was £7 million (2017: £5.6 million), which includes £6.3 million (2017: £4.9 million) of capital expenditure.

In the year to 31 December 2018, the major items included in restructuring costs were redundancy costs of £1 million (2017: £1.3 million), and diligence and launch costs of £0.7 million relating to the acquisition of the BBC Good Food business and other potential purchases.

In the year to 31 December 2017, also included in restructuring costs was £1 million relating to the transfer of the subscriptions file to a new subscriptions bureau, as a consequence of the closure of the subscriptions fulfillment joint venture (Dovetail) in 2017.

5. Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	139	130
Fees payable to the Group's auditor and its associates in respect of:		
All other services	3	5

VANCOUVER TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Employees

Staff costs were as follows:

	Group 2018 £000	<i>Group 2017 £000</i>
Wages and salaries	40,294	38,079
Social security costs	4,793	4,576
Cost of defined contribution scheme	1,555	1,241
	<u>46,642</u>	<u>43,896</u>

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

	2018 No.	<i>2017 No.</i>
Sales	195	187
Production	658	632
Administration	197	196
Contract publishing	69	78
	<u>1,119</u>	<u>1,093</u>

The Company has no employees other than the Directors, who did not receive any remuneration (2017 - £NIL)

7. Directors' remuneration

	2018 £000	<i>2017 £000</i>
Directors' emoluments	757	583
Company contributions to defined contribution pension schemes	10	7
	<u>767</u>	<u>590</u>

The highest paid director received remuneration of £552,000 (2017: £388,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2017: £7,000).

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. Interest receivable

	2018 £000	2017 £000
Interest receivable from joint ventures	-	13
Share of associates' interest receivable	44	49
Net gain on financial liabilities measured at fair value through profit or loss	-	64
	<u>44</u>	<u>126</u>

On 15 March 2017, the interest rate swaps in place at 31 December 2016 were terminated as part of the refinance of the external bank debt of the Group. The gain on the financial liabilities measured at fair value through profit or loss in the year to 31 December 2017 relates to the revaluation of the interest rate swaps to the mark to market value at 15 March 2017.

9. Interest payable and similar expenses

	2018 £000	2017 £000
Bank interest payable	3,206	3,788
Interest rate swap interest	-	90
On amounts listed on the Channel Islands Stock Exchange	-	59
On amounts owed to related parties	222	33
Amortisation of capitalised loan arrangement costs	234	539
Write-off capitalised loan arrangement costs outstanding at 15 March 2017	-	2,558
	<u>3,662</u>	<u>7,067</u>

In the year to 31 December 2018, interest on the amounts owed to related parties comprises the interest charged on the shareholder loan arrangement with the Group's parent company, Hubert Burda Media (see Note 19).

On 11 January 2017, following the sale of Vancouver Topco Limited to Hubert Burda Media, the debt listed on the Channel Islands Stock Exchange was fully repaid and delisted.

In March 2017 the Group successfully refinanced its debt facilities, securing further funds at a more favourable interest rate. Costs were incurred in renegotiating this deal, which have been capitalised and will be released to the Consolidated Statement of Comprehensive Income over the term of the loan. Included in the interest charge for the year ended 31 December 2017 is the write-off of the loan arrangement costs remaining on the extinguished debt which amounted to £2,558,184.

VANCOUVER TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Taxation

	2018	2017
	£000	£000
Corporation tax		
UK Corporation tax on profit for the period	4,276	2,815
Adjustments in respect of previous periods	(169)	283
	<u>4,107</u>	<u>3,098</u>
Foreign tax		
Foreign tax on income for the year	9	10
	<u>9</u>	<u>10</u>
Total current tax	<u>4,116</u>	<u>3,108</u>
Deferred tax		
Origination and reversal of timing differences	3	(64)
Changes to tax rates	(66)	(26)
Total deferred tax	<u>(63)</u>	<u>(90)</u>
Taxation on profit on ordinary activities	<u>4,053</u>	<u>3,018</u>

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	8,455	2,209
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	1,606	425
Effects of:		
Disallowed expenditure	184	71
Other permanent differences	2,485	309
Other timing differences	(91)	51
Other tax adjustments	16	2,220
Adjustments to tax charge in respect of prior periods - corporation tax	(169)	282
Adjustments to tax charge in respect of prior periods - deferred tax	68	(29)
Share of results of joint ventures and associates	(88)	(185)
Share of tax on joint ventures and associate profit / (loss)	100	71
Tax on overseas operations	8	10
Change in tax rates	(66)	(25)
Group relief	-	(182)
Total tax charge for the year	4,053	3,018

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. The deferred tax liability at 31 December 2018 has been calculated based on these rates.

The Group has no deferred tax assets that are not fully recognised (2017: £Nil).

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Intangible assets

Group

	Goodwill £000	Other Intangibles £000	Software and Development £000	Total £000
Cost				
At 1 January 2018	145,148	24,033	18,252	187,433
Additions	31	-	6,336	6,367
Disposals	(91)	-	(4,054)	(4,145)
Acquired through business combination	11,407	18,400	903	30,710
At 31 December 2018	156,495	42,433	21,437	220,365
Amortisation				
At 1 January 2018	73,999	12,393	10,030	96,422
Charge for the year	13,769	4,864	6,259	24,892
On disposals	(91)	-	(4,054)	(4,145)
Impairment charge	-	128	-	128
At 31 December 2018	87,677	17,385	12,235	117,297
Net book value				
At 31 December 2018	68,818	25,048	9,202	103,068
At 31 December 2017	71,149	11,640	8,222	91,011

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Intangible assets (continued)

The Directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises.

In the year to 31 December 2018 additions to goodwill of £11,407,000 and other intangibles of £18,400,000 were made relating to the acquisition of the BBC Good Food brand on 31 August 2018 - see Note 14, Business Combinations for further information.

Other intangibles at 1 January 2018 include a balance of £500,000 relating to contract fees incurred on the rights to publish BBC titles. During the year, an impairment charge of £128,000 was made against this asset as a result of the acquisition of the BBC Good Food brand.

Further additions during the year of £31,000 were made to goodwill, relating to the acquisition of the Landlove subscriptions database. Fully amortised goodwill relating to the Dirt and Craftseller database was disposed of.

In the year to 31 December 2018 software and development assets totaling £4,054,000 became fully amortised with a net book value of £nil and were disposed of.

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

VANCOUVER TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Tangible fixed assets

Group

	Plant and machinery £000	Fixtures and fittings £000	Leasehold improvements £000	Total £000
Cost or valuation				
At 1 January 2018	3,495	551	3,644	7,690
Additions	1,088	224	706	2,018
Acquired through business combination	10	-	-	10
Disposals	(829)	(179)	(46)	(1,054)
At 31 December 2018	<u>3,764</u>	<u>596</u>	<u>4,304</u>	<u>8,664</u>
Depreciation				
At 1 January 2018	1,672	281	1,343	3,296
Charge for the year	1,195	165	285	1,645
Disposals	(829)	(170)	(46)	(1,045)
At 31 December 2018	<u>2,038</u>	<u>276</u>	<u>1,582</u>	<u>3,896</u>
Net book value				
At 31 December 2018	<u><u>1,726</u></u>	<u><u>320</u></u>	<u><u>2,722</u></u>	<u><u>4,768</u></u>
At 31 December 2017	<u><u>1,823</u></u>	<u><u>270</u></u>	<u><u>2,301</u></u>	<u><u>4,394</u></u>

VANCOUVER TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Fixed asset investments

Group

	Investments in associates £000
Cost or valuation	
At 1 January 2018	-
Share of profit/(loss)	362
Dividends received	(104)
	<hr/>
At 31 December 2018	<u>258</u>

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2018	1,149
	<hr/>
At 31 December 2018	<u>1,149</u>

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Vancouver Midco 1 Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	In members' voluntary liquidation	Ordinary	100%
Immediate Media Company Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Holding Company	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(Loss) £000
Vancouver Midco 1 Limited	-	-
Immediate Media Company Limited	(21,287)	(2,547)

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Vancouver Midco 2 Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	In members' voluntary liquidation	Ordinary	100%
Immediate Media Company London Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Cross media publishing	Ordinary	100%
Immediate Media Company Bristol Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Cross media publishing	Ordinary	100%
Immediate Media TV Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	TV shopping	Ordinary	100%
Genealogy Events Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Live events	Ordinary	77.5%
Hitched Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Non trading	Ordinary	100%
Immediate Media Company Services Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Dormant	Ordinary	100%
Immediate Media Company Magicalia Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Dormant	Ordinary	100%
Immediate Media Company Magicalia Holdings Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Dormant	Ordinary	100%
Immediate Media Company Origin Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Dormant	Ordinary	100%
Immediate Media Company Origin Holdings Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Dormant	Ordinary	100%
Visordown Ltd	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Dormant	Ordinary	100%
Mumdrum Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Dormant	Ordinary	100%
Hitched PTY Limited (South Africa)	Falcon Office Park Unit 14, 142 Suid Street, Lyttelton, 0140, South Africa	Dormant	Ordinary	100%
Immediate Media Company North America Inc (Delaware USA)	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Management services	Ordinary	100%
Immediate Media Company Australia PTY Limited	King & Wood Mallesons Governor Philip Tower, Level 61, 1 Farrer Place, Sydney NSW 2000	Management services	Ordinary	100%
Immediate Media Company Pte Singapore Limited	8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095	Management services	Ordinary	100%

VANCOUVER TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Fixed asset investments (continued)

Indirect subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(Loss) £000
Vancouver Midco 2 Limited	-	-
Immediate Media Company London Limited	79,969	20,376
Immediate Media Company Bristol Limited	1,560	(1,370)
Immediate Media TV Limited	(12,815)	(6,731)
Genealogy Events Limited	(130)	-
Hitched Limited	3,047	-
Immediate Media Company Services Limited	-	-
Immediate Media Company Magicalia Limited	-	-
<i>Immediate Media Company Magicalia Holdings Limited</i>	-	-
Immediate Media Company Origin Limited	-	-
Immediate Media Company Origin Holdings Limited	-	-
Visordown Ltd	-	-
Mumdrum Limited	-	-
Hitched PTY Limited (South Africa)	-	-
Immediate Media Company North America Inc (Delaware USA)	139	(9)
Immediate Media Company Australia PTY Limited	32	5
Immediate Media Company Pte Singapore Limited	61	12

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. Fixed asset investments (continued)

Associate

The following was an associate of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Frontline Limited	Media House Peterborough Business Park, Lynch Wood, Peterborough, UK, PE2 6EA	Magazine distribution	Ordinary	23%

Joint ventures

The following were joint ventures of the Company:

Name	Registered office	Principal activity	Holding
Dovetail Services (UK) Holdings Limited	3rd Floor One London Square, Cross Lanes, Guildford, UK, GU1 1UN	In members' voluntary liquidation	50%
Radio Times Events Limited	Vineyard House, 44 Brook Green, Hammersmith, London, W6 7BT, UK	Dormant	51%

The subsidiary undertakings listed below are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act:

- Vancouver Midco 1 Limited (registered number 07633883)
- Vancouver Midco 2 Limited (registered number 07633954)
- Immediate Media Company Limited (registered number 07635200)
- Hitched Limited (registered number 02925837)
- Genealogy Events Limited (registered number 06201681)

VANCOUVER TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Business combinations

Acquisition of BBC Good Food Brand

On 31 August 2018 the Group acquired the BBC Good Food Brand and associated assets from the BBC. The acquired net assets at the acquisition date are listed below.

The resulting goodwill of £11,407,280 was capitalised and will be written off over 15 years.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair value £000
Fixed assets	
Intangible - Subscriber relationships	400
Licensed domain names	10,000
Licensed trade marks	5,000
Intellectual property	3,000
IT systems	903
Tangible	10
Current assets	
Debtors	2,094
Total assets	<u>21,407</u>
Creditors	
Due within one year	(1,058)
Total identifiable net assets	<u>20,349</u>
Goodwill	11,407
	<u><u>31,756</u></u>

Consideration

	£000
Cash consideration	31,130
Directly attributable costs	626
	<u><u>31,756</u></u>

VANCOUVER TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Stocks

	Group 2018 £000	<i>Group 2017 £000</i>
Raw materials and consumables	613	610
Work in progress	2,598	2,347
Finished goods	5,251	5,344
	<u>8,462</u>	<u>8,301</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £49,825,000 (2017: £45,825,000). The write-down of stocks to net realisable value amounted to £118,000 (2017: £nil).

16. Debtors

	Group 2018 £000	<i>Group 2017 £000</i>	Company 2018 £000	<i>Company 2017 £000</i>
Trade debtors	13,097	12,460	-	-
Amounts owed by subsidiary undertakings	-	-	168	166
Amounts owed by associated undertakings	5,462	6,109	-	-
Other debtors	8,959	4,574	(6)	(5)
Prepayments and accrued income	3,979	2,841	-	-
	<u>31,497</u>	<u>25,984</u>	<u>162</u>	<u>161</u>

Amounts owed by Group undertakings are repayable on demand.

17. Cash and cash equivalents

	Group 2018 £000	<i>Group 2017 £000</i>
Cash at bank and in hand	13,950	9,312
	<u>13,950</u>	<u>9,312</u>

VANCOUVER TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. Creditors: Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Bank loans	6,000	5,000	-	-
Capitalised loan arrangement costs	(184)	(234)	-	-
Trade creditors	9,982	10,510	-	-
Amounts owed to related parties	222	-	-	-
Corporation tax	686	557	-	-
Accruals and other creditors including taxation and social security	18,482	16,625	3	2
Deferred income	24,045	22,067	-	-
	<u>59,233</u>	<u>54,525</u>	<u>3</u>	<u>2</u>

Amounts owed to related parties as at 31 December 2018 comprises interest on the shareholder loan arrangement with the Group's parent company, Hubert Burda Media.

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

	Group 2018 £000	Group 2017 £000
Bank loans	86,000	92,000
Capitalised loan arrangement costs	(302)	(486)
Amounts owed to related parties	20,000	-
	<u>105,698</u>	<u>91,514</u>

Amounts owed to related parties as at 31 December 2018 comprises the loan of £20 million provided by the Group's parent company, Hubert Burda Media, as part of the acquisition of BBC Good Food by Immediate Media Company London Limited, to part-finance the purchase. The loan is repayable by June 2021.

On 15 March 2017 the debt facilities in place at that date were refinanced and rolled over into a new facility of £111.0 million. As at 31 December 2018, the total bank facility available to the Group is £92.0 million and the bank facility expires in March 2022.

VANCOUVER TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. Loans

The Group holds loans which are due for repayment as follows:

	Group 2018 £000	<i>Group 2017 £000</i>
Amounts falling due within one year		
Bank loans	6,000	5,000
	<u>6,000</u>	<u>5,000</u>
Amounts falling due 1-2 years		
Bank loans 1-2 yrs	10,000	6,000
	<u>10,000</u>	<u>6,000</u>
Amounts falling due 2-5 years		
Bank loans	76,000	86,000
Shareholder loan	20,000	-
	<u>96,000</u>	<u>86,000</u>
	<u>112,000</u>	<u>97,000</u>

Interest on both the bank loan and the shareholder loan is charged at LIBOR plus a margin. Book value approximates to fair value.

21. Deferred taxation

Group

	2018 £000	<i>2017 £000</i>
At beginning of year	(1,885)	(1,975)
Charged to profit or loss	63	90
At end of year	<u>(1,822)</u>	<u>(1,885)</u>

VANCOUVER TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

21. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	Group 2018 £000	<i>Group 2017 £000</i>
Accelerated capital allowances	(1,200)	(1,001)
Fair values in business combinations	(611)	(883)
Accrued pension contributions	(11)	(1)
	<u>(1,822)</u>	<u>(1,885)</u>

The amount of the net reversal of deferred tax expected to occur next year is £525,036 (2017: £453,533), relating to the reversal of existing timing differences on tangible and intangible fixed assets, employee benefits and change in tax rates.

22. Provisions

Group

	Provision for constructive obligation £000	Provision for annual leave £000	Total £000
At 1 January 2018	236	140	376
Additions	-	146	146
Utilised in year	(236)	(140)	(376)
At 31 December 2018	<u>-</u>	<u>146</u>	<u>146</u>

The provision for constructive obligation at 31 December 2017 represented an estimate of the Group's share of the losses incurred by a joint venture during its closure. The joint venture ceased trading in November 2017 and entered members voluntary liquidation on 19 February 2018.

The provision for annual leave represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

23. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
982,952,412 (2017: 982,952,412) Ordinary shares of £0.0001 each	98	98

On 11 January 2017 a further 11,213,601 A ordinary shares were issued.

On 1 September 2017 all issued shares were re-designated into one class of ordinary shares, being 982,952,412 ordinary shares of £0.0001 each.

24. Pension commitments

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £1,555,000 (2017: £1,241,000).

Contributions amounting to £0.2 million (2017: £0.2 million) were payable by the group to the scheme at 31 December 2018.

No contributions were payable by the Company to the scheme during the period.

VANCOUVER TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

25. Commitments under operating leases

At 31 December 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	<i>Group 2017 £000</i>
Land and buildings		
Not later than 1 year	3,543	2,254
Later than 1 year and not later than 5 years	9,107	10,585
Later than 5 years	7,830	10,091
	<hr/> 20,480	<hr/> 22,930
	<hr/> Group 2018 £000	<hr/> <i>Group 2017 £000</i>
Other operating leases		
Not later than 1 year	77	77
Later than 1 year and not later than 5 years	173	250
	<hr/> 250	<hr/> 327
	<hr/> <hr/>	<hr/> <hr/>

During the year £2,805,000 was recognised as an expense in the consolidated statement of comprehensive income in respect of operating leases (2017: £2,084,000).

The Group had entered into capital commitments of £2,088,000 (£2017: nil) at the balance sheet date in respect of Eagle House.

The Company does not hold any operating leases and has no capital commitments at the end of the financial period.

VANCOUVER TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

26. Related party disclosures

Related parties of Vancouver Topco Limited include its subsidiary, associate and joint venture undertakings and its ultimate controlling parties as well as its Directors and close family members.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note as permitted by FRS 102.1.12(e).

Group

The following related party transactions were undertaken by the Group:

Name of related party	How related to the group	Income £000	Expenditure £000	Net debtors/ (creditors) balance £000
December 2018				
Frontline Limited	Associate	-	(2,638)	5,462
Hubert Burda Media (Burda GmbH)	Ultimate controlling party	-	(222)	(20,222)
December 2017				
Dovetail Services Limited	Joint venture	13	(2,341)	-
Frontline Limited	Associate	-	(2,453)	6,109
Hubert Burda Media (Burda GmbH)	Ultimate controlling party	-	(108)	-
Exponent PE Partner GP I	Former shareholder	-	(6)	-
Exponent PE Partner GP II	Former shareholder	-	(41)	-
Directors and Senior managers	Directors	-	(3)	-

The fees payable to Frontline Limited in the year to 31 December 2018 and the year to 31 December 2017 relate to magazine distribution. The balance outstanding with Frontline Limited relates to Group revenues collected by Frontline and its subsidiary and joint venture undertakings that are due to the Group. This balance is net of associated fees and marketing and distribution costs and is included within Amounts owed by associated undertakings in Note 16.

The expenditure and net creditor balance with Hubert Burda Media in the year to 31 December 2018 comprises the shareholder loan and related accrued interest.

The expenditure incurred with Dovetail Services Limited in the year to 31 December 2017 relates to subscription fulfilment.

In the year to 31 December 2017 2,800,000 of £1 shares were purchased at par in Dovetail Services (UK) Holdings Limited, with a further 250,000 £1 shares purchased at par in January 2018. The joint venture partner invested the same amount so there was no change to the overall percentage share of the joint venture.

Fees paid to Exponent in the year to 31 December 2017 relate to interest payable on listed shareholder debt as shown in Note 9.

VANCOUVER TOPCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

26. Related party disclosures (continued)

Company

The Company has taken exemption under FRS 102.1.12(e) from disclosing transactions and balances with wholly owned entities which form part of the group headed by Vancouver Topco Limited. Remuneration of Directors is disclosed in Note 7 of these accounts.

The Company did not undertake any further related party transactions.

27. Ultimate parent company

The ultimate controlling party and immediate parent company of the Company is *Burda Gesellschaft mit beschränkter Haftung* (Hubert Burda Media), registered address Hauptstraße 130, 77652 Offenburg, Germany.