

Company number 07440171

**TIME OUT GROUP HC LIMITED**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2012**

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COMPANIES HOUSE

## **TIME OUT GROUP HC LIMITED**

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**TIME OUT GROUP HC LIMITED**

**DIRECTORS AND ADVISERS**

**DIRECTORS**

P A D Dubens  
A F Collins  
B S Hoberman  
A M M Elliott  
R W Miller  
A Van Der Wal

**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**

Simons Muirhead & Burton  
8-9 Frith Street  
London  
W1D 3JB

**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 2012

#### **Results and dividends**

The operating loss for the financial period amounted to £7,694,054 (2011 £3,872,415) for the Group. The loss results primarily from the continued investment in technology, expanding the Group's digital offering and platform to a multichannel strategy encompassing web, mobile, tablet and print, combined with group restructuring to the guides business and costs in relation to the launch of the free magazine.

The loss for the financial period, after taxation of £11,038,482 (2011 £906,806) results from the above, combined with a loss on disposal of investments of £723,249 (2011 profit on disposal £5,302,430) and increased interest payable due to additional £5,776,000 of preference shares issued in the period. 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 which was launched as a free weekly publication in September 2012, an extensive and growing digital presence together with an international licensing business which is present in 32 cities worldwide and the publication and distribution of guide books. The period saw increased development of the digital offering through the development of websites, mobile and tablet applications.

During the period, the Group made an adjusted EBITDA loss of £2,966,042 (2011 £1,052,756) before charging non-recurring items of £2,784,227 (2011 £1,552,194) amortisation of £1,812,530 (2011 £1,056,171) and tangible fixed asset depreciation of £131,255 (2011 £211,294).

#### **Post year-end refinancing**

On 31 March 2013 the company issued a further 4,500,000 preference shares, realising cash of £1,500,000 and using the balance to repay the loan notes due on 31 March 2013. The refinancing is further detailed in note 32.

#### **Acquisitions and disposals**

During the year, the Group acquired Zimma Limited, trading as tickettailor.com, a company enabling users to sell, promote and manage tickets to their events online. The Group also disposed of the trade and assets of Bandwidth Communications Limited, trading as Whatsonstage.com.

#### **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.

#### **Going concern**

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.

#### **Directors**

The directors who served during the year were as follows:

P A D Dubens

A F Collins

A M M Elliott

R W Miller

D J King (resigned 31 July 2012)

B S Hoberman

A Van Der Wal (appointed 1 August 2012)

## TIME OUT GROUP HC LIMITED

### **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 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. 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.

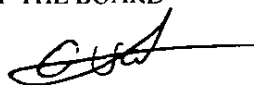
This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

### **Auditors**

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

### **ON BEHALF OF THE BOARD**

A Van Der Wal  
Director



17 APRIL 2013

## **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 2012 which comprise the consolidated profit and loss account, 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](http://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 2012 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

17 APRIL 2013



# TIME OUT GROUP HC LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	(reclassified) 2011 £
Turnover	2	17,390,497	16,038,312
Cost of sales		(6,477,317)	(5,292,160)
<b>Gross profit</b>		<b>10,913,180</b>	<b>10,746,152</b>
Administrative expenses		(18,766,786)	(14,789,077)
Other income receivable		159,552	170,510
<b>Operating loss</b>	<b>4</b>	<b>(7,694,054)</b>	<b>(3,872,415)</b>
<b>Analysed as</b>			
Adjusted EBITDA loss		(2,966,042)	(1,052,756)
Non-recurring items	3	(2,784,227)	(1,552,194)
<b>EBITDA loss</b>		<b>(5,750,269)</b>	<b>(2,604,950)</b>
Depreciation of tangible fixed assets		(131,255)	(211,294)
Amortisation		(1,812,530)	(1,056,171)
<b>Operating loss</b>		<b>(7,694,054)</b>	<b>(3,872,415)</b>
Share of operating loss in associate	21	-	(768,300)
(Loss) / Profit on disposal	21	(723,249)	5,302,430
Interest payable and similar charges	5	(2,643,983)	(1,693,491)
<b>Loss on ordinary activities before taxation</b>		<b>(11,061,286)</b>	<b>(1,031,776)</b>
Taxation	8	22,804	124,970
<b>Loss for the financial period</b>	<b>23</b>	<b>(11,038,482)</b>	<b>(906,806)</b>

The results are derived entirely from continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

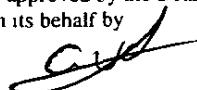
# TIME OUT GROUP HC LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Intangible assets – Goodwill	9	12,155,249	13,681,603
Intangible assets – Development costs and trademarks	10	3,407,310	1,931,387
<b>Total intangible fixed assets</b>		<b>15,562,559</b>	<b>15,612,990</b>
Tangible assets	11	367,590	613,214
Other fixed asset investments	13	465	465
<b>Total fixed assets</b>		<b>15,930,614</b>	<b>16,226,669</b>
<b>Current assets</b>			
Stocks	15	374,705	667,630
Debtors	16	4,776,918	5,352,999
Cash at bank		1,005,169	1,909,665
		<b>6,156,792</b>	<b>7,930,294</b>
<b>Creditors, amounts falling due within one year</b>	17	<b>(6,756,856)</b>	<b>(6,910,633)</b>
Loan notes to Oakley Capital Investments Limited	17	(5,000,000)	-
Interest due to Oakley Capital Investments Limited	17	(944,824)	-
		<b>(12,701,680)</b>	<b>(6,910,633)</b>
<b>Net current (liabilities) / assets</b>		<b>(6,544,888)</b>	<b>1,019,661</b>
<b>Total assets less current liabilities</b>		<b>9,385,726</b>	<b>17,246,330</b>
<b>Creditors, amounts falling due after more than one year</b>			
Preference shares to TO Bemuda Limited	19	(16,646,000)	(10,870,000)
Other – loan notes to Oakley Capital Investments Limited and TO Bemuda Limited	19	(1,803,534)	(6,754,940)
Interest due to Oakley Capital Investments Limited		(3,140,687)	(1,885,860)
Other creditors > 1 year		(1,258,188)	-
		<b>(22,848,409)</b>	<b>(19,510,800)</b>
<b>Provisions for liabilities – other</b>	20	<b>-</b>	<b>(159,731)</b>
<b>Net liabilities</b>		<b>(13,462,683)</b>	<b>(2,424,201)</b>
<b>Capital and reserves</b>			
Called up share capital	22	1,000	1,000
Profit and loss account	23	(13,463,683)	(2,425,201)
<b>Equity shareholders' deficit</b>	23	<b>(13,462,683)</b>	<b>(2,424,201)</b>

The accounts were approved by the Board of Directors on 17 APRIL 2013 and were signed on its behalf by

A Van Der Wal  
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 2012**

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Investments	12	19,843,000	14,021,000
<b>Current assets</b>			
Debtors	16	3,140,687	-
<b>Creditors: amounts falling due within one year</b>	17	(1,342,300)	(903,800)
<b>Net current assets / (liabilities)</b>		1,798,387	(903,800)
<b>Total assets less current liabilities</b>		21,641,387	13,117,200
<b>Creditors: amounts falling due after more than one year</b>			
Preference shares to TO Bemuda Limited	19	(16,646,000)	(10,870,000)
Other – loan notes to Oakley Capital Investments Limited and TO Bemuda Limited	19	(5,140,687)	(2,350,000)
<b>Net liabilities</b>		(145,300)	(102,800)
<b>Capital and reserves</b>			
Called up share capital	22	1,000	1,000
Profit and loss account	24	(146,300)	(103,800)
<b>Equity shareholders' deficit</b>	24	(145,300)	(102,800)

The accounts were approved by the Board of Directors on 17 APRIL 2013 and were signed on its behalf by



A Van Der Wal  
Director

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

# **TIME OUT GROUP HC LIMITED**

## **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £	2011 £
<b>Net cash outflow from operating activities</b>	25	<u>(4,435,661)</u>	<u>(1,397,447)</u>
<b>Return on investments and servicing of finance</b>			
Interest paid		<u>(77,945)</u>	<u>-</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(224,100)	(426,429)
Payments to acquire intangible fixed assets		(2,134,342)	(893,341)
<b>Net cash outflow for capital expenditure and financial investment</b>		<u>(2,358,442)</u>	<u>(1,319,770)</u>
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertakings	14	(128,254)	(2,608,511)
Net cash acquired with subsidiaries	14	5,300	61,266
Sale of trade and assets of subsidiary	21	314,506	-
Sale of associated undertaking	21	<u>-</u>	<u>597,069</u>
		191,552	(1,950,176)
<b>Cash outflow before financing</b>		<u>(6,680,496)</u>	<u>(4,667,393)</u>
<b>Financing</b>			
Issue of preference shares		5,776,000	4,220,000
<b>Net cash inflow from financing</b>		<u>5 776,000</u>	<u>4,220,000</u>
<b>Decrease in cash in the period</b>	26	<u>(904,496)</u>	<u>(447,393)</u>

## TIME OUT GROUP HC LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 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.

##### *Reclassification*

In the prior year certain costs were incorrectly classified as "cost of sales" instead of "administrative expenses". The prior period profit and loss account has been reclassified on this basis. This reclassification has had no impact on the reported result in either period.

##### *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 2012 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 £42,500.

##### *Going concern*

The group made a loss of £11,038,482 (2011 £906,806) after tax for the period, and at 31 December 2012, its net current liabilities exceeded its assets by £6,544,888 (2011 £1,019,661 assets in the prior year). Following the post year-end recapitalisation and cash injection detailed in note 32, net liabilities would have been net assets of £899,936 and cash increased by £1,500,000.

The financial statements have been prepared on a going concern basis as the company has received a letter of support from a parent undertaking indicating its 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 were accounted for on the equity basis until the date of disposal whereby the Group's share of profits less losses of its associates was included in the prior year profit and loss account.

##### *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.

## TIME OUT GROUP HC LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

#### I Accounting policies (continued), *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.

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

## TIME OUT GROUP HC LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

#### *Research and development continued*

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.

#### *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)

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.

## TIME OUT GROUP HC LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

#### *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.

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	<b>Non-recurring items</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Consultancy fees	10,000	136,404
	Free magazine launch costs	267,993	-
	Stock write down	191,402	628,762
	Severance and recruitment pay	2,252,633	684,313
	Legal fees	62,199	102,715
		<u>2,784,227</u>	<u>1,552,194</u>
4	<b>Operating loss</b> is stated after charging	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Operating leases		
	— land and buildings	750,000	750,000
	— other	13,300	13,300
	Depreciation – tangible fixed assets	131,255	211,294
	Amortisation of goodwill and development costs	1,812,530	1,056,171
	Auditor's remuneration	67,750	70,000
	Loss on foreign exchange	<u>79,003</u>	<u>90,403</u>



# **TIME OUT GROUP HC LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012** (continued)

<b>5</b>	<b>Interest payable and similar charges</b>	<b>2012</b>	<b>2011</b>
		£	£
	Non-cash interest payable on preference shares and loan notes	2,424,604	1,579,061
	Other interest and charges	104,949	-
	Amortisation of loan issue costs	114,430	114,430
		<u>2,643,983</u>	<u>1,693,491</u>
<b>6</b>	<b>Employees</b>	<b>2012</b>	<b>2011</b>
		£	£
	Staff costs		
	Wages and salaries	5,450,998	6,032,568
	Social security costs	785,685	788,783
	Pension costs	205,705	232,429
		<u>6,442,388</u>	<u>7,053,780</u>

Pension costs represent total employer contributions to personal pension plans

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

	<b>2012</b>	<b>2011</b>
	No.	No.
Administration	42	56
Editorial	56	73
Studio and production	38	28
Marketing and design	41	30
	<u>177</u>	<u>187</u>

# **TIME OUT GROUP HC LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012** (continued)

<b>7</b>	<b>Directors' remuneration</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Emoluments of directors	554,691	465,609
	Compensation for loss of office	309,754	-
	Total contributions to personal pension plan	25,000	25,000

One director had contributions to a personal pension scheme. The highest paid director received total remuneration of £459,787

<b>8</b>	<b>Taxation</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	<b>Current tax charge</b>		
	Total current tax charge	(27,628)	-
	Movement in deferred tax and other timing differences	4,824	124,970
	Total tax charge on loss on ordinary activities	(22,804)	124,970
	Loss on ordinary activities per the accounts	(11,061,286)	(1,031,776)

### *Tax reconciliation*

Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.49%)	(2,710,015)	(273,317)
Expenses not deductible for tax purposes	466,241	132,706
Depreciation in excess/(deficit) of capital allowances	168,239	7,156
Tax losses not utilised in the period	791,751	1,085,878
Chargeable gains	31,440	-
Losses eliminated	985,755	-
Amortisation of goodwill	234,197	279,780
Profit on disposal of associate	-	(1,268,854)
Amortisation of loan costs	3,422	30,313
Other short term timing differences	1,342	6,338
Total current tax charge	(27,628)	-

# TIME OUT GROUP HC LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

The amount of recognised deferred tax asset, is as follows

	Amount recognised as at 31 December 2012 £
Fixed asset timing differences	179,876
Other timing differences	9,843
	<u>189,719</u>

The amount of unrecognised deferred tax asset, is as follows

	Amount unrecognised As at 31 December 2012 £
Unutilised tax losses	7,997,730

As at 31 December 2012 the Group has unrecognised potential deferred tax assets of £1,954,544. This consisted of unrecognised losses which may be available to be carried forward to offset against future taxable income. However, as 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, they have not been recognised.

### 9 *Intangible fixed assets - Goodwill Group*

		£
<b>Cost</b>		
At 1 January 2012		14,646,823
Additions	14	174,158
Adjustments in respect of deferred consideration		106,993
Disposals		<u>(851,598)</u>
At 31 December 2012		<u>14,076,376</u>
<b>Amortisation</b>		
At 1 January 2012		965,220
Charge for the period		<u>955,907</u>
At 31 December 2012		<u>1,921,127</u>
<b>Net book value</b>		
At 31 December 2012		<u>12,155,249</u>
<b>Net book value</b>		
At 31 December 2011		<u>13,681,603</u>

During the year an impairment review was carried out and based on that review the directors consider that the carrying value of goodwill is fairly stated.

# TIME OUT GROUP HC LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

### 9 Intangible fixed assets – Goodwill (continued)

Deferred consideration of £396,000 was provided within the financial statements at 31 December 2012 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>	<b>Rights to Kids Out</b>	<b>Development Costs</b>	<b>Trade Marks and Copyright</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2012	54,268	1,255,179	843,953	2,153,400
Reclassification from Tangible fixed assets	-	198,204	-	198,204
Additions	-	2 098 914	35,428	2,134,342
At 31 December 2012	54,268	3,552,297	879,381	4,485,946
<b>Amortisation</b>				
At 1 January 2012	-	222,013	-	222,013
Charge for the period	-	856,623	-	856,623
At 31 December 2012	-	1,078,636	-	1,078,636
<b>Net book value</b>				
At 31 December 2012	54,268	2,473,661	879,381	3,407,310
At 31 December 2011	54,268	1 033,166	843,953	1,931,387

### 11 Tangible fixed assets

<i>Group</i>	<b>Fixtures and Fittings</b>	<b>Computer Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2012	112,169	689,576	801,745
Acquisition of subsidiary	14 1,650	-	1,650
Additions	224,100	-	224 100
Disposals	(101,751)	(40,164)	(141,915)
Reclassification to Intangible fixed assets	-	(198,204)	(198,204)
At 31 December 2012	236,168	451,208	687,376
<b>Depreciation</b>			
At 1 January 2012	32,540	155,991	188,531
Charge for the period	32,014	99,241	131,255
At 31 December 2012	64,554	255,232	319 786
<b>Net book value</b>			
At 31 December 2012	171,614	195,976	367,590
At 31 December 2011	79,629	533 585	613,214

## TIME OUT GROUP HC LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

#### 12 Fixed asset investments

<i>Company</i>	<b>Shares in subsidiary undertaking £</b>
<b>Cost</b>	
At 1 January 2012	14,021,000
Additions	5,822,000
	<hr/>
At 31 December 2012	19,843,000
	<hr/>
<b>Impairment</b>	
At 1 January 2012 and at 31 December 2012	-
	<hr/>
<b>Net book value</b>	
At 31 December 2012	<u>19,843,000</u>
At 31 December 2011	<u>14,021,000</u>

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

<b>Name of company</b>	<b>Country of registration (or incorporation)</b>	<b>Proportion held</b>	<b>Nature of business</b>
<b>Direct subsidiary</b>			
Time Out Group MC Limited	England and Wales	100%	Holding company
<b>Indirect subsidiaries</b>			
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%	Dormant
Time Out Guides Limited	England and Wales	100%	Dormant
Time Out Digital Limited	England and Wales	100%	Publishing

## TIME OUT GROUP HC LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

#### 12 Fixed asset investments (continued)

Time Out International Limited	England and Wales	100%	Dormant
Keynoir Limited	England and Wales	100%	e-commerce
Likecube 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
Zimma 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 2012 and 31 December 2011	465
	<hr/>

## TIME OUT GROUP HC LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

#### 14 Acquisition of subsidiary undertaking

##### **Zimma Limited**

On 31 July 2012, Time Out Group Limited, a 100% owned subsidiary of Time Out Group HC Limited, acquired 100% of the issued share capital of Zimma Limited for consideration of £183,254. Included within the purchase price is £55,000 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 31 July 2012

	<b>Provisional fair value of the assets acquired £</b>
<b>Fixed assets</b>	
Tangible fixed assets	1,650
<b>Current assets</b>	
Debtors	2,146
Cash	5,300
<b>Net assets</b>	<u>9,096</u>
Cash consideration	128,254
Deferred consideration	55,000
<b>Total cost of investment</b>	<u>183,254</u>
<b>Goodwill</b>	<u>174,158</u>

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

	<b>31 December 2012- 31 July 2012 £</b>
Turnover	8,274
Operating loss and loss after tax	(10)

# **TIME OUT GROUP HC LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012** (continued)

15	Stocks	Group		Company	
		2012	2011	2012	2011
		£	£	£	£
	Raw materials and consumables	-	71,368	-	-
	Finished goods and goods for resale	374,705	596,262	-	-
		<u>374,705</u>	<u>667,630</u>	<u>-</u>	<u>-</u>
16	Debtors	Group		Company	
		2012	2011	2012	2011
		£	£	£	£
	Trade debtors	2,663,861	3,477,642	-	-
	Deferred tax asset (note 18)	189,719	194,543	-	-
	Other debtors	751,984	607,096	-	-
	Prepayments and accrued income	1,161,354	1,073,718	-	-
	Balances due from group companies	-	-	3,140,687	-
		<u>4,766,918</u>	<u>5,352,999</u>	<u>3,140,687</u>	<u>-</u>
17	Creditors: amounts falling due within one year	Group		Company	
		2012	2011	2012	2011
		£	£	£	£
	Trade creditors	2,839,578	2,246,409	-	-
	Other taxes and social security	455,080	1,478,543	-	-
	Other creditors	1,298,278	289,243	396,000	-
	Accruals and deferred income	2,163,920	2,896,438	-	903,800
	Balances due to group companies	-	-	946,300	-
	Loan notes (to Oakley Capital Investments Limited)	5,000,000	-	-	-
	Accrued interest on loan notes	944,824	-	-	-
		<u>12,701,680</u>	<u>6,910,633</u>	<u>1,342,300</u>	<u>903,800</u>

### *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. Note 32 details the financing arrangements agreed on 31 March 2013.

18	Deferred tax	Group		Total
		Fixed Asset Timing Differences	Short Term Timing Differences	
		£	£	£
	As at 1 January 2012	168,337	26,206	194,543
	Recognised during the year (Note 8)	11,539	(16,363)	(4,824)
		<u>179,876</u>	<u>9,843</u>	<u>189,719</u>



# TIME OUT GROUP HC LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

### 19 Creditors amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
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	-	-
12% redeemable preference shares TO (Bermuda)	16,646,000	10,870,000	16,646,000	10,870,000
Loan issue costs	(196,466)	(245,060)	-	-
Interest due to Oakley Capital	3,140,687	1,885,860	-	-
Other creditors	1,258,188	-	3,140,687	350,000
	<u>22,848,409</u>	<u>19,510,800</u>	<u>21,786,687</u>	<u>13,220,000</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 annum and is repayable on 30 November 2015.

#### 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. During the year to 31 December 2012 the company issued a further 5,776,000 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.

### 20 Provisions for liabilities

Group	Onerous rent provision £
At 1 January 2012	159,731
Utilised in the period	(159,731)
	<hr/>
At 31 December 2012	-
	<hr/>

# **TIME OUT GROUP HC LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012** (continued)

### **21 Losses on disposals and prior year share of net liabilities in associated undertakings**

In December 2012 the Group sold the trade and assets of the Bandwidth Communications Limited, trading as "Watsonstage com". The loss of disposal consists of the following

	£
Sale proceeds	314,506
Net assets disposed of	(47,361)
Associated costs of disposal	(138,796)
Goodwill arising on acquisition of the entities	(851,598)
	<u>(723,249)</u>

### **Prior year 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 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
	£	£	£
<b>Profit and loss account</b>			
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)
	<u>(690,300)</u>	<u>(78,000)</u>	<u>(768,300)</u>

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	<u>597,069</u>
Profit on disposal	<u>5,302,430</u>

# **TIME OUT GROUP HC LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012** (continued)

### **22 Share capital**

	Authorised 2012 £	Allotted, called up and fully paid 2012 £
'A1' Ordinary shares of £0.10 each	4,250	425
'A2' Ordinary shares of £0.10 each	4,250	425
B' Ordinary shares of £0.10 each	1,500	150
'C' Ordinary shares of £0.10	1	-
	<hr/>	<hr/>
	10,001	1,000
	<hr/>	<hr/>
12% redeemable A Preference shares of £1 each	15,646,000	10,870,000
12% redeemable B Preference shares of £1 each	1,000,000	-
	<hr/>	<hr/>
	16,646,000	10,870,000
	<hr/>	<hr/>

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 2012	1,000	(2,425,201)	(2,424,201)
Loss for the period	-	(11,038,482)	(11,038,482)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	1,000	(13,463,683)	(13,462,683)
	<hr/>	<hr/>	<hr/>

# **TIME OUT GROUP HC LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012** (continued)

### **24 Reconciliation of shareholders' deficit and movements on reserves**

<i>Company</i>	<b>Share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
Balance at 1 January 2012	1,000	(103,800)	(102,800)
Loss for the period	-	(42,500)	(42,500)
Balance at 31 December 2012	1,000	(146,300)	(145,300)

### **25 Reconciliation of operating loss to net cash outflow from operating activities**

	<b>Period ended 31 December 2012 £</b>	<b>Period ended 31 December 2011 £</b>
Operating loss	(7,694,054)	(3,872,415)
Amortisation	1,812,530	1,056,171
Depreciation	131,255	211,294
Decrease in stocks	292,925	709,613
Decrease/(increase) in debtors	570,663	(1,410,082)
Increase in creditors	610,751	2,081,406
Decrease in provisions	(159,731)	(173,434)
Net cash outflow from operating activities	(4,435,661)	(1,397,447)

### **26 Reconciliation of net cash flow to movement in net debt**

	<b>£</b>
Decrease in cash in the period	(904,496)
Cash inflow from financing	(5,776,000)
Change in net debt resulting from cash flows	(6,680,496)
Net debt at 31 December 2011	(15,960,335)
Net debt at 31 December 2012	(22,640,831)

## TIME OUT GROUP HC LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

27	Analysis of changes in net debt	At 1 January 2012 £	Cash flow £	Change in Profile £	At 31 December 2012 £
	Cash at bank	1,909,665	(904,496)	-	1,005,169
	Debt due within 1 year	1,909,665	(904,496)	(5,000,000)	(3,994,831)
	Debt due after 1 year	(17,870,000)	(5,776,000)	5,000,000	(18,646,000)
	Total	(15,960,335)	(6,680,496)	-	(22,640,831)

\*Net debt above does not include any unpaid accrued interest at the balance sheet dates

### 28 Financial commitments

Annual commitments under non cancellable operating leases are as follows

	Period ended 31 December 2012	
	Land and Buildings £	Other £
<i>Group</i>		
Leases which expire		
Within one year	775,000	10,200
In two to five years	-	3,130
	<u>775,000</u>	<u>13,330</u>

### 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 America LLC, a company which is also controlled by Oakley Capital Private Equity LP, for services to the value of £1,703,042 (2011 £872,894) At 31 December 2012 Time Out America LLC owed the Group £455,047 (2011 £282,585)

### 30 Contingent liabilities

The Group has granted a security accession deed to Oakley Capital Investments 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 immediate parent of the Company is TO (Bermuda) Limited, a company incorporated in Bermuda, by virtue of its majority shareholding The ultimate controlling entity is Oakley Capital Private Equity LP, a limited partnership established in Bermuda

# TIME OUT GROUP HC LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

### 32 Post balance sheet events

On 31 March 2013 the company issued 4,500,000 C preference shares of £1 each, of which £3,000,000 was used to repay half of the loan notes held by Oakley Capital Investments Limited. The remaining loan notes balance of £2,944,824 at 31 December 2012 were due to be repaid on 31 March 2013 but were extended to 31 March 2016. The new C preference shares are repayable on 31 March 2016 and are interest free.

By way of illustration, applying the share issue and renegotiated loan notes to the 31 December 2012 balance sheet produces the following unaudited pro forma balance sheet.

	Consolidated 31 December 2012 £	Share issue and refinancing £	Pro-forma Consolidated £
<b>Fixed assets</b>			
Intangible assets	12,155,249	-	12,155,249
Intangible assets	3,407,310	-	3,407,310
<b>Total intangible fixed assets</b>	15,562,559	-	15,562,559
Tangible assets	367,590	-	367,590
Other fixed asset investments	465	-	465
<b>Total fixed assets</b>	15,930,614	-	15,930,614
<b>Current assets</b>			
Stocks	374,705	-	374,705
Debtors	4,776,918	-	4,776,918
Cash at bank	1,005,169	1,500,000	2,505,169
	6,156,792	1,500,000	7,656,792
<b>Creditors: amounts falling due within one year</b>	(6,756,856)	-	(6,756,856)
Loan notes to Oakley Capital Investments Limited	(5,000,000)	5,000,000	-
Interest due to Oakley Capital Investments Limited	(944,824)	944,824	-
	(12,701,680)	5,944,824	(6,756,856)
<b>Net current (liabilities) / assets</b>	(6,544,888)	7,444,824	899,936
<b>Total assets less current liabilities</b>	9,385,726	7,444,824	16,830,550
<b>Creditors: amounts falling due after more than one year</b>			
Preference shares to TO Bemuda Limited	(16,646,000)	(4,500,000)	(21,146,000)
Other – loan notes to Oakley Capital Investments Limited and TO Bemuda Limited	(1,803,534)	(2,944,824)	(4,748,358)
Interest due to Oakley Capital Investments Limited	(3,140,687)	-	(3,140,687)
Other creditors > 1 year	(1,258,188)	-	(1,258,188)
	(22,848,409)	(7,444,824)	(30,293,233)
<b>Provisions for liabilities – other</b>	-	-	-
<b>Net liabilities</b>	(13,462,683)	-	(13,462,683)
<b>Capital and reserves</b>			
Called up share capital	1,000	-	1,000
Profit and loss account	(13,463,683)	-	(13,463,683)
<b>Equity shareholders' deficit</b>	(13,462,683)	-	(13,462,683)