

**HAYMARKET GROUP LIMITED**

**Report and Financial Statements**

**31 December 2000**



Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR

253  
27/10/01

**REPORT AND FINANCIAL STATEMENTS**

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**REPORT AND FINANCIAL STATEMENTS**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

The Rt Hon M R D Heseltine CH (Chairman)  
D B Fraser  
Dr A S Kemp  
Lord Levene of Portsoken KBE  
J L Masters  
S P Tindall

**SECRETARY**

D B Fraser FCA

**REGISTERED OFFICE**

174 Hammersmith Road  
London  
W6 7JP

**BANKERS**

National Westminster Bank Plc

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

**ACTIVITY**

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 group's results for the year and state of affairs at 31 December 2000 are shown in the attached financial statements. During the year the group continues to incur significant expenditure in the launch and development of new publications. Net expenditure on such new activities of £12,217,000 was charged against profits, compared to £10,228,000 in 1999; excluding that net expenditure and amortisation of publishing rights, the group profit before interest payable and tax was £30,312,000 (1999- £25,479,000).

A dividend of £2,500,000 (1999 - £2,500,000) has been paid and the retained profit for the financial year was £3,028,000 (1999 - £2,991,000).

**DIRECTORS AND THEIR INTERESTS**

The present membership of the Board is set out on page 1. All directors served throughout the year. The interests of the directors in the shares of the company were as follows:

	<b>Ordinary shares of 1p each at 1 January and 31 December 2000</b>
M R D Heseltine (Chairman)	16,611,650
D B Fraser	1,483,640
J L Masters	1,158,220
S P Tindall	3,537,715

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

**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.

**DONATIONS**

During the year the group made charitable donations of £10,000 (1999 - £69,000) and made a donation of £25,000 to Conservative Mainstream (1999 - £25,000) and £3,000 to the Conservative Party (1999 - nil).

**AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



D B Fraser  
Director and Secretary

17 May 2001

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group 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 the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **AUDITORS' REPORT TO THE MEMBERS OF HAYMARKET GROUP LIMITED**

We have audited the financial statements on pages 5 to 26 which have been prepared under the accounting policies set out on pages 10 and 11.

### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, 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 of the state of affairs of the company and the group as at 31 December 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Deloitte & Touche

Chartered Accountants and  
Registered Auditors

17 May 2001

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2000**

	Note	2000 £'000	2000 £'000	1999 £'000	1999 £'000
<b>TURNOVER</b>					
Group and share of joint ventures		170,647		138,976	
Less: share of joint ventures		(9,804)		(9,906)	
		<u>          </u>		<u>          </u>	
Group turnover	2		160,843		129,070
Cost of sales			(139,731)		(112,138)
			<u>          </u>		<u>          </u>
Gross profit			21,112		16,932
Amortisation of publishing and exhibition rights		(2,335)		(1,616)	
Other administrative expenses		(3,197)		(1,930)	
		<u>          </u>		<u>          </u>	
Administrative expenses			(5,532)		(3,546)
Other operating income			17		24
			<u>          </u>		<u>          </u>
<b>OPERATING PROFIT</b>	4		15,597		13,410
Share of operating profit/(loss) of joint ventures			(41)		(503)
Share of operating (loss)/profit of associates			-		50
Amortisation of intangibles in respect of joint ventures and associates			(148)		(254)
Profit on disposal of fixed assets	5		61		436
Investment income	6		143		242
Interest payable and similar charges	7		(4,647)		(3,814)
			<u>          </u>		<u>          </u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			10,965		9,567
Tax on profit on ordinary activities	8		(5,377)		(3,916)
			<u>          </u>		<u>          </u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>			5,588		5,651
Equity minority interests			(60)		(160)
			<u>          </u>		<u>          </u>
<b>PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF HAYMARKET GROUP LIMITED</b>			5,528		5,491
Equity dividends paid			(2,500)		(2,500)
			<u>          </u>		<u>          </u>
<b>RETAINED PROFIT FOR THE GROUP AND ITS SHARE OF ASSOCIATES AND JOINT VENTURES</b>			<u>          </u>		<u>          </u>
			3,028		2,991
			<u>          </u>		<u>          </u>

All activities derive from continuing operations.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**Year ended 31 December 2000**

	2000 £'000	1999 £'000
Profit for the year	5,528	5,491
Currency translation differences on foreign currency net investments	(89)	(15)
Adjustment on revaluation of fixed assets	3,488	5,170
	<u>8,927</u>	<u>10,646</u>
Total recognised gains and losses relating to the year	<u>8,927</u>	<u>10,646</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

**Year ended 31 December 2000**

	2000 £'000	1999 £'000
Profits on ordinary activities before taxation	10,965	9,567
Realisation of property valuation gains of prior years	122	49
	<u>11,087</u>	<u>9,616</u>
Historical cost profit on ordinary activities before taxation	<u>11,087</u>	<u>9,616</u>
Historical cost profit on ordinary activities after taxation	<u>5,710</u>	<u>5,700</u>



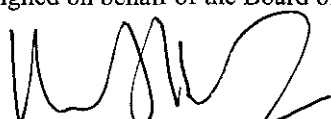
# HAYMARKET GROUP LIMITED

## CONSOLIDATED BALANCE SHEET 31 December 2000

	Note				
		£'000	2000 £'000	£'000	1999 £'000
<b>FIXED ASSETS</b>					
Intangible assets	10		39,346		34,098
Tangible assets	11		36,159		31,040
Investments	12		70		70
Investments in associates	12		-		1,872
Investments in joint ventures	12				
- Goodwill		2,356		2,831	
- Gross assets		6,088		5,955	
- Gross liabilities		(4,235)		(3,976)	
			4,209		4,810
			79,784		71,890
<b>CURRENT ASSETS</b>					
Stocks	13		1,460		1,534
Debtors falling due within one year	14(a)		37,499		29,971
Debtors falling due after more than one year	14(b)		1,181		963
Cash at bank and in hand			1,724		582
			41,864		33,050
<b>CREDITORS: amounts falling due within one year</b>	15		(54,178)		(53,043)
<b>NET CURRENT LIABILITIES</b>			(12,314)		(19,993)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			67,470		51,897
<b>CREDITORS: amounts falling due after more than one year</b>	16		(56,904)		(45,866)
<b>EQUITY MINORITY INTEREST</b>			-		(745)
			10,566		5,286
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		335		335
Capital redemption reserve	19		177		177
Revaluation reserve	20		14,881		11,515
Merger reserve	21		6,236		6,236
Profit and loss account	22		(11,063)		(12,977)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	23		10,566		5,286

These financial statements were approved by the Board of Directors on 17 May 2001.

Signed on behalf of the Board of Directors



The Rt. Hon. M R D Heseltine CH  
Chairman

**BALANCE SHEET**  
**31 December 2000**

	Note	2000 £'000	1999 £'000
<b>FIXED ASSETS</b>			
Investments	12	359	359
<b>CURRENT ASSETS</b>			
Debtors falling due within one year	14(a)	13,034	23,774
Debtors falling due after more than one year	14(b)	-	-
		13,034	23,774
<b>CREDITORS: amounts falling due within one year</b>	15	-	(7,775)
<b>NET CURRENT ASSETS</b>		13,034	15,999
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		13,393	16,358
<b>CREDITORS: amounts falling due after more than one year</b>	16	-	-
		13,393	16,358
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	335	335
Capital redemption reserve	19	177	177
Profit and loss account	22	12,881	15,846
<b>EQUITY SHAREHOLDERS' FUNDS</b>	23	13,393	16,358

These financial statements were approved by the Board of Directors on 17 May 2001.

Signed on behalf of the Board of Directors



The Rt. Hon. M R D Heseltine CH  
Chairman

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 2000**

	Note	2000 £'000	1999 £'000
<b>Net cash inflow from operating activities</b>	24	16,717	17,216
<b>Dividends received from associated undertakings</b>		25	62
<b>Returns on investments and servicing of finance</b>			
Interest received		51	103
Dividends received		54	45
Interest paid		(5,094)	(3,186)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(4,989)	(3,038)
<b>Taxation</b>			
UK corporation tax paid		(4,506)	(3,739)
<b>Total tax paid</b>		(4,506)	(3,739)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(5,902)	(4,791)
Purchase of intangible fixed assets		(5,393)	(4,765)
Purchase of minority shareholding		(1,952)	-
Proceeds from sale of intangible asset		150	352
Proceeds from sale of tangible fixed assets		1,464	2,268
Proceeds from sale of investment		150	-
<b>Net cash outflow from capital expenditure and financial investment</b>		(11,483)	(6,936)
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertaking		-	(7,088)
Purchase of interest in associated undertakings		(133)	(4,598)
<b>Net cash outflow from acquisitions and disposals</b>		(133)	(11,686)
<b>Equity dividends paid</b>		(2,500)	(2,500)
<b>Net cash outflow before financing</b>		(6,869)	(10,621)
<b>Financing</b>			
Bank loan drawdown	25	8,909	16,308
Redemption of loan stock	25	(7,723)	(12,710)
<b>Net cash inflow from financing</b>		1,186	3,598
<b>Decrease in cash</b>	26, 27	(5,683)	(7,023)

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted 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 2000.

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**

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 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 5% per annum.

**Tangible fixed assets**

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 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%

**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.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**1. ACCOUNTING POLICIES (continued)**

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on differences arising 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 to the extent that it is probable that a liability or asset will crystallise in the future.

**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. TURNOVER**

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.

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
<b>Geographical analysis</b>		
United Kingdom	146,948	123,706
Other Countries	13,895	5,364
	<u>160,843</u>	<u>129,070</u>

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directors' emoluments</b>		
Emoluments	1,042	1,048
Remuneration of highest paid director	262	253
	<u>No.</u>	<u>No.</u>
Average number of persons employed (including directors)	1,275	1,007

There is a defined contributions pension plan for the benefit of three directors. The contributions by the group in the year were £nil (1999 - £nil).

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
<b>Staff costs during the year</b>		
Wages and salaries	35,664	28,159
Social security costs	3,201	2,629
Pension costs	1,351	1,149
	<u>40,216</u>	<u>31,937</u>

**4. OPERATING PROFIT**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating profit is after charging:</b>		
Depreciation	2,900	2,274
Rentals under operating leases - other	886	593
Auditors' remuneration - audit	85	55
- other services	263	230
Amortisation of publishing and exhibition rights	2,335	1,616
	<u>2,335</u>	<u>1,616</u>

**5. PROFIT ON DISPOSAL OF FIXED ASSETS**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Profit on disposal of investments	54	34
Profit on disposal of freehold property	7	402
	<u>61</u>	<u>436</u>

**6. INVESTMENT INCOME**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Income from other fixed asset investments	54	45
Interest receivable and similar income	51	103
Income from associate	38	94
	<u>143</u>	<u>242</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Bank loan and overdraft interest	4,206	3,166
Other interest payable	530	577
Premium on loan stock	-	31
Foreign exchange	(89)	40
	<u>4,647</u>	<u>3,814</u>

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom corporation tax at 30% (1999 – 30.25%)	5,033	3,981
Overseas Taxation	220	-
Group share of tax on profits of:		
Joint ventures	262	-
Associates	13	32
	<u>5,528</u>	<u>4,013</u>
Adjustment in respect of prior years	(151)	(97)
	<u>5,377</u>	<u>3,916</u>

The tax charge is high predominantly due to disallowed expenditure, non-deductible amortisation, an absence of UK tax relief for overseas losses on associated undertakings and unprovided timing differences.

**9. LOSS 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 for the year amounted to £465,000 (1999 – loss £534,000).

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**10. INTANGIBLE FIXED ASSETS**

Group	Publishing and exhibition rights £'000
<b>Cost or valuation</b>	
At 1 January 2000	39,647
Additions during the year	7,733
Disposals	(150)
At 31 December 2000	<u>47,230</u>
<b>Accumulated amortisation</b>	
At 1 January 2000	5,549
Charged in the year	2,335
Disposals	-
At 31 December 2000	<u>7,884</u>
<b>Net book value</b>	
At 31 December 2000	<u>39,346</u>
At 31 December 1999	<u>34,098</u>

During the year the group purchased the remaining 51% of the issued share capital of Media & Marketing Limited, the remaining 50% of the issued share capital of Haymarket PR Publications GmbH and the remaining 50% of the issued share capital of Haymarket Live Events Limited.

**11. TANGIBLE FIXED ASSETS**

Group	Freehold Properties £'000	Short leasehold properties £'000	Vehicles, furniture, equipment £'000	Total £'000
<b>Cost or valuation</b>				
At 1 January 2000	25,837	662	12,999	39,498
Additions	985	497	4,420	5,902
On acquisition of subsidiary	-	-	7	7
Adjustment on revaluation	3,050	-	-	3,050
Disposals	(1,100)	-	(1,227)	(2,327)
Foreign exchange translation differences	-	-	35	35
Transfer from associated company	-	-	57	57
At 31 December 2000	<u>28,772</u>	<u>1,159</u>	<u>16,291</u>	<u>46,222</u>
<b>Accumulated depreciation</b>				
At 1 January 2000	227	292	7,939	8,458
Charge for the year	464	189	2,247	2,900
Adjustment on revaluation	(438)	-	-	(438)
Disposals	-	-	(870)	(870)
Foreign exchange translation differences	-	-	13	13
At 31 December 2000	<u>253</u>	<u>481</u>	<u>9,329</u>	<u>10,063</u>
<b>Net book value</b>				
At 31 December 2000	<u>28,519</u>	<u>678</u>	<u>6,962</u>	<u>36,159</u>
At 31 December 1999	<u>25,610</u>	<u>370</u>	<u>5,060</u>	<u>31,040</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**11. TANGIBLE FIXED ASSETS (continued)**

Freehold properties at 31 December 2000 comprise freehold office properties at open market value as determined by Kitchen La Frenais Morgan, professional valuers, of £25,000,000 (1999 - £22,450,000) and other freehold properties at cost of £3,421,000 (1999 - £3,160,000).

The net book value of freehold properties comprises land of £2,113,000 (1999 - £1,865,000) and properties for which no split can be obtained of £26,408,000 (1999 - £23,745,000).

	<b>Freehold Properties £'000</b>
The comparable amounts for properties at valuation determined according to the historical cost convention:	
Cost	15,295
Accumulated depreciation	(1,521)
	<hr/>
Net book value at 31 December 2000	13,774
	<hr/> <hr/>
Net book value at 31 December 1999	14,434
	<hr/> <hr/>

**12. INVESTMENTS HELD AS FIXED ASSETS**

	<b>Group</b>		<b>Company</b>	
	<b>2000 £'000</b>	<b>1999 £'000</b>	<b>2000 £'000</b>	<b>1999 £'000</b>
Shares in subsidiary undertakings (a)	-	-	359	359
Other investments (b)	70	70	-	-
Investments in joint ventures and associated undertakings (c)	4,209	6,682	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>4,279</b>	<b>6,752</b>	<b>359</b>	<b>359</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**(a) Shares in subsidiary undertakings**

The principal subsidiary undertakings, all of which are registered in England and Wales and operate principally in the United Kingdom, are as follows:

<b>Subsidiary undertakings</b>	<b>Percentage of equity held</b>	<b>Principal activity</b>
Haymarket Business Publications Limited	100%	Magazine publishing
Haymarket Medical 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

\* Shares held by Haymarket Publishing Group Services Limited

\*\* Shares held by Haymarket Publishing Services Limited.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**12. INVESTMENTS HELD AS FIXED ASSETS (continued)**

**(b) Other investments**

<b>Cost</b>		<b>Listed Total £'000</b>
At 1 January 2000 and 31 December 2000		70
	<b>2000 £'000</b>	<b>1999 £'000</b>
Market value of investments listed on a recognised stock exchange (cost £54,069 (1999 - £54,069))	7,310	9,384

**(c) Joint ventures & associated  
undertakings**

**Group**

**Share of net assets**

	<b>Joint Ventures £'000</b>	<b>Associates £'000</b>	<b>Total £'000</b>
At 1 January 2000	1,979	1,667	3,646
Transfers to subsidiary companies	29	(1,758)	(1,729)
Disposals of associated companies	-	91	91
Amortisation of publishing rights	(148)	-	(148)
Foreign exchange adjustment	286	-	286
Share of retained losses	(293)	-	(293)

At 31 December 2000

1,853	-	1,853
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**Goodwill cost**

At 1 January 2000	2,870	206	3,076
Additions	133	-	133
Transfers to subsidiary companies	(594)	(17)	(17)
Disposals of associated companies	-	(188)	(188)

At 31 December 2000

2,409	1	2,410
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**Goodwill amortisation**

At 1 January 2000	(39)	(1)	(40)
Charged in the year	(14)	-	(14)

At 31 December 2000

(53)	(1)	(54)
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**Net book value**

At 31 December 2000	4,209	-	4,209
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At 31 December 1999

4,810	1,872	6,682
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**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**12. INVESTMENTS HELD AS FIXED ASSETS**

**(c) Joint ventures and associated undertakings (continued)**

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 partner can require the company to purchase their remaining shares at a price to be determined based on average profits for certain years and a range of multiples dependent on the profit levels.

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

	Country of incorporation/ registration and principal place of operation	Percentage of equity held	Principal activity
<b>Associates</b>			
Frontline Limited	England and Wales	Ordinary 'A' shares 5% Ordinary 'C' shares 100% Ordinary 'E' shares 25% Ordinary 'F' shares 17%	Distribution of magazines
<b>Joint ventures</b>			
SCMP Haymarket Publishing Limited	Hong Kong	49%	Magazine publisher
BBC Haymarket Exhibitions Limited	England and Wales	50%	Organisation of exhibitions
West Coast Publishing Limited	England and Wales	50%	Magazine publisher
Gateway Motor Consulting Services Private Limited	India	49%	Consultancy
Development Control Services Limited (1)	England and Wales	50%	Magazine publisher
Haymarket IMPG Group Pty Limited (2)	Australia	50%	Organisation of exhibitions
Haymarket SMT Publishing PTE Limited (3)	Singapore	50%	Magazine publisher

All shares are held by subsidiary undertakings.

The group's share of the new joint ventures and acquisitions (1-3) were acquired on 7 September 2000, 14 July 2000 and 1 November 2000 respectively.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**12. INVESTMENTS HELD AS FIXED ASSETS (continued)**

**(d) Transactions with associated undertakings**

Frontline Limited is the group's agent in relation to the sale of publications to third parties. Distribution services totalling £3,280,000 (1999 - £2,817,000) were provided to the group by Frontline Limited.

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

	2000 £'000	1999 £'000
Administrative services	774	869
Editorial and advertising services	-	2
	<u>774</u>	<u>871</u>

Amounts owed to and from associated undertakings are shown in notes 14 and 15 to the accounts.

**13. STOCKS**

	2000 £'000	1999 £'000
Group		
Raw materials and consumables	<u>1,460</u>	<u>1,534</u>

Raw materials and consumables include £118,000 (1999 - £158,000) 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.

**14. DEBTORS**

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
<b>(a) Falling due within one year</b>				
Trade debtors	23,247	20,606	-	-
Amounts owed by subsidiary undertakings	-	-	13,034	23,774
Amounts owed by associated undertakings	5,621	2,904	-	-
Other debtors	585	708	-	-
Prepayments and accrued income	8,046	5,753	-	-
	<u>37,499</u>	<u>29,971</u>	<u>13,034</u>	<u>23,774</u>

Amounts owed by associated undertakings include £3,420,000 (1999 - £2,210,000) owed by Frontline Limited.

	2000 £'000	1999 £'000	2000 £'000	1999 £'000
<b>(b) Falling due after more than one year</b>				
Other debtors	1,181	963	-	-

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Provisions for liabilities	143	-	-	-
Bank overdraft	13,683	6,858	-	-
1.6087% unsecured loan stock (see note 16)	-	7,723	-	7,723
Trade creditors	9,264	9,525	-	-
Other creditors including taxation and social security	7,881	6,514	-	52
Accruals and deferred income	23,207	22,423	-	-
	<u>54,178</u>	<u>53,043</u>	<u>-</u>	<u>7,775</u>
Other creditors including taxation and social security:				
Amounts owed to associated undertakings	103	324	-	-
UK corporation tax	3,240	2,893	-	52
Overseas Taxation	217	-	-	-
Taxation and social security	4,005	3,021	-	-
Other creditors	316	276	-	-
	<u>7,881</u>	<u>6,514</u>	<u>-</u>	<u>52</u>

The bank overdraft is secured by fixed and floating charges on the assets of the group.

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:

	MR D Heseltine £	J L Masters £	S P Tindall £
<b>2000</b>			
Personal costs paid for by the group and fully reimbursed	120,000	13,000	87,000
Other costs paid for by the group and fully reimbursed	-	89,000	147,000
<b>1999</b>			
Personal costs paid for by the group and fully reimbursed	121,000	59,000	115,000
Other costs paid for by the group and fully reimbursed	51,000	84,000	126,000

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

<b>Group</b>	<b>2000</b> <b>£'000</b>	<b>1999</b> <b>£'000</b>
Bank loans	50,517	41,608
Unsecured loan stock 2004	1,264	1,208
Amounts owed to associated undertakings	665	481
Accruals	4,458	2,569
	<u>56,904</u>	<u>45,866</u>

Of the bank loans £15.0m bear fixed interest at 8.7% for five years after drawdown and 1 3/8% above LIBOR thereafter. The remaining £35.5m bears interest at a variable rate. These are secured by fixed and floating charges on the assets of the group and are repayable after five years.

Interest on the unsecured loan stock 2004 is payable at 0.25% below the base lending rate of National Westminster Bank Plc.

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

Under the policy stated in note 1 no deferred tax is provided.

The unprovided deferred tax asset comprises:

	<b>2000</b> <b>£'000</b>	<b>1999</b> <b>£'000</b>
Capital allowances in excess of depreciation	(346)	(266)
Overseas Losses	1,800	-
Other timing differences	2,032	1,222
Surplus on revaluation	-	(1,425)
Gain deferred by roll over relief	(465)	(714)
Capital losses	1,531	1,546
	<u>4,552</u>	<u>363</u>

**18. CALLED UP SHARE CAPITAL**

	<b>1999 and 2000</b> <b>£'000</b>
Authorised:	
52,000,000 ordinary shares of 1p each	<u>520</u>
Allotted, called up and fully paid:	
33,522,805 ordinary shares of 1p each	<u>335</u>

In 1997 the company entered into an agreement with J L Masters whereby it can be required to purchase 1,158,220 ordinary shares of 1p each, the cost to be determined on the basis of the net asset value of the Group at the immediately preceding accounting date. If the company is required to purchase these shares on or before 31 December 2001 the cost will be approximately £9,100,000 .

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

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**19. CAPITAL REDEMPTION RESERVE**

	<b>£'000</b>
<b>Group and company</b>	
As at 1 January 2000 and 31 December 2000	<u>177</u>

**20. REVALUATION RESERVE**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
<b>Group</b>		
At 1 January	11,515	6,394
Revaluation of freehold properties	3,488	5,170
Realisation on sale of freehold properties	(122)	(49)
At 31 December	<u>14,881</u>	<u>11,515</u>

**21. MERGER RESERVE**

	<b>£'000</b>
<b>Group</b>	
At 1 January 2000 and 31 December 2000	<u>6,236</u>

**22. PROFIT AND LOSS ACCOUNT**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January	(12,977)	(16,002)	15,846	18,880
Profit/(loss) for the financial year	5,528	5,491	(465)	(534)
Dividends	(2,500)	(2,500)	(2,500)	(2,500)
Currency translation differences on foreign currency net investments	(89)	(15)	-	-
Realisation of revaluations on sale of freehold properties	122	49	-	-
Amount paid for minority interest	(1,952)	-	-	-
Adjustment on purchase of minority interest	805	-	-	-
At 31 December	<u>(11,063)</u>	<u>(12,977)</u>	<u>12,881</u>	<u>15,846</u>

The amount paid for minority interest was to acquire the minority interest in Haymarket Magazines Limited on 2 August 2000. The premium paid to acquire the minority interest was £1,147,000.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Profit/(loss) for the financial year	5,528	5,491	(465)	(534)
Foreign exchange differences	(89)	(15)	-	-
Amount paid for minority interest	(1,952)	-	-	-
Dividends	(2,500)	(2,500)	(2,500)	(2,500)
	<u>987</u>	<u>2,976</u>	<u>(2,965)</u>	<u>(3,034)</u>
Adjustment on purchase of minority interest	805	-	-	-
Adjustment on revaluation of freehold properties	3,488	5,170	-	-
Net increase/(reduction) to shareholders' funds	<u>5,280</u>	<u>8,146</u>	<u>(2,965)</u>	<u>(3,034)</u>
Opening shareholders' funds/(deficit)	<u>5,286</u>	<u>(2,860)</u>	<u>16,358</u>	<u>19,392</u>
Closing shareholders' funds/(deficit)	<u><u>10,566</u></u>	<u><u>5,286</u></u>	<u><u>13,393</u></u>	<u><u>16,358</u></u>

**24. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2000 £'000	1999 £'000
Operating profit	15,597	13,410
Depreciation (net of profits on disposal)	2,838	2,208
Amortisation of publishing and exhibition rights	2,335	1,616
Increase in debtors	(7,739)	(7,878)
Decrease/(increase) in stocks	74	(232)
Increase in creditors	3,612	8,092
Net cash inflow from operating activities	<u><u>16,717</u></u>	<u><u>17,216</u></u>

**25. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	Bank loans 2000 £'000	Loan stock 2000 £'000
Balance at 1 January	41,608	8,931
Cash inflow/(outflow) from financing	8,909	(7,723)
Premium payable on and interest accrued on loan stock	-	56
Balance at 31 December	<u><u>50,517</u></u>	<u><u>1,264</u></u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Decrease in cash in the period	(5,683)	(7,023)
Cash inflow from debt financing	(1,186)	(3,598)
	<hr/>	<hr/>
Change in net debt resulting from cash flows	(6,869)	(10,621)
Interest accumulated on loan notes	(56)	(56)
	<hr/>	<hr/>
Movement in net debt in the year	(6,925)	(10,677)
Net debt at 1 January	(56,815)	(46,138)
	<hr/>	<hr/>
Net debt at 31 December	<u>(63,740)</u>	<u>(56,815)</u>

**27. ANALYSIS OF NET DEBT**

	<b>At</b>		<b>Other</b>	<b>At 31</b>
	<b>1 January</b>	<b>Cash</b>	<b>Non-cash</b>	<b>December</b>
	<b>2000</b>	<b>flow</b>	<b>Changes</b>	<b>2000</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	582	1,142	-	1,724
Overdrafts	(6,858)	(6,825)	-	(13,683)
	<hr/>	<hr/>	<hr/>	<hr/>
	(6,276)	(5,683)	-	(11,959)
	<hr/>	<hr/>	<hr/>	<hr/>
Debt due after one year	(42,816)	(8,909)	(56)	(51,781)
Debt due within one year	(7,723)	7,723	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>(56,815)</u>	<u>(6,869)</u>	<u>(56)</u>	<u>(63,740)</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**28. ACQUISITION OF SUBSIDIARY UNDERTAKING**

On 1 May 2000 the group acquired the remaining 51% of the issued capital of Media & Marketing Limited (Hong Kong), bringing the total cost of acquisition to £4,584,000. The 49% acquisition on 14 May 1999 was treated as an acquisition of an associate in the 31 December 1999 accounts. The costs of the 49% acquisition has been transferred to intangible assets as of 1 May 2000.

	<b>Consideration and costs £'000</b>		
Media & Marketing Limited			<u>4,584</u>
	<b>Net assets acquired £'000</b>	<b>Fair Value adjustment £'000</b>	<b>Fair Value to the Group £'000</b>
Intangible fixed assets	-	4,045	4,045
Tangible fixed assets	7	-	7
Stocks	-	-	-
Debtors	589	-	589
Cash	568	-	568
Creditors	(625)	-	(625)
	<u>539</u>	<u>4,045</u>	<u>4,584</u>

The results of Media & Marketing Limited have been as follows:

	<b>1 May 2000 to 31 December 2000 £'000</b>	<b>1 January 2000 to 30 April 2000 £'000</b>	<b>14 May 1999 to 31 December 1999 £'000</b>
Turnover	2,058	862	564
Operating profit/(loss)	688	329	68
Profit/(loss) before taxation	<u>688</u>	<u>329</u>	<u>68</u>

There were no other recognised gains or losses in the above periods. A dividend of £320,579 was paid in the period 1 May 2000 to 31 December 2000.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**29. ACQUISITION OF JOINT VENTURES AND ASSOCIATES**

	<b>£'000</b>
<b>Net assets acquired:</b>	
Tangible fixed assets	-
Intangible fixed assets	-
Debtors	-
Creditors	-
Bank overdraft	-
Goodwill on acquisition	133
	133
	133
<b>Satisfied by:</b>	
Cash	133
	133

**30. ANALYSIS OF THE NET OUTFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE ACQUISITION OF SUBSIDIARY UNDERTAKING**

	<b>£'000</b>
Cash consideration	
Cash balance acquired	4,584
	(568)
Net outflow of cash and cash equivalent in respect of the acquisition	4,016

**31. CAPITAL COMMITMENTS**

There were capital commitments of £1,446,000 at 31 December 2000 (1999 - £nil) relating to the group and none (1999 - £nil) relating to the company.

**32. OPERATING LEASE COMMITMENTS**

As at 31 December 2000 the group was committed to making the following payments during the next year in respect of operating leases:

**Group**

	<b>Motor vehicles £'000</b>	<b>Land and buildings £'000</b>	<b>Total £'000</b>
Leases which expire:			
Within one year	8	10	18
Within two to five years	1	315	316
After five years	-	519	519
	9	844	853
	9	844	853

**33. 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% 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.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**34. POST BALANCE SHEET EVENTS**

Publishing rights totalling £4,874,000 have been purchased since the year end.