

**HAYMARKET GROUP LIMITED**

**Report and Financial Statements**

**31 December 2002**



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Deloitte & Touche  
London

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**REPORT AND FINANCIAL STATEMENTS 2002**

**OFFICERS AND PROFESSIONAL ADVISERS**

**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  
London

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

**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**

Despite continuing worldwide adverse economic conditions, these results showed a significant improvement on those for the previous year. Pre tax group profits before expenditure on the launch and development of new activities, asset amortisation (including publishing rights) and interest payable increased to £24,877,000 compared to £20,351,000 in 2001; such expenditure on new activities was £2,153,000 charged against profits compared to £9,687,000 in 2001.

The group made a number of acquisitions of subsidiaries and publishing rights during the year for total consideration including costs of £8,097,000 (net assets acquired £689,000).

The group acquired publishing and business assets of £1,281,000 and has disposed of assets of £180,000 since the year end.

Dividends of £2,500,000 (2001 - £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. The interests of the directors in the shares of the company were as follows:

	<b>Ordinary shares of 1p each at 1 January and 31 December 2002</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**

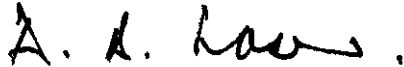
During the year the group made charitable donations of £7,625 (2001: £20,000) and made donations of £26,000 to Conservative Mainstream and £1,000 to the Conservative Party (2001: £25,000 to Conservative Mainstream).

**DIRECTORS REPORT (continued)**

**AUDITORS**

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

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



D B Fraser  
Director and Secretary

25 June 2003

**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.

**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 2002 which comprises the consolidated profit and loss account, the statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and the related notes 1 to 33. 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 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**

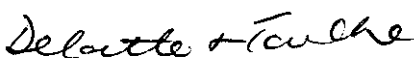
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2002 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



Chartered Accountants and  
Registered Auditors

26 June 2003

## HAYMARKET GROUP LIMITED

### CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2002

	Note	2002 £'000	2002 £'000	2001 £'000 (As restated see note 33)	2001 £'000 (As restated see note 33)
<b>TURNOVER</b>					
Group and share of joint ventures		179,621		174,366	
Less: share of joint ventures		<u>(7,334)</u>		<u>(12,980)</u>	
Group turnover	2		172,287		161,386
Cost of sales			<u>(147,840)</u>		<u>(148,868)</u>
Gross profit			24,447		12,518
Amortisation of publishing and exhibition rights	9	(3,474)		(9,926)	
Other administrative expenses		<u>(2,899)</u>		<u>(2,863)</u>	
Administrative expenses			(6,373)		(12,789)
Other operating income			24		27
<b>OPERATING PROFIT/(LOSS)</b>	4		<u>18,098</u>		<u>(244)</u>
Share of operating profit of joint ventures		381		37	
Amortisation of intangibles in respect of joint ventures and associates		(31)		(1,022)	
Provision in respect of joint ventures and associates		<u>-</u>		<u>(937)</u>	
			<u>350</u>		<u>(1,922)</u>
<b>GROUP OPERATING PROFIT/(LOSS)</b>			18,448		(2,166)
Investment income	5		669		439
Interest payable and similar charges	6		<u>(3,950)</u>		<u>(5,506)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			15,167		(7,233)
Tax on profit/(loss) on ordinary activities	7		<u>(5,622)</u>		<u>(2,432)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>			9,545		(9,665)
Equity minority interests			<u>41</u>		<u>137</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF HAYMARKET GROUP LIMITED</b>			9,586		(9,528)
Equity dividends paid			<u>(2,500)</u>		<u>(2,500)</u>
<b>RETAINED PROFIT/(LOSS) FOR THE GROUP AND ITS SHARE OF ASSOCIATES AND JOINT VENTURES</b>			<u>7,086</u>		<u>(12,028)</u>

All activities derive from continuing operations.



**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 December 2002**

	Note	2002 £'000	2001 £'000 (As restated see note 33)
Profit/(loss) for the year		9,586	(9,528)
Currency translation differences on foreign currency net investments		(303)	4
Adjustment on revaluation of fixed assets		<u>(2,005)</u>	<u>(1,718)</u>
Total recognised gains and losses relating to the year		7,278	(11,242)
Prior year adjustment – adoption of FRS 19	33	<u>1,445</u>	<u>-</u>
Total recognised gains and losses since last annual report		<u><u>8,723</u></u>	<u><u>(11,242)</u></u>

# HAYMARKET GROUP LIMITED

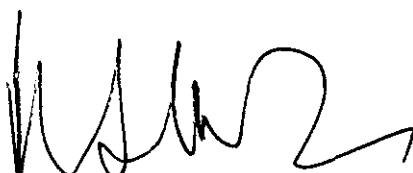
## CONSOLIDATED BALANCE SHEET 31 December 2002

	Note	2002 £'000	2002 £'000	2001 £'000 (As restated see note 33)	2001 £'000 (As restated see note 33)
<b>FIXED ASSETS</b>					
Intangible assets	9		48,456		42,482
Tangible assets	10		33,264		36,688
Investments	11		70		70
Investments in joint ventures	11				
- Goodwill		1,306		3,314	
- Gross assets		5,328		8,691	
- Gross liabilities		(3,683)		(7,292)	
			2,951		4,713
			84,741		83,953
<b>CURRENT ASSETS</b>					
Stocks	12		1,227		1,510
Debtors falling due within one year	13(a)		37,911		34,915
Debtors falling due after more than one year	13(b)		3,620		2,774
Cash at bank and in hand			6,586		1,635
			49,344		40,834
<b>CREDITORS: amounts falling due within one year</b>	14		(46,621)		(46,190)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			2,723		(5,356)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			86,910		78,597
<b>CREDITORS: amounts falling due after more than one year</b>	15		(84,786)		(80,701)
			2,678		(2,104)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		335		335
Capital redemption reserve	18		177		177
Revaluation reserve	19		11,158		13,163
Merger reserve	20		6,236		6,236
Profit and loss account	21		(15,228)		(22,015)
<b>EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)</b>	22		2,678		(2,104)

These financial statements were approved by the Board of Directors on 25 June 2003.

Signed on behalf of the Board of Directors

The Rt. Hon. the Lord Heseltine CH  
Chairman

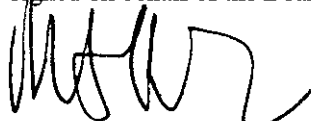


**BALANCE SHEET**  
**31 December 2002**

	Note	2002 £'000	2001 £'000
<b>FIXED ASSETS</b>			
Investments	11	359	359
<b>CURRENT ASSETS</b>			
Debtors falling due within one year	13(a)	54,624	10,534
<b>NET CURRENT ASSETS</b>		<u>54,624</u>	<u>10,534</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		54,983	10,893
		<u>54,983</u>	<u>10,893</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	335	335
Capital redemption reserve	18	177	177
Profit and loss account	21	54,471	10,381
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>54,983</u>	<u>10,893</u>

These financial statements were approved by the Board of Directors on 25 June 2003.

Signed on behalf of the Board of Directors



The Rt. Hon. the Lord Heseltine CH  
 Chairman

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 2002**

	Note	2002 £'000	2001 £'000
<b>Net cash inflow from operating activities</b>	23	27,557	16,579
<b>Dividends received from associated undertakings</b>		366	203
<b>Returns on investments and servicing of finance</b>			
Interest received		65	78
Dividends received		78	65
Interest paid		(4,082)	(5,589)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(3,939)	(5,446)
<b>Taxation</b>			
UK corporation tax paid		(4,396)	(4,835)
<b>Total tax paid</b>		(4,396)	(4,835)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(2,492)	(6,060)
Purchase of intangible fixed assets		(1,325)	(1,207)
Proceeds from sale of intangible asset		-	105
Proceeds from sale of tangible fixed assets		185	176
<b>Net cash outflow from capital expenditure and financial investment</b>		(3,632)	(6,986)
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertaking		(6,272)	(11,581)
Net cash acquired with subsidiary		489	113
Purchase of interest in associated undertakings		-	(2,053)
<b>Net cash outflow from acquisitions and disposals</b>		(5,783)	(13,521)
<b>Equity dividends paid</b>		(2,500)	(2,500)
<b>Net cash inflow/(outflow) before financing</b>		7,673	(16,506)
<b>Financing</b>			
Bank loan drawdown	24	5,000	22,603
Issue of loan stock	24	(225)	225
<b>Net cash inflow from financing</b>		4,775	22,828
<b>Increase in cash</b>	25, 26	12,448	6,322

## NOTES TO THE ACCOUNTS

Year ended 31 December 2002

## 1. ACCOUNTING POLICIES

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

**Accounting convention**

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

During the year the group has implemented FRS 19 "Deferred Tax" as issued by the Accounting Standards Board in December 2000 which has led to the restatement of the prior year comparatives. The full impact of the implementation of the standard has been described in note 33.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the company and its subsidiaries for the year ended 31 December 2002.

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 2002

**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:

<b>TURNOVER</b>	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	152,483	143,382
USA	16,200	15,429
Other Countries	3,604	2,575
	<u>172,287</u>	<u>161,386</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.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**2. ANALYSIS OF TURNOVER, OPERATING PROFIT AND NET ASSETS (continued)**

NET ASSETS	2002 £'000	2001 As restated (see note 33) £'000
United Kingdom	59,390	67,659
USA	11,216	8,551
Other Countries	2,820	443
Group monetary net assets	<u>(70,748)</u>	<u>(78,757)</u>
	<u>2,678</u>	<u>(2,104)</u>

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2002 £'000	2001 £'000
<b>Directors' emoluments</b>		
Emoluments	<u>1,368</u>	<u>1,304</u>
Remuneration of highest paid director	<u>347</u>	<u>266</u>
	<u>No.</u>	<u>No.</u>
Average number of persons employed (including directors)	<u>1,471</u>	<u>1,499</u>

There are defined contribution pension plans for the benefit of six directors. The contributions by the group in the year were £74,020 (2001: £51,443). The highest paid director received contributions of £42,750 (2001: £6,107).

	2002 £'000	2001 £'000
<b>Staff costs during the year</b>		
Wages and salaries	36,889	39,031
Social security costs	3,698	3,532
Pension costs	620	1,277
	<u>41,207</u>	<u>43,840</u>

**4. OPERATING PROFIT/(LOSS)**

	2002 £'000	2001 £'000
<b>Operating profit/(loss) is after charging:</b>		
Depreciation	3,813	3,804
Rentals under operating leases - other	540	932
Auditors' remuneration - audit	85	90
- other services	300	218
Amortisation of publishing and exhibition rights	<u>3,474</u>	<u>9,926</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**5. INVESTMENT INCOME**

	2002 £'000	2001 £'000
Income from other fixed asset investments	78	65
Interest receivable and similar income	65	78
Income from associate	526	296
	<u>669</u>	<u>439</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2002 £'000	2001 £'000
Bank loan and overdraft interest	4,006	5,456
Other interest payable	76	74
Foreign exchange	(132)	(24)
	<u>3,950</u>	<u>5,506</u>

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

	2002 £'000	2001 £'000 (as restated see note 33)
United Kingdom corporation tax at 30%	5,606	2,566
Adjustment in respect of prior years	(42)	(351)
Overseas Taxation	16	153
Group share of tax on profits of:		
Joint ventures	221	490
Associates	-	93
Double Tax Relief	(146)	(146)
	<u>5,655</u>	<u>2,805</u>
Total current tax charge	5,655	2,805
Deferred tax credit	(33)	(373)
	<u>5,622</u>	<u>2,432</u>
Tax on profit on ordinary activities	5,622	2,432

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2001: 30%).  
 The current tax charge for the year exceeds 30% for the reasons set out in the following reconciliation:



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)**

**Reconciliation of current tax charge**

Profit on ordinary activities before tax	15,167	(7,233)
Tax at 30% thereon	4,550	(2,170)
Factors affecting charge for the year		
- Expenses not deductible for tax	180	954
- Other short term timing differences	587	652
- Non-deductible depreciation/amortisation on assets not qualifying for capital allowances	667	1,285
- Impairments of fixed assets	-	1,829
- Additional items deductible for tax purposes	(421)	(162)
- Unrealised overseas tax losses	134	876
- Non-taxable income	-	(108)
- Over provision in respect of prior years	(42)	(351)
Current tax charge for the year	<u>5,655</u>	<u>2,805</u>

**8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE COMPANY**

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

The company made a profit of £44,090,000 (2001: £nil) from dividends received.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**9. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Publishing and exhibition rights £'000</b>
<b>Cost or valuation</b>	
At 1 January 2002	60,292
Additions during the year	8,070
Transfer from Joint Ventures	2,898
Foreign exchange translation differences	(2,069)
	<hr/>
At 31 December 2002	69,191
	<hr/>
<b>Accumulated amortisation</b>	
At 1 January 2002	17,810
Charged in the year	3,474
Foreign exchange translation differences	(549)
	<hr/>
At 31 December 2002	20,735
	<hr/>
<b>Net book value</b>	
At 31 December 2002	48,456
	<hr/> <hr/>
At 31 December 2001	42,482
	<hr/> <hr/>

The group made a number of acquisitions during the year for total consideration including costs of £8,097,000 (net assets acquired £689,000 including intangible assets of £662,000).

**10. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold properties £'000</b>	<b>Short leasehold properties £'000</b>	<b>Vehicles, furniture, equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 1 January 2002	29,216	1,286	19,098	49,600
Additions	446	273	1,773	2,492
On acquisition of subsidiary	-	-	100	100
Adjustment on revaluation	(2,490)	-	-	(2,490)
Disposals	-	-	(1,062)	(1,062)
Foreign exchange translation differences	-	-	(60)	(60)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	27,172	1,559	19,849	48,580
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>				
At 1 January 2002	288	681	11,943	12,912
Charge for the year	525	296	2,992	3,813
Adjustment on revaluation	(485)	-	-	(485)
Disposals	-	-	(902)	(902)
Foreign exchange translation differences	-	-	(22)	(22)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	328	977	14,011	15,316
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2002	26,844	582	5,838	33,264
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2001	28,928	605	7,155	36,688
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE ACCOUNTS**  
Year ended 31 December 2002

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

Freehold properties at 31 December 2002 comprise freehold office properties at open market value as determined by Kitchen La Frenais Morgan, professional valuers, of £21,650,000 (2001: £24,000,000) and other freehold properties at cost of £5,194,000 (2001: £4,928,000).

The net book value of freehold properties comprises land of £2,607,000 (2001 - £2,401,000) and properties for which no split can be obtained of £24,247,000 (2001 - £26,527,000).

	<b>Freehold properties £'000</b>
The comparable amounts for properties at valuation determined according to the historical cost convention:	
Cost	16,884
Accumulated depreciation	<u>(2,541)</u>
Net book value at 31 December 2002	<u>14,343</u>
Net book value at 31 December 2001	<u>14,418</u>

**11. INVESTMENTS HELD AS FIXED ASSETS**

	<b>Group</b>		<b>Company</b>	
	<b>2002 £'000</b>	<b>2001 £'000</b>	<b>2002 £'000</b>	<b>2001 £'000</b>
Shares in subsidiary undertakings (a)	-	-	359	359
Other investments (b)	70	70	-	-
Investments in joint ventures and associated undertakings (c)	2,951	4,713	-	-
	<u>3,021</u>	<u>4,783</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>Subsidiary undertakings</b>	<b>Percentage of equity held</b>	<b>Principal activity</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
Haymarket Customer Publishing Ltd****	100%	Magazine publishing

\* Shares held by Haymarket Publishing Group Services Limited

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

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

\*\*\*\* Shares held by Haymarket Magazines Ltd

NOTES TO THE ACCOUNTS  
Year ended 31 December 2002

11. INVESTMENTS HELD AS FIXED ASSETS (continued)

(b) Other investments

Cost		Listed Total £'000
At 1 January 2002 and 31 December 2002		70
	2002 £'000	2001 £'000
Market value of investments listed on a recognised stock exchange (cost £54,069 (2001 - £54,069))	1,905	3,461

(c) Joint ventures & associated  
undertakings

Group	Joint ventures £'000	Associates £'000	Total £'000
<b>Share of net assets</b>			
At 1 January 2002	1,399	-	1,399
Transfer to Intangible Assets	(135)	-	(135)
Share of retained losses	381	-	381
At 31 December 2002	1,645	-	1,645
<b>Goodwill cost</b>			
At 1 January 2002	4,348	1	4,349
Additions	-	-	-
Transfer to Intangible Assets	(3,026)	-	(3,026)
At 31 December 2002	1,322	1	1,323
<b>Goodwill amortisation</b>			
At 1 January 2002	(1,034)	(1)	(1,035)
Charged in the year	(31)	-	(31)
Transfer to amounts due from associate	786	-	786
Transfer to Intangible Assets	263	-	263
At 31 December 2002	(16)	(1)	(17)
<b>Net book value</b>			
At 31 December 2002	2,951	-	2,951
At 31 December 2001	4,713	-	4,713

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

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

**(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 partners 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:

	Country of incorporation/ registration and principal place of operation	Percentage of equity held	Principal activity
<b>Associates</b>			
Frontline Limited	England and Wales	Ordinary 'A' shares 5%	Distribution of magazines
		Ordinary 'C' shares 100%	
		Ordinary 'E' shares 25%	
		Ordinary 'F' shares 17%	
Board-X Haymarket Limited	England and Wales	75%	Organisation of exhibitions
<b>Joint ventures</b>			
SCMP Haymarket Publishing Limited	Hong Kong	49%	Magazine publisher
BBC Haymarket Exhibitions Limited	England and Wales	50%	Organisation of exhibitions
Gateway Motor Consulting Services Private Limited	India	49%	Consultancy
CPS Communications, Inc.	USA	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 £3,468,656 (2001 - £3,462,100) were provided to the group by Frontline Limited.

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

	2002 £'000	2001 £'000
Administrative services	353	657

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

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**12. STOCKS**

Group	2002 £'000	2001 £'000
Raw materials and consumables	<u>1,227</u>	<u>1,510</u>

Raw materials and consumables include £136,000 (2001 - £132,000) 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**

	Group		Company	
	2002 £'000	2001 As restated (see note 33) £'000	2002 £'000	2001 £'000
(a) Falling due within one year				
Trade debtors	22,181	24,308	-	-
Amounts owed by subsidiary undertakings	-	-	54,624	10,534
Amounts owed by associated undertakings	2,997	2,109	-	-
Other debtors	6,702	1,858	-	-
Deferred tax	-	188	-	-
Prepayments and accrued income	6,031	6,452	-	-
	<u>37,911</u>	<u>34,915</u>	<u>54,624</u>	<u>10,534</u>

Amounts owed by associated undertakings include £534,000 (2001 - £660,000) owed by Frontline Limited.

	2002 £'000	2001 As restated (see note 33) £'000	2002 £'000	2001 £'000
	(b) Falling due after more than one year			
Other debtors	2,102	1,380	-	-
Deferred tax	1,478	1,257	-	-
Minority Interest	40	137	-	-
	<u>3,620</u>	<u>2,774</u>	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS  
Year ended 31 December 2002

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Bank overdraft	-	7,272	-	-
Trade creditors	6,010	7,578	-	-
Other creditors including taxation and social security	10,402	4,500	-	-
Loan Stock	-	225	-	-
Accruals and deferred income	30,209	26,615	-	-
	<u>46,621</u>	<u>46,190</u>	<u>-</u>	<u>-</u>
Other creditors including taxation and social security:				
Amounts owed to associated undertakings	-	104	-	-
UK corporation tax	6,498	704	-	-
Overseas Taxation	16	140	-	-
Taxation and social security	2,134	3,222	-	-
Other creditors	1,754	330	-	-
	<u>10,402</u>	<u>4,500</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 Royal Bank of Scotland Plc.

At the end of the year no balances were owed to any director, other than stated in Note 15.

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

	Lord Heseltine £	J L Masters £	S P Tindall £
<b>2002</b>			
Personal costs paid for by the group and fully reimbursed	165,000	4,500	150,000
Other costs paid for by the group and fully reimbursed	-	98,500	176,000
	Lord Heseltine £	J L Masters £	S P Tindall £
<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

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group	2002 £'000	2001 £'000
Bank loans	75,993	73,120
Unsecured loan stock 2004	1,341	1,305
Amounts owed to associated undertakings	1,474	904
Accruals	5,978	5,372
	<u>84,786</u>	<u>80,701</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 £25m loan is capped at 6.17% (plus margin) until 4 March 2004 then fixed at that rate until 4 March 2007.

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 Royal Bank of Scotland Plc.

16. DEFERRED TAX

Group deferred taxation

There is a deferred tax asset recognised of £1,478,000 (2001 - £1,445,000 as restated. See note 33). This asset relates to the following amounts:

	2002 £'000	2001 As restated (see note 33) £'000
Capital allowances in excess of depreciation	(336)	(336)
Other timing differences	1,814	1,781
	<u>1,478</u>	<u>1,445</u>

There is also an unrecognised deferred tax asset of £998,000 (2001 - £947,000 as restated.). The unprovided deferred tax asset comprises:

	2002 £'000	2001 As restated £'000
Capital allowances in excess of depreciation		
Unutilised UK tax losses	135	84
Gain deferred by roll over relief	(618)	(618)
Capital losses	1,481	1,481
	<u>998</u>	<u>947</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.

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 immediate future.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

**16. DEFERRED TAX (continued)**

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 on overseas losses available for carry forward to offset overseas profit arising. The tax value of these losses if they became fully relieviable is estimated at £1,470,000 (2001: £6,107,000).

**17. CALLED UP SHARE CAPITAL**

	<b>2001 and 2002</b> <b>£'000</b>
<b>Authorised:</b>	
52,000,000 ordinary shares of 1p each	520
<b>Allotted, called up and fully paid:</b>	
33,522,805 ordinary shares of 1p each	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 2003 the cost will be approximately £8,500,000.

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

**18. CAPITAL REDEMPTION RESERVE**

	<b>£'000</b>
<b>Group and company</b>	
As at 1 January 2002 and 31 December 2002	177

**19. REVALUATION RESERVE**

	<b>2002</b> <b>£'000</b>	<b>2001</b> <b>£'000</b>
<b>Group</b>		
At 1 January	13,163	14,881
Revaluation of freehold properties	(2,005)	(1,718)
At 31 December	11,158	13,163

**20. MERGER RESERVE**

	<b>£'000</b>
<b>Group</b>	
At 1 January 2002 and 31 December 2002	6,236

NOTES TO THE ACCOUNTS  
Year ended 31 December 2002

21. PROFIT AND LOSS ACCOUNT

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
At 1 January	(22,015)	(11,063)	10,381	12,881
Profit/(Loss) for the financial year as restated (see note 33)	9,586	(9,528)	-	-
Dividends	(2,500)	(2,500)	44,090	(2,500)
Currency translation differences on foreign currency net investments	(303)	4	-	-
Realisation of revaluations on sale of freehold properties	-	-	-	-
Amount paid for minority interest	4	-	-	-
Adoption of FRS 19 as at 1 January 2000 (see note 33)	-	1,072	-	-
At 31 December	<u>(15,228)</u>	<u>(22,015)</u>	<u>54,471</u>	<u>10,381</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS/(DEFICIT)

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Profit/(Loss) for the financial year	9,586	(9,528)	-	-
Foreign exchange differences	(303)	4	-	-
Amount paid for minority interest	4	-	-	-
Dividends	(2,500)	(2,500)	44,090	(2,500)
	<u>6,787</u>	<u>(12,024)</u>	<u>44,090</u>	<u>(2,500)</u>
Adjustment on revaluation of freehold properties	(2,005)	(1,718)	-	-
Reclassification of deferred tax (see note 33)	-	1,072	-	-
Net increase / (reduction) to shareholders' funds	<u>4,782</u>	<u>(12,670)</u>	<u>44,090</u>	<u>(2,500)</u>
Opening shareholders' (deficit)/funds	<u>(2,104)</u>	<u>10,566</u>	<u>10,893</u>	<u>13,393</u>
Closing shareholders' funds / (deficit)	<u>2,678</u>	<u>(2,104)</u>	<u>54,983</u>	<u>10,893</u>

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

	2002 £'000	2001 £'000
Operating profit / (loss)	18,098	(244)
Depreciation (net of profits on disposal)	3,527	3,790
Amortisation of publishing and exhibition rights	3,505	9,926
Decrease in debtors	306	2,571
Decrease/(increase) in stocks	283	(50)
Increase in creditors	1,838	586
Net cash inflow from operating activities	<u>27,557</u>	<u>16,579</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2002**

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

	<b>Bank loans 2002 £'000</b>	<b>Loan stock 2002 £'000</b>
Balance at 1 January	73,120	1,530
Cash inflow from financing	5,000	(225)
Foreign Exchange movement	(2,127)	-
Premium payable on and interest accrued on loan stock	-	36
	<u>75,993</u>	<u>1,341</u>
Balance at 31 December	<u>75,993</u>	<u>1,341</u>

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

	<b>2002 £'000</b>	<b>2001 £'000</b>
Increase in cash in the year	12,448	6,322
Cash inflow from debt financing	(2,873)	(22,828)
	<u>9,575</u>	<u>(16,506)</u>
Change in net debt resulting from cash flows	9,575	(16,506)
Interest accumulated on loan notes	(36)	(41)
	<u>9,539</u>	<u>(16,547)</u>
Movement in net debt in the year	9,539	(16,547)
Net debt at 1 January	(80,287)	(63,740)
	<u>(70,748)</u>	<u>(80,287)</u>
Net debt at 31 December	<u>(70,748)</u>	<u>(80,287)</u>

**26. ANALYSIS OF NET DEBT**

	<b>At 1 January 2002 £'000</b>	<b>Cash flow £'000</b>	<b>Other Non-cash Changes £'000</b>	<b>At 31 December 2002 £'000</b>
Cash at bank and in hand	1,635	4,951	-	6,586
Overdrafts	(7,272)	7,272	-	-
Loan Stock Other	(225)	225	-	-
	<u>(5,862)</u>	<u>12,448</u>	<u>-</u>	<u>6,586</u>
<b>Debt due after one year</b>				
Bank Loans	(73,120)	(5,000)	2,127	(75,993)
Unsecured Loan Stock 2004	(1,305)	-	(36)	(1,341)
	<u>(80,287)</u>	<u>7,448</u>	<u>2,091</u>	<u>(70,748)</u>

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2002**

**27. ACQUISITIONS OF SUBSIDIARY UNDERTAKINGS**

The group made a number of acquisitions during the year.

	Net assets acquired £'000
Intangible fixed assets	662
Tangible fixed assets	100
Stocks	-
Debtors	1,662
Cash	489
Creditors	(2,224)
	<hr/> 689
Goodwill	<hr/> 5,583
	<hr/> <hr/> 6,272

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

The results of the acquisitions included in the 31 December 2002 accounts have been as follows:

	1 January 2002 to 31 December 2002 £'000
Turnover	4,686
Operating loss	(81)
Loss before taxation	(81)
	<hr/> <hr/>

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

	£'000
Cash consideration	6,272
Cash balance acquired	(489)
	<hr/> 5,783
Net outflow of cash and cash equivalent in respect of the acquisition	<hr/> <hr/>

**29. CAPITAL COMMITMENTS**

There were no capital commitments at 31 December 2002 (2001: £nil) relating to the group and none (2001: £nil) relating to the company.

**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2002**

**30. OPERATING LEASE COMMITMENTS**

As at 31 December 2002 the group was committed to making the following payments during the next year in respect of operating leases:

**Group**

	Motor vehicles £'000	Land and buildings £'000	Total £'000
Leases which expire:			
Within one year	1	28	29
Within two to five years	-	99	99
After five years	-	462	462
	<u>1</u>	<u>589</u>	<u>590</u>

**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 of £1,281,000 and disposed of publishing and business assets of £180,000 since the year-end.

**33. RESTATEMENT OF COMPARATIVES**

The adoption of FRS 19 – “Deferred Tax” has required a change in the accounting treatment of deferred tax and the prior year results have been restated accordingly.

**Balance Sheet**

	Group		Company	
	Deferred tax asset £'000	Profit and loss account £'000	Deferred tax asset £'000	Profit and loss account £'000
As previously reported at 31 December 2001	-	(23,460)	-	-
Adoption of FRS 19 at 1 January 2000	1,072	1,072	-	-
Application of FRS 19 during the Year ended 31 December 2001	<u>373</u>	<u>373</u>	<u>-</u>	<u>-</u>
31 December 2001 restated	<u><u>1,445</u></u>	<u><u>(22,015)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Under FRS 19 the group is required to make full provision for deferred tax in respect of timing differences recognising in total the potential future tax impact of past transactions. Under SSAP 15 provision for deferred tax was only required if it was expected that timing differences would reverse in the foreseeable future.

**Company profit and loss account**

The adoption of FRS19 has had no impact on the Company.