

Registered number: 00267189

Haymarket Media Group Ltd

Annual Report and Financial Statements

For the Year Ended 30 June 2016



Haymarket Media Group Ltd

Contents

	Page
Company Information	1
Strategic Report	2
Director's Report	3 - 5
Directors' Responsibilities Statement	6
Independent Auditor's Report	7 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 34

Haymarket Media Group Ltd

Company Information

Directors	The Rt Hon the Lord Heseltine CH K Costello B J Freeman The Hon R W D Heseltine
Company secretary	B J Freeman
Registered number	00267189
Registered office	Bridge House 69 London Road Twickenham England TW1 3SP
Independent auditor	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom
Banker	The Royal Bank of Scotland 280 Bishopsgate London EC2M 4RB
Solicitor	Lewis Silkin LLP London

Haymarket Media Group Ltd

Strategic Report For the Year Ended 30 June 2016

Introduction

The Directors present their Strategic Report for the year ended 30 June 2016. The Directors, in preparing this Strategic Report, have complied with s414c of the Companies Act 2006.

Business review

The principal activities of the Company are the provision of editorial content and related services through multiple platforms, including magazines, tablets and websites, serving specialist audiences in both the business to consumer and business to business markets. In addition, the Company organises events and conferences.

The Company continues to significantly invest in its online activities in order to exploit the commercial opportunities as it looks to meet the demands of its specialist audiences of professionals and enthusiasts online.

Company turnover in the year 30 June 2016 was £107.0m (2015: £109.4m). Operating profit before expenditure on the launch and development of new activities, asset amortisation and impairments of investments and intangible assets was £6.6m (2015: £6.4m). The Company's loss before tax was £117.4m (2015: £3.7m). These results reflect asset impairments of £6.5m (2015: 1.4m) on acquired print publishing rights and fixed asset investments. Under historical cost methods, the Statement of Financial Position does not reflect the value of our overall brand portfolio.

No dividend was paid during the year (2015: £nil).

On 28 September 2015 a Group restructuring exercise was undertaken. As part of this exercise, the Company capitalised reserves of £135,154,000 by issuing 135,154,000 bonus shares of £1 each. On the same date the Company undertook a capital reduction of £135,154,000 cancelling the bonus shares issued.

As part of the same Group restructuring exercise the Company's immediate parent company became Haymarket Group Limited with effect from 23 June 2016. This was as a result of the Haymarket Group Limited's acquisition of the Company's entire share capital from Haymarket Finance Limited. In addition, a loan to the Company's previous parent company (Haymarket Finance Limited) of £107m was waived.

Financial risk management objectives and policies

The financial risks that the Directors consider most applicable to the Company are credit risk, liquidity risk, interest rate risk, and to a lesser extent, currency risk.

The Company's credit risk is primarily attributable to its trade receivables. The Company actively monitors amounts owed by its customers by way of comprehensive and detailed information that is supplied regularly to management. The Company has no concentration of credit risk, with its exposure being spread over a large number of clients.

The Haymarket Group mitigates liquidity risk by assessing working capital requirements against its undrawn facilities to ensure that it has availability of funds for day-to-day operations. The Group uses short-term debt finance to ensure that sufficient funds are available for ongoing operations and future developments. As discussed in the Directors' Report, the Group has entered into a new 4 year facilities arrangement with RBS, following the disposal of its Teddington office property and the repayment of a substantial proportion of its bank debt.

This Report was approved by the Board and signed on its behalf.



B J Freeman
Director

Date: 20 December 2016

Haymarket Media Group Ltd

Directors' Report For the Year Ended 30 June 2016

The Directors present their Annual Report and the audited financial statements for the year ended 30 June 2016.

The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report.

Dividends

The Directors do not recommend a dividend payment in respect of the financial year ended 30 June 2016 (2015: £nil).

Directors

The Directors who served during the year were:

The Rt Hon the Lord Heseltine CH
K Costello
B J Freeman
The Hon R W D Heseltine

Going concern

The Company is a subsidiary of Haymarket Group Limited and because the Group operates a centralised treasury function, the Company is dependent on the Group for financing. Haymarket Group Limited has confirmed that it will provide, subject to funds being available, either directly or through a subsidiary, such financial support as is necessary to the Company to enable the Company to continue to meet its liabilities as they fall due.

Following the completion of the Teddington Studios sale, which completed on 20 November 2015 for £85m, the UK Group has moved into new rented office accommodation, with £84m of the proceeds used to repay most of the outstanding term loans. This repayment has triggered a new four year banking facility totalling £33.5m, made up of a term loan of £26m and the balance in revolving credit facilities.

The Directors acknowledge the uncertainty inherent in forecasting advertising and other revenue streams. However, they believe that, having drawn up the Group's latest forecasts, which take into account their view of any adverse variations in trading performance, the Group will continue to have sufficient cash and covenant headroom under the Group's facilities for the foreseeable future.

Hence after considering the Group's current financial projections following the property sale and entering into a new banking facilities arrangement, the Directors consider that the Group will have access to sufficient financial resources to continue in operational existence for the foreseeable future and therefore the directors continue to adopt the going concern basis in preparing the financial statements.

Haymarket Media Group Ltd

Directors' Report For the Year Ended 30 June 2016

Environmental matters

The Haymarket Group has the following environmental accreditations: ISO 14001 and ISO 50001 (energy management accreditations).

The Group is also committed to ensuring that our supply chain operates to the same high standards. We use print suppliers that have gained ISO 14001 to support our own accreditation and request information on environmental performance for large tender processes. We offer all suppliers the opportunity to declare their environmental accreditations at the point of registration. Our procurement policy states that sustainability must be a consideration when procuring.

We will only use papers sourced from sustainable, accredited, traceable sources that are FSC and PEFC certified. Our supply chain complies with the EUTR (European Union Timber Regulation) and we support the PP's declaration of support for the WWF forests campaign, promoting responsible forest trade.

In 2015 the Haymarket Group joined the On Pack Recycling Label (OPRL) scheme, switching our packaging to recyclable polythene film.

We have won the Professional Publishers Association (PPA) Environmentally Sustainable Business of the Year in 2012, 2013, 2014, and 2015.

Employees

Details of the number of employees and related costs can be found in note 8 to the financial statements.

The Company provides employees with information on matters relevant to them as employees throughout the year as part of its corporate communications.

The Company is an equal opportunities employer and appoints employees without reference to age, sex, ethnic group or religious beliefs. It is the Company's policy to give full consideration to suitable applications for employment by disabled persons. Where existing employees become disabled, it is the Company's policy wherever practicable, to provide continuing employment under normal terms and conditions and to provide training for positions in the Company where appropriate.

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this Annual Report.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Haymarket Media Group Ltd

**Directors' Report
For the Year Ended 30 June 2016**

Post balance sheet events

On 8 November 2016, the Company completed the sale of its Motorsport division for a cash consideration greater than the book value. In the year ended 30 June 2016, the business had sales of £13.3m and made a contribution of £2.5m. Proceeds have been principally applied to reduce the Group's borrowings.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term.

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 20 December 2016 and signed on its behalf.



B J Freeman
Company Secretary and Director

Haymarket Media Group Ltd

Directors' Responsibilities Statement For the Year Ended 30 June 2016

The Directors are responsible for preparing the Annual Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the Directors have elected to prepare the audited financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these audited financial statements, 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 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 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 financial statements 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.

Haymarket Media Group Ltd

Independent Auditors' Report to the Shareholders of Haymarket Media Group Ltd

We have audited the financial statements of Haymarket Media Group Ltd for the year ended 30 June 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and Notes to the Financial Statements. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 which comprise, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements and of its 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, based on the work undertaken in the course of the audit the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements the Director's Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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

Haymarket Media Group Ltd

Independent Auditors' Report to the Shareholders of Haymarket Media Group Ltd (continued)

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



**William Touche (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom**

Chartered Accountants and Statutory Auditor

20 December 2016

Haymarket Media Group Ltd

**Statement of Comprehensive Income
For the Year Ended 30 June 2016**

	Note	2016 £000	2015 £000
Turnover	4	107,000	109,420
Cost of sales		(86,785)	(84,419)
		<hr/>	<hr/>
Gross profit		20,215	25,001
Administrative expenses		(16,272)	(21,812)
Other operating income	5	1,410	1,428
		<hr/>	<hr/>
Operating profit	6	5,353	4,617
Income from shares in group undertakings		1,393	7
Fair value movement on derivatives		1,265	-
Finance expense	10	(4,393)	(1,218)
Amounts written off investments		(14,310)	(8,813)
		<hr/>	<hr/>
Loss before tax		(10,692)	(5,407)
Tax on loss	11	(525)	(363)
		<hr/>	<hr/>
Loss for the year		<u>(11,217)</u>	<u>(5,770)</u>
Currency translation differences		-	77
		<hr/>	<hr/>
Other comprehensive income for the year		-	77
Total comprehensive loss for the year		<u>(11,217)</u>	<u>(5,693)</u>

The notes on pages 12 to 34 form part of these financial statements.

Haymarket Media Group Ltd
Registered number: 00267189

Statement of Financial Position
As at 30 June 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	12	29,014	37,032
Tangible assets	13	6,264	2,324
Investments	14	196,984	283,648
		<u>232,262</u>	<u>323,004</u>
Current assets			
Stocks	15	4	24
Debtors: amounts falling due after more than one year	16	2,190	1,748
Debtors: amounts falling due within one year	16	27,965	20,489
Cash at bank and in hand		1,354	7,515
		<u>31,513</u>	<u>29,776</u>
Creditors: amounts falling due within one year	17	(152,375)	(142,544)
		<u>(120,862)</u>	<u>(112,768)</u>
Net current liabilities			
		(120,862)	(112,768)
Total assets less current liabilities		111,400	210,236
Creditors: amounts falling due after more than one year	18	(20,311)	(1,186)
		<u>91,089</u>	<u>209,050</u>
Net assets		<u>91,089</u>	<u>209,050</u>
Capital and reserves			
Called-up share capital	21	20,000	274,501
Foreign exchange reserve	22	77	77
Profit and loss account	22	71,012	(65,528)
		<u>91,089</u>	<u>209,050</u>

The financial statements of Haymarket Media Group Limited (Company registration number 00267189), were authorised and approved for issue by the Board of Directors and were signed on its behalf on 20 December 2016.



B J Freeman
Director

The notes on pages 12 to 34 form part of these financial statements.

Haymarket Media Group Ltd

Statement of Changes in Equity For the Year Ended 30 June 2016

	Called-up share capital £000	Foreign exchange reserve £000	Profit and loss account £000	Total equity £000
At 1 July 2015	274,501	77	(65,528)	209,050
Comprehensive income for the year				
Loss for the year	-	-	(11,217)	(11,217)
Bonus issue of shares	135,154	-	-	135,154
Capitalisation of reserves	-	-	(135,154)	(135,154)
Capital reduction	(389,655)	-	-	(389,655)
Credit to distributable reserves following capital reduction	-	-	389,655	389,655
Distribution	-	-	(106,744)	(106,744)
At 30 June 2016	20,000	77	71,012	91,089

Statement of Changes in Equity For the Year Ended 30 June 2015

	Called-up share capital £000	Foreign exchange reserve £000	Profit and loss account £000	Total equity £000
At 1 July 2014	274,501	-	(59,758)	214,743
Comprehensive income for the year				
Loss for the year	-	-	(5,770)	(5,770)
Currency translation differences	-	77	-	77
At 30 June 2015	274,501	77	(65,528)	209,050

The notes on pages 12 to 34 form part of these financial statements.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2016

1. General information

Haymarket Media Group Limited is a limited liability company incorporated in the United Kingdom under the Companies Act.

The registered office, and principal place of business, of the Company is; Bridge House, 69 London Road, Twickenham, TW1 3SP.

A description of the nature of the Company's operations and its principal activities is disclosed in the business review contained in the Strategic Report accompanying the financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 29.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Haymarket Group Limited. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2016

2. Accounting policies (continued)

2.2 Going concern

The Company is a subsidiary of Haymarket Group Limited and because the Group operates a centralised treasury function, the Company is dependent on the Group for financing. Haymarket Group Limited has confirmed that it will provide, subject to funds being available, either directly or through a subsidiary, such financial support as is necessary to the Company to enable the Company to continue to meet its liabilities as they fall due.

Following the completion of the Teddington Studios sale, which completed on 20 November 2015 for £85m, the UK Group has moved into new rented office accommodation, with £84m of the proceeds used to repay most of the outstanding term loans. This repayment has triggered a new four year banking facility totalling £33.5m, made up of a term loan of £26m and the balance in revolving credit facilities.

The Directors acknowledge the uncertainty inherent in forecasting advertising and other revenue streams. However, they believe that, having drawn up the Group's latest forecasts, which take into account their view of any adverse variations in trading performance, the Group will continue to have sufficient cash and covenant headroom under the Group's facilities for the foreseeable future.

Hence after considering the Group's current financial projections following the property sale and entering into a new banking facilities arrangement, the Directors consider that the Group will have access to sufficient financial resources to continue in operational existence for the foreseeable future and therefore the directors continue to adopt the going concern basis in preparing the financial statements.

2.3 Basis of consolidation

The consolidated financial statements of the year ended 30 June 2016 have not been produced as Haymarket Media Group Limited is a wholly-owned subsidiary of Haymarket Group Limited, a Company incorporated in the United Kingdom and registered in England and Wales which itself produces consolidated financial statements. As such the Company is exempt from FRS102 (reduced disclosures for subsidiaries) and s400 of the Companies Act 2006. These financial statements present information about the Company as an individual undertaking and not as a Group.

2.4 Turnover

Turnover represents amounts receivable for goods and services net of sales tax and trade discounts.

All revenue arising from magazine publishing is recognised on the date of publication. Revenue from conferences and events is recognised on the date of the event. Revenue from website advertising is recognised over the period of the advertising contract. Revenue is derived from UK based operations.

2.5 Cost of sales

Cost of sales represents amounts payable for goods and services net of sales tax and trade discounts.

Costs arising from magazine publishing, other than staff costs are recognised on the date of publication. All costs relating to conferences and other events are recognised on the date of the event.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2016

2. Accounting policies (continued)

2.6 Foreign currency

The Company's functional and presentational currency is pounds sterling.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or expense'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

When foreign currency loans finance an overseas net investment the associated exchange movement is taken to reserves to match the movement on the net investment.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

2.7 Operating leases

Rentals are charged to the Statement of Comprehensive Income in equal annual amounts over the lease term.

2.8 Pension costs

The Company operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into an employee's individual plan. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the Statement of Financial Position date.

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2016

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Intangible assets

Publishing and exhibition rights, whether acquired as assets or as business combinations, are held at cost less any provision for impairment in value and are amortised on a straight-line basis over the economic life of the asset, estimated to be between 5 and 20 years and is reviewed annually. Acquired non-compete agreements are amortised over the effective period of that agreement.

Website development expenditure has been restated from being a tangible asset in prior years to an intangible asset under FRS102 and is amortised over 3 years on a straight line basis.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2016

2. Accounting policies (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20 - 25%
Motor vehicles	- 20 - 25%
IT infrastructure and equipment	- 33 - 20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

2.14 Impairment of publishing and exhibition rights

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 Valuation of investments

Fixed asset investments are measured at cost less accumulated impairment.

2.16 Stocks

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

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Financial instruments

The Company has entered into an interest swap derivative that is not a basic financial instrument. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement as finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rates.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2016

2. Accounting policies (continued)

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The assessment of useful economic life and the method of amortising these assets require judgement. Depreciation and amortisation are charged to the Income Statement based on the useful economic life selected, which requires an estimation of the period and profile over which the Company expects to consume the future economic benefits embodied in these assets. The Company reviews its useful economic life on an annual basis.

Determining whether the carrying amount of these assets has indication of impairment also requires judgement. If an indication of impairment is identified, further judgement is required to assess whether the carrying amount can be supported by the net present value of cash flows to be derived from the asset. The forecast involves cashflow projections and selecting the appropriate discount rate.

Assessing whether assets meet the required criteria for initial capitalisation requires judgement. This requires a determination of whether the assets will result in future benefits to the Company. In particular, internally generated intangible assets must be assessed during the development phase to identify whether the Company has the ability and intention to complete the development successfully.

There were no other critical judgements made in applying the Company's accounting policies.

Haymarket Media Group Ltd

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Sale of goods	2,062	2,100
Rendering of services	104,583	107,012
Royalties	253	308
Other	102	-
	<u>107,000</u>	<u>109,420</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2016 £000	2015 £000
Sundry income	161	-
Foreign exchange gain	1,250	1,428
	<u>1,411</u>	<u>1,428</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2016 £000	2015 £000
Exceptional restructuring costs	310	1,654
Depreciation of tangible fixed assets	1,532	2,782
Amortisation and impairment of publishing rights	7,766	7,564
Impairment of fixed asset investments	6,320	1,415
- The audit of the Company's subsidiaries pursuant to legislation	170	143
- Taxation compliance services	91	330
Exchange differences	(1,250)	(1,428)
Defined contribution pension cost	1,834	1,705
	<u>1,834</u>	<u>1,705</u>

Haymarket Media Group Ltd

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

7. Auditor's remuneration

	2016 £000	2015 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual Financial Statements	170	143
	170	143
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	91	330
	91	330

8. Employees

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	42,827	46,909
Social security costs	4,720	4,669
Pension contributions to defined contribution scheme	1,834	1,705
	49,381	53,283
	49,381	53,283

The average monthly number of employees, including the Directors, during the year was as follows:

	2016 No.	2015 No.
Average number of persons employed by the Company (including Directors)	935	939
	935	939
	935	939

Haymarket Media Group Ltd

Notes to the Financial Statements
For the Year Ended 30 June 2016

9. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	3,396	3,326
Company contributions to defined contribution pension schemes	143	236
	<u>3,539</u>	<u>3,562</u>

During the year retirement benefits were accruing to 3 Directors (2015: 8) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £2,217,000 (2015: £1,162,000.)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £30,000 (2015: £61,308).

10. Finance expense

	2016 £000	2015 £000
Interest on bank borrowings	1,400	23
Foreign exchange losses	2,993	1,195
	<u>4,393</u>	<u>1,218</u>

Haymarket Media Group Ltd

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

11. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	(3)	802
Adjustments in respect of previous periods	5	(32)
	2	770
Foreign tax		
Foreign tax on income for the year	32	82
	34	852
Deferred tax		
Origination and reversal of timing differences	353	(489)
Changes to tax rates	138	-
	491	(489)
	525	363
Taxation on profit on ordinary activities		

Haymarket Media Group Ltd

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.75%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2014. The differences are explained below:

	2016 £000	2015 £000
Loss on ordinary activities before tax	(11,217)	(5,407)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.75%)	(2,243)	(1,122)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	1,479	1,532
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	287	82
Non-deductible impairment loss/disposals	-	292
Adjustments to tax charge in respect of prior periods	5	(32)
Non-taxable income	(555)	(1)
Book profit on chargeable assets	-	124
Double taxation relief	(32)	(82)
Overseas withholding tax	32	82
Non-deductible intra-group loan waiver/write off	1,414	-
Group relief	-	(512)
Change in tax rates	138	-
Total tax charge for the year	525	363

Factors that may affect future tax charges

Subsequent to the year end the UK Government has announced changes to the headline rate of Corporation Tax, which will reduce to 19% effective from 1 April 2017, and to 17% effective from 1 April 2020.

Haymarket Media Group Ltd

Notes to the Financial Statements
For the Year Ended 30 June 2016

12. Intangible assets

	Website development £000	Goodwill £000	Total £000
Cost			
At 1 July 2015	3,652	180,270	183,922
Additions	1,049	-	1,049
Disposals	(1,365)	-	(1,365)
At 30 June 2016	<u>3,336</u>	<u>180,270</u>	<u>183,606</u>
Amortisation			
At 1 July 2015	1,767	145,124	146,891
Charge for the year	1,280	7,564	8,844
On disposals	(1,344)	-	(1,344)
Impairment charge	-	202	202
At 30 June 2016	<u>1,703</u>	<u>152,890</u>	<u>154,593</u>
Net book value			
At 30 June 2016	<u>1,633</u>	<u>27,380</u>	<u>29,013</u>
At 30 June 2015	<u>1,886</u>	<u>35,146</u>	<u>37,032</u>

In accordance with Company policy, management conducted an impairment review of its intangible assets using a 5-year discounted cashflow analysis with a terminal value, assuming a weighted average cost of capital of 10.9% and growth rates of between 0% and 3%.

Haymarket Media Group Ltd

Notes to the Financial Statements
For the Year Ended 30 June 2016

13. Tangible fixed assets

	Short-term leasehold property £000	Plant and machinery £000	Total £000
Cost or valuation			
At 1 July 2015	111	13,632	13,743
Additions	3,542	1,982	5,524
Disposals	-	(2,657)	(2,657)
At 30 June 2016	<u>3,653</u>	<u>12,957</u>	<u>16,610</u>
Depreciation			
At 1 July 2015	-	11,420	11,420
Charge for the year	216	1,315	1,531
Disposals	-	(2,603)	(2,603)
At 30 June 2016	<u>216</u>	<u>10,132</u>	<u>10,348</u>
Net book value			
At 30 June 2016	<u>3,437</u>	<u>2,825</u>	<u>6,262</u>
At 30 June 2015	<u>111</u>	<u>2,212</u>	<u>2,323</u>

Haymarket Media Group Ltd

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

14. Fixed asset investments

	Shares in associated undertakings £000	Shares in subsidiary companies £000	Loans to subsidiaries £000	Loans to parent undertaking £000	Total £000
Cost or valuation					
At 1 July 2015	268	353,553	22,076	132,540	508,437
Additions	-	3	1,016	24,444	25,463
Foreign exchange movement	-	-	984	-	984
Waiver of loan	-	-	-	(106,791)	(106,791)
At 30 June 2016	<u>268</u>	<u>353,556</u>	<u>24,076</u>	<u>50,193</u>	<u>428,093</u>
Impairment					
At 1 July 2015	268	207,597	16,924	-	224,789
Charge for the year	-	6,320	-	-	6,320
At 30 June 2016	<u>268</u>	<u>213,917</u>	<u>16,924</u>	<u>-</u>	<u>231,109</u>
Net book value					
At 30 June 2016	<u>-</u>	<u>139,639</u>	<u>7,152</u>	<u>50,193</u>	<u>196,984</u>
At 30 June 2015	<u>-</u>	<u>145,956</u>	<u>5,152</u>	<u>132,540</u>	<u>283,648</u>

15. Stocks

	2016 £000	2015 £000
Raw materials and consumables	4	24
	<u>4</u>	<u>24</u>

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.

Haymarket Media Group Ltd

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

16. Debtors

	2016 £000	2015 £000
Due after more than one year		
Other debtors	933	-
Deferred tax asset	1,257	1,748
	2,190	1,748
	2,190	1,748
	2016 £000	2015 £000
Due within one year		
Trade debtors	17,711	12,327
Other debtors	442	432
Prepayments and accrued income	7,640	7,387
Current tax recoverable	2,172	343
	27,965	20,489
	27,965	20,489

The Directors consider that the carrying amount of debtors approximates to their fair value.

17. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Bank loans	2,500	-
Derivative financial income	1,397	-
Trade creditors	4,953	1,799
Amounts owed to group undertakings	118,091	116,604
Taxation and social security	2,251	1,956
Other creditors	2,295	2,218
Accrued expenses	16,168	15,981
Deferred income	4,720	3,986
	152,375	142,544
	152,375	142,544

The Directors consider that the carrying amount of creditors approximates to their fair value.

The £118,091,000 loans from Parent undertakings and Subsidiary undertakings are unsecured, interest free and repayable on demand.

Haymarket Media Group Ltd

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

18. Creditors: Amounts falling due after more than one year

	2016 £000	2015 £000
Bank loans 1-2 years	4,500	-
Bank loans 2-5 years	14,600	-
Accrued expenses	1,211	1,186
	20,311	1,186

The Directors consider that the carrying amount of creditors approximates to their fair value.

19. Derivatives financial instrument

	2016 £000	2015 £000
Liabilities: Interest rate swap	1,397	-
	1,397	-

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at 30 June 2016.

	2016 Average contract fixed interest rate %	2015 Average contract fixed interest rate %	2016 Notional principal value £000	2015 Notional principal value £000	2016 Fair value £000	2015 Fair value £000
Outstanding fixed contracts						
1 to 2 years	5.03%	-	20,000	-	1,397	-
	5.03%	-	20,000	-	1,397	-

The interest rate swap settles on a quarterly basis. The floating interest rate on this liability rate swap is LIBOR. The Company settles the difference between the fixed and floating interest rate on a net basis.

The interest rate swap contract exchanging floating rate interest amounts for fixed interest amounts was put in place to reduce the Company's cash flow exposure resulting from variable interest rates on borrowings.

Haymarket Media Group Ltd

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

20. Deferred taxation

	£000
At 1 July 2015	1,748
Charged to the profit or loss	(491)
At 30 June 2016	<u><u>1,257</u></u>

The deferred tax asset is made up as follows:

	2016 £000	2015 £000
Accelerated capital allowances	1,012	1,112
Tax losses carried forward	-	364
Other timing differences	245	272
	<u><u>1,257</u></u>	<u><u>1,748</u></u>

In the opinion of the Directors, it is considered more likely than not that the deferred tax asset will be recovered in light of the expected future trading results of the Company.

Deferred tax assets or liabilities have been recognised at 18% in the financial statements, being the tax rate enacted at the date of the Statement of Financial Position and was in effect from 1 April 2014.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2016

21. Called-up share capital

	2016 £000	2015 £000
Allotted, called-up and fully paid		
20,000,000 (2015 - 274,500,500) Ordinary shares of £1 each	20,000	274,501

On 28 September 2015, as part of a Group restructuring exercise, the Company capitalised reserves of £135,154,000 by issuing 135,154,000 bonus shares of £1 each. On the same date the Company undertook a capital reduction of £135,154,000 cancelling the bonus shares issued.

22. Reserves

Foreign exchange reserve

The foreign currency exchange reserve represents foreign exchange gains and losses on items held as equity in the Statement of Financial Position.

23. Contingent liabilities

As at the date of the Statement of Financial Position, there were no borrowings under guarantee by the Company (2015: £106,465,292). In 2015 the Company provided a financial guarantee over its borrowings and those of other Group companies (and in turn those other Group companies had guaranteed the borrowings of the Company).

24. Capital commitments

There were no capital commitments by the Company at 30 June 2016 (2015: £3,850,000).

Haymarket Media Group Ltd

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

25. Commitments under operating leases

At 30 June 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Not later than 1 year	21	125
Later than 1 year and not later than 5 years	740	548
Later than 5 years	15,991	13,348
Total	16,752	14,021

	Land and Buildings 2016 £000	Other 2016 £000	Land and Buildings 2016 £000	Other 2015 £000
No later than 1 year	-	22	-	125
Later than 1 year and not later than 5 years	481	259	387	161
Later than 5 years	15,991	-	13,348	-
	16,472	281	13,735	286

26. Controlling party

In the opinion of the Directors, the Company's ultimate Parent Company and the largest Group and smallest Group in which the Company is consolidated is Haymarket Group Limited, a company incorporated in the United Kingdom and registered in England and Wales, in which the Rt. Hon. the Lord Heseltine CH and his family have the controlling interest. Copies of the Group financial statements of Haymarket Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

27. Post balance sheet events

On 8 November 2016, the Company completed the sale of its Motorsports division for a cash consideration greater than the book value. In the year ended 30 June 2016, the business had sales of £13.3m and made a contribution of £2.5m. Proceeds have been principally applied to reduce the Group's borrowings.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2016

28. Subsidiary undertakings

As at 30 June 2016, the Company's subsidiary undertakings were as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Haymarket Group Properties Ltd	United Kingdom	Ordinary	100 %	Freehold property
Thenhurst Agricultural Ltd	United Kingdom	Ordinary	100 %	Agriculture and horticulture
Haymarket Media Pvt. Ltd	India	Ordinary	100 %	Magazine and online publishing
Haymarket SAC Pvt. Ltd	India	Ordinary	75 %	Magazine and online publishing
Haymarket Media Inc.	USA	Ordinary	100 %	Magazine and online publishing
Haymarket Media Ltd	Hong Kong	Ordinary	100 %	Magazine and online publishing
Haymarket Exhibitions Ltd	United Kingdom	Ordinary	100 %	Dormant
CPS Communication LLC	USA	Ordinary	100 %	Dormant
Haymarket Business Publications Ltd	USA	Ordinary	100 %	Dormant
Haymarket Consumer Media Ltd	United Kingdom	Ordinary	100 %	Dormant
Haymarket Events PTY Ltd	Australia	Ordinary	100 %	Dormant
Haymarket Media Asia Ltd	Hong Kong	Ordinary	100 %	Dormant
Haymarket Media Investments Ltd	Australia	Ordinary	100 %	Dormant
Haymarket Media Pte Ltd	Singapore	Ordinary	100 %	Magazine and Online Publishing
Haymarket Media Pty Ltd	Australia	Ordinary	100 %	Dormant
Haymarket Media GmbH	Germany	Ordinary	100 %	Dormant
Haymarket Medical Education LP	USA	Ordinary	100 %	Dormant
Haymarket Medical Publications Ltd	United Kingdom	Ordinary	100 %	Dormant
Haymarket Network Ltd	United Kingdom	Ordinary	100 %	Dormant
Haymarket PR Publications LLP	United Kingdom	Ordinary	100 %	Magazine and online publishing
Haymarket Publishing Services Ltd	United Kingdom	Ordinary	100 %	Holding company
Haymarket UK1	United Kingdom	Ordinary	100 %	Holding company
Haymarket UK2 Ltd	United Kingdom	Ordinary	100 %	Holding company

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2016

28.. Subsidiary undertakings (continued)

Haymarket Worldwide Ltd	United Kingdom	Ordinary	100 % Holding company
Haymarket Worldwide LLC	USA	Ordinary	100 % Dormant
H Media LLC	USA	Ordinary	100 % Dormant
HME Global Education LP	USA	Ordinary	100 % Dormant
PR Publications Limited	United Kingdom	Ordinary	100 % Holding company
PR Publications LLC	USA	Ordinary	100 % Dormant
Prescribing Reference LLC	USA	Ordinary	100 % Dormant
PRI Healthcare Solutions	USA	Ordinary	100 % Dormant

Haymarket Media Group Ltd

**Notes to the Financial Statements
For the Year Ended 30 June 2016**

29. First time adoption of FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 30 June 2015 and the date of transition to FRS 102 was therefore 1 July 2014.

	As previously stated 1 July 2014 Note	Effect of transition 1 July 2014 £000	FRS 102 (as restated) 1 July 2014 £000	As previously stated 30 June 2015 £000	Effect of transition 30 June 2015 £000	FRS 102 (as restated) 30 June 2015 £000
Fixed assets	328,144	-	328,144	323,004	-	323,004
Current assets	29,082	-	29,082	29,412	364	29,776
Creditors: amounts falling due within one year	(30,279)	-	(30,279)	(24,185)	(118,359)	(142,544)
Net current liabilities	(1,197)	-	(1,197)	5,227	(117,995)	(112,768)
Total assets less current liabilities	326,947	-	326,947	328,231	(117,995)	210,236
Creditors: amounts falling due after more than one year	(112,204)	-	(112,204)	(117,791)	116,605	(1,186)
Net assets	214,743	-	214,743	210,440	(1,390)	209,050
Capital and reserves	214,743	-	214,743	210,440	(1,390)	209,050

Haymarket Media Group Ltd

Notes to the Financial Statements
For the Year Ended 30 June 2016

29. First time adoption of FRS 102 (continued)

	Note	As previously stated 30 June 2015 £000	Effect of transition 30 June 2015 £000	FRS 102 (as restated) 30 June 2015 £000
Turnover		109,420	-	109,420
Cost of sales		(82,665)	(1,754)	(84,419)
		<hr/>	<hr/>	<hr/>
		26,755	(1,754)	25,001
Administrative expenses		(21,812)	-	(21,812)
Other operating income		1,428	-	1,428
		<hr/>	<hr/>	<hr/>
Operating profit		6,371	(1,754)	4,617
Income from shares in group undertakings		7	-	7
Amounts written off investments		(8,813)	-	(8,813)
Interest payable and similar charges		(1,218)	-	(1,218)
Taxation		(727)	364	(363)
		<hr/>	<hr/>	<hr/>
Loss on ordinary activities after taxation and for the financial year		(4,380)	(1,390)	(5,770)

Explanation of changes to previously reported profit and equity:

- 1 Holiday pay accrual of £1,754,000 and a deferred tax asset of £364,000 at 30 June 2015.