

Company number 07440171

TIME OUT GROUP HC LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2011

WEDNESDAY



L1CXKBMA

LD4

11/07/2012

#83

COMPANIES HOUSE

TIME OUT GROUP HC LIMITED

CONTENTS	Pages
Directors and advisers	2
Directors' report	3 - 4
Statement of directors' responsibilities in respect of the accounts	5
Independent auditor's report	6 - 7
Consolidated profit and loss account	8
Consolidated statement of total recognised gains and losses	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated cash flow statement	12
Notes to the accounts	13 – 31

TIME OUT GROUP HC LIMITED

DIRECTORS AND ADVISERS

DIRECTORS

P A D Dubens
A F Collins
B S Hoberman
A M M Elliott
D J King
R W Miller

REGISTERED OFFICE

Universal House
251-255 Tottenham Court Road
London
W1T 7AB

BANKERS

HSBC
70 Pall Mall
London
SW14 SE2

AUDITORS

Grant Thornton UK LLP
Registered Auditors
Grant Thornton House
Melton Street
London
NW1 2EP

SOLICITORS

Anthony Jayes Solicitors LLP
Universal House
251 Tottenham Court Road
London
W1T 7JY

COMPANY S REGISTERED NUMBER

07440171

TIME OUT GROUP HC LIMITED

DIRECTORS' REPORT

The directors submit their report and the accounts for the Group for the year ended 31 December 2011

Results and dividends

The trading loss for the period, after taxation, amounted to £906,806 for the Group. The trading loss results primarily from the heavy investment in technology expanding the Group's digital offering and platform to a multichannel strategy encompassing web, mobile, tablet and print.

The directors do not recommend the payment of a dividend.

Review of business

The Group's underlying principal trading activities are the publication of a weekly magazine in London, an extensive and growing digital presence along with a worldwide licencing business which is present in 32 cities across the world. The period saw increased development of the digital offering through the development of websites, the launch of Time Out Paris, and mobile applications. The ability to transact and make purchases via these channels were enhanced by the launch of Time Out's own content management and transaction platform which was developed during the year.

During the period the Group made an adjusted EBITDA loss of £1,052,756 before charging non-recurring items of £1,552,194, amortisation of £1,056,171 and tangible fixed asset depreciation of £211,294.

Acquisitions

During the year, as part of its growth into the digital and social space the Group acquired Likecube Limited, a company specialising in personalisation software, Keynoir Limited, a London daily-deals service and Bandwidth Communications Holdings Limited trading as Whatsonstage.com, the UK's premier theatre website.

Future developments

The business will continue to expand its presence both in the UK and internationally. It will invest further resource to expand, improve and develop its digital offering including launching new online, mobile, tablet information and ticket booking services via the internet, mobile and other hand held devices whilst retaining its well respected position in print underpinned by quality content and editorial opinion.

Directors

The directors who served during throughout the year were as follows:

P A D Dubens
A F Collins
A M M Elliott
R W Miller
D J King
B S Hoberman

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, foreign exchange risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk.

TIME OUT GROUP HC LIMITED

management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

Price risk

The Group is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services it purchases in the UK and the US. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk

The Group is exposed to foreign exchange risk as it operates overseas and turnover and expenditure are denominated in a foreign currency. This has resulted in a currency exposure and a loss on foreign exchange has been recognised in the year. The Group does not hedge its foreign currency risk.

Liquidity risk

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions.

Interest rate risk

The Group has interest bearing liabilities. The Group has a policy of maintaining debt at a fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Disclosure of information to the auditors

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the Group's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Group's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Auditors

Grant Thornton UK LLP were appointed as auditors on 22 February 2012 and, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487 (2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

A M M Elliott
Director



3/7/2012

TIME OUT GROUP HC LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company for that period. In preparing these accounts, 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 accounts,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIME OUT GROUP HC LIMITED

We have audited the financial statements of Time Out Group HC Limited for the year ended 31 December 2011 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and parent company balance sheets, the consolidated cash flow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIME OUT GROUP HC LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Mark Henshaw
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor Chartered Accountants
London

3 July 2012

TIME OUT GROUP HC LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	Year ended 31 December 2011 £	Period November 15 to 31 December 2010 £
Turnover	2	16,038,312	1,536 157
Cost of sales		(9 068,901)	(694,664)
Gross profit		6,969 411	841,493
Administrative expenses		(11 012 336)	(1 911,082)
Other income receivable		170,510	-
Operating loss		(3,872,415)	(1 069,589)
Analysed as			
Adjusted EBITDA loss		(1,052,756)	(119,732)
Non-recurring items	3	(1 552,194)	(841,558)
EBITDA loss		(2 604,950)	(961 290)
Depreciation of tangible fixed assets		(211,294)	(26,117)
Amortisation		(1 056 171)	(82,182)
Operating loss	4	(3,872 415)	(1 069,589)
Share of operating loss in associate	21	(768,300)	-
Profit on disposal	21	5,302 430	-
Interest payable and similar charges	5	(1 693 491)	(432 088)
Loss on ordinary activities before taxation		(1,031 776)	(1,501 677)
Taxation	8	124,970	-
Loss for the financial period	23	(906 806)	(1,501 677)

The results are derived entirely from continuing operations

TIME OUT GROUP HC LIMITED

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Year ended 31 December 2011	Period November 15 to 31 December 2010
	£	£
Loss for the financial year	(906 806)	(1,501,677)
Exchange movement on foreign currency net investment	-	(16,718)
Total recognised loss for the period	(906 806)	(1 518,395)

TIME OUT GROUP HC LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
Fixed assets			
Intangible assets – Goodwill	9	13 681 603	11 526,885
Intangible assets – Development costs and trademarks	10	1,931,387	882 680
Total intangible fixed assets		15,612 990	12,409 565
Tangible assets	11	613 214	688 242
Other fixed asset investments	13	465	465
Total fixed assets		16 226 669	13 098 272
Current assets			
Stocks	15	667 630	1 377 243
Debtors	16	5 352 999	3 534 574
Cash at bank		1,909,665	2,357,058
		7,930 294	7 268 875
Creditors amounts falling due within one year	17	(6 910 633)	(4 323,807)
Net current assets		1 019 661	2 945 068
Total assets less current liabilities		17 246,330	16 043,340
Creditors amounts falling due after more than one year			
Preference shares to TO Bermuda Limited	19	(10 870 000)	(6 650 000)
Other – loan notes to Oakley Capital Investments Limited and TO Bermuda Limited	19	(8,640 800)	(6 640 510)
Provisions for liabilities – share of liabilities in associated undertakings		-	(3 937 060)
Provisions for liabilities – other	20	(159 731)	(333 165)
Net liabilities		(2 424 201)	(1 517 395)
Capital and reserves			
Called up share capital	22	1 000	1 000
Profit and loss account	23	(2 425 201)	(1,518 395)
Equity shareholders' deficit	23	(2 424 201)	(1 517 395)

The accounts were approved by the Board of Directors on 3/7/2012 and were signed on its behalf by

A M M Elliott
Director



Company registered name Time Out Group HC Limited
Company registered number 07440171

TIME OUT GROUP HC LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
Fixed assets			
Investments	12	14,021,000	8,651,000
		<hr/>	<hr/>
Creditors, amounts falling due within one year	17	(903,800)	(103,800)
		<hr/>	<hr/>
Net current liabilities		(903,800)	(103,800)
		<hr/>	<hr/>
Total assets less current liabilities		13,117,200	8,547,200
Creditors' amounts falling due after more than one year			
Preference shares to TO Bemuda Limited	19	(10,870,000)	(6,650,000)
Other – loan notes to Oakley Capital Investments Limited and TO Bemuda Limited	19	(2,350,000)	(2,000,000)
		<hr/>	<hr/>
Net liabilities		(102,800)	(102,800)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	22	1,000	1,000
Profit and loss account	24	(103,800)	(103,800)
		<hr/>	<hr/>
Equity shareholders' deficit	24	(102,800)	(102,800)
		<hr/>	<hr/>

The accounts were approved by the Board of Directors on 3/7/2012 and were signed on its behalf by

A M M Elliott

A M M Elliott
Director

TIME OUT GROUP HC LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Year ended 31 December 2011 £	Period November 15 to 31 December 2010 £
Net cash outflow from operating activities	25	(1,397,447)	(2,118,206)
Return on investments and servicing of finance			
Interest paid		-	(620,470)
		-	(620,470)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(426,429)	(103,065)
Payments to acquire intangible fixed assets		(893,341)	-
Net cash outflow for capital expenditure and financial investment		(1,319,770)	(103,065)
Acquisitions and disposals			
Purchase of subsidiary undertakings	14	(2,608,511)	(2,265,035)
Net cash / (overdrafts) acquired with subsidiaries	14	61,266	(2,423,794)
Sale of associated undertaking	21	597,069	-
		(1,950,176)	(4,688,829)
Cash outflow before financing		(4,667,393)	(7,530,570)
Financing			
Issue of ordinary share capital		-	1,000
Issue of new loan stock		-	2,000,000
Issue of new loan note		-	5,000,000
Issue of preference shares		4,220,000	6,650,000
Loan issue costs		-	(359,490)
Repayment of loan		-	(3,403,882)
Net cash inflow from financing		4,220,000	9,887,628
(Decrease) / increase in cash in the period	26	(447,393)	2,357,058

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards and on the going concern basis. A summary of the accounting policies adopted are described below. The critical accounting policies remain unchanged from the prior year.

Basis of consolidation

The Group accounts consolidate the accounts of Time Out Group HC Limited and all its Group undertakings drawn up to 31 December 2011 under the acquisition method. No profit and loss account is presented for Time Out Group HC Limited as permitted by section 408 of the Companies Act 2006. The loss for the Company for the period after tax amounted to £Nil.

Going concern

The group made a loss of £906,806 after tax for the period, and at 31 December 2011, its liabilities exceeded its assets by £2,425,201.

The financial statements have been prepared on a going concern basis as the company has received a letter of support from the parent company indicating their intention to continue to provide financial support to the company for a period of not less than twelve months from the approval of these financial statements.

Associates

The investments in Time Out New York, L.P. and TONY Chicago LLLP have been accounted for on the equity basis until the date of disposal whereby the Group's share of profits less losses of its associates is included in the profit and loss account and the Group's share of the associate's net liabilities is included in the balance sheet.

Goodwill

To the extent that the fair value of the cost of acquisition exceeds the fair value of the net assets acquired the difference is treated as purchased goodwill and is included within intangible assets in the balance sheet and amortised over its expected useful life of 15 years.

In accordance with FRS10 and FRS11 the carrying value of intangible assets is reviewed annually for impairment on the basis stipulated in FRS11 and adjusted to the recoverable amount should this be required.

Intangible fixed assets

Trademark assets

Trademark assets are stated at cost. No amortisation is charged on copyright or trademark assets as the directors consider that the brand has an indefinite useful economic life. This is based upon the money spent on maintaining and defending the Time Out brand, thereby maintaining the residual value at a level higher than cost.

This constitutes a departure from the Companies Act 2006 and the directors consider this is necessary in order for the accounts to give a true and fair view. It is not possible to quantify the potential financial effect on the accounts of this departure.

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

1 Accounting policies (continued)

Intangible fixed assets (continued)

Trademark assets (continued)

The carrying values are subject to annual review for any impairment in value

Development costs

Development costs comprising costs incurred prior to the launch of a new title are written off over a period of four years

Technology

The cost of internally generated and acquired technology is recognised as an intangible asset providing it satisfies all the conditions set out in the research and development policy below. Assets are subsequently measured and amortised on a straight line basis over their useful economic lives

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows

Computer equipment	- at 33% per annum on straight line basis
Fixtures & fittings	- at 25% per annum on straight line basis

Research and development

Expenditure on the research phase of an internal project is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all the following conditions are satisfied

- Completion of the asset is technically feasible so that it will be available for use or sale
- The group intends to complete the asset and use or sell it
- The group has the ability to use or sell the asset and the asset will generate probable future economic benefits (over and above cost)
- There are adequate technical, financial and other resources to complete the development and to use or sell the asset, and
- The expenditure attributable to the asset during its development can be measured reliably

Development costs not meeting the criteria for capitalisation are expensed as incurred. The cost of an internally generated asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee (other than director) costs incurred along with third party costs

Careful judgement by the directors is applied when deciding whether the recognition requirements for development costs have been met. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new projects are continuously monitored by the directors

TIME OUT GROUP HC LIMITED

Fixed asset investments

Investments are stated at cost less provision for impairment

Stocks

Stocks are stated at the lower of cost and net realisable value as follows

Raw materials	-	purchase cost on a first-in, first-out basis
Work in progress	-	cost of direct materials and labour (subcontracted only)
Finished goods	-	cost of direct materials and labour (both subcontracted and direct) plus other directly attributable overheads

Work in progress includes the cost of developing a publication which has not yet been published

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal

Taxation

Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is provided on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. Deferred tax assets are recognised to the extent that they are recoverable, that is, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Any assets and liabilities recognised have not been discounted.

Pension costs

The Group contributes to certain employees' personal pension plans on a defined contribution basis. Contributions to the defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Foreign currencies

Assets and liabilities of subsidiaries in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial period and the result of foreign subsidiaries are translated at the period end exchange rate. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies are taken to reserves.

All transactions denominated in foreign currency are translated at the rate of exchange ruling at the time of the transaction. All foreign exchange differences are taken to the profit and loss account in the period in which they arise. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated using the closing rate.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

Financial instruments - continued

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2 Turnover

Turnover, which is stated net of value added tax, represents the amounts derived from the sale of goods and services which fall within the Group's ordinary continuing activities, principally in the United Kingdom. Advertising revenue is recognised at the time the advertisement is published. Subscription income is deferred and recognised as fulfilled over the length of each subscription. Circulation income is recognised at the time of sale. Adequate provision is made for returns of books sold.

Licensing and royalty revenues are recognised on an annual basis in accordance with the substance of the underlying agreement.

3 Non-recurring items

	Year ended 31 December 2011 £	Period November 15 to 31 December 2010 £
Refinancing fees	-	426,476
Staff bonuses on refinancing	-	374,781
Consultancy fees	136,404	40,301
Stock write down	628,762	-
Severance and recruitment pay	684,313	-
Legal fees	102,715	-
	<hr/> 1,552,194	<hr/> 841,558

4 Operating loss

is stated after charging

	Year ended 31 December 2011 £	Period November 15 to 31 December 2010 £
Operating leases		
— land and buildings	750,000	66,426
— other	13,300	7,820
Depreciation – tangible fixed assets	211,294	26,117
Amortisation	1,056,171	82,182
Auditor's remuneration	70,000	15,631
Loss on foreign exchange	90,403	-
	<hr/>	<hr/>

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

5	Interest payable and other similar charges	Year ended 31 December 2011 £	Period November 15 to 31 December 2010 £
	Fees charged in relation to cancellation of a bank swap arrangement	-	328,950
	Non-cash interest payable on preference shares and loan notes	1 579 061	75,508
	Bank loans wholly repayable within 5 years	-	27 630
	Amortisation of loan issue costs	114,430	
		<u>1 693 491</u>	<u>432,088</u>

6	Employees	Year ended 31 December 2011 £	Period November 15 to 31 December 2010 £
	Staff costs		
	Wages and salaries	6 001 828	938 660
	Social security costs	662 106	112,209
	Pension costs	186,640	20,745
		<u>6 850 574</u>	<u>1,071,614</u>

Pension costs represent total employer contributions to personal pension plans

The average monthly number of employees including directors during the period was

	2011 No	2010 No
Administration	56	38
Editorial	73	55
Studio and production	28	28
Marketing and design	30	28
	<u>187</u>	<u>149</u>

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

7	Directors' remuneration	Year ended	Period
		31 December	November 15
		2011	to 31
		£	December
			2010
			£
	Total emoluments of directors	465,609	29,318
	Total contributions to personal pension plan	25,000	8,969
	One director had contributions to a personal pension scheme. The highest paid director received total remuneration of £282,194.		
8	Taxation	Year ended	Period
		31 December	November
		2011	15 to 31
		£	December
			2010
			£
	Current tax charge		
	Total current tax charge	-	-
	Movement in deferred tax and other timing differences	124,970	-
	Total tax charge on loss on ordinary activities	124,970	-
		£	£
	Loss on ordinary activities per the accounts	(1,031,776)	(1,501,677)
	<i>Tax reconciliation</i>		
	Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.49% (2010: 28%)	(273,317)	(420,470)
	Expenses not deductible for tax purposes	132,706	174,849
	Depreciation in excess/(deficit) of capital allowances	7,156	(1,705)
	Tax losses not utilised in the period	1,085,878	247,326
	Amortisation of goodwill	279,780	-
	Profit on disposal of associate	(1,268,854)	-
	Amortisation of loan costs	30,313	-
	Other short term timing differences	6,338	-
	Total current tax charge	-	-

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

The amount of recognised deferred tax asset, is as follows

	Amount recognised as at 31 December 2011 £
Fixed asset timing differences	98,764
Other timing differences	26,206
	<u>124,970</u>

The amount of unrecognised deferred tax asset, is as follows

	Amount unrecognised As at 31 December 2011 £
Unutilised tax losses	2,694,702

As at 31 December 2011 the Group has unrecognised potential deferred tax assets of £2,694,702. This consisted of unrecognised losses which may be available to be carried forward to offset against future taxable income. However their utilisation is contingent on the relevant subsidiaries producing taxable profits over a significant period of time and is subject to compliance with the relevant taxation authority requirements.

9 *Intangible fixed assets - Goodwill Group*

	£
Cost	
At 1 January 2011	11,609,067
Additions	14 3,237,756
Disposal	(200,000)
At 31 December 2011	<u>14,646,823</u>
Amortisation	
At 1 January 2011	82,182
Charge for the period	883,038
At 31 December 2011	<u>965,220</u>
Net book value	
At 31 December 2011	<u>13,681,603</u>
Net book value	
At 31 December 2010	<u>11,526,885</u>

During the year Keynair Limited, a subsidiary company purchased the assets of Kelkoo Select for consideration of £218,300. The fair value of tangible assets acquired was £nil and therefore £218,300 has been included within Goodwill.

In November 2010 Time Out Group HC Limited granted an option to Oakley Capital Limited, Oakley, enabling Oakley to purchase the Group's remaining holding in Time Out New York Limited for \$1,000,000. On exercise of the option the consideration was to be paid to the former shareholders of Time Out Group Limited. Oakley exercised the option on 26 May 2011 and therefore the Group disposed of its holding in Time Out New York Limited. Once received the consideration for Time Out New York Limited was paid to the former shareholders and this has been shown as an additional investment of \$1,000,000 (£616,847).

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

9 Intangible fixed assets – Goodwill (continued)

Deferred consideration of £350,000 has been provided within the financial statements in respect of amounts potentially due to the previous shareholder of Time Out Group Limited in accordance with the performance criteria specified within the sale and purchase agreement

10 Intangible fixed assets – development costs and trademarks

<i>Group</i>	Rights to Kids Out	Development Costs	Trade Marks and Copyright	Total
Cost	£	£	£	£
At January 2011	54,268	1,277	827,135	882,680
Reclassification from Tangible fixed assets	-	377,379	-	377,379
Additions	-	876,523	16,818	893,341
At 31 December 2011	54,268	1,255,179	843,953	2,153,400
Amortisation				
At January 2011	-	-	-	-
Reclassification from Tangible fixed assets	-	48,880	-	48,880
Charge for the period	-	173,133	-	173,133
At 31 December 2011	-	222,013	-	222,013
Net book value				
At 31 December 2011	54,268	1,033,166	843,953	1,931,387
At 31 December 2010	54,268	1,277	827,135	882,680

11 Tangible fixed assets

<i>Group</i>	Fixtures and Fittings	Computer Equipment	Total
Cost	£	£	£
At 1 January 2011	43,080	671,279	714,359
Acquisition of subsidiary	14,282	35,534	38,336
Additions	66,287	360,142	426,429
Reclassification to Intangible fixed assets	-	(377,379)	(377,379)
At 31 December 2011	112,169	689,576	801,745
Depreciation			
At 1 January 2011	2,521	23,596	26,117
Charge for the period	30,019	181,275	211,294
Reclassification to Intangible fixed assets	-	(48,880)	(48,880)
At 31 December 2011	32,540	155,991	188,531
Net book value			
At 31 December 2011	79,629	533,585	613,214
At 31 December 2010	40,559	647,683	688,242

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

12 Fixed asset investments

<i>Company</i>	Shares in subsidiary undertaking £
Cost	
At 1 January 2011	8,651,000
Additions	5,370,000
	<hr/>
At 31 December 2011	14,021,000
	<hr/>
Impairment	
At 1 January 2011 and at 31 December 2011	-
	<hr/>
Net book value	
At 31 December 2011	14,021,000
	<hr/>
At 31 December 2010	8,651,000
	<hr/>

The company holds more than 10% of the equity of the following undertakings

Name of company	Country of registration (or incorporation)	Proportion held	Nature of business
Direct subsidiary			
Time Out Group MC Limited	England and Wales	100%	Holding company
Indirect subsidiaries			
Time Out Group BC Limited	England and Wales	100%	Holding company
Time Out Group Limited	England and Wales	100%	Holding company
Time Out Magazine Limited	England and Wales	100%	Publishing
Time Out Guides Limited	England and Wales	100%	Publishing
Time Out Digital Limited	England and Wales	100%	Electronic publishing

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

12 Fixed asset investments (continued)

Time Out International Limited	England and Wales	100%	Licensing of brand
Keynoir Limited	England and Wales	100%	e-commerce
Likcube Limited	England and Wales	100%	Web services
Bandwidth Communications Holdings Limited	England and Wales	100%	Holding company
Bandwidth Communications Limited	England and Wales	100%	Web services
Theatregoer Magazine Limited	England and Wales	100%	Publishing

13 Other fixed assets investments

£

Listed investments at cost	4,716
Provisions	(4 251)
	<hr/>
Balance as at 31 December 2011 and 31 December 2010	465
	<hr/>

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

14 Acquisition of subsidiary undertakings

Likecube Limited

On 14 July 2011, Time Out Group Limited, a 100% owned subsidiary of Time Out Group HC Limited, acquired 100% of the issued share capital of Likecube Limited for consideration of £399,747. Included within the purchase price is £200,000 of deferred consideration payable on certain performance criteria being met.

The following table sets out the provisional fair value of the assets and liabilities acquired at 14 July 2011.

	Provisional fair value of the assets acquired £
Current assets	
Cash	783
Creditors amounts falling due within one year	(43,655)
Net liabilities	<u>(42,872)</u>
Cash consideration	199,747
Deferred consideration	200,000
Acquisition costs	59,560
Total cost of investment	<u>459,307</u>
Goodwill	<u>502,179</u>

Likecube Limited's results up to the date of acquisition are as follows:

	31 March 2011- 14 July 2011 £	Year to 31 March 2011 £
Turnover	38,392	89,221
Operating loss and loss after tax	(2,010)	(21,484)

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

14 Acquisition of subsidiary undertakings (continued)

Keynoir Limited

On 21 November 2011, Time Out Group Limited, a 100% owned subsidiary of Time Out Group HC Limited, acquired 100% of the issued share capital of Keynoir Limited for consideration of £718,750

The following table sets out the provisional fair value of the assets and liabilities acquired at 21 November 2011

	Assets acquired £	Fair value adjustments £	Provisional fair value of the assets acquired £
Fixed assets			
Tangible fixed assets	38,336	-	38 336
Current assets			
Debtors	183,498	-	183 498
Cash	77 176	-	77 176
	<u>260,674</u>	<u>-</u>	<u>260,674</u>
Creditors amounts falling due within one year	(271,874)	(7,218)	(279 092)
Net assets acquired	<u>27,136</u>	<u>(7,218)</u>	<u>19,918</u>
Cash consideration			<u>718 750</u>
Goodwill			698,832

The fair value adjustment is an adjustment to align the revenue recognition policy of Keynoir Limited to those of the Time Out Group

Keynoir Limited's results up to the date of acquisition are as follows

	31 December 2010- 21 November 2011 £	6 January 2010 – 31 December 2010 £
Turnover	489,427	144 455
Operating loss and loss after tax	(249 328)	(1 300,763)

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

14 Acquisition of subsidiary undertakings – continued

Bandwidth Communications Holdings Limited

On 23 December 2011, Time Out Group Limited, a 100% owned subsidiary of Time Out Group HC Limited, acquired 100% of the issued share capital of Bandwidth Communications Holdings Limited for consideration of £770,223

Bandwidth Communications Holdings Limited owns 100% of the following subsidiaries and the following table sets out the provisional fair value of the consolidated assets and liabilities acquired at 23 December 2011

- Bandwidth Communications Limited
- Theatregoer Magazine Limited

	Assets acquired £	Fair value adjustments £	Provisional Fair value of the assets acquired £
Current assets			
Debtors	142,375	-	142,375
Creditors amounts falling due within one year	(125,214)	(73,452)	(198,666)
Net liabilities acquired	<u>17,161</u>	<u>(73,452)</u>	<u>(56,291)</u>
Cash consideration			770,223
Acquisition costs			<u>25,084</u>
			<u>795,307</u>
Goodwill			851,598

Bandwidth Communications Holdings Limited's results up to the date of acquisition are as follows

	31 December 2010- 21 November 2011 £	6 January 2010 – 31 December 2010 £
Turnover	<u>974,663</u>	<u>962,677</u>
Operating loss and loss after tax	<u>(87,737)</u>	<u>(177,310)</u>

The fair value adjustments in relation to Likecube Limited, Keynoir Limited and Bandwidth Communications Holdings Limited are provisional as the directors intend to reserve their right to re-appraise fair values up until the first financial year post acquisition

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

15	Stocks	Group		Company	
		2011 £	2010 £	2011 £	2010 £
	Raw materials and consumables	71,368	50,581	-	-
	Work in progress	-	236,570	-	-
	Finished goods and goods for resale	596,262	1,090,092	-	-
		<u>667,630</u>	<u>1,377,243</u>	<u>-</u>	<u>-</u>
16	Debtors	Group		Company	
		2011 £	2010 £	2011 £	2010 £
	Trade debtors	3,477,642	2,250,584	-	-
	Deferred tax asset (note 18)	194,543	69,573	-	-
	Other debtors	607,096	432,586	-	-
	Prepayments and accrued income	1,073,718	781,831	-	-
		<u>5,352,999</u>	<u>3,534,574</u>	<u>-</u>	<u>-</u>
17	Creditors, amounts falling due within one year	Group		Company	
		2011 £	2010 £	2011 £	2010 £
	Trade creditors	2,246,409	1,087,045	-	-
	Other taxes and social security	1,478,543	517,595	-	-
	Other creditors	289,243	1,009,900	-	-
	Accruals and deferred income	<u>2,896,438</u>	<u>1,709,267</u>	<u>903,800</u>	<u>103,800</u>
		<u>6,910,633</u>	<u>4,323,807</u>	<u>903,800</u>	<u>103,800</u>
18	Deferred tax	Group		Group	
		Fixed Asset Timing Differences £		Short Term Timing Differences £	
	As at 1 January 2011		54,191	15,382	69,573
	Recognised during the year (Note 8)		114,146	10,824	124,970
			<u>168,337</u>	<u>26,206</u>	<u>194,543</u>

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

19 Creditors amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Loan stock (TO (Bermuda)	2,000,000	2,000,000	2,000,000	2,000,000
Loan notes (to Oakley Capital Investments Limited)	5,000,000	5,000,000	-	-
12% redeemable preference shares TO (Bermuda)	10,870,000	6,650,000	10,870,000	6,650,000
Loan issue costs	(245,060)	(359,490)	-	-
Other creditors	1,885,860	-	350,000	-
	<u>19,510,800</u>	<u>13,290,510</u>	<u>13,220,000</u>	<u>8,650,000</u>

Loan stock

On 23 November 2010 the Company issued unsecured loan stock totalling £2,000,000, for consideration of the same amount, to TO (Bermuda) Limited, one of the Company's controlling parties. Interest is charged at 12 per cent per annum and is repayable on 30 November 2015.

Loan notes

On 23 November 2010, Time Out Group BC Limited, a subsidiary of the Company, issued secured loan notes of £5,000,000 to Oakley Capital Investments Limited in exchange for proceeds of the same amount. Interest is accrued at 8.5% per annum. The loan notes are redeemable on 31 March 2013. The loan is secured by a debenture over the first legal mortgage on the leasehold property of Time Out Group Limited and a fixed charge over the assets and intellectual property of the Group.

12% redeemable preference shares

On 23 November 2010, the Company issued 6,650,000 redeemable preference shares at £1 per share. During the year to 31 December 2011 the company issued a further £4,220,000 preference shares at £1. The Company shall redeem all outstanding preference shares on the first business day following 23 November 2016. The redemption amount is calculated as being equal to the amount that would have accrued on the preference shares had it accrued interest at 12% per annum from the date of issue to 23 November 2016, compounding on an annual basis on 31 December each year.

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

20 Provisions for liabilities

<i>Group</i>	Onerous rent provision £
At 1 January 2011	333,165
Reduction in the period	(173,434)
	<hr/>
At 31 December 2011	159,731
	<hr/>

21 Share of net liabilities in associated undertakings

On 26 May 2011 Time Out Group Limited, a subsidiary of Time Out Group HC Limited, disposed of its 100% holding in Time Out New York Limited. Time Out New York Limited had holdings in the associated undertakings Time Out New York Partners LP and Time Out New York Chicago Partners LLLP.

The following additional information is in relation to the Group's share of the profit and loss account of the associates until the date of disposal:

	2011 Time Out New York Partners LP	2011 Time Out New York Chicago Partners LLLP	2011 Total
	£	£	£
Profit and loss account			
Turnover	1,477,072	47,795	1,524,867
Operating loss	(546,436)	(73,600)	(620,036)
Interest payable	(143,864)	(4,400)	(148,264)
	<hr/>	<hr/>	<hr/>
Loss before and after tax	(690,300)	(78,000)	(768,300)
	<hr/>	<hr/>	<hr/>

The profit on disposal is the difference between the disposal proceeds and the net liabilities at the date of disposal:

	£
Net liabilities at 26 May 2011	4,705,361
Cash consideration	<hr/>
	597,069
Profit on disposal	<hr/>
	5,302,430
	<hr/>

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

22 Share capital

	Authorised 2011 £	Allotted, called up and fully paid 2011 £
A1' Ordinary shares of £0.10 each	4,250	425
A2' Ordinary shares of £0.10 each	4,250	425
B' Ordinary shares of £1.10 each	1,500	150
'C' Ordinary shares of £0.10	1	-
	<hr/> 10,001	<hr/> 1,000
12% redeemable Preference shares of £1 each	<hr/> 6,650,000	<hr/> 6,650,000

The redeemable Preference shares are presented as a liability (see note 19) and accordingly are excluded from called up share capital in the balance sheet.

The A' Ordinary shares have a voting right but the B' Ordinary shares and C' Ordinary shares carry no voting rights. The holders of the 'A1' Ordinary shares, 'A2' Ordinary shares and B' Ordinary shares shall not be entitled to receive any dividend until all of the Preference shares have been redeemed. The 'A1' Ordinary Shares, 'A2' Ordinary shares and B' Ordinary shares shall rank equally for any dividends paid.

23 Reconciliation of shareholders' deficit and movements on reserves

Group

	Share capital £	Profit and loss account £	Total £
Balance at 1 January 2011	1,000	(1,518,395)	(1,517,395)
Loss for the period	-	(906,806)	(906,806)
	<hr/> 1,000	<hr/> (2,425,201)	<hr/> (2,424,201)

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

24 Reconciliation of shareholders' deficit and movements on reserves

Company

	Share capital £	Profit and loss account £	Total £
Balance at 1 January 2011	1,000	(103,800)	(102,800)
Result for the period	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2011	1,000	(103,800)	(102,800)
	<hr/>	<hr/>	<hr/>

25 Reconciliation of operating loss to net cash inflow from operating activities

	Period ended 31 December 2011 £	Period ended 31 December 2010 £
Operating loss	(3,872,415)	(1,069,589)
Amortisation	1,056,171	82,182
Depreciation	211,294	26,117
Decrease in stocks	709,613	139,411
(Increase) / decrease in debtors	(1,410,082)	134,660
Increase / (decrease) in creditors	2,081,406	(1,346,726)
Decrease in provisions	(173,434)	(84,261)
	<hr/>	<hr/>
Net cash outflow from operating activities	(1,397,447)	(2,118,206)
	<hr/>	<hr/>

26 Reconciliation of net cash flow to movement in net debt

	£
Decrease in cash in the period	(447,393)
Cash inflow from financing	(4,220,000)
	<hr/>
Change in net debt resulting from cash flows	(4,667,393)
	<hr/>
Net debt at 31 December 2010	(10,933,452)
	<hr/>
Net debt at 31 December 2011	(15,600,845)
	<hr/>

TIME OUT GROUP HC LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

27 Analysis of net debt	At 1 January 2011 £	Cash flow £	At 31 December 2011 £
Cash at bank	2,357,058	(447,393)	1,909,665
	2,357,058	(447,393)	1,909,665
Debt due within 1 year	-	-	-
Debt due after 1 year	(13,290,510)	(4,220,000)	(17,510,510)
Total	(10,933,452)	(4,667,393)	(15,600,845)

28 Financial commitments

Annual commitments under non cancellable operating leases are as follows

	Period ended 31 December 2011	
	Land and Buildings £	Other £
<i>Group</i>		
Leases which expire		
Within one year	-	10,200
In two to five years	775,000	3,130
	775,000	13,330

29 Related party transactions

The company has taken advantage of the exemption within FRS 8 and not disclosed transactions with wholly owned subsidiary undertakings which are consolidated within these financial statements

During the year the company charged Time Out New York Limited a company which is also controlled by TO (Bermuda) Limited for services to the value of £872,894. At 31 December 2011 Time Out New York Limited owed the Group £282,585

30 Contingent liabilities

The Group has granted a security accession deed to Oakley Capital Limited. Under the deed fixed charges have been granted by way of legal mortgage over the assets of the group including all freehold and leasehold property together with fixtures, all subsidiary shares and investments.

In common with other similar publications Time Out has at any one time a number of libel and similar claims outstanding against it. The directors are vigorously contesting all actions extant at the year end and are of the opinion that aggregate uninsured liabilities, if any, will not be material.

31 Ultimate parent undertaking

The Company is jointly owned by TO (Bermuda) Limited a company incorporated in Bermuda and A M M Elliott, a director of the Company. Both shareholders are deemed to have joint control of the Company.