

Company Registration No. 2809261

Haymarket Group Limited

Report and Financial Statements

31 December 2005



Haymarket Group Limited

Report and financial statements 2005

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Consolidated profit and loss account	6
Consolidated statement of total recognised gains and losses	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes to the accounts	11

Haymarket Group Limited

Report and financial statements 2005

Officers and professional advisers

Directors

The Rt Hon the Lord Heseltine CH (Chairman)

J D Duckworth

D B Fraser

The Hon R W D Heseltine

Dr A S Kemp

Lord Levene of Portsoken KBE

J L Masters

S P Tindall

E A Verdon-Roe

Secretary

J D Duckworth

Registered office

174 Hammersmith Road

London W6 7JP

Bankers

The Royal Bank of Scotland plc

Auditors

Deloitte & Touche LLP

Chartered Accountants

London

Haymarket Group Limited

Report and financial statements 2005

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Activity and future prospects

The principal activity of the group continued to be the publishing and development of magazines and the organisation of exhibitions. The directors do not anticipate any major changes in the foreseeable future.

Review of developments

The results for the year are set out on page 6.

Pre-tax group profits before expenditure on the launch and development of new activities, asset amortisation (including publishing rights) and interest payable was £29,140,000 compared to £24,850,000 in 2004; such expenditure on new activities was £6,838,000 charged against profits compared to £5,740,000 in 2004.

The group made a number of acquisitions of publishing rights during the year for total consideration including costs of £18,952,000 (net assets acquired £952,000), of which £8,166,000 relates to the acquisition of a subsidiary as detailed in note 27.

Details of post balance sheet events are shown in notes 15, 17 and 32.

Dividends of £2,500,000 (2004: £2,500,000) have been paid during the year.

Directors and their interests

The present membership of the Board is set out on page 1. All directors served throughout the year, except for J D Duckworth, who was appointed on 9 February 2005. The interests of the directors in the shares of the company were as follows:

Ordinary shares of 1p each	At 1 January 2005	At 31 December 2005
The Rt Hon the Lord Heseltine CH (Chairman)	16,611,650	16,611,650
J L Masters	1,158,220	1,158,220
S P Tindall	3,146,505	3,146,505

The Hon R W D Heseltine has an indirect interest in 9,184,760 shares through a family trust.

The directors of the company do not have any interests in the shares of subsidiary undertakings.

Employee involvement

The company provides employees with information on matters of concern to them as employees.

Haymarket Group Limited

Report and financial statements 2005

Directors' report (continued)

Financial Risk Management

The financial risks that the directors consider most applicable to the group and company are interest rate risk and, to a lesser extent, currency risk.

Action has been taken to mitigate any adverse effect of interest rates on the group's profitability, as detailed in note 15 to the accounts.

A proportion of currency risk is hedged by way of foreign currency bank loans.

Employment of disabled persons

The company and its subsidiaries have continued the policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitude and abilities. The company continues to employ, train and support the career development and promotion of employees of the company who have become disabled persons during the period when they were employed by the company and other disabled employees of the company.

Donations

During the year the group made charitable donations of £41,450 (2004: £27,600) and made donations of £25,000 to Conservative Mainstream (2004: £25,000).

Auditors

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



J D Duckworth
Director and Secretary

4 July 2006

Haymarket Group Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company and the group in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the group and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any *material departures disclosed and explained in the financial statements*;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Haymarket Group Limited

We have audited the group and individual company financial statements (the "financial statements") of Haymarket Group Limited for the year ended 31 December 2005 which comprise the consolidated profit and loss account, the consolidated and individual company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

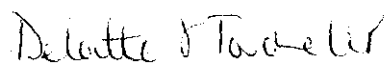
Basis of audit opinion

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

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

Opinion

In our opinion, the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the individual company's affairs as at 31 December 2005 and of the group's profit for the year then ended; and the financial statements have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

4 July 2006

Haymarket Group Limited

Consolidated profit and loss account Year ended 31 December 2005

	Notes	2005		2004	
		£'000	£'000	£'000	£'000
Turnover					
Group and share of joint ventures and associates		236,150		201,968	
Less: share of joint ventures and associates		(6,865)		(5,777)	
Group turnover	2	229,285			196,191
Cost of sales		(200,806)			(172,287)
Gross profit			28,479		23,904
Amortisation of publishing and exhibition rights	9	(5,907)		(3,014)	
Other administrative expenses		(7,851)		(5,939)	
Total administrative expenses			(13,758)		(8,953)
Operating profit	4		14,721		14,951
Share of operating profit of joint ventures and associates		789		231	
Amortisation of intangibles in respect of joint ventures and associates		(8)		(8)	
Profit on disposal of fixed assets		100		388	
			881		611
Group operating profit			15,602		15,562
Investment income	5		793		637
Interest payable and similar charges	6		(7,745)		(6,535)
Profit on ordinary activities before taxation			8,650		9,664
Tax on profit on ordinary activities	7		(3,724)		(3,648)
Profit on ordinary activities after taxation			4,926		6,016
Equity minority interests			-		153
Profit for the financial year attributable to the members of Haymarket Group Limited			4,926		6,169

All activities derive from continuing operations.

Haymarket Group Limited

Consolidated statement of total recognised gains and losses Year ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Profit for the year attributable to the members of Haymarket Group Limited		4,926	6,169
Currency translation differences on foreign currency net investments	21	(484)	(8)
Revaluation of freehold properties	22	414	352
Adjustment to pre-acquisition reserves	21	-	(327)
Total recognised gains and losses relating to the year		<u>4,856</u>	<u>6,186</u>


Haymarket Group Limited

Consolidated balance sheet 31 December 2005

	Notes	2005		2004	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9		64,634		50,544
Tangible assets	10		61,676		50,318
Investments	11(b)		70		70
Investments in joint ventures and associates					
- Goodwill		227		234	
- Gross assets		7,011		5,699	
- Gross liabilities		(3,798)		(3,810)	
	11(c)		<u>3,440</u>		<u>2,123</u>
			<u>129,820</u>		<u>103,055</u>
Current assets					
Stocks	12		1,820		1,311
Debtors falling due within one year	13(a)		46,655		43,899
Debtors falling due after more than one year	13(b)		2,279		1,612
Cash at bank and in hand			5,032		6,015
			<u>55,786</u>		<u>52,837</u>
Creditors: amounts falling due within one year	14		<u>(82,196)</u>		<u>(54,884)</u>
Net current liabilities			<u>(26,410)</u>		<u>(2,047)</u>
Total assets less current liabilities			<u>103,410</u>		<u>101,008</u>
Creditors: amounts falling due after more than one year	15		<u>(107,967)</u>		<u>(107,921)</u>
Net liabilities	2		<u>(4,557)</u>		<u>(6,913)</u>
Capital and reserves					
Called up share capital	17		316		316
Capital redemption reserve	18		196		196
Revaluation reserve	19		10,311		9,897
Merger reserve	20		6,236		6,236
Profit and loss account	21		(21,616)		(23,558)
Equity shareholders' deficit	22		<u>(4,557)</u>		<u>(6,913)</u>

These financial statements were approved by the Board of Directors on 4 July 2006.

Signed on behalf of the Board of Directors



The Rt. Hon. The Lord Heseltine CH
Director and Chairman

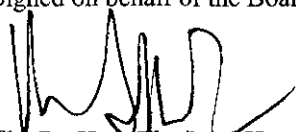
Haymarket Group Limited

Company balance sheet 31 December 2005

	Notes	2005 £'000	2004 £'000
Fixed assets			
Investments	11	72	72
		<hr/>	<hr/>
Current assets			
Debtors falling due within one year	13(a)	114,000	117,350
		<hr/>	<hr/>
Net current assets		114,000	117,350
		<hr/>	<hr/>
Total assets less current liabilities		114,072	117,422
		<hr/>	<hr/>
Net assets		114,072	117,422
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	17	316	316
Capital redemption reserve	18	196	196
Profit and loss account	21	113,560	116,910
		<hr/>	<hr/>
Equity shareholders' funds	22	114,072	117,422
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the Board of Directors on 4 July 2006.

Signed on behalf of the Board of Directors



The Rt. Hon. The Lord Heseltine CH
Director and Chairman

Haymarket Group Limited

Consolidated cash flow statement Year ended 31 December 2005

	Notes	£'000	2005 £	£'000	2004 £
Net cash inflow from operating activities	23		31,771		17,895
Dividends received from associated undertakings			1,057		275
Returns on investments and servicing of finance					
Interest received		76		113	
Dividends received		93		78	
Interest paid		(7,745)		(6,432)	
Net cash outflow from returns on investments and servicing of finance			(7,576)		(6,241)
Taxation					
UK corporation tax paid		(3,941)		(6,137)	
Total tax paid			(3,941)		(6,137)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(14,422)		(21,598)	
Purchase of intangible fixed assets		(6,536)		(503)	
Proceeds from sale of tangible fixed assets		507		659	
Net cash outflow from capital expenditure and financial investment			(20,451)		(21,442)
Acquisitions and disposals					
Purchase of subsidiary undertakings	27	(7,766)		(5,497)	
Net (overdraft)/cash acquired with subsidiaries	27	(83)		1,611	
Purchase of interest in associated undertakings		(1,469)		-	
Net cash outflow from acquisitions and disposals			(9,318)		(3,886)
Equity dividends paid			(2,500)		(2,500)
Net cash outflow before financing			(10,958)		(22,036)
Financing					
Bank loan drawdown/(repayment)	24	(2,000)		44,466	
Redemption of share capital		-		(15,678)	
Net cash (outflow)/inflow from financing			(2,000)		28,788
(Decrease) / Increase in cash	25, 26		(12,958)		6,752

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

1. Accounting policies

The financial statements are prepared in accordance with United Kingdom law and accounting standards. The particular accounting policies adopted by the directors are consistent with the prior year and are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as amended by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries for the year ended 31 December 2005.

The group's share in associates is accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the pre-tax profits or losses and attributable taxation.

The group's share of its joint ventures' assets and liabilities have been accounted for using the gross equity method.

Acquisitions and goodwill

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net assets. Where the cost of the acquisition exceeds the values attributed to such net assets, the difference is treated as purchased goodwill. Purchased goodwill is capitalised and amortised on a straight line basis at 5% per annum.

Publishing and exhibition rights

Publishing and exhibition rights are held at cost less any provision for impairment in value and are amortised on a straight line basis at rates between 5% and 20% per annum, based on an assessment of the economic life of the asset at the time of purchase. Any elements of acquisition costs that relate to a non-competition clause are amortised over the effective period of that clause.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation net of depreciation and any provision for impairment. Short leasehold properties are amortised over the period of the lease. No depreciation is usually charged on freehold land. When it has proved impossible to obtain a split between land and buildings for a property then the full cost or valuation has been depreciated. Other assets are depreciated by equal annual instalments over the anticipated lives of the assets, principally at the following rates:

Freehold office properties	2%
Other freehold properties	2%
Vehicles, furniture and equipment	20% - 25%

Freehold properties are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve.

Investments

Investments are stated at cost less any provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value. Stocks of magazine back issues are not valued.

Agricultural stock is included at independent professional valuation.

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is provided in full on timing differences between the recognition of gains and losses in the financial statements and their recognition in a taxation computation.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiary and associated undertakings and joint ventures where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account. The financial statements of foreign subsidiary undertakings are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiary undertakings at the closing rates are taken directly to reserves.

Pension costs

The company operates a defined contribution pension scheme. Pension costs are charged to the profit and loss account in the period in which they become payable.

Operating leases

Rentals are charged to the profit and loss account in equal annual amounts over the lease term.

2. Analysis of turnover, operating profit and net assets

Turnover represents revenue receivable and the value of goods (excluding VAT) sold to third parties. All turnover and profit before tax relates to the group's principal activity.

Geographical analysis by location is as follows:

Turnover by destination	2005	2004
	£'000	£'000
United Kingdom	188,315	167,910
Other countries	40,970	28,281
	<u>229,285</u>	<u>196,191</u>
Turnover by source		
United Kingdom	167,504	148,800
Other countries	61,781	47,391
	<u>229,285</u>	<u>196,191</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

2. Analysis of turnover, operating profit and net assets (continued)

Profit on ordinary activities before taxation

An analysis of operating profit by geographical segment has not been included as the directors believe that to do so would be seriously prejudicial to the interests of the group.

Net liabilities	2005 £'000	2004 £'000
United Kingdom	90,000	80,999
Other countries	20,726	13,570
Group monetary net liabilities	(115,283)	(101,482)
	<u>(4,557)</u>	<u>(6,913)</u>

3. Information regarding directors and employees

	2005 £'000	2004 £'000
Directors' emoluments		
Emoluments	<u>2,682</u>	<u>1,803</u>
Remuneration of highest paid director	<u>1,202</u>	<u>559</u>

Directors' emoluments are disclosed on an accruals basis. The comparatives have been adjusted in accordance with this method.

There are defined contribution pension plans for the benefit of four directors (2004: six). The contributions in total for the year were £304,868 (2004: £181,225). The highest paid director received contributions of £237,812 (2004: £31,875).

	2005 £'000	2004 £'000
Staff costs during the year (including directors)		
Wages and salaries	67,709	53,365
Social security costs	6,709	5,311
Pension costs	2,774	2,032
	<u>77,192</u>	<u>60,708</u>
	No.	No.
Average number of persons employed (including directors)	<u>1,845</u>	<u>1,551</u>

The company had no employees (2004: nil).

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

4. Operating profit

	2005	2004
	£'000	£'000
Operating profit is after charging:		
Depreciation - owned assets	3,095	2,942
Rentals under operating leases for land and buildings	1,772	1,210
Auditors' remuneration - group audit	146	137
- company audit	7	16
- other services	128	282
Amortisation of publishing and exhibition rights	5,907	3,014
	<u>5,907</u>	<u>3,014</u>

5. Investment income

	2005	2004
	£'000	£'000
Income from other fixed asset investments	93	78
Interest receivable and similar income	76	113
Income from associate	276	446
Foreign exchange differences	348	-
	<u>793</u>	<u>637</u>

6. Interest payable and similar charges

	2005	2004
	£'000	£'000
Bank loan and overdraft interest	7,745	6,432
Foreign exchange differences	-	103
	<u>7,745</u>	<u>6,535</u>

7. Tax on profit on ordinary activities

	2005	2004
	£'000	£'000
United Kingdom corporation tax at 30% (2004: 30%)	4,754	4,566
Adjustment in respect of prior years	(175)	(820)
Overseas taxation	338	77
Group share of tax on profits of joint ventures and associates	-	108
Double-tax relief	(277)	(77)
	<u>4,640</u>	<u>3,854</u>
Total current tax charge	4,640	3,854
Deferred tax credit	(916)	(206)
	<u>3,724</u>	<u>3,648</u>
Tax on profit on ordinary activities	3,724	3,648

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

7. Tax on profit on ordinary activities (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2004: 30%). The current tax charge for the year exceeds 30% for the reasons set out in the following reconciliation:

Reconciliation of current tax charge	2005	2004
	£'000	£'000
Profit on ordinary activities before tax	8,650	9,664
Tax at 30% thereon	2,595	2,899
Factors affecting charge for the year		
- Expenses not deductible for tax	777	455
- Capital allowances in advance of depreciation	(339)	(54)
- Other short term timing differences	630	234
- Non-deductible depreciation/amortisation on assets not qualifying for capital allowances	985	961
- Non-taxable income	(175)	(233)
- Unutilised tax losses	281	412
- Effect of overseas tax rates	61	-
- Adjustment in respect of prior years	(175)	(820)
Current tax charge for the year	<u>4,640</u>	<u>3,854</u>

8. Profit attributable to members of the company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements.

The company's loss before dividends for the year was £850,000 (2004: loss £2,612,000).

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

9. Intangible assets

Group	Publishing and exhibition rights £'000
Cost or valuation	
At 1 January 2005	76,326
Additions during the year:	
on acquisition of subsidiary	7,214
other	10,786
Transfer from minority interest	337
Foreign exchange translation differences	2,213
	<hr/>
At 31 December 2005	96,876
Accumulated amortisation	
At 1 January 2005	25,782
Charged in the year	5,907
Foreign exchange translation differences	553
	<hr/>
At 31 December 2005	32,242
Net book value	
At 31 December 2005	<hr/> <hr/> 64,634
At 31 December 2004	<hr/> <hr/> 50,544

The group made a number of acquisitions of publishing rights and companies during the year for total consideration including costs of £18,952,000. The net assets of the subsidiary acquired totalled £952,000. For further details see note 27.

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

10. Tangible assets

Group Cost or valuation	Freehold properties £'000	Short leasehold properties £'000	Vehicles, furniture, equipment £'000	Total £'000
At 1 January 2005	45,706	1,520	21,844	69,070
Additions	10,193	-	4,229	14,422
On acquisition of subsidiary	-	-	55	55
Disposals	(130)	-	(2,063)	(2,193)
Revaluations	414	-	-	414
Foreign exchange translation differences	-	23	180	203
At 31 December 2005	<u>56,183</u>	<u>1,543</u>	<u>24,245</u>	<u>81,971</u>
Accumulated depreciation				
At 1 January 2005	554	1,364	16,834	18,752
Charge for the year	369	64	2,662	3,095
Disposals	-	(6)	(1,780)	(1,786)
Foreign exchange translation differences	-	11	223	234
At 31 December 2005	<u>923</u>	<u>1,433</u>	<u>17,939</u>	<u>20,295</u>
Net book value				
At 31 December 2005	<u>55,260</u>	<u>110</u>	<u>6,306</u>	<u>61,676</u>
At 31 December 2004	<u>45,152</u>	<u>156</u>	<u>5,010</u>	<u>50,318</u>

Freehold properties at 31 December 2005 comprise freehold office properties at open market value as determined by Kitchen LeFrenais Morgan, professional valuers, of £17,150,000 (2004: £16,800,000), other freehold office property at open market value of £3,200,000 (2004: £3,200,000) and other freehold properties at directors' valuation, which equates to cost, of £34,910,000 (2004: £25,152,000).

The net book value of freehold properties comprises land of £2,674,000 (2004: £2,674,000) and properties for which no split can be obtained of £52,586,000 (2004: £42,478,000).

	Freehold properties £'000
The comparable amounts for properties at valuation determined according to the historical cost convention:	
Cost	46,559
Accumulated depreciation	(4,433)
Net book value at 31 December 2005	<u>42,126</u>
Net book value at 31 December 2004	<u>32,271</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

11. Investments held as fixed assets

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Shares in subsidiary undertakings (a)	-	-	72	72
Other investments (b)	70	70	-	-
Investments in joint ventures and associated undertakings (c)	3,440	2,123	-	-
	<u>3,510</u>	<u>2,193</u>	<u>72</u>	<u>72</u>

(a) Shares in subsidiary undertakings

The principal subsidiary undertakings, all of which with the exception of Haymarket Media Inc, (registered and operating in USA) and Haymarket Media GmbH (registered and operating in Germany) are registered in England and Wales and operate principally in the United Kingdom, are as follows:

Subsidiary undertakings	Percentage of equity held	Principal Activity
Haymarket Publishing Group Limited	100%	Holding company
Haymarket Business Publications Limited *	100%	Magazine publishing
Haymarket Medical Publications Limited**	100%	Magazine publishing
Haymarket Magazines Limited *	100%	Magazine publishing
Haymarket Exhibitions Limited *	100%	Exhibition organising
Haymarket Publishing Services Limited*	100%	Administrative services
Haymarket Worldwide Limited*	100%	Holding company
Teddington Properties Limited	100%	Property investment
Haymarket Media Inc.***	100%	Holding company
Haymarket Media GmbH***	100%	Magazine publishing
Haymarket Network Limited*	100%	Magazine publishing

* Shares held by Haymarket Publishing Group Limited

** Shares held by Haymarket Business Publications Limited

*** Shares held by Haymarket Worldwide Limited

(b) Other investments

Cost	Listed Total £'000
At 1 January 2005 and 31 December 2005	<u>70</u>
	<u>2005</u> <u>2004</u>
	£'000 £'000
Market value of investments listed on a recognised stock exchange (cost £54,069 (2004: £54,069))	<u>4,873</u> <u>3,772</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

11. Investments held as fixed assets (continued)

(c) Joint ventures and associated undertakings

Group	Joint ventures £'000	Associated undertakings £'000	Total £'000
Share of net assets			
At 1 January 2005	1,889	-	1,889
Additions	-	1,469	1,469
Dividend received	(688)	-	(688)
Share of retained profits	352	191	543
	<hr/>	<hr/>	<hr/>
At 31 December 2005	1,553	1,660	3,213
	<hr/>	<hr/>	<hr/>
Goodwill cost			
At 1 January 2005	-	249	249
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2005	-	249	249
	<hr/>	<hr/>	<hr/>
Goodwill amortisation			
At 1 January 2005	-	(15)	(15)
Charged in the year	-	(7)	(7)
	<hr/>	<hr/>	<hr/>
At 31 December 2005	-	(22)	(22)
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2005	1,553	1,887	3,440
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2004	1,889	234	2,123
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The amortisation of publishing rights above brings the accounting policies of the joint ventures and associates into line with that of the group. For certain associated undertakings, Haymarket Group Limited's partners can require the company to purchase their remaining shares at a price to be determined based on average profits for certain years.

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

11. Investments held as fixed assets (continued)

(c) Joint ventures and associated undertakings (continued)

Details of investments representing more than 10% of the company's issued share capital:

Associates	Country of incorporation/ registration and principal place of operation	Percentage of equity held	Principal activity
Frontline Limited	England and Wales	Ordinary 'A' shares 5% Ordinary 'C' shares 100% Ordinary 'E' shares 25% Ordinary 'F' shares 17%	Distribution of magazines
FinanceAsia.com Limited	Hong Kong	50%	Magazine publisher
Joint ventures			
BBC Haymarket Exhibitions Limited	England and Wales	50%	Organisation of exhibitions
Haymarket SAC Publishing (India) Private Limited	India	50%	Magazine publisher

During the year, the company increased its holding in FinanceAsia.com Limited from 20% to 50%.

All shares are held by subsidiary undertakings.

(d) Transactions with associated undertakings and Joint Ventures

Frontline Limited is the group's agent in relation to the sale of publications to third parties. Distribution services totalling £4,039,175 (2004: £4,093,309) were provided to the group by Frontline Limited.

During the year the group provided the following services to BBC Haymarket Exhibitions Limited:

	2005 £'000	2004 £'000
Administrative services	498	356

Amounts owed from and to associated undertakings are shown in notes 13 and 14 to the accounts.

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

12. Stocks

Group	2005 £'000	2004 £'000
Raw materials and consumables	1,820	1,311

Raw materials and consumables include £157,000 (2004: £110,000) of agricultural stocks which are included at independent professional valuation.

The balance represents stocks of paper for which, in the directors' opinion, the replacement cost does not differ significantly from the value included in the financial statements.

13. Debtors

(a) Falling due within one year

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Trade debtors	30,433	27,569	-	-
Amounts owed by subsidiary undertakings	-	-	114,000	117,350
Amounts owed by associated undertakings	2,659	3,984	-	-
Other debtors	4,239	3,104	-	-
Prepayments and accrued income	9,324	9,242	-	-
	<u>46,655</u>	<u>43,899</u>	<u>114,000</u>	<u>117,350</u>

Amounts owed by associated undertakings include £1,761,881 (2004: £1,917,981) owed by Frontline Limited.

(b) Falling due after more than one year

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Other debtors	448	461	-	-
Deferred tax (note 16)	1,831	915	-	-
Minority interest	-	236	-	-
	<u>2,279</u>	<u>1,612</u>	<u>-</u>	<u>-</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

14. Creditors: amounts falling due within one year

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Bank overdraft	14,438	2,463	-	-
Bank loans	6,000	3,000	-	-
Trade creditors	8,090	5,767	-	-
Other creditors including taxation and social security	13,675	9,589	-	-
Accruals and deferred income	39,993	34,065	-	-
	<u>82,196</u>	<u>54,884</u>	<u>-</u>	<u>-</u>
Other creditors including taxation and social security:				
Amounts owed to associated undertakings	699	750	-	-
UK corporation tax	2,462	1,467	-	-
Other taxation and social security	3,544	2,388	-	-
Other creditors	6,970	4,984	-	-
	<u>13,675</u>	<u>9,589</u>	<u>-</u>	<u>-</u>

The bank loans balance represents the element of the loans disclosed in note 15 which falls due within one year.

At the end of the year no balances were owed to any director.

During the year the group entered into the following transactions with its directors:

	Lord Heseltine £	S P Tindall £
2005		
Personal costs paid for by the group and fully reimbursed	140,500	176,600
Other costs paid for by the group and fully reimbursed	-	-
2004		
Personal costs paid for by the group and fully reimbursed	151,900	186,000
Other costs paid for by the group and fully reimbursed	-	189,000

Details of agreements for share purchases from directors by the company are disclosed in note 17.

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

15. Creditors: amounts falling due after more than one year

Group	2005 £'000	2004 £'000
Bank loans:		
due between one and two years	3,000	6,000
due between two and five years	9,000	9,000
due after more than five years	87,877	89,018
Other	8,090	3,903
	<u>107,967</u>	<u>107,921</u>

The bank loans bear interest at a variable rate. As at 31 December 2005 the rate for a £25 million loan was fixed at 6.17% until 4 December 2006. On 27 April 2006 this instrument was cancelled and the group entered into a number of interest rate hedging instruments that will be effective from 1 July 2006 for periods between 7 and 10 years.

16. Deferred tax

Group deferred taxation

There is a deferred tax asset recognised of £1,831,000 (2004: £915,000). This asset relates to the following amounts:

	2005 £'000	2004 £'000
Capital allowances in excess of depreciation	(1,040)	(709)
Other timing differences	2,871	1,624
	<u>1,831</u>	<u>915</u>

The movement on the deferred tax asset recognised during the year was as follows:

	2005 £'000
Balance at 1 January 2005	915
Deferred tax credit	916
	<u>1,831</u>
Closing balance	<u>1,831</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

16. Deferred tax (continued)

Group deferred taxation

There is also an unrecognised deferred tax asset of £5,568,000 (2004: £5,548,000). The unrecognised deferred tax asset comprises:

	2005 £'000	2004 £'000
Unutilised overseas tax losses	2,049	2,507
Unutilised UK tax losses	625	481
Gain deferred by rollover relief	(570)	(570)
Capital losses	3,464	3,130
	<u>5,568</u>	<u>5,548</u>

Deferred tax has not been provided for potential gains on the disposal of revalued properties, listed investments or gains rolled over into replacement assets as there are no binding sale agreements in place at the balance sheet date and gains or losses have not yet been recognised in respect of these assets.

No tax liability would be expected on the disposal of properties or listed investments at their revalued amounts due to the excess capital losses carried forward in the group and because the group would expect rollover relief to be available in certain cases.

Deferred tax has not been provided for the majority of unutilised losses, as there is insufficient evidence that these losses will be offset against taxable profits in the near future. However, a deferred tax asset has been recognised in relation to tax losses following the acquisition of a subsidiary during the year.

17. Called up share capital

	No.	2005 £'000	No.	2004 £'000
Authorised:				
Ordinary shares of 1p each	52,000,000	520	52,000,000	520
Allotted, called up and fully paid:				
Ordinary shares of 1p each	31,647,955	316	31,647,955	316

The company is party to an agreement dated 23 December 2005 whereby it will be required to purchase 1,158,220 ordinary shares of 1p each in the company, in which shares J L Masters has an interest. The purchase will take place between 1 January 2008 and 31 May 2009 for a maximum consideration of £11,200,000.

On 27 April 2006 the company entered into an agreement whereby on various dates between 28 April 2006 and 5 January 2013 it will be required to purchase 4,693,325 ordinary shares of 1p each in the company, in which shares S P Tindall has an interest, for a total consideration of £38,787,984. These payments will be made subject to the availability of appropriate funds on the required dates.

The Rt. Hon. the Lord Heseltine CH and his family have a controlling interest in the company.

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

18. Capital redemption reserve

	2005 £'000	2004 £'000
Group		
At 1 January	196	177
Redemption of share capital	-	19
At 31 December	<u>196</u>	<u>196</u>

19. Revaluation reserve

	2005 £'000	2004 £'000
Group		
At 1 January	9,897	9,545
Revaluation of freehold properties	414	352
At 31 December	<u>10,311</u>	<u>9,897</u>

20. Merger reserve

	£'000
Group	
At 1 January 2005 and 31 December 2005	<u>6,236</u>

21. Profit and loss account

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
At 1 January	(23,558)	(11,214)	116,910	135,200
Profit/(loss) for the financial year	4,926	6,169	(850)	(112)
Dividends	(2,500)	(2,500)	(2,500)	(2,500)
Currency translation differences on foreign currency net investments	(484)	(8)	-	-
Redemption of share capital	-	(15,678)	-	(15,678)
Adjustment to pre-acquisition reserves	-	(327)	-	-
At 31 December	<u>(21,616)</u>	<u>(23,558)</u>	<u>113,560</u>	<u>116,910</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

22. Reconciliation of movements in equity shareholders' (deficit)/funds

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Profit for the financial year	4,926	6,169	(850)	(112)
Foreign exchange differences	(484)	(8)	-	-
Adjustment to pre-acquisition reserves	-	(327)	-	-
Redemption of share capital	-	(15,678)	-	(15,678)
Reduction in issued share capital	-	(19)	-	(19)
Increase in capital redemption reserve	-	19	-	19
Dividends	(2,500)	(2,500)	(2,500)	(2,500)
	<u>1,942</u>	<u>(12,344)</u>	<u>(3,350)</u>	<u>(18,290)</u>
Adjustment on revaluation of freehold properties	414	352	-	-
Net increase/(decrease) in equity shareholders' (deficit)/funds	2,356	(11,992)	(3,350)	(18,290)
Opening equity shareholders' (deficit)/funds	<u>(6,913)</u>	<u>5,079</u>	<u>117,422</u>	<u>135,712</u>
Closing equity shareholders' (deficit)/funds	<u><u>(4,557)</u></u>	<u><u>(6,913)</u></u>	<u><u>114,072</u></u>	<u><u>117,422</u></u>

23. Reconciliation of operating profit to net cash inflow from operating activities

	2005 £'000	2004 £'000
Operating profit	14,721	14,951
Depreciation	3,095	2,942
Amortisation of publishing and exhibition rights	5,907	3,014
Increase in debtors	(3,069)	(4,671)
Increase in stocks	(889)	(50)
Increase in creditors	12,006	1,709
Net cash inflow from operating activities	<u><u>31,771</u></u>	<u><u>17,895</u></u>

24. Analysis of changes in financing during the year

	Bank Loans 2005 £'000	Bank loans 2004 £'000
Balance at 1 January	107,018	65,015
Cash (outflow)/inflow from financing	(2,000)	42,589
Foreign exchange movement	859	(586)
Balance at 31 December	<u><u>105,877</u></u>	<u><u>107,018</u></u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

25. Reconciliation of net cash flow to movement in net debt

	2005 £'000	2004 £'000
(Decrease)/increase in cash in the year	(12,958)	6,752
Cash outflow/(inflow) from debt financing	1,141	(44,466)
	<u>(11,817)</u>	<u>(37,714)</u>
Change in net debt resulting from cash flows		
Movement in net debt in the year	(11,817)	(37,714)
Net debt at 1 January	(103,466)	(65,752)
	<u>(115,283)</u>	<u>(103,466)</u>
Net debt at 31 December		

26. Analysis of net debt

	At 1 January 2005 £'000	Cash flow £'000	Other Non-cash Changes £'000	At 31 December 2005 £'000
Cash at bank and in hand	6,015	(983)	-	5,032
Overdrafts	(2,463)	(11,975)	-	(14,438)
Bank loans due within one year	(3,000)	(3,000)	-	(6,000)
	<u>552</u>	<u>(15,958)</u>	<u>-</u>	<u>(15,406)</u>
Debt due after one year				
Bank loans	(104,018)	5,000	(859)	(99,877)
	<u>(103,466)</u>	<u>(10,958)</u>	<u>(859)</u>	<u>(115,283)</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

27. Acquisitions of subsidiary undertakings

The group (through Haymarket Media GmbH) acquired one subsidiary, Thalacker Medien GmbH, on 1 January 2005. Its principal activity is that of publishing magazines.

	Net assets acquired £'000
Tangible fixed assets	55
Investments	736
Intangible fixed assets	648
Stock	380
Debtors	326
Cash	(83)
Creditors	(1,110)
	<hr/>
	952
	<hr/>
Publishing rights acquired	7,214
	<hr/>
Consideration paid:	
Cash	7,766
Deferred	400
	<hr/> <hr/>

No fair value adjustments were required.

The results of the acquisition included in the 31 December 2005 accounts have been as follows:

	1 January 2005 to 31 December 2005 £'000
Turnover	5,615
Cost of sales	(4,187)
	<hr/>
Operating profit	1,428
	<hr/>
Profit before taxation	706
	<hr/> <hr/>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

28. Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiary undertaking

	£'000
Cash consideration	7,766
Net overdraft acquired	83
	<hr/>
Net outflow of cash and cash equivalent in respect of the acquisition	7,849
	<hr/> <hr/>

29. Capital commitments

There were capital commitments at 31 December 2005 amounting to £1,069,000 (2004: £12,863,000) relating to the group and none (2004: £nil) relating to the company.

30. Operating lease commitments

As at 31 December 2005 the group was committed to making the following payments during the next year in respect of non-cancellable operating leases:

Group	Other £'000	Land and buildings £'000	Total £'000
Leases which expire:			
Within one year	-	203	203
Within two to five years	1	1,164	1,165
After five years	-	404	404
	<hr/>	<hr/>	<hr/>
As at 31 December 2005	1	1,771	1,772
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Group	Other £'000	Land and buildings £'000	Total £'000
Leases which expire:			
Within one year	-	58	58
Within two to five years	1	470	471
After five years	-	681	681
	<hr/>	<hr/>	<hr/>
As at 31 December 2004	1	1,209	1,210
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

31. Pension scheme

The principal scheme operated by the group is a defined contribution scheme in which eligible employees participate in personal pension plans to which the company contributes 8% - 12.5% and the employees contribute a minimum of 5% of relevant earnings. The assets of the individual plans are held separately from those of the company in independently administered funds. There were no unpaid contributions as at 31 December 2005. Details of pension costs are shown in note 3.

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2005

32. Post balance sheet events

The group has acquired publishing and business assets for a consideration of £4,902,000 and sold freehold property for a consideration of £3,200,000 since the year end.