Company number 07440171

TIME OUT GROUP HC LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2013

TIME OUT GROUP HC LIMITED
Report and Accounts for the year ended 31 December 2013

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DIRECTORS AND ADVISERS

DIRECTORS	Peter Dubens Alex Collins Tony Elliott Tim Arthur Matt White
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 NUMBER	07440171

STRATEGIC REVIEW

Review of the Business

Time Out was founded in 1968 in London and over the past 45 years it has consistently maintained its status as the 'go to' source of inspiration for urban adventurers, helping them discover the newest and best things to do, see and experience in their city.

Time Out's global distribution network incorporates a comprehensive online presence, an offers and ecommerce platform, mobile applications, city magazines, travel guides, live events and syndicated content partnerships. Time Out Group HC Limited ('the Group') manages its own operations in London and Paris, plus a further 18 online guide websites for cities outside the USA, and extends that reach through franchisee partners in a further 29 cities across the world. Time Out's operations in North America are managed through an associated business which shares a common majority ownership.

The Group has made significant progress in pursuing its strategy of developing a global brand presence and growing its digital media offering as it continues to evolve as a multi-platform media business.

The re-launch of the London weekly magazine as a free title in 2012 has proved to be a tremendous success with readers and advertisers, and now boasts a weekly readership of over 500,000, making it London's most widely-read free magazine.

During 2013 we launched significant improvements to our website to improve user experience and engagement, along with a major new release of our Time Out mobile app to take advantage of a growing mobile audience.

Our digital audience has grown considerably, reaching over 6 million monthly unique users for the London website alone, a growth in our digital audience of 40% year on year. Paris enjoyed even more impressive growth of 121% and now reaches over 1 million unique users online each month.

There has been significant continuing investment in technology to improve and expand the Group's global digital platform, and further investment in sales and marketing activities to respond to the opportunities presented by the rapid growth of our digital audience.

Operating Results

This continued investment is consistent with the Group's long term strategy, to accelerate the Group's transition as a leading global digital brand. The Group's trading loss in 2013 reflects the cost of that investment which is expected to benefit the business significantly in future years.

Print revenue declined by 11% in 2013 following the loss of magazine circulation revenue and the rationalisation of the guides business to decrease the number of titles. Advertisers have responded very well to the new free magazine format and we are enjoying greater engagement with national and global brands as a result, helping to push up magazine advertising revenue by 47% year-on-year..

Digital revenue increased by 12% in 2013, however the growth in the digital audience shows there is significant further revenue growth to come in that area as we develop and expand our ecosystem of business advertisers to monetise our online content.

International revenue increased by 15% in the year which was attributable to the growth in international advertising.

Content syndication revenue decreased by 86% following the expiry of a partner contract in that area during the year.

The Group reported an adjusted EBITDA loss of £3.3 million (2012: £3.0 million) before taking into account non-recurring items, finance charges and depreciation/amortisation discussed below.

STRATEGIC REVIEW (continued)

The operating loss for the year was £8.7 million (2012: £7.7 million) and included £3.1 million of non-recurring charges (2012: £2.8 million) which mainly arose from the costs of restructuring the organisation to better align its skills and resources to an international digital growth strategy (see note 3 of the financial statements), as well as an impairment of goodwill relating to investments no longer considered to be strategically aligned to Group operations. The operating loss also includes depreciation of £0.2 million and amortisation of £2.1 million (2012: £0.1 million and £1.8 million respectively).

The loss for the year after taxation of £11.6 million (2012: £11.0 million) results from the above, combined with a loss on disposal of investments of £0.04 million (2012: £0.7 million) and £2.9 million interest payable on investment funding received by way of preference shares and loan notes (2012: £2.6 million).

Principal Risks and Uncertainties
Information on the principal risks and uncertainties affecting the Group is contained in the Directors' Report on page 5.

Outlook
The business has undergone a strategic transformation in 2013 and the investments made in the global technology platform and commercial operations will continue through 2014. The Group will continue to expand its presence both in the UK and internationally through a combination of new city roll out and franchisee expansion, all founded on a single global technology platform.

The Group's digital offering will be further enhanced by a number of important product releases in 2014 including significant new online and mobile web features, upgraded and expanded mobile/tablet apps, improved ecommerce functionality and a new platform for local businesses to promote their services and venues to our digital audience.

We will augment our print and digital content in new ways to increase our relevance and engagement with our audience, including increased user generated content, rich media and curated content.

Time Out's reputation for quality content and respected editorial opinion underpins all our business operations and the impressive growth in our audience during 2013 is testament to the fact we are reaching more fans of our iconic brand than ever before.

The business transition and modernisation process which began in 2011 was largely completed during 2013 and we exited the year in a very strong position for future growth. The changes we have made to the business operating model, along with the investment in our long term digital future and the exciting response we have had from our readership and business partners, means that Time Out has every reason to face the future with confidence.

T Arthur
Chief Executive
24 April 2014

DIRECTORS' REPORT

The Directors submit their report and the accounts for the Group for the year ended 31 December 2013.

Principal Activity
The Group's principal activity is the publication of digital and print media under the Time Out brand to inspire urban adventurers to discover and enjoy the newest and best things to do, see and experience in their city. The Group's activities include the development of a global digital platform, brand licensing, ecommerce and live events production.

Results and Dividend
The results for the year are set out on page 8. A review of the business, including a commentary on the results for the year, is set out in the Strategic Review on page 3. The Directors do not recommend the payment of a dividend.

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

Peter Dubens
Alex Collins
Tony Elliott
Tim Arthur (appointed 12 September 2013)
Matt White (appointed 20 September 2013)
Sir Robin Miller (resigned 11 September 2013)
Brent Hoberman (resigned 10 September 2013)
Aksel Van Der Wal (resigned 30 September 2013)

Principal Risks and Uncertainties
The Directors consider that the principal risks and uncertainties facing the Group are:

Competitive Landscape
One of the principal risks to the business is that it fails to respond to changes in the competitive landscape or fails to establish product initiatives which safeguard the competitiveness of its offering. To minimise this risk the Group continues to invest significantly in the development of its digital offering to ensure that it remains innovative, competitive and attractive to its chosen markets. Our focus on the quality of our offering means we are able to respond to changes in the competitive landscape and respond to the needs of our readership audience and commercial partners.

Funding
The Directors consider that the Group has sufficient resources and access to funding to develop the business organically at the planned rates of growth. Where opportunities arise for the acquisition of, or investment in, new business and associated assets, the Directors will consider carefully whether these should be funded from available resources or from new investment.

Foreign Exchange Risk
The Group is exposed to foreign exchange risk as it operates overseas. 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.

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

DIRECTORS' REPORT (continued)

Statement of Directors' Responsibilities
The directors are responsible for preparing the annual report and 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 Group 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.

Disclosure of Information to the Auditors
Each of the persons who are a director at the date of approval of this report confirms that:

- 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

M White
Director
24 April 2014

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 2013 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group 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 set out on page 6, 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 Financial Reporting Council'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 Company's affairs as at 31 December 2013 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Grant Thornton UK LLP

Mark Henshaw
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
28 April 2014

TIME OUT GROUP HC LIMITED

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	2	**16,599,935**	17,390,497
Cost of sales		**(6,749,289)**	(6,477,317)
Gross profit		**9,850,646**	10,913,180
Administrative expenses		**(17,414,944)**	(18,766,786)
Impairment of goodwill	25	**(1,390,163)**	-
Other income receivable		**97,329**	159,552
Grant income receivable		**155,594**	-
Operating loss	4	**(8,701,538)**	(7,694,054)
Analysed as			
Adjusted EBITDA loss		**(3,342,195)**	(2,966,042)
Non-recurring items	3	**(3,054,410)**	(2,784,227)
EBITDA loss		**(6,396,605)**	(5,750,269)
Depreciation of tangible fixed assets		**(163,442)**	(131,255)
Amortisation		**(2,141,490)**	(1,812,530)
Operating loss		**(8,701,538)**	(7,694,054)
Loss on disposal	25	**(39,834)**	(723,249)
Interest payable and similar charges	5	**(2,904,020)**	(2,643,983)
Loss on ordinary activities before taxation		**(11,645,392)**	(11,061,286)
Taxation	8	**(2,510)**	22,804
Loss for the financial year	19	**(11,647,902)**	(11,038,482)

The results are derived entirely from continuing operations, with the exception of the loss on disposal.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

TIME OUT GROUP HC LIMITED

GROUP BALANCE SHEET
as at 31 December 2013

	Notes	2013 £	Restated 2012 £
Fixed assets			
Intangible assets – Goodwill	9	**9,764,232**	12,155,249
Intangible assets – Development costs and trademarks	10	**3,653,731**	3,407,310
Total intangible fixed assets		**13,417,963**	15,562,559
Tangible assets	11	**312,851**	367,590
Other fixed asset investments	13	**465**	465
Total fixed assets		**13,731,279**	15,930,614
Current assets			
Stocks	14	**252,976**	374,705
Debtors	15	**4,596,390**	4,776,918
Cash at bank		**510,672**	1,005,169
		5,360,038	6,156,792
Creditors: amounts falling due within one year	16	**(7,561,595)**	(13,959,868)
Net current liabilities		**(2,201,557)**	(7,803,076)
Total assets less current liabilities		**11,529,722**	8,127,538
Creditors: amounts falling due after more than one year	17	**(36,553,307)**	(21,590,221)
Net liabilities		**(25,023,585)**	(13,462,683)
Capital and reserves			
Called up share capital	18	**88,000**	1,000
Profit and loss account	19	**(25,111,585)**	(13,463,683)
Equity shareholders' deficit	19	**(25,023,585)**	(13,462,683)

The accounts were approved by the Board of Directors on 24 April 2014 and were signed on its behalf by:

M White
Director

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

COMPANY BALANCE SHEET
as at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Investments	12	**28,803,905**	19,843,000
Current assets			
Debtors	15	**4,739,625**	3,140,687
Creditors: amounts falling due within one year	16	**(166,000)**	(1,342,300)
Net current assets		**4,573,625**	1,798,387
Total assets less current liabilities		**33,377,530**	21,641,387
Creditors: amounts falling due after more than one year:	17	**(33,435,830)**	(21,786,687)
Net liabilities		**(58,300)**	(145,300)
Capital and reserves			
Called up share capital	18	**88,000**	1,000
Profit and loss account	20	**(146,300)**	(146,300)
Equity shareholders' deficit	20	**(58,300)**	(145,300)

The accounts were approved by the Board of Directors on 24 April 2014 and were signed on its behalf by:

M White
Director

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

GROUP CASH FLOW STATEMENT
for the year ended 31 December 2013

	Notes	2013 £	2012 £
Net cash outflow from operating activities	21	**(4,802,690)**	(4,435,661)
Return on investments and servicing of finance			
Interest paid		**(10,225)**	(77,945)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(109,714)**	(224,100)
Payments to acquire intangible fixed assets		**(1,660,129)**	(2,134,342)
		(1,769,843)	(2,358,442)
Acquisitions and disposals			
Purchase of subsidiary undertakings		**-**	(128,254)
Payment of deferred consideration in relation to previous acquisitions		**(98,739)**	-
Net cash acquired with subsidiaries		**-**	5,300
Sale of trade and assets of subsidiary		**-**	314,506
		(98,739)	191,552
Cash outflow before financing		**(6,681,497)**	(6,680,496)
Financing			
Issue of preference shares		**6,100,000**	5,776,000
Issue of ordinary shares		**87,000**	-
Decrease in cash in the year	22	**(494,497)**	(904,496)

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

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. As highlighted in the financial statements, certain items have been restated from the prior year accounts; however these do not impact the reported loss or net liabilities. The main restatement is the reclassification of the bank line of credit from long term creditors to current, as the liability is payable on demand.

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 2013 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 £0 (2012: £42,500).

Going concern

The Group made a loss of £11,647,902 (2012:£11,038,482) after tax for the period, and at 31 December 2013 its net current liabilities exceeded its assets by £2,201,557 (2012: £7,803,076). The financial statements have been prepared on a going concern basis as the Group 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 the these financial statements.

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 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 comprising costs incurred prior to the launch of a new title are written off over a period of four years. The carrying values are subject to annual review for any impairment in value. 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.

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

1 Accounting policies (continued)

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 developments of new projects are continuously monitored by the directors.

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

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 (subcontracted only)

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.

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

1 Accounting policies (continued)

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.

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. Provision is made for returns of books sold.
- Transactions revenue is recognised at point-of-sale. Adequate provision is made for refunds.
- License/Royalty fees are recognised over the contract period in accordance with the substance of the underlying agreement.

3 Non-recurring items

	2013	2012
	£	£
Consultancy fees	-	10,000
Free magazine launch costs	-	267,993
Stock write down	-	191,402
Staff severance costs	**1,565,818**	2,252,633
Legal fees	**33,744**	62,199
Contract termination costs (inc. disposal of assets)	**64,685**	-
Impairment of goodwill (see note 25)	**1,390,163**	-
	3,054,410	2,784,227

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

4 Operating loss
is stated after charging:

	2013	2012
	£	£
Operating Leases – Land and Buildings	645,051	750,000
Operating Leases - Other	33,563	13,300
Depreciation – tangible fixed assets	163,442	131,255
Amortisation of goodwill and development costs (notes 9 and 10)	2,141,490	1,812,530
Impairment of goodwill	1,390,163	-
Auditor's remuneration	59,000	67,750
Loss on foreign exchange	36,240	79,003

5 Interest payable and similar charges

	2013	Restated 2012
	£	£
Non-cash interest payable on preference shares and loan notes	2,888,868	2,627,236
Other interest and charges	1,184	2,781
Amortisation of loan issue costs	13,968	13,966
	2,904,020	2,643,983

6 Employees

	2013	Restated 2012
Staff costs:	£	£
Wages and salaries	7,800,046	8,083,596
Social security costs	1,033,595	987,746
Pension costs	234,887	266,892
	9,068,528	9,338,234

Pension costs represent total employer contributions to personal pension plans.

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

	2013	Restated 2012
Headcount:	No.	No.
Sales & Marketing	58	66
Editorial & Production	55	65
Product Development	39	37
Administration	18	20
	170	188

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

7 Directors' remuneration

	2013	2012
	£	£
Emoluments of directors	**515,178**	554,691
Compensation for loss of office	**175,455**	309,754
Total contributions to personal pension plan	**17,833**	25,000

One director had contributions to a personal pension scheme. The highest paid director received total emoluments of £368,355 which included compensation for loss of office.

8 Taxation

	2013	2012
	£	£
Total current tax credit	**41**	(27,628)
Movement in deferred tax and other timing differences	**(2,551)**	4,824
Total tax charge on loss on ordinary activities	**(2,510)**	(22,804)

	£	£
Loss on ordinary activities before taxation	**(11,645,392)**	(11,061,286)

Tax reconciliation

Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	£ **(2,707,554)**	£ (2,710,015)
Expenses not deductible for tax purposes	**1,309,447**	466,241
Depreciation in (excess)/deficit of capital allowances	**(67,426)**	168,239
Tax losses not utilised in the year	**998,408**	791,751
Chargeable gains	-	31,440
Losses eliminated	-	985,755
Amortisation of goodwill	**211,584**	234,197
Amortisation of loan costs	**3,248**	3,422
Other short term timing differences	**252,334**	1,342
Total current tax credit	**41**	(27,628)

The amount of recognised deferred tax asset, is as follows:

	2013	2012
	£	£
Fixed asset timing differences	**174,450**	179,876
Other timing differences	**12,718**	9,843
	187,168	189,719

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

8 Taxation (continued)

The amount of unrecognised deferred tax asset, is as follows:

	2013
	£
Unutilised tax losses	**16,472,417**

As at 31 December 2013 the Group has unrecognised potential deferred tax assets of £3,829,837. 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

Cost	**£**
At 1 January 2013	**14,076,376**
Adjustments in respect of deferred consideration	**(226,095)**
Impairment	**(1,254,884)**
At 31 December 2013	**12,595,397**
Amortisation	
At 1 January 2013	**1,921,127**
Charge for the year	**910,038**
At 31 December 2013	**2,831,165**
Net book value	
At 31 December 2013	**9,764,232**
Net book value	
At 31 December 2012	12,155,249

Deferred consideration of £166,000 is provided within the financial statements at 31 December 2013 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.

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

10 Intangible fixed assets – development costs and trademarks

Group	Rights to Kids Out	Development Costs	Trade Marks and Copyright	Total
Cost	£	£	£	£
At 1 January 2013	54,268	3,552,297	879,381	**4,485,946**
Restatement of opening balance	-	(136,557)	-	**(136,557)**
Additions	-	1,637,135	22,994	**1,660,129**
Disposals	-	(43,242)	(13,852)	**(57,094)**
At 31 December 2013	54,268	5,009,633	888,523	**5,952,424**
Amortisation				
At 1 January 2013	-	1,078,636	-	**1,078,636**
Charge for the year	-	1,231,452	-	**1,231,452**
Disposals	-	(11,395)	-	**(11,395)**
At 31 December 2013	-	2,298,693	-	**2,298,693**
Net book value				
At 31 December 2013	**54,268**	**2,710,940**	**888,523**	**3,653,731**
At 31 December 2012	54,268	2,473,661	879,381	3,407,310

11 Tangible fixed assets

Group	Fixtures and Fittings	Computer Equipment	Total
Cost	£	£	£
At 1 January 2013	236,168	451,208	**687,376**
Reclassification	(71,489)	71,489	-
Additions	16,555	93,159	**109,714**
Disposals	-	(1,761)	**(1,761)**
At 31 December 2013	181,234	614,095	**795,329**
Depreciation			
At 1 January 2013	64,554	255,232	**319,786**
Charge for the year	33,777	129,665	**163,442**
Disposals	-	(750)	**(750)**
At 31 December 2013	98,331	384,147	**482,478**
Net book value			
At 31 December 2013	**82,903**	**229,948**	**312,851**
At 31 December 2012	171,614	195,976	367,590

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

12 Fixed asset investments

Company

	Shares in subsidiary undertaking
Cost and carrying value	
At 1 January 2013	**19,843,000**
Additions	**8,960,905**
At 31 December 2013	**28,803,90**

As at 31 December 2013, the Company held more than 10% of the equity of the following undertakings:

Name of company	Country of registration (or incorporation)	Holding	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%	Dormant
Time Out Guides Limited	England and Wales	100%	Dormant
Time Out Digital Limited	England and Wales	100%	Media publishing/commerce
Time Out International Limited	England and Wales	100%	Dormant
Keynoir Limited	England and Wales	100%	Dormant
Likecube Limited	England and Wales	100%	Dormant
Bandwidth Communications Holdings Limited	England and Wales	100%	Holding company
Time Out WOS Limited	England and Wales	100%	Dormant
Theatregoer Magazine Limited	England and Wales	100%	Dormant
Zimma Limited	England and Wales	100%	e-commerce

13 Other fixed asset investments

Group	**£**
Listed investments at cost	**4,716**
Provisions	**(4,251)**
Balance as at 31 December 2013 and 31 December 2012	**465**

14 Stocks

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Finished goods and goods for resale	**252,976**	374,705	**-**	-

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

15 Debtors

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Trade debtors	**3,346,409**	2,663,861	**-**	-
Deferred tax asset (note 8)	**187,168**	189,719	**-**	-
Other debtors	**178,424**	751,984	**-**	-
Prepayments and accrued income	**644,964**	1,161,354	**-**	-
Corporation tax debtor	**55,068**	-	**-**	-
Grant income debtor	**184,357**	-	**-**	-
Due from group companies	**-**	-	**4,739,625**	3,140,687
	4,596,390	4,766,918	**4,739,625**	3,140,687

16 Creditors: amounts falling due within one year

	Group		Company	
		Restated		
	2013	2012	**2013**	2012
	£	£	**£**	£
Trade creditors	**2,026,179**	2,839,578	**-**	-
Other taxes and social security	**1,126,155**	455,080	**-**	-
Other creditors	**57,858**	1,298,278	**166,000**	396,000
Bank line of credit	**1,755,943**	1,258,188	**-**	-
Accruals and deferred income	**2,511,629**	2,163,920	**-**	-
Deferred grant income	**83,831**	-	**-**	-
Due to group companies	**-**	-	**-**	946,300
Loan notes and accrued interest	**-**	5,944,824	**-**	-
	7,561,595	13,959,868	**166,000**	1,342,300

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

17 Creditors: amounts falling due after more than one year, including accrued interest where applicable

	Group		Company	
		Restated		Restated
	2013	2012	**2013**	2012
	£	£	**£**	£
Loan stock	**2,845,795**	2,406,586	**2,845,795**	2,406,586
Loan notes	**3,299,975**	-	**-**	-
12% redeemable 'A' Preference shares	**21,990,035**	18,380,101	**21,990,035**	18,380,101
0% redeemable 'A' Preference shares	**1,600,000**	-	**1,600,000**	-
0% redeemable 'B' Preference shares	**1,000,000**	1,000,000	**1,000,000**	1,000,000
0% redeemable 'C' Preference shares	**6,000,000**	-	**6,000,000**	-
Loan issue costs	**(182,498)**	(196,466)	**-**	-
	36,553,307	21,590,221	**33,435,830**	21,786,687

Loan stock
On 23 November 2010 the Company issued unsecured loan stock at par value totalling £2,000,000 to Time Out (Bermuda) Limited, one of the Company's controlling parties. Interest is charged at 12% per annum and the loan stock is repayable on 30 November 2015. The balance above includes accrued interest of £845,795 (2012: £406,586).

Loan notes
On 23 November 2010, Time Out Group BC Limited, a subsidiary of the Company, issued secured loan notes of £5,000,000 par to Oakley Capital Investments Limited, with interest accruing thereon at 8.5% per annum. The loan notes were redeemable on 31 March 2013. On 31 March 2013 the Company issued 4,500,000 C preference shares of £1 each, of which £3,000,000 was used in part settlement of the loan notes to Oakley Capital Investments Limited (included in amounts falling due within one year in prior year). The unsettled balance of the loan notes was dealt with by an amendment of the loan note instrument to extend maturity date to 31 March 2016 at a 10% interest rate. The loan notes are secured by fixed charges over the assets and intellectual property of the Group.

12% redeemable 'A' preference shares
As at 31 December 2012, there were 15,646,000 'A' preference shares and during the year to 31 December 2013 the Company issued a further 3,100,000 redeemable 'A' preference shares at £1. A portion of these new shares were non-interest bearing (1,600,000). The Company shall redeem all outstanding preference shares on the first business day following 23 November 2015. The redemption amount is calculated as being equal to the amount that would have accrued on the redeemable 'A' 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.

0% redeemable 'B' preference shares
During the year to 31 December 2012 the Company issued 1,000,000 redeemable 'B' preference shares at £1. The Company shall redeem all outstanding preference shares on the first business day following 23 November 2015. No interest accrues on these shares. No 'B' preference shares shall be redeemed until the 'A' preference shares have been redeemed in full.

0% redeemable 'C' preference shares
During the year to 31 December 2013 the Company issued 6,000,000 redeemable 'C' preference shares at £1, of which £3,000,000 was related to the part settlement of the loan note as per the above. The Company shall redeem all outstanding preference shares on the day of the completion of first to occur of a Sale or an IPO. No interest accrues on these shares. No 'C' preference shares shall be redeemed until the 'B' preference shares have been redeemed in full.

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

18 Share capital

	Nominal Value	Authorised 2013 No.	Allotted, called and fully paid 2013 £
'A1' Ordinary shares	£0.10	4,250	425
'A2' Ordinary shares	£0.10	4,250	425
'B' Ordinary shares	£0.10	1,500	150
'C' Ordinary shares	£0.10	1	-
		10,001	1,000
12% redeemable 'A' Pref shares	£1.00	18,746,000	18,746,000
0% redeemable 'B' Pref shares	£1.00	1,000,000	1,000,000
0% redeemable 'C' Pref shares	£1.00	6,000,000	6,000,000
0% Preferred Ordinary shares	£1.00	87,000	87,000
		25,833,000	25,833,000
Less: preference shares presented as liability			(25,746,000)
Presented as equity			88,000

During the year ended 31 December 2013 87,000 £1.00 preferred ordinary shares were issued at par.

The 'A' Ordinary shares have a voting right but the 'B' Ordinary shares, 'C' Ordinary shares and Preferred Ordinary shares carry no voting rights. The holders of the 'A1' Ordinary shares, 'A2' Ordinary shares, 'B' Ordinary and Preferred 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.

The redeemable 'A' Preference shares, 'B' Preference shares, 'C' Preference shares are presented as a liability (see note 17) and accordingly are excluded from called up share capital in the balance sheet.

19 Reconciliation of shareholders' deficit and movements on reserves

Group	Share capital £	Profit and loss account £	Total £
Balance at 1 January 2013	1,000	(13,463,683)	(13,462,683)
Ordinary preferred shares issued	87,000	-	87,000
Loss for the year	-	(11,647,902)	(11,647,902)
Balance at 31 December 2013	**88,000**	**(25,111,585)**	**(25,023,585)**

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

20 Reconciliation of shareholders' deficit and movements on reserves

Company	Share capital £	Profit and loss account £	Total £
Balance at 1 January 2013	1,000	(146,300)	**(145,300)**
Preferred ordinary shares issued	87,000	-	**87,000**
Balance at 31 December 2013	**88,000**	**(146,300)**	**(58,300)**

21 Reconciliation of operating loss to net cash outflow from operating activities

	2013 £	2012 £
Operating loss	**(8,701,538)**	(7,694,054)
Amortisation	**2,141,490**	1,812,530
Depreciation	**163,442**	131,255
Impairment of goodwill (note 25)	**1,390,163**	-
Decrease in stocks	**121,729**	292,925
Decrease in debtors (note 15)	**223,045**	570,663
(Decrease)/increase in creditors (note 16)	**(141,020)**	610,751
Decrease in provisions	**-**	(159,731)
Net cash outflow from operating activities	**(4,802,690)**	(4,435,661)

22 Reconciliation of net cash flow to movement in net debt

	£
Decrease in cash in the year	(494,497)
Movement in short term debt	(497,755)
Cash inflow from financing	(6,100,000)
Change in net debt resulting from cash flows	(7,092,252)
Net debt at 31 December 2012	(27,984,531)
Current year interest accrued	(2,904,293)
Net debt at 31 December 2013	**(37,981,075)**

NOTES TO THE ACCOUNTS
for the year ended 31 December 2013

23 Analysis of changes in net debt

	Restated At 1 January 2013 £	Cash Flow £	Change in Profile £	Non-Cash Movement £	At 31 December 2013 £
Cash at bank	1,005,169	(494,497)	-	-	**510,672**
Debt due within 1 year	(7,203,012)	(497,755)	5,944,824	-	**(1,755,943)**
Debt due after 1 year	(21,786,687)	(6,100,000)	(5,944,824)	(2,904,293)	**(36,735,805)**
Total	**(27,984,531)**	**(7,092,252)**	-	**(2,904,293)**	**(37,981,075)**

Debt above includes accrued interest, but excludes loan issue costs.

24 Financial commitments

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

	Land and Buildings	Other
Group	**£**	**£**
Leases which expire:		
Within one year	210,000	9,323
In two to five years	-	8,700
	210,000	18,023

25 Impairment of goodwill and loss on disposal

An impairment charge of £1,390,163 was provided during the year in respect of the Group's investments in Zimma Limited, Likecube Limited and Keynoir Limited. Following a review of the business it was determined those investments were no longer strategically aligned to Group operations and that they should be impaired accordingly.

The current and prior year loss on disposal of £39,834 (2012: £723,249) relates to the sale of Bandwidth Communications Holdings Limited in 2012.

26 Ultimate parent undertaking

The ultimate controlling entity is Oakley Capital Private Equity LP, a limited partnership established in Bermuda.

27 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 £952,692 (2012: £1,703,042). At 31 December 2013 Time Out America LLC owed the Group £105,171 (2012: £455,047).
See note 17 for long-term debt owed to related parties.