

Company Registration No. 2809261

Haymarket Group Limited

Report and Financial Statements

31 December 2004



Haymarket Group Limited

Report and financial statements 2004

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Haymarket Group Limited

Report and financial statements 2004

Officers and professional advisers

Directors

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

Secretary

J D Duckworth ACA

Registered office

174 Hammersmith Road
London W6 7JP

Bankers

The Royal Bank of Scotland plc

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Haymarket Group Limited

Report and financial statements 2004

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Activity and future prospects

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

Review of developments

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

Pre-tax group profits before expenditure on the launch and development of new activities, asset amortisation (including publishing rights) and interest payable was £24,850,000 compared to £23,742,000 in 2003; such expenditure on new activities was £5,740,000 charged against profits compared to £2,661,000 in 2003.

The group made a number of acquisitions of subsidiaries and publishing rights during the year for total consideration including costs of £6,000,000 (net assets acquired £284,000). During the year the group acquired freehold properties amounting to £18,961,000 (2003: £1,222,000).

On 2 July 2004 the company purchased 391,210 ordinary shares of 1p each in the company for an aggregate price including associated costs of £3,115,500. On 5 October 2004 the company purchased a further 1,483,640 shares for an aggregate price including associated costs of £12,562,500.

Details of post balance sheet events are shown in note 32.

Dividends of £2,500,000 (2003: £2,500,000) have been paid during the year.

Directors and their interests

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

Ordinary shares of 1p each	At 1 January 2004	At 31 December 2004
The Rt Hon the Lord Heseltine CH (Chairman)	16,611,650	16,611,650
D B Fraser	1,483,640	-
J L Masters	1,158,220	1,158,220
S P Tindall	3,537,715	3,146,505

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

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

Employee involvement

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

Haymarket Group Limited

Report and financial statements 2004

Directors' report (continued)

Employment of disabled persons

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

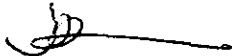
Donations

During the year the group made charitable donations of £27,600 (2003: £31,045) and made donations of £25,000 to Conservative Mainstream (2003: £25,000 to Conservative Mainstream and £1,000 to the Conservative Party).

Auditors

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

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



J D Duckworth
Director and Secretary

29 June 2005

Haymarket Group Limited

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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Haymarket Group Limited

We have audited the financial statements of Haymarket Group Limited for the year ended 31 December 2004, which comprises the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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 and other members of the group 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.

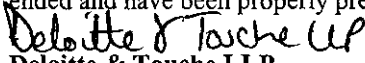
Basis of audit opinion

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 and the group 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 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

29 June 2005

Haymarket Group Limited

Consolidated profit and loss account Year ended 31 December 2004

	Note	2004		2003	
		£'000	£'000	£'000	£'000
Turnover					
Group and share of joint ventures and associates		201,968		180,578	
Less: share of joint ventures and associates		(5,777)		(6,229)	
Group turnover	2		196,191		174,349
Cost of sales			(172,287)		(150,558)
Gross profit			23,904		23,791
<i>Amortisation of publishing and exhibition rights</i>					
	9	(3,014)		(3,526)	
<i>Other administrative expenses</i>					
		(5,939)		(3,946)	
Total administrative expenses			(8,953)		(7,472)
Other operating income			-		5
Operating profit	4		14,951		16,324
Share of operating profit of joint ventures and associates					
		231		279	
Amortisation of intangibles in respect of joint ventures and associates					
		(8)		(7)	
Profit on disposal of fixed assets					
		388		12	
			611		284
Group operating profit			15,562		16,608
Investment income	5		637		987
Interest payable and similar charges	6		(6,535)		(3,706)
Profit on ordinary activities before taxation			9,664		13,889
Tax on profit on ordinary activities	7		(3,648)		(6,734)
Profit on ordinary activities after taxation			6,016		7,155
Equity minority interests			153		74
Profit for the financial year attributable to the members of Haymarket Group Limited			6,169		7,229
Equity dividends paid			(2,500)		(2,500)
Retained profit for the group and its share of associates and joint ventures			3,669		4,729

All activities derive from continuing operations.

Haymarket Group Limited

Consolidated statement of total recognised gains and losses Year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Profit for the year attributable to the members of Haymarket Group Limited		6,169	7,229
Currency translation differences on foreign currency net investments	21	(8)	(715)
Revaluation of freehold properties	22	352	(1,613)
Adjustment to pre-acquisition reserves	21	(327)	-
Total recognised gains and losses relating to the year		<u>6,186</u>	<u>4,901</u>

Haymarket Group Limited

Consolidated balance sheet 31 December 2004

	Note	2004		2003	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9		50,544		49,033
Tangible assets	10		50,318		31,344
Investments	11		70		70
Investments in joint ventures and associates					
- Goodwill	11	234		133	
- Gross assets	11	5,699		5,367	
- Gross liabilities	11	(3,810)		(3,616)	
			<u>2,123</u>		<u>1,884</u>
			<u>103,055</u>		<u>82,331</u>
Current assets					
Stocks	12		1,311		1,261
Debtors falling due within one year	13(a)		43,899		39,167
Debtors falling due after more than one year	13(b)		1,612		1,347
Cash at bank and in hand			6,015		3,328
			<u>52,837</u>		<u>45,103</u>
Creditors: amounts falling due within one year	14		<u>(52,421)</u>		<u>(52,424)</u>
Net current assets/(liabilities)			<u>416</u>		<u>(7,321)</u>
Total assets less current liabilities			<u>103,471</u>		<u>75,010</u>
Creditors: amounts falling due after more than one year	15		<u>(110,384)</u>		<u>(69,931)</u>
Net (liabilities)/assets	2		<u>(6,913)</u>		<u>5,079</u>
Capital and reserves					
Called up share capital	17		316		335
Capital redemption reserve	18		196		177
Revaluation reserve	19		9,897		9,545
Merger reserve	20		6,236		6,236
Profit and loss account	21		(23,558)		(11,214)
Equity shareholders' (deficit)/funds	22		<u>(6,913)</u>		<u>5,079</u>

These financial statements were approved by the Board of Directors on 29 June 2005.

Signed on behalf of the Board of Directors



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


Haymarket Group Limited

Company balance sheet 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Investments	11	<u>72</u>	<u>72</u>
Current assets			
Debtors falling due within one year	13(a)	<u>117,350</u>	<u>135,640</u>
Net current assets		<u>117,350</u>	<u>135,640</u>
Total assets less current liabilities		<u>117,422</u>	<u>135,712</u>
Net assets		<u><u>117,422</u></u>	<u><u>135,712</u></u>
Capital and reserves			
Called up share capital	17	316	335
Capital redemption reserve	18	196	177
Profit and loss account	21	<u>116,910</u>	<u>135,200</u>
Equity shareholders' funds	22	<u><u>117,422</u></u>	<u><u>135,712</u></u>

These financial statements were approved by the Board of Directors on 29 June 2005.

Signed on behalf of the Board of Directors



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

Haymarket Group Limited

Consolidated cash flow statement Year ended 31 December 2004

	Note	2004 £'000 £	2003 £'000 £
Net cash inflow from operating activities	23	17,895	23,571
Dividends received from associated undertakings		275	192
Returns on investments and servicing of finance			
Interest received		113	45
Dividends received		78	65
Interest paid		(6,432)	(3,791)
Net cash outflow from returns on investments and servicing of finance		(6,241)	(3,681)
Taxation			
UK corporation tax paid		(6,137)	(6,345)
Total tax paid		(6,137)	(6,345)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(21,598)	(3,339)
Purchase of intangible fixed assets		(503)	(1,952)
Proceeds from sale of intangible asset		-	155
Proceeds from sale of tangible fixed assets		659	152
Net cash outflow from capital expenditure and financial investment		(21,442)	(4,984)
Acquisitions and disposals			
Purchase of subsidiary undertakings	27	(5,497)	(1,810)
Net cash acquired with subsidiaries		1,611	553
Net cash outflow from acquisitions and disposals		(3,886)	(1,257)
Equity dividends paid		(2,500)	(2,500)
Net cash (outflow)/inflow before financing		(22,036)	4,996
Financing			
Bank loan drawdown/(repayment)	25	44,466	(10,978)
Unsecured loan stock drawdown/(repayment)		-	(1,341)
Redemption of share capital		(15,678)	-
Net cash inflow/(outflow) from financing		28,788	(12,319)
Increase/(Decrease) in cash	25, 26	6,752	(7,323)

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

1. Accounting policies

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

Accounting convention

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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries for the year ended 31 December 2004.

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

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

Acquisitions and goodwill

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

Publishing and exhibition rights

Publishing and exhibition rights are held at cost less any provision for impairment in value and are amortised on a straight line basis at 5% per annum.

Tangible fixed assets

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

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

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

Investments

Investments are stated at cost less any provision for impairment.

Stocks

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

Agricultural stock is included at independent professional valuation.

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

1. Accounting policies (continued)

Deferred taxation

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

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

Foreign currency

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

Pension costs

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

Operating leases

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

2. Analysis of turnover, operating profit and net assets

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

Geographical analysis by location is as follows:

Turnover by destination	2004	2003
	£'000	£'000
United Kingdom	167,910	153,282
Other countries	28,281	21,067
	<u>196,191</u>	<u>174,349</u>
Turnover by source		
United Kingdom	148,800	132,022
Other countries	47,391	42,327
	<u>196,191</u>	<u>174,349</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

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

Profit on ordinary activities before taxation

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

Net (liabilities)/assets	2004 £'000	2003 £'000
United Kingdom	80,999	59,539
Other countries	13,570	11,571
Group monetary net liabilities	(101,482)	(66,031)
	<u>(6,913)</u>	<u>5,079</u>

3. Information regarding directors and employees

	2004 £'000	2003 £'000
Directors' emoluments		
Emoluments	<u>1,831</u>	<u>2,509</u>
Remuneration of highest paid director	<u>514</u>	<u>1,218</u>

The remuneration of the highest paid director in 2003 included accumulated bonus relating to and provided for in prior years.

There are defined contribution pension plans for the benefit of six directors (2003: six). The contributions by the group in the year were £181,225 (2003: £81,225). The highest paid director received contributions of £31,875 (2003: £43,750).

	2004 £'000	2003 £'000
Staff costs during the year (including directors)		
Wages and salaries	53,365	51,249
Social security costs	5,311	5,503
Pension costs	2,032	1,996
	<u>60,708</u>	<u>58,748</u>
	No.	No.
Average number of persons employed (including directors)	<u>1,551</u>	<u>1,428</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

4. Operating profit

	2004 £'000	2003 £'000
Operating profit is after charging:		
Depreciation - owned assets	2,942	3,383
Rentals under operating leases for land and buildings	1,210	997
Auditors' remuneration - group audit	137	83
- company audit	16	10
- other services	282	312
Amortisation of publishing and exhibition rights	3,014	3,526
	<u> </u>	<u> </u>

5. Investment income

	2004 £'000	2003 £'000
Income from other fixed asset investments	78	65
Interest receivable and similar income	113	45
Income from associate	446	877
	<u> </u>	<u> </u>
	637	987
	<u> </u>	<u> </u>

6. Interest payable and similar charges

	2004 £'000	2003 £'000
Bank loan and overdraft interest	6,432	3,500
Other interest payable	-	166
Foreign exchange differences	103	40
	<u> </u>	<u> </u>
	6,535	3,706
	<u> </u>	<u> </u>

7. Tax on profit on ordinary activities

	2004 £'000	2003 £'000
United Kingdom corporation tax at 30% (2003: 30%)	4,566	5,599
Adjustment in respect of prior years	(820)	240
Overseas taxation	77	69
Group share of tax on profits of joint ventures	108	214
Double tax relief	(77)	(157)
	<u> </u>	<u> </u>
Total current tax charge	3,854	5,965
Deferred tax (credit)/charge	(206)	769
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	3,648	6,734
	<u> </u>	<u> </u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

7. Tax on profit on ordinary activities (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2003: 30%). The current tax charge for the year exceeds 30% for the reasons set out in the following reconciliation:

Reconciliation of current tax charge	2004	2003
	£'000	£'000
Profit on ordinary activities before tax	9,664	13,889
Tax at 30% thereon	2,899	4,167
Factors affecting charge for the year		
- Expenses not deductible for tax	455	192
- Other short term timing differences	234	(380)
- Non-deductible depreciation/amortisation on assets not qualifying for capital allowances	961	1,084
- Additional items deductible for tax purposes	-	(28)
- Capital allowances in advance of depreciation	(54)	116
- Unutilised tax losses	412	496
- Overseas taxation	-	(89)
- Non-taxable income	(233)	167
- Over provision in respect of prior years	(820)	240
Current tax charge for the year	3,854	5,965

8. Profit attributable to members of the company

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

The company's retained loss for the year was £2,612,000 (2003: profit £80,729,000).

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

9. Intangible fixed assets

Group	Publishing and exhibition rights £'000
Cost or valuation	
At 1 January 2004	71,751
Additions during the year	5,716
Foreign exchange translation differences	(1,141)
At 31 December 2004	<u>76,326</u>
Accumulated amortisation	
At 1 January 2004	22,718
Charged in the year	3,014
Foreign exchange translation differences	50
	<u>25,782</u>
Net book value	
At 31 December 2004	<u>50,544</u>
At 31 December 2003	<u>49,033</u>

The group made a number of acquisitions during the year for total consideration including costs of £6,000,000 (net assets acquired £284,000). For further details see note 27.

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

10. Tangible fixed assets

Group Cost or valuation	Freehold properties £'000	Short leasehold properties £'000	Vehicles, furniture, equipment £'000	Total £'000
At 1 January 2004	26,393	1,540	20,537	48,470
Additions	18,961	-	2,637	21,598
On acquisition of subsidiary	-	-	244	244
Revaluations	352	-	-	352
Disposals	-	(6)	(1,536)	(1,542)
Foreign exchange translation differences	-	(14)	(38)	(52)
At 31 December 2004	<u>45,706</u>	<u>1,520</u>	<u>21,844</u>	<u>69,070</u>
Accumulated depreciation				
At 1 January 2004	396	1,185	15,545	17,126
Charge for the year	158	189	2,595	2,942
Disposals	-	(6)	(1,265)	(1,271)
Foreign exchange translation differences	-	(4)	(41)	(45)
At 31 December 2004	<u>554</u>	<u>1,364</u>	<u>16,834</u>	<u>18,752</u>
Net book value				
At 31 December 2004	<u>45,152</u>	<u>156</u>	<u>5,010</u>	<u>50,318</u>
At 31 December 2003	<u>25,997</u>	<u>355</u>	<u>4,992</u>	<u>31,344</u>

Freehold properties at 31 December 2004 comprise freehold office properties at open market value as determined by Colliers CRE, professional valuers, of £16,800,000 (2003: £16,800,000), other freehold office property at open market value of £3,200,000 (2003: £3,250,000) and other freehold properties at cost of £25,152,000 (2003: £5,947,000).

The net book value of freehold properties comprises land of £2,674,000 (2003: £2,674,000) and properties for which no split can be obtained of £42,478,000 (2003: £23,323,000).

	Freehold properties £'000
The comparable amounts for properties at valuation determined according to the historical cost convention:	
Cost	36,918
Accumulated depreciation	(4,647)
Net book value at 31 December 2004	<u>32,271</u>
Net book value at 31 December 2003	<u>14,982</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

11. Investments held as fixed assets

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Shares in subsidiary undertakings (a)	-	-	72	72
Other investments (b)	70	70	-	-
Investments in joint ventures and associated undertakings (c)	2,123	1,884	-	-
	<u>2,193</u>	<u>1,954</u>	<u>72</u>	<u>72</u>

(a) Shares in subsidiary undertakings

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

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

* Shares held by Haymarket Publishing Group Limited

** Shares held by Haymarket Business Publications Limited

*** Shares held by Haymarket Worldwide Limited

(b) Other investments

Cost	Listed Total £'000	
At 1 January 2004 and 31 December 2004		70
	2004 £'000	2003 £'000
Market value of investments listed on a recognised stock exchange (cost £54,069 (2003: £54,069))	3,772	2,605

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

11. Investments held as fixed assets (continued)

(c) Joint ventures and associated undertakings

Group	Joint ventures £'000	Associated undertakings £'000	Total £'000
Share of net assets			
At 1 January 2004	1,751	-	1,751
Written off on dissolution	(202)	-	(202)
Share of retained profits	340	-	340
	<hr/>	<hr/>	<hr/>
At 31 December 2004	1,889	-	1,889
	<hr/>	<hr/>	<hr/>
Goodwill cost			
At 1 January 2004	-	141	141
Additions	-	108	108
	<hr/>	<hr/>	<hr/>
At 31 December 2004	-	249	249
	<hr/>	<hr/>	<hr/>
Goodwill amortisation			
At 1 January 2004	-	(8)	(8)
Charged in the year	-	(7)	(7)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	-	(15)	(15)
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2004	1,889	234	2,123
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2003	1,751	133	1,884
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

11. Investments held as fixed assets (continued)

(c) Joint ventures and associated undertakings (continued)

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

	Country of incorporation/ registration and principal place of operation	Percentage of equity held	Principal activity
Associates			
Frontline Limited	England and Wales	Ordinary 'A' shares 5% Ordinary 'C' shares 100% Ordinary 'E' shares 25% Ordinary 'F' shares 17%	Distribution of magazines
FinanceAsia.com Limited	Hong Kong	20%	Magazine publisher
Joint ventures			
BBC Haymarket Exhibitions Limited	England and Wales	50%	Organisation of exhibitions
Haymarket SAC Publishing (India) Private Limited	India	50%	Magazine publisher
Haymarket SMT Publishing PTE Limited	Singapore	50%	Magazine publisher

All shares are held by subsidiary undertakings.

(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 £4,093,309 (2003: £3,409,798) were provided to the group by Frontline Limited.

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

	2004 £'000	2003 £'000
Administrative services	356	349

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

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

12. Stocks

Group	2004 £'000	2003 £'000
Raw materials and consumables	<u>1,311</u>	<u>1,261</u>

Raw materials and consumables include £110,000 (2003: £131,000) of agricultural stocks which are included at independent professional valuation.

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

13. Debtors

(a) Falling due within one year

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Trade debtors	27,569	24,923	-	-
Amounts owed by subsidiary undertakings	-	-	117,350	135,640
Amounts owed by associated undertakings	3,984	2,918	-	-
Other debtors	3,104	2,463	-	-
Prepayments and accrued income	9,242	8,863	-	-
	<u>43,899</u>	<u>39,167</u>	<u>117,350</u>	<u>135,640</u>

Amounts owed by associated undertakings include £1,917,981 (2003: £1,217,266) owed by Frontline Limited.

(b) Falling due after more than one year

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Other debtors	461	522	-	-
Deferred tax (note 16)	915	709	-	-
Minority interest	236	116	-	-
	<u>1,612</u>	<u>1,347</u>	<u>-</u>	<u>-</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

14. Creditors: amounts falling due within one year

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Bank overdraft	-	4,065	-	-
Bank loans	3,000	-	-	-
Trade creditors	5,767	7,583	-	-
Other creditors including taxation and social security	9,589	10,852	-	-
Accruals and deferred income	34,065	29,924	-	-
	<u>52,421</u>	<u>52,424</u>	<u>-</u>	<u>-</u>
Other creditors including taxation and social security:				
Amounts owed to associated undertakings	750	2,040	-	-
UK corporation tax	1,467	3,387	-	-
Overseas taxation	-	60	-	-
Other taxation and social security	2,388	3,768	-	-
Other creditors	4,984	1,597	-	-
	<u>9,589</u>	<u>10,852</u>	<u>-</u>	<u>-</u>

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

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

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

	Lord Heseltine £	J L Masters £	S P Tindall £
2004			
Personal costs paid for by the group and fully reimbursed	151,900	-	186,000
Other costs paid for by the group and fully reimbursed	-	-	189,000
2003			
Personal costs paid for by the group and fully reimbursed	207,000	-	172,100
Other costs paid for by the group and fully reimbursed	-	32,100	170,300

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

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

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

Group	2004 £'000	2003 £'000
Bank loans	106,481	65,015
Amounts owed to associated undertakings	-	1,707
Accruals	3,903	3,209
	<u>110,384</u>	<u>69,931</u>

The bank loans bear 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 rate for a £25 million loan is fixed at 6.17% until 4 March 2007.

16. Deferred tax

Group deferred taxation

There is a deferred tax asset recognised of £915,000 (2003: £709,000). This asset relates to the following amounts:

	2004 £'000	2003 £'000
Capital allowances in excess of depreciation	(709)	(683)
Other timing differences	1,624	1,392
	<u>915</u>	<u>709</u>

There is also an unrecognised deferred tax asset of £5,548,000 (2003: £3,899,000). The unprovided deferred tax asset comprises:

	2004 £'000	2003 £'000
Unutilised overseas tax losses	2,507	1,091
Unutilised UK tax losses	481	248
Gain deferred by rollover relief	(570)	(570)
Capital losses	3,130	3,130
	<u>5,548</u>	<u>3,899</u>

Deferred tax has not been provided for potential gains on the disposal of revalued properties or gains rolled over into replacement assets as there are no binding sale agreements in place at the balance sheet date.

No tax liability would be expected on the disposal of properties at their revalued amounts due to the excess capital losses carried forward in the group.

Deferred tax has not been provided for unutilised losses, as there is insufficient evidence that these losses will be offset against taxable profits in the near future.

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

17. Called up share capital

	No.	2004 £'000	No.	2003 £'000
Authorised:				
Ordinary shares of 1p each	52,000,000	520	52,000,000	520
Allotted, called up and fully paid:				
Ordinary shares of 1p each	31,647,955	316	33,522,805	335

The company is party to an agreement whereby it may be required to purchase 1,158,220 ordinary shares of 1p each in the company, in which shares J L Masters has an interest, the 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 2005 the cost will be approximately £8,750,000.

On 2 July 2004 the company purchased 391,210 ordinary shares of 1p each in the company in which S P Tindall had a beneficial interest for an aggregate price including associated costs of £3,115,500. On 5 October 2004 the company purchased a further 1,483,640 shares in which D B Fraser had a beneficial interest for an aggregate price including associated costs of £12,562,500.

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

18. Capital redemption reserve

	2004 £'000	2003 £'000
Group		
At 1 January	177	177
Redemption of share capital	19	-
At 31 December	196	177

19. Revaluation reserve

	2004 £'000	2003 £'000
Group		
At 1 January	9,545	11,158
Revaluation of freehold properties	352	(1,613)
At 31 December	9,897	9,545

20. Merger reserve

	£'000
Group	
At 1 January 2004 and 31 December 2004	6,236

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

21. Profit and loss account

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
At 1 January	(11,214)	(15,228)	135,200	54,471
Profit for the financial year	6,169	7,229	(112)	83,229
Dividends	(2,500)	(2,500)	(2,500)	(2,500)
Currency translation differences on foreign currency net investments	(8)	(715)	-	-
Redemption of share capital	(15,678)	-	(15,678)	-
Adjustment to pre-acquisition reserves	(327)	-	-	-
At 31 December	<u>(23,558)</u>	<u>(11,214)</u>	<u>116,910</u>	<u>135,200</u>

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

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Profit for the financial year	6,169	7,229	(112)	83,229
Foreign exchange differences	(8)	(715)	-	-
Adjustment to pre-acquisition reserves	(327)	-	-	-
Redemption of share capital	(15,678)	-	(15,678)	-
Reduction in issued share capital	(19)	-	(19)	-
Increase in capital redemption reserve	19	-	19	-
Dividends	(2,500)	(2,500)	(2,500)	(2,500)
	<u>(12,344)</u>	<u>4,014</u>	<u>(18,290)</u>	<u>80,729</u>
Adjustment on revaluation of freehold properties	352	(1,613)	-	-
Net (decrease)/increase in equity shareholders' (deficit)/funds	<u>(11,992)</u>	<u>2,401</u>	<u>(18,290)</u>	<u>80,729</u>
Opening equity shareholders' funds	<u>5,079</u>	<u>2,678</u>	<u>135,712</u>	<u>54,983</u>
Closing equity shareholders' (deficit)/funds	<u>(6,913)</u>	<u>5,079</u>	<u>117,422</u>	<u>135,712</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

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

	2004 £'000	2003 £'000
Operating profit	14,951	16,324
Depreciation	2,942	3,383
Amortisation of publishing and exhibition rights	3,014	3,533
Increase in debtors	(4,671)	(969)
Increase in stocks	(50)	(33)
Increase in creditors	1,709	1,333
	<u>17,895</u>	<u>23,571</u>

24. Analysis of changes in financing during the year

	Bank loans 2004 £'000	Bank loans 2003 £'000
Balance at 1 January	65,015	75,993
Cash inflow from financing	45,052	(9,000)
Foreign exchange movement	(586)	(1,978)
	<u>109,481</u>	<u>65,015</u>

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

	2004 £'000	2003 £'000
Increase/(decrease) in cash in the year	6,752	(7,323)
Cash inflow/(outflow) from debt financing	(44,466)	12,319
	<u>(37,714)</u>	<u>4,996</u>
Change in net debt resulting from cash flows		
Movement in net debt in the year	(37,714)	4,996
Net debt at 1 January	(65,752)	(70,748)
	<u>(103,466)</u>	<u>(65,752)</u>
Net debt at 31 December		

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

26. Analysis of net debt

	At 1 January 2004 £'000	Cash flow £'000	Other Non-cash Changes £'000	At 31 December 2004 £'000
Cash at bank and in hand	3,328	2,687	-	6,015
Overdrafts	(4,065)	4,065	-	-
Bank loans due within one year	-	(3,000)	-	(3,000)
	<u>(737)</u>	<u>3,752</u>	<u>-</u>	<u>3,015</u>
Debt due after one year				
Bank loans	(65,015)	(42,052)	586	(106,481)
	<u>(65,752)</u>	<u>(38,300)</u>	<u>586</u>	<u>(103,466)</u>

27. Acquisitions of subsidiary undertakings

The group made a number of acquisitions during the year.

	Net assets acquired £'000
Tangible fixed assets	244
Debtors	594
Cash	1,611
Creditors	(2,165)
	<u>284</u>
Intangible fixed assets	5,213
Consideration paid	<u>5,497</u>

All consideration for the acquisition of subsidiary undertakings was satisfied by cash. No fair value adjustments were required.

Acquisitions include AJB Publishing Pty Limited and Environmental Data Services Limited. The principal activity of all of the acquisitions is that of publishing magazines.

The results of the acquisitions included in the 31 December 2004 accounts have been as follows:

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

27. Acquisitions of subsidiary undertakings (continued)

	1 January 2004 to 31 December 2004 £'000
Turnover	3,080
Cost of sales	(2,628)
Operating profit	<u>452</u>
Loss before taxation	<u>(152)</u>

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

	£'000
Cash consideration	5,497
Cash balance acquired	(1,611)
Net outflow of cash and cash equivalent in respect of the acquisition	<u>3,886</u>

29. Capital commitments

There were capital commitments at 31 December 2004 amounting to £12,863,000 (2003: £nil) relating to the group and none (2003: £nil) relating to the company.

30. Operating lease commitments

As at 31 December 2004 the group was committed to making the following payments during the next year in respect of non-cancellable operating leases:

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

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2004

30. Operating lease commitments (continued)

Group	Other £'000	Land and buildings £'000	Total £'000
Leases which expire:			
Within one year	-	18	18
Within two to five years	-	34	34
After five years	1	944	945
	<hr/>	<hr/>	<hr/>
As at 31 December 2003	1	996	997
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

31. Pension scheme

The principal scheme operated by the group is a defined contribution scheme in which eligible employees participate in personal pension plans to which the company contributes 8% - 12.5% and the employees contribute a minimum of 5% of relevant earnings. The assets of the individual plans are held separately from those of the company in independently administered funds.

32. Post balance sheet events

The group has acquired publishing and business assets for consideration of £17,483,000 since year end.