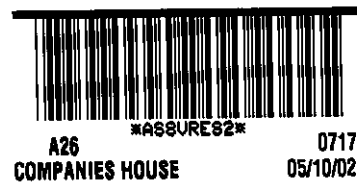


**HAYMARKET GROUP LIMITED**

**Report and Financial Statements**

**31 December 2001**

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



|   |           |
|---|-----------|
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**REPORT AND FINANCIAL STATEMENTS 2001**

**OFFICERS AND PROFESSIONAL ADVISORS**

**DIRECTORS**

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

**SECRETARY**

D B Fraser FCA

**REGISTERED OFFICE**

174 Hammersmith Road  
London W6 7JP

**BANKERS**

The Royal Bank of Scotland 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 2001.  
**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**

These results were significantly affected by the worldwide economic downturn experienced during the year. Pre tax group profits before expenditure on the launch and development of new activities, asset amortisation (including publishing rights) and interest payable was £20,351,000 compared to £30,815,000 in 2000; such expenditure on new activities was £9,687,000 charged against profits compared to £12,217,000 in 2000.

For 2002 the profits have been running materially ahead of those for 2001 and in addition there has been a significant reduction in the expenditure on the launch and development activities.

The group made a number of acquisitions of subsidiaries and publishing rights during the year principally in the US for total consideration including costs of £12,788,000 (net liabilities acquired £306,000).

The company acquired publishing and business assets of £7,625,000 since the year end.

Dividends of £2,500,000 (2000 - £2,500,000) have been paid during the year.

**DIRECTORS AND THEIR INTERESTS**

The present membership of the Board is set out on page 1. All directors served throughout the year with the exception of The Hon R Heseltine and E A Verdon-Roe who were both appointed on 14 June 2001. The interests of the directors in the shares of the company were as follows:

|   | <b>Ordinary shares of 1p each<br/>at 1 January and<br/>31 December 2001</b> |
|---|---|
| The Rt Hon the Lord Heseltine CH (Chairman) | 16,611,650  |
| D B Fraser                                  | 1,483,640   |
| J L Masters                                 | 1,158,220   |
| S P Tindall                                 | 3,537,715   |

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

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

**EMPLOYEE INVOLVEMENT**

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

**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 £20,000 (2000 - £10,000) and made a donation of £25,000 to Conservative Mainstream (2000 - £25,000 and £3,000 to the Conservative Party).

**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

A handwritten signature in black ink, appearing to read "D. B. Fraser.", with a horizontal line extending to the right.

D B Fraser  
Director and Secretary

25 June 2002

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 applied; and
- prepare the financial statements on the 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 the system of internal control, for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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International + 44 20 7936 3000  
Fax (Gp. 3): 020 7583 8517  
LDE: DX 599  
www.deloitte.co.uk

**Deloitte  
& Touche**

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

We have audited the financial statements of Haymarket Group Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes 1 to 34. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the statement of directors' responsibilities, 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. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

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

### **Basis of audit opinion**

We conducted our audit in accordance with 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 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and  
Registered Auditors  
27 June 2002

**Deloitte  
Touche  
Tohmatsu**

Aberdeen, Belfast, Birmingham, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available: Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

HAYMARKET GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
Year ended 31 December 2001

|  | Note | 2001<br>£'000 | 2001<br>£'000 | 2000<br>£'000 | 2000<br>£'000 |
|--|------|---------------|---------------|---------------|---------------|
| <b>TURNOVER</b>  |      |               |               |               |               |
| Group and share of joint ventures  |      | 174,366       |               | 170,647       |               |
| Less: share of joint ventures  |      | (12,980)      |               | (9,804)       |               |
| Group turnover   | 2    |               | 161,386       |               | 160,843       |
| Cost of sales  |      |               | (148,868)     |               | (139,731)     |
| Gross profit   |      |               | 12,518        |               | 21,112        |
| Amortisation of publishing and exhibition rights   | 10   | (9,926)       |               | (2,335)       |               |
| Other administrative expenses  |      | (2,863)       |               | (3,197)       |               |
| Administrative expenses  |      |               | (12,789)      |               | (5,532)       |
| Other operating income   |      |               | 27            |               | 17            |
| <b>OPERATING (LOSS)/PROFIT</b>   | 4    |               | (244)         |               | 15,597        |
| Share of operating profit/(loss) of joint ventures   |      | 37            |               | (41)          |               |
| Amortisation of intangibles in respect of joint ventures and associates                            |      | (1,022)       |               | (148)         |               |
| Provision in respect of joint ventures and associates  |      | (937)         |               | -             | -             |
|  |      |               | (1,922)       |               | (189)         |
| <b>GROUP OPERATING (LOSS)/PROFIT</b>   |      |               | (2,166)       |               | 15,408        |
| Profit on disposal of fixed assets   | 5    |               | -             |               | 61            |
| Investment income  | 6    |               | 439           |               | 143           |
| Interest payable and similar charges   | 7    |               | (5,506)       |               | (4,647)       |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>  |      |               | (7,233)       |               | 10,965        |
| Tax on (loss)/profit on ordinary activities  | 8    |               | (2,805)       |               | (5,377)       |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>   |      |               | (10,038)      |               | 5,588         |
| Equity minority interests  |      |               | 137           |               | (60)          |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF HAYMARKET GROUP LIMITED</b> |      |               | (9,901)       |               | 5,528         |
| Equity dividends paid  |      |               | (2,500)       |               | (2,500)       |
| <b>RETAINED (LOSS) / PROFIT FOR THE GROUP AND ITS SHARE OF ASSOCIATES AND JOINT VENTURES</b>       |      |               | (12,401)      |               | 3,028         |

All activities derive from continuing operations.



**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**Year ended 31 December 2001**

|   | <b>2001</b>     | <b>2000</b>  |
|---|-----------------|--------------|
|   | <b>£'000</b>    | <b>£'000</b> |
| (Loss) / profit for the year  | (9,901)         | 5,528        |
| Currency translation differences on foreign<br>currency net investments | 4               | (89)         |
| Adjustment on revaluation of fixed assets                               | (1,718)         | 3,488        |
|   | <u>(11,615)</u> | <u>8,927</u> |
| Total recognised gains and losses relating to the year                  | <u>(11,615)</u> | <u>8,927</u> |

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

**Year ended 31 December 2001**

|   | <b>2001</b>     | <b>2000</b>   |
|---|-----------------|---------------|
|   | <b>£'000</b>    | <b>£'000</b>  |
| (Loss)/profit on ordinary activities before<br>taxation                 | (7,233)         | 10,965        |
| Realisation of property valuation gains of prior years                  | -               | 122           |
|   | <u>(7,233)</u>  | <u>11,087</u> |
| Historical cost (loss)/profit on ordinary activities before<br>taxation | <u>(7,233)</u>  | <u>11,087</u> |
| Historical cost (loss)/profit on ordinary activities after<br>taxation  | <u>(10,038)</u> | <u>5,710</u>  |

**CONSOLIDATED BALANCE SHEET**  
**31 December 2001**

|  | Note  | 2001            | 2000            |
|--|-------|-----------------|-----------------|
|  |       | £'000           | £'000           |
| <b>FIXED ASSETS</b>  |       |                 |                 |
| Intangible assets  | 10    | 42,482          | 39,346          |
| Tangible assets  | 11    | 36,688          | 36,159          |
| Investments  | 12    | 70              | 70              |
| Investments in joint ventures                                  | 12    |                 |                 |
| - Goodwill   |       | 3,314           | 2,356           |
| - Gross assets   |       | 8,691           | 6,088           |
| - Gross liabilities  |       | (7,292)         | (4,235)         |
|  |       | <u>4,713</u>    | <u>4,209</u>    |
|  |       | <u>83,953</u>   | <u>79,784</u>   |
| <b>CURRENT ASSETS</b>  |       |                 |                 |
| Stocks   | 13    | 1,510           | 1,460           |
| Debtors falling due within one year                            | 14(a) | 34,727          | 37,499          |
| Debtors falling due after more than one year                   | 14(b) | 1,517           | 1,181           |
| Cash at bank and in hand                                       |       | 1,635           | 1,724           |
|  |       | <u>39,389</u>   | <u>41,864</u>   |
| <b>CREDITORS: amounts falling due within one year</b>          | 15    | <u>(46,190)</u> | <u>(54,178)</u> |
| <b>NET CURRENT LIABILITIES</b>                                 |       | <u>(6,801)</u>  | <u>(12,314)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       | 77,152          | 67,470          |
| <b>CREDITORS: amounts falling due after more than one year</b> | 16    | <u>(80,701)</u> | <u>(56,904)</u> |
|  |       | <u>(3,549)</u>  | <u>10,566</u>   |
| <b>CAPITAL AND RESERVES</b>                                    |       |                 |                 |
| Called up share capital  | 18    | 335             | 335             |
| Capital redemption reserve                                     | 19    | 177             | 177             |
| Revaluation reserve  | 20    | 13,163          | 14,881          |
| Merger reserve   | 21    | 6,236           | 6,236           |
| Profit and loss account  | 22    | (23,460)        | (11,063)        |
| <b>EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS</b>                    | 23    | <u>(3,549)</u>  | <u>10,566</u>   |

These financial statements were approved by the Board of Directors on 25 June 2002.

Signed on behalf of the Board of Directors



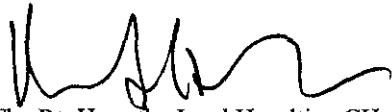
The Rt. Hon. the Lord Heseltine CH  
 Chairman

**BALANCE SHEET**  
**31 December 2001**

|  | Note  | 2001<br>£'000 | 2000<br>£'000 |
|--|-------|---------------|---------------|
| <b>FIXED ASSETS</b>                          |       |               |               |
| Investments                                  | 12    | 359           | 359           |
| <b>CURRENT ASSETS</b>                        |       |               |               |
| Debtors falling due within one year          | 14(a) | 10,534        | 13,034        |
| <b>NET CURRENT ASSETS</b>                    |       | 10,534        | 13,034        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | 10,893        | 13,393        |
|  |       | 10,893        | 13,393        |
| <b>CAPITAL AND RESERVES</b>                  |       |               |               |
| Called up share capital                      | 18    | 335           | 335           |
| Capital redemption reserve                   | 19    | 177           | 177           |
| Profit and loss account                      | 22    | 10,381        | 12,881        |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>            | 23    | 10,893        | 13,393        |

These financial statements were approved by the Board of Directors on 25 June 2002.

Signed on behalf of the Board of Directors



The Rt. Hon. the Lord Heseltine CH  
 Chairman

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2001

|  | Note   | 2001<br>£'000 | 2000<br>£'000 |
|--|--------|---------------|---------------|
| Net cash inflow from operating activities                                    | 24     | 16,579        | 16,717        |
| Dividends received from associated undertakings                              |        | 203           | 25            |
| <b>Returns on investments and servicing of finance</b>                       |        |               |               |
| Interest received  |        | 78            | 51            |
| Dividends received   |        | 65            | 54            |
| Interest paid  |        | (5,589)       | (5,094)       |
| <b>Net cash outflow from returns on investments and servicing of finance</b> |        | (5,446)       | (4,989)       |
| <b>Taxation</b>  |        |               |               |
| UK corporation tax paid  |        | (4,835)       | (4,506)       |
| <b>Total tax paid</b>  |        | (4,835)       | (4,506)       |
| <b>Capital expenditure and financial investment</b>                          |        |               |               |
| Purchase of tangible fixed assets  |        | (6,060)       | (5,902)       |
| Purchase of intangible fixed assets  |        | (1,207)       | (5,393)       |
| Purchase of minority shareholding  |        | -             | (1,952)       |
| Proceeds from sale of intangible asset                                       |        | 105           | 150           |
| Proceeds from sale of tangible fixed assets                                  |        | 176           | 1,464         |
| Proceeds from sale of investment   |        | -             | 150           |
| <b>Net cash outflow from capital expenditure and financial investment</b>    |        | (6,986)       | (11,483)      |
| <b>Acquisitions and disposals</b>  |        |               |               |
| Purchase of subsidiary undertaking   |        | (11,581)      | -             |
| Net cash acquired with subsidiary  |        | 113           | -             |
| Purchase of interest in associated undertakings                              |        | (2,053)       | (133)         |
| <b>Net cash outflow from acquisitions and disposals</b>                      |        | (13,521)      | (133)         |
| <b>Equity dividends paid</b>   |        | (2,500)       | (2,500)       |
| <b>Net cash outflow before financing</b>                                     |        | (16,506)      | (6,869)       |
| <b>Financing</b>   |        |               |               |
| Bank loan drawdown   | 25     | 22,603        | 8,909         |
| Issue/(repayment) of loan stock  | 25     | 225           | (7,723)       |
| <b>Net cash inflow from financing</b>  |        | 22,828        | 1,186         |
| <b>Increase/(decrease) in cash</b>   | 26, 27 | 6,322         | (5,683)       |

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2001**

**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 2001.

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 on a straight line basis at 5% per annum.

**Publishing and exhibition rights**

Publishing and exhibition rights are held at cost less any provision for impairment in value and are amortised on a straight line basis at 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 2001

## 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. ANALYSIS OF TURNOVER, OPERATING PROFIT AND NET ASSETS

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

Geographical analysis by location is as follows:

| TURNOVER        | 2001<br>£'000  | 2000<br>£'000  |
|-----------------|----------------|----------------|
| United Kingdom  | 143,382        | 146,948        |
| USA             | 15,429         | 9,142          |
| Other Countries | 2,575          | 13,895         |
|                 | <u>161,386</u> | <u>169,985</u> |

**PROFIT ON ORDINARY  
ACTIVITIES BEFORE TAXATION**

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

| NET ASSETS      | 2001<br>£'000 | 2000<br>£'000 |
|-----------------|---------------|---------------|
| United Kingdom  | 66,214        | 71,038        |
| USA             | 8,551         | 726           |
| Other Countries | 443           | 1,277         |
|                 | <u>75,208</u> | <u>73,041</u> |

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

|  | 2001<br>£'000 | 2000<br>£'000 |
|--|---------------|---------------|
| <b>Directors' emoluments</b>                             |               |               |
| Emoluments   | 1,304         | 1,042         |
| Remuneration of highest paid director                    | 266           | 262           |
| Average number of persons employed (including directors) | No.<br>1,499  | No.<br>1,275  |

There is a defined contribution pension plan for the benefit of three directors. The contributions by the group in the year were £nil (2000 - £nil).

|                                    | 2001<br>£'000 | 2000<br>£'000 |
|------------------------------------|---------------|---------------|
| <b>Staff costs during the year</b> |               |               |
| Wages and salaries                 | 39,031        | 35,664        |
| Social security costs              | 3,532         | 3,201         |
| Pension costs                      | 1,277         | 1,351         |
|                                    | 43,840        | 40,216        |

## 4. OPERATING PROFIT

|  | 2001<br>£'000 | 2000<br>£'000 |
|--|---------------|---------------|
| <b>Operating profit is after charging:</b>       |               |               |
| Depreciation                                     | 3,804         | 2,900         |
| Rentals under operating leases - other           | 932           | 886           |
| Auditors' remuneration - audit                   | 90            | 85            |
| - other services                                 | 218           | 263           |
| Amortisation of publishing and exhibition rights | 9,926         | 2,335         |

## 5. PROFIT ON DISPOSAL OF FIXED ASSETS

|   | 2001<br>£'000 | 2000<br>£'000 |
|---|---------------|---------------|
| Profit on disposal of investments       | -             | 54            |
| Profit on disposal of freehold property | -             | 7             |
|   | -             | 61            |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2001**

**6. INVESTMENT INCOME**

|   | <b>2001</b>  | <b>2000</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Income from other fixed asset investments | 65           | 54           |
| Interest receivable and similar income    | 78           | 51           |
| Income from associate                     | 296          | 38           |
|   | <u>439</u>   | <u>143</u>   |

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

|                                  | <b>2001</b>  | <b>2000</b>  |
|----------------------------------|--------------|--------------|
|                                  | <b>£'000</b> | <b>£'000</b> |
| Bank loan and overdraft interest | 5,456        | 4,206        |
| Other interest payable           | 74           | 530          |
| Foreign exchange                 | (24)         | (89)         |
|                                  | <u>5,506</u> | <u>4,647</u> |

**8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

|                                       | <b>2001</b>  | <b>2000</b>  |
|---------------------------------------|--------------|--------------|
|                                       | <b>£'000</b> | <b>£'000</b> |
| United Kingdom corporation tax at 30% | 2,566        | 5,033        |
| Overseas Taxation                     | 153          | 220          |
| Group share of tax on profits of:     |              |              |
| Joint ventures                        | 490          | 262          |
| Associates                            | 93           | 13           |
|                                       | <u>3,302</u> | <u>5,528</u> |
| Adjustment in respect of prior years  | (351)        | (151)        |
| Double Tax Relief                     | (146)        | -            |
|                                       | <u>2,805</u> | <u>5,377</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 made neither a profit nor loss for the year (2000 – loss £465,000).



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2001**

**10. INTANGIBLE FIXED ASSETS**

| <b>Group</b>                        | <b>Publishing and exhibition rights<br/>£'000</b> |
|-------------------------------------|---|
| <b>Cost or valuation</b>            |   |
| At 1 January 2001                   | 47,230  |
| Additions during the year           | 13,094  |
| Transfer from Joint Ventures        | 73  |
| Disposals                           | (105)   |
| At 31 December 2001                 | <u>60,292</u>                                     |
| <b>Accumulated amortisation</b>     |   |
| At 1 January 2001                   | 7,884   |
| Charged in the year - straight line | 2,845   |
| - accelerated                       | 7,081   |
| At 31 December 2001                 | <u>17,810</u>                                     |
| <b>Net book value</b>               |   |
| At 31 December 2001                 | <u>42,482</u>                                     |
| At 31 December 2000                 | <u>39,346</u>                                     |

The group made a number of acquisitions during the year principally in the US for total consideration including costs of £12,788,000 (net liabilities acquired £306,000).

**11. TANGIBLE FIXED ASSETS**

| <b>Group</b>                             | <b>Freehold<br/>properties<br/>£'000</b> | <b>Short<br/>leasehold<br/>properties<br/>£'000</b> | <b>Vehicles,<br/>furniture,<br/>equipment<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|--|---|---|------------------------|
| <b>Cost or valuation</b>                 |  |   |   |                        |
| At 1 January 2001                        | 28,772                                   | 1,159   | 16,291  | 46,222                 |
| Additions                                | 2,687                                    | 127   | 3,246   | 6,060                  |
| On acquisition of subsidiary             | -  | -   | 189   | 189                    |
| Adjustment on revaluation                | (2,243)                                  | -   | -   | (2,243)                |
| Disposals                                | -  | -   | (648)   | (648)                  |
| Foreign exchange translation differences | -  | -   | 20  | 20                     |
| At 31 December 2001                      | <u>29,216</u>                            | <u>1,286</u>  | <u>19,098</u>   | <u>49,600</u>          |
| <b>Accumulated depreciation</b>          |  |   |   |                        |
| At 1 January 2001                        | 253                                      | 481   | 9,329   | 10,063                 |
| Charge for the year                      | 560                                      | 200   | 3,044   | 3,804                  |
| Adjustment on revaluation                | (525)                                    | -   | -   | (525)                  |
| Disposals                                | -  | -   | (442)   | (442)                  |
| Foreign exchange translation differences | -  | -   | 12  | 12                     |
| At 31 December 2001                      | <u>288</u>                               | <u>681</u>  | <u>11,943</u>   | <u>12,912</u>          |
| <b>Net book value</b>                    |  |   |   |                        |
| At 31 December 2001                      | <u>28,928</u>                            | <u>605</u>  | <u>7,155</u>  | <u>36,688</u>          |
| At 31 December 2000                      | <u>28,519</u>                            | <u>678</u>  | <u>6,962</u>  | <u>36,159</u>          |

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2001

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

Freehold properties at 31 December 2001 comprise freehold office properties at open market value as determined by Kitchen La Frenais Morgan, professional valuers, of £24,000,000 (2000 - £25,100,000) and other freehold properties at cost of £4,928,000 (2000 - £3,421,000).

The net book value of freehold properties comprises land of £2,401,000 (2000 - £2,113,000) and properties for which no split can be obtained of £26,527,000 (2000 - £26,408,000).

|  | <b>Freehold<br/>Properties<br/>£'000</b> |
|--|--|
| The comparable amounts for properties at valuation determined according to the historical cost convention: |  |
| Cost   | 16,438                                   |
| Accumulated depreciation   | 2,020                                    |
| Net book value at 31 December 2001   | <u>14,418</u>                            |
| Net book value at 31 December 2000   | <u>13,774</u>                            |

**12. INVESTMENTS HELD AS FIXED ASSETS**

|   | <b>Group</b>          |                       | <b>Company</b>        |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | <b>2001<br/>£'000</b> | <b>2000<br/>£'000</b> | <b>2001<br/>£'000</b> | <b>2000<br/>£'000</b> |
| Shares in subsidiary undertakings (a)                         | -                     | -                     | 359                   | 359                   |
| Other investments (b)   | 70                    | 70                    | -                     | -                     |
| Investments in joint ventures and associated undertakings (c) | 4,713                 | 4,209                 | -                     | -                     |
|   | <u>4,783</u>          | <u>4,279</u>          | <u>359</u>            | <u>359</u>            |

**(a) Shares in subsidiary undertakings**

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

|   | <b>Percentage of<br/>equity held</b> | <b>Principal<br/>activity</b> |
|---|--------------------------------------|-------------------------------|
| <b>Subsidiary undertakings</b>          |                                      |                               |
| Haymarket Business Publications Limited | 100%                                 | Magazine publishing           |
| Haymarket Medical Publications Limited  | 100%                                 | Magazine publishing           |
| Haymarket Magazines Limited *           | 100%                                 | Magazine publishing           |
| Haymarket Exhibitions Limited**         | 100%                                 | Exhibition organising         |
| Haymarket Publishing Services Limited*  | 100%                                 | Administrative services       |
| Haymarket Worldwide Limited**           | 100%                                 | Holding company               |
| Teddington Properties Limited           | 100%                                 | Property investment           |
| Haymarket Media Inc,***                 | 100%                                 | Holding Company               |

\* Shares held by Haymarket Publishing Group Services Limited

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

\*\*\* Shares held by Haymarket Worldwide Ltd

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2001

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

**(b) Other investments**

| Cost   | <b>Listed<br/>Total<br/>£'000</b> |                       |
|--|-----------------------------------|-----------------------|
| At 1 January 2001 and 31 December 2001   |                                   | 70                    |
|  | <b>2001<br/>£'000</b>             | <b>2000<br/>£'000</b> |
| Market value of investments listed on a recognised<br>stock exchange (cost £54,069 (2000 - £54,069)) | 3,461                             | 7,310                 |

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

| Group                               | <b>Joint<br/>Ventures<br/>£'000</b> | <b>Associates<br/>£'000</b> | <b>Total<br/>£'000</b> |
|-------------------------------------|-------------------------------------|-----------------------------|------------------------|
| <b>Share of net assets</b>          |                                     |                             |                        |
| At 1 January 2001                   | 1,853                               | -                           | 1,853                  |
| Foreign exchange adjustment         | (26)                                | -                           | (26)                   |
| Share of retained losses            | (428)                               | -                           | (428)                  |
| At 31 December 2001                 | 1,399                               | -                           | 1,399                  |
| <b>Goodwill cost</b>                |                                     |                             |                        |
| At 1 January 2001                   | 2,409                               | 1                           | 2,410                  |
| Additions                           | 2,053                               | -                           | 2,053                  |
| Transfer to Intangible Assets       | (114)                               | -                           | (114)                  |
| At 31 December 2001                 | 4,348                               | 1                           | 4,349                  |
| <b>Goodwill amortisation</b>        |                                     |                             |                        |
| At 1 January 2001                   | (53)                                | (1)                         | (54)                   |
| Charged in the year - straight line | (235)                               | -                           | (235)                  |
| - accelerated                       | (787)                               | -                           | (787)                  |
| Transfer to Intangible              | 41                                  | -                           | 41                     |
| At 31 December 2001                 | (1,034)                             | (1)                         | (1,035)                |
| <b>Net book value</b>               |                                     |                             |                        |
| At 31 December 2001                 | 4,713                               | -                           | 4,713                  |
| At 31 December 2000                 | 4,209                               | -                           | 4,209                  |

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2001**

**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's can require the company to purchase their remaining shares at a price to be determined based on average profits for certain years.

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

|   | <b>Country of incorporation/<br/>registration and principal<br/>place of operation</b> | <b>Percentage of<br/>equity held</b>   | <b>Principal activity</b>   |
|---|--|--|-----------------------------|
| <b>Associates</b>                                 |  |  |                             |
| Frontline Limited                                 | England and Wales  | Ordinary 'A'<br>shares 5%<br>Ordinary 'C'<br>shares 100%<br>Ordinary 'E'<br>shares 25%<br>Ordinary 'F'<br>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              | England and Wales  | 50%  | Magazine publisher          |
| Board-X Haymarket Limited                         | England and Wales  | 50%  | Organisation of exhibitions |
| CPS Communications, Inc.                          | USA  | 50%  | Magazine publisher          |
| Haymarket IMPG Group Pty Limited                  | Australia  | 50%  | Organisation of exhibitions |
| Haymarket SMT Publishing PTE Limited              | Singapore  | 50%  | Magazine publisher          |

All shares are held by subsidiary undertakings.

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2001

**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 £3,462,100 (2000 - £3,280,000) were provided to the group by Frontline Limited.

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

|                         | 2001<br>£'000 | 2000<br>£'000 |
|-------------------------|---------------|---------------|
| Administrative services | 657           | 774           |

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

**13. STOCKS**

| Group                         | 2001<br>£'000 | 2000<br>£'000 |
|-------------------------------|---------------|---------------|
| Raw materials and consumables | 1,510         | 1,460         |

Raw materials and consumables include £132,000 (2000 - £118,000) 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       |               |
|---|---------------|---------------|---------------|---------------|
|   | 2001<br>£'000 | 2000<br>£'000 | 2001<br>£'000 | 2000<br>£'000 |
| <b>(a) Falling due within one year</b>  |               |               |               |               |
| Trade debtors                           | 24,308        | 23,247        | -             | -             |
| Amounts owed by subsidiary undertakings | -             | -             | 10,534        | 13,034        |
| Amounts owed by associated undertakings | 2,109         | 5,621         | -             | -             |
| Other debtors                           | 1,858         | 585           | -             | -             |
| Prepayments and accrued income          | 6,452         | 8,046         | -             | -             |
|   | <u>34,727</u> | <u>37,499</u> | <u>10,534</u> | <u>13,034</u> |

Amounts owed by associated undertakings include £660,000 (2000 - £3,420,000) owed by Frontline Limited.

|   | 2001<br>£'000 | 2000<br>£'000 | 2001<br>£'000 | 2000<br>£'000 |
|---|---------------|---------------|---------------|---------------|
| <b>(b) Falling due after more than one year</b> |               |               |               |               |
| Other debtors                                   | 1,380         | 1,181         | -             | -             |
| Minority Interest                               | 137           | -             | -             | -             |
|   | <u>1,517</u>  | <u>1,181</u>  | <u>-</u>      | <u>-</u>      |

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|  | Group         |               | Company       |               |
|--|---------------|---------------|---------------|---------------|
|  | 2001<br>£'000 | 2000<br>£'000 | 2001<br>£'000 | 2000<br>£'000 |
| Provisions for liabilities                                     | -             | 143           | -             | -             |
| Bank overdraft   | 7,272         | 13,683        | -             | -             |
| Trade creditors  | 7,578         | 9,264         | -             | -             |
| Other creditors including taxation and social security         | 4,500         | 7,881         | -             | -             |
| Loan Stock   | 225           | -             | -             | -             |
| Accruals and deferred income                                   | 26,615        | 23,207        | -             | -             |
|  | <u>46,190</u> | <u>54,178</u> | <u>-</u>      | <u>-</u>      |
| <i>Other creditors including taxation and social security:</i> |               |               |               |               |
| Amounts owed to associated undertakings                        | 104           | 103           | -             | -             |
| UK corporation tax   | 704           | 3,240         | -             | -             |
| Overseas Taxation  | 140           | 217           | -             | -             |
| Taxation and social security                                   | 3,222         | 4,005         | -             | -             |
| Other creditors  | 330           | 316           | -             | -             |
|  | <u>4,500</u>  | <u>7,881</u>  | <u>-</u>      | <u>-</u>      |

The bank overdraft is secured by fixed and floating charges on the assets of the group. Interest on the unsecured loan stock is payable at the base lending rate of National Westminster Bank Plc.

At the end of the year no balances were owed to any director, other than stated in Note 16.

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

|   | Lord<br>Heseltine<br>£ | J L<br>Masters<br>£ | S P<br>Tindall<br>£ |
|---|------------------------|---------------------|---------------------|
| <b>2001</b>   |                        |                     |                     |
| Personal costs paid for by the group and fully reimbursed | 186,000                | 6,000               | 110,000             |
| Other costs paid for by the group and fully reimbursed    | -                      | 101,000             | 181,000             |
|   |                        |                     |                     |
|   | Lord<br>Heseltine<br>£ | J L<br>Masters<br>£ | S P<br>Tindall<br>£ |
| <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             |

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2001

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

| <b>Group</b>                            | <b>2001</b><br><b>£'000</b> | <b>2000</b><br><b>£'000</b> |
|---|-----------------------------|-----------------------------|
| Bank loans                              | 73,120                      | 50,517                      |
| Unsecured loan stock 2004               | 1,305                       | 1,264                       |
| Amounts owed to associated undertakings | 904                         | 665                         |
| Accruals                                | 5,372                       | 4,458                       |
|   | <u>80,701</u>               | <u>56,904</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 £58.1m 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.

The unsecured loan stock 2004 is payable to E A Verdon-Roe, a director of Haymarket Group Limited, and a related party 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>2001</b><br><b>£'000</b> | <b>2000</b><br><b>£'000</b> |
|--|-----------------------------|-----------------------------|
| Capital allowances in excess of depreciation | (336)                       | (346)                       |
| Unutilised UK tax losses                     | 84                          | -                           |
| Overseas losses                              | 6,107                       | 1,800                       |
| Other timing differences                     | 2,311                       | 2,032                       |
| Gain deferred by roll over relief            | (618)                       | (465)                       |
| Capital losses                               | 1,481                       | 1,531                       |
|  | <u>9,029</u>                | <u>4,552</u>                |

The potential deferred tax liability in relation to the revalued properties has not been provided for as the directors do not intend to sell the properties in the foreseeable future.

**18. CALLED UP SHARE CAPITAL**

|                                       | <b>2000 and 2001</b><br><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>                           |

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2001**

**18. CALLED UP SHARE CAPITAL (continued)**

In 1997 the company entered into an agreement with J L Masters whereby it can be required to purchase from him 1,158,220 ordinary shares of 1p each that he holds in the company, 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 2002 the cost will be approximately £9,000,000.

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

**19. CAPITAL REDEMPTION RESERVE**

|   |              |
|---|--------------|
|   | <b>£'000</b> |
| <b>Group and company</b>                  |              |
| As at 1 January 2001 and 31 December 2001 | 177          |
|   | <u>177</u>   |

**20. REVALUATION RESERVE**

|  |               |               |
|--|---------------|---------------|
|  | <b>2001</b>   | <b>2000</b>   |
|  | <b>£'000</b>  | <b>£'000</b>  |
| <b>Group</b>                               |               |               |
| At 1 January                               | 14,881        | 11,515        |
| Revaluation of freehold properties         | (1,718)       | 3,488         |
| Realisation on sale of freehold properties | -             | (122)         |
|  | <u>13,163</u> | <u>14,881</u> |
| At 31 December                             | <u>13,163</u> | <u>14,881</u> |

**21. MERGER RESERVE**

|  |              |
|--|--------------|
|  | <b>£'000</b> |
| <b>Group</b>                           |              |
| At 1 January 2001 and 31 December 2001 | 6,236        |
|  | <u>6,236</u> |

**22. PROFIT AND LOSS ACCOUNT**

|   |                 |                 |                |               |
|---|-----------------|-----------------|----------------|---------------|
|   | <b>Group</b>    |                 | <b>Company</b> |               |
|   | <b>2001</b>     | <b>2000</b>     | <b>2001</b>    | <b>2000</b>   |
|   | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>   | <b>£'000</b>  |
| At 1 January  | (11,063)        | (12,977)        | 12,881         | 15,846        |
| (Loss)/profit for the financial year                                    | (9,901)         | 5,528           | -              | (465)         |
| Dividends   | (2,500)         | (2,500)         | (2,500)        | (2,500)       |
| Currency translation differences on<br>foreign currency net investments | 4               | (89)            | -              | -             |
| Realisation of revaluations on sale of freehold<br>properties           | -               | 122             | -              | -             |
| Amount paid for minority interest                                       | -               | (1,952)         | -              | -             |
| Adjustment on purchase of minority interest                             | -               | 805             | -              | -             |
|   | <u>(23,460)</u> | <u>(11,063)</u> | <u>10,381</u>  | <u>12,881</u> |
| At 31 December  | <u>(23,460)</u> | <u>(11,063)</u> | <u>10,381</u>  | <u>12,881</u> |



NOTES TO THE ACCOUNTS

Year ended 31 December 2001

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|  | Group           |               | Company        |                |
|--|-----------------|---------------|----------------|----------------|
|  | 2001<br>£'000   | 2000<br>£'000 | 2001<br>£'000  | 2000<br>£'000  |
| (Loss)/profit for the financial year             | (9,901)         | 5,528         | -              | (465)          |
| Foreign exchange differences                     | 4               | (89)          | -              | -              |
| Amount paid for minority interest                | -               | (1,952)       | -              | -              |
| Dividends  | (2,500)         | (2,500)       | (2,500)        | (2,500)        |
|  | <u>(12,397)</u> | <u>987</u>    | <u>(2,500)</u> | <u>(2,965)</u> |
| Adjustment on purchase of minority interest      | -               | 805           | -              | -              |
| Adjustment on revaluation of freehold properties | (1,718)         | 3,488         | -              | -              |
|  | <u>(14,115)</u> | <u>5,280</u>  | <u>(2,500)</u> | <u>(2,965)</u> |
| Net (reduction)/increase to shareholders' funds  |                 |               |                |                |
| Opening shareholders' funds                      | 10,566          | 5,286         | 13,393         | 16,358         |
| Closing shareholders' (deficit)/funds            | <u>(3,549)</u>  | <u>10,566</u> | <u>10,893</u>  | <u>13,393</u>  |

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

|  | 2001<br>£'000 | 2000<br>£'000 |
|--|---------------|---------------|
| Operating (loss)/profit                          | (244)         | 15,597        |
| Depreciation (net of profits on disposal)        | 3,790         | 2,838         |
| Amortisation of publishing and exhibition rights | 9,926         | 2,335         |
| Increase/(decrease) in debtors                   | 2,571         | (7,739)       |
| (Increase)decrease in stocks                     | (50)          | 74            |
| Increase in creditors                            | 586           | 3,612         |
| Net cash inflow from operating activities        | <u>16,579</u> | <u>16,717</u> |

25. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

|   | Bank<br>Loans<br>2001<br>£'000 | Loan<br>stock<br>2001<br>£'000 |
|---|--------------------------------|--------------------------------|
| Balance at 1 January                                  | 50,517                         | 1,264                          |
| Cash inflow from financing                            | 22,603                         | 225                            |
| Premium payable on and interest accrued on loan stock | -                              | 41                             |
| Balance at 31 December                                | <u>73,120</u>                  | <u>1,530</u>                   |

**NOTES TO THE ACCOUNTS**

Year ended 31 December 2001

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

|  | 2001<br>£'000   | 2000<br>£'000   |
|--|-----------------|-----------------|
| Increase/(decrease) in cash in the period    | 6,322           | (5,683)         |
| Cash inflow from debt financing              | (22,828)        | (1,186)         |
|  | <hr/>           | <hr/>           |
| Change in net debt resulting from cash flows | (16,506)        | (6,869)         |
| Interest accumulated on loan notes           | (41)            | (56)            |
|  | <hr/>           | <hr/>           |
| Movement in net debt in the year             | (16,547)        | (6,925)         |
| Net debt at 1 January                        | (63,740)        | (56,815)        |
|  | <hr/>           | <hr/>           |
| Net debt at 31 December                      | <u>(80,287)</u> | <u>(63,740)</u> |

**27. ANALYSIS OF NET DEBT**

|                                | At<br>1 January<br>2001<br>£'000 | Cash<br>flow<br>£'000 | Other<br>Non-cash<br>Changes<br>£'000 | At 31<br>December<br>2001<br>£'000 |
|--------------------------------|----------------------------------|-----------------------|---------------------------------------|------------------------------------|
| Cash at bank and in hand       | 1,724                            | (89)                  | -                                     | 1,635                              |
| Overdrafts                     | (13,683)                         | 6,411                 | -                                     | (7,272)                            |
| Loan Stock Other               | -                                | (225)                 | -                                     | (225)                              |
|                                | <hr/>                            | <hr/>                 | <hr/>                                 | <hr/>                              |
|                                | (11,959)                         | 6,097                 | -                                     | (5,862)                            |
| <b>Debt due after one year</b> |                                  |                       |                                       |                                    |
| Bank Loans                     | (50,517)                         | (22,603)              | -                                     | (73,120)                           |
| Unsecured Loan Stock 2004      | (1,264)                          | -                     | (41)                                  | (1,305)                            |
|                                | <hr/>                            | <hr/>                 | <hr/>                                 | <hr/>                              |
|                                | <u>(63,740)</u>                  | <u>(16,506)</u>       | <u>(41)</u>                           | <u>(80,287)</u>                    |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2001**

**28. ACQUISITIONS OF SUBSIDIARY UNDERTAKINGS**

The group made a number of acquisitions during the year principally in the US.

|                         | Net assets<br>acquired<br>£'000 | Fair Value<br>adjustment<br>£'000 | Fair Value<br>to the<br>Group<br>£'000 |
|-------------------------|---------------------------------|-----------------------------------|--|
| Intangible fixed assets | -                               | 11,887                            | 11,887                                 |
| Tangible fixed assets   | 157                             | -                                 | 157                                    |
| Stocks                  | 278                             | -                                 | 278                                    |
| Debtors                 | 409                             | -                                 | 409                                    |
| Cash                    | 113                             | -                                 | 113                                    |
| Creditors               | (1,263)                         | -                                 | (1,263)                                |
|                         | <u>(306)</u>                    | <u>11,887</u>                     | <u>11,581</u>                          |

The results of the acquisitions included in the 31 December 2001 accounts have been as follows:

|                               | 1 January 2001 to<br>31 December 2001<br>£'000 |
|-------------------------------|--|
| Turnover                      | 8,020  |
| Operating profit/(loss)       | (619)  |
| Profit/(loss) before taxation | <u>(619)</u>                                   |

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

|                             |              |
|-----------------------------|--------------|
| <b>Net assets acquired:</b> | <b>£'000</b> |
| Goodwill on acquisition     | 2,053        |
|                             | <u>2,053</u> |
| <b>Satisfied by:</b>        |              |
| Cash                        | 1,828        |
| Loan Stock                  | 225          |
|                             | <u>2,053</u> |

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2001**

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

|   |               |
|---|---------------|
|   | <b>£'000</b>  |
| Cash consideration  | 11,581        |
| Cash balance acquired   | (113)         |
|   | <hr/>         |
| Net outflow of cash and cash equivalent in respect of the acquisition | <u>11,468</u> |

**31. CAPITAL COMMITMENTS**

There were no capital commitments at 31 December 2001 (2000 - £1,446,000) relating to the group and none (2000 - £nil) relating to the company.

**32. OPERATING LEASE COMMITMENTS**

As at 31 December 2001 the group was committed to making the following payments during the next year in respect of operating leases:

**Group**

|                          | <b>Motor<br/>vehicles<br/>£'000</b> | <b>Land and<br/>buildings<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--------------------------|-------------------------------------|---|------------------------|
| Leases which expire:     |                                     |   |                        |
| Within one year          | 1                                   | 55                                      | 56                     |
| Within two to five years | -                                   | 153                                     | 153                    |
| After five years         | -                                   | 519                                     | 519                    |
|                          | <hr/>                               | <hr/>                                   | <hr/>                  |
|                          | <u>1</u>                            | <u>727</u>                              | <u>728</u>             |

**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.

**34. POST BALANCE SHEET EVENTS**

The company acquired publishing and business assets of £7,625,000 since the year end.