

Company Registration No 678540

REED EXHIBITIONS LIMITED

Report and Financial Statements

31 December 2008

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REED EXHIBITIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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REED EXHIBITIONS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M J Rusbridge (Chairman)
L Algoud
P N Forster
A C Gornall
R C Rees
C Cunningham
JN Tadman (appointed 7 March 2008, resigned 3 October 2008)

SECRETARY

J Poole

REGISTERED OFFICE

Gateway House
28 The Quadrant
Richmond
Surrey
TW9 1DN

BANKERS

National Westminster Bank Plc
City of London Office
21 Lombard Street
London
EC3P 3AR

SOLICITORS

Olswang
90 High Holborn
London
WC1V 6XX

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
London

REED EXHIBITIONS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The company is a wholly owned subsidiary of Reed Elsevier Group plc, as part of the Reed Business Division.

The company's principal activity during the year was event organising. Events are held in the business to business sector, principally in the United Kingdom and in Europe. There have not been any changes in the the company's business activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities during the year. The company continues to develop new events and to acquire companies organising events, and it invests in research in this area. The directors consider this development and acquisition policy to be necessary for the company's medium to long-term development.

As shown in the company's profit and loss account on page 8, the company's turnover has increased by 2% in the year. Year-on-year growth is effected by certain events which are not held on an annual basis, but on a biennial or triennial basis. Profit before tax has decreased to approximately £23.6m. This is mainly due to the sale of certain trademarks to Elsevier Properties SA, another member of the Reed Elsevier PLC group, which was recognised in the prior year.

The balance sheet on page 9 shows an improvement in net assets, but a worsening in the current position. However, the company's working capital needs and the company's requirements for investment in subsidiaries and events are supported as required by other members of the Reed Elsevier Group plc group, and the balance due to the holding company is shown in note 10.

On 28 May 2008 the company disposed of International Training Equipment Conference Limited, a direct subsidiary, and Spearhead Exhibitions Limited, an indirect subsidiary, as a result of the group's decision to withdraw from the defence events sector. Other acquisitions and disposals of investments can be found in note 8 to the accounts. There have been no significant events since the balance sheet date. Although the current trading environment is challenging, the directors consider that the strong position of the company's events in the market will enable the company to continue to trade successfully.

The strategy of the businesses of the Reed Elsevier Group plc group is determined on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Reed Business division of Reed Elsevier Group plc, which includes this company, is discussed in the Reed Elsevier Annual Report and Financial Statements 2008 (available on www.reedelsevier.com) which does not form part of this report.

GOING CONCERN

The company's activities are described above. As detailed in note 1, the directors have considered the funding requirements for a period of not less than twelve months and have received a letter of support from the ultimate parent company confirming that support will be provided to ensure the company can meet its liabilities as they fall due. On this basis the directors have a reasonable expectation that the company can continue in operational existence for the foreseeable future and they can therefore continue to adopt the going concern basis in preparing the annual report and accounts.

DIVIDENDS AND TRANSFERS FROM RESERVES

On 19 December 2008 a dividend of £20,000,000 for the year ended 31 December 2008 was approved. (2007 - £21,000,000). The retained profit after dividend of £3,167,421 (2007 - £21,478,799) has been transferred to reserves.

DIRECTORS

The membership of the board during the year is set out on page 1.

Directors' indemnity insurance has been taken out by the company on the directors' behalf.

REED EXHIBITIONS LIMITED

DIRECTORS' REPORT

EMPLOYEE PARTICIPATION

Employees are encouraged to become aware of the financial and economic factors that affect the company and its ability to compete in the marketplace. The individual contributions of staff are recognised as being essential to the future success of the business.

The company operates a Staff Council, to allow employees to voice opinions through a representative at board level.

The Reed Elsevier Group plc SAYE Share Option Scheme enables employees to participate in the future prosperity of the company.

DISABLED PERSONS

It is the policy of the company to consider the skills and aptitudes of disabled persons fully and fairly at all times in recruitment, career development, training and promotion. In pursuing this policy and having special concern for employees who become disabled, all practical measures are taken to ensure that disabled persons are placed in jobs suited to their individual circumstances.

CREDITOR PAYMENT POLICY

The company agrees terms and conditions for its business transactions when orders for goods and services are placed, ensuring that suppliers are aware of the terms of payment and including the relevant terms in contracts where appropriate. These arrangements are adhered to when making payments, subject to the terms and conditions being met by the supplier. At 31 December 2008 the company's creditor days were 40 days (2007 –35 days).

ENVIRONMENTAL POLICY

The company is aware of its environmental responsibilities and is developing strategies to minimise waste and maximise recycling. These policies cover not only the office environment, but also recycling of materials after events have closed.

PRINCIPAL RISKS AND UNCERTAINTIES

The company makes sales in foreign currencies and is therefore exposed to the movement in the exchange rates of those currencies with sterling. The company takes out forward exchange contracts with the Elsevier Reed Finance BV group to match the anticipated timing of foreign currency payments and receipts. Forward exchange contracts are not entered into on a speculative basis.

The company is financed by its parent, and has no third party debt. It therefore has no material interest rate exposure.

Group risks are discussed in the Reed Elsevier Annual Report and Financial Statements 2008 (available on www.reedelsevier.com) which does not form part of this report.

REED EXHIBITIONS LIMITED

DIRECTORS' REPORT

AUDITORS

Deloitte LLP 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.

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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

Jacqui Poole

J Poole
Secretary

22 October 2009

REED EXHIBITIONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED EXHIBITIONS LIMITED

We have audited the financial statements of Reed Exhibitions Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 22. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
REED EXHIBITIONS LIMITED (CONTINUED)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London UK

26 October 2009

REED EXHIBITIONS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2008

	Note	2008	2007
		£	£
TURNOVER	2	67,977,612	66,647,138
Staff costs	3	(22,082,184)	(20,033,702)
Depreciation and other amounts written off tangible and intangible fixed assets	6,7	(6,037,043)	(4,290,631)
Other operating charges		<u>(44,853,395)</u>	<u>(42,231,776)</u>
		(72,972,622)	(66,556,109)
OPERATING (LOSS)/PROFIT	4	(4,995,010)	91,029
Income from shares in subsidiary undertakings		28,918,798	13,417,868
Income from sale of trademarks		-	33,031,312
Income from sale of business assets		229,562	100,918
Profit on disposal of investment		673,981	-
Loss on disposal of subsidiary		(254,659)	-
Amounts written off of associate undertakings		-	(403,775)
Amounts written off subsidiary undertakings		<u>(925,000)</u>	<u>(4,215,000)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,647,672	42,022,352
Tax on profit on ordinary activities	5	<u>(480,251)</u>	<u>456,447</u>
RETAINED PROFIT TRANSFERRED TO RESERVES	15	<u>23,167,421</u>	<u>42,478,799</u>

All results derive from continuing operations. The company had no recognised gains or losses in either the current or prior financial year other than the retained profit disclosed in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

REED EXHIBITIONS LIMITED
Company number 678540

BALANCE SHEET
31 December 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Intangible assets	6	13,278,907	9,528,678
Tangible assets	7	10,807,113	6,495,830
Investments	8	50,385,067	35,206,382
		<u>74,471,087</u>	<u>51,230,890</u>
CURRENT ASSETS			
Debtors:			
Amounts falling due within one year	9	15,416,788	28,251,933
Amounts falling due after more than one year	9	5,540,532	5,540,532
Cash at bank and in hand		255,232	498,524
		<u>21,212,552</u>	<u>34,290,989</u>
CREDITORS: amounts falling due within one year	10	<u>(49,441,407)</u>	<u>(44,214,856)</u>
NET CURRENT LIABILITIES		<u>(28,228,855)</u>	<u>(9,923,868)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		46,242,232	41,307,022
CREDITORS: amounts falling due after more than one year	11	<u>(573,840)</u>	<u>(573,840)</u>
NET ASSETS		<u>45,668,392</u>	<u>40,733,182</u>
CAPITAL AND RESERVES			
Called up share capital	13	538,760	538,760
Share premium account	14	8,034,840	8,034,840
Profit and loss account	14	37,094,792	32,159,582
SHAREHOLDERS' FUNDS	15	<u>45,668,392</u>	<u>40,733,182</u>

These financial statements were approved and authorised for issue by the Board of Directors on **26** October 2009

Signed on behalf of the Board of Directors



RC Rees
Director

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are presented for the company as an individual undertaking. The company is not required to prepare group financial statements under section 228 of the Companies Act 1985 because its parent undertaking is established under the law of a member State of the European Union and its parent undertaking prepares group accounts. Accordingly these financial statements present information about this company as an individual undertaking and not as a group.

Under the provisions of Financial Reporting Standard 1 – (Revised) Cash Flow Statements, the company has not prepared a cash flow statement because its ultimate parent undertaking has prepared consolidated accounts which include the accounts of the company for the year and which contain a cash flow statement.

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going Concern

The directors believe that, despite the current economic uncertainty, the company is structured to successfully manage and control the business risks it faces as an integral part of the broader Reed Elsevier plc group. The company manages liquidity needs through a combination of cash balances and intercompany funding arrangements. The directors have reviewed the funding requirements for a period of not less than twelve months from the signing of the financial statements and have received a letter of support from the ultimate parent company confirming support will be given to ensure the company can meet its liabilities as they fall due. After making appropriate enquiries the directors have concluded that the going concern assumption is reasonable.

Turnover

Turnover represents the invoiced value of space sold and other revenue received in respect of exhibitions held during the year, excluding value added tax.

Intangible assets

Exhibition titles and rights are stated at fair value on acquisition and are not subsequently revalued. Provision is made for any permanent impairment in value. Internally developed intangibles are not carried on the balance sheet.

In accordance with Financial Reporting Standard 10 - Goodwill and Intangible Assets, intangible assets are amortised over their estimated useful lives up to a maximum period of 20 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on a basis that will write off the book value of fixed assets on a straight-line basis over their expected lives. The rates of depreciation are as follows:

Vehicles and equipment	10% to 33%
Leasehold land and buildings	Over the unexpired lease term
Leasehold improvements	20%

Fixed asset investments

Investments are stated at cost less provision for any impairment.

Deferred expenditure

The amount included in debtors for deferred expenditure represents expenses incurred on future exhibitions.

NOTES TO THE ACCOUNTS
Year ended 31 December 2008

1. ACCOUNTING POLICIES (continued)

Deferred income

The amount included in creditors for deferred income represents cash received on future exhibitions.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full for timing differences using the liability method. Deferred tax assets are only recognised to the extent that they are considered recoverable in the short term. Deferred taxation balances are not discounted.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Leases

Rentals under operating leases are charged as incurred to the profit and loss account over the lease term. The company does not hold any assets under finance leases.

Pensions

The Reed Elsevier Pension Scheme (a defined benefit scheme) is administered on a Reed Elsevier Group plc group basis and total contributions are assessed by a qualified actuary, based on the cost of providing pensions across all participating Reed Elsevier Group plc group companies. Costs are not determined separately for each participating company, hence contributions are charged to the profit and loss account in the period on the basis of amounts payable.

Share based payments

A fair value is attributed to share based payments in respect of share option based remuneration schemes, and this is charged to the profit and loss account over the likely vesting period of the share options.

Income from sale of trademarks

The income from sale of trademarks represents amounts received from another group company, Elsevier Properties SA, from the sale of the trademarks of certain events.

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2008**

2. TURNOVER

The geographical analysis of the company's turnover is as follows:

	2008 £	2007 £
United Kingdom	29,452,333	34,748,994
Europe	17,728,823	16,261,164
Rest of the world	20,796,456	15,636,980
	<u>67,977,612</u>	<u>66,647,138</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008 No	2007 No
Average number of persons employed		
Administration/organising	124	111
Sales/marketing	184	214
	<u>308</u>	<u>325</u>

Staff costs (including directors)	£	£
Wages and salaries	17,567,916	16,515,544
Social security costs	1,890,034	1,613,569
Pension contributions	856,445	586,589
Share based payment	1,767,789	1,318,000
	<u>22,082,184</u>	<u>20,033,702</u>

Directors' emoluments	£	£
Other remuneration	2,292,025	2,331,986
Compensation for loss of office	-	30,000
Pension contributions	34,920	14,736
	<u>2,326,945</u>	<u>2,376,722</u>

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2008**

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONT'D)

	2008 No	2007 No
Number of directors who are members of a defined benefit pension scheme	<u>6</u>	<u>7</u>
	£	£
Remuneration of the highest paid director		
Other remuneration	944,227	914,777
Pension contributions	<u>-</u>	<u>-</u>
	<u>944,227</u>	<u>914,777</u>
Accrued pension benefits	<u>214,289</u>	<u>195,866</u>
	No	No
During the period the following number of directors exercised share options (including the highest paid director)	<u>4</u>	<u>6</u>

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting) :

	2008 £	2007 £
Rentals under operating leases		
Hire of plant and machinery	123,665	129,822
Land and buildings	1,183,490	1,249,940
Depreciation on owned assets	1,787,270	1,475,872
Amortisation on intangible assets	4,249,773	2,814,759
Loss/(profit) on disposal of tangible fixed assets	573,543	(54,256)
(Profit)/loss on foreign currency exchange	(210,052)	294,395
Auditors' remuneration		
Fees payable to auditors in respect of the audit of the company's annual statutory accounts	<u>46,799</u>	<u>42,496</u>

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2008**

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
United Kingdom corporation tax	843,262	1,787,908
Adjustments in respect of prior years	(867,882)	(2,029,281)
	(24,620)	(241,373)
Deferred taxation		
Origination and reversal of timing differences	504,871	(215,074)
Total tax charge/(credit)	<u>480,251</u>	<u>(456,447)</u>

The standard rate of current tax reduced to 28% from 1st April 2008. The standard tax rate for the year has been reduced to 28.5%. (2007 – 30%). A reconciliation of the notional current tax charge based on the standard rate to the actual current tax charge is as follows:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>23,647,672</u>	<u>42,022,352</u>
Tax at standard rate	6,739,587	12,606,706
Non tax-deductible amortisation of goodwill and intangible assets	1,211,185	844,428
Prior year adjustments	(867,882)	(2,029,281)
Non taxable income	(8,241,857)	(13,965,029)
Non tax-deductible expenses	1,639,218	2,248,022
Reversal of timing differences	(504,871)	53,781
Current tax (credit)	<u>(24,620)</u>	<u>(241,373)</u>

The Reed Elsevier Group plc group of companies has agreed that, to the extent that there are any transfer pricing adjustments relating to inter company balances between group companies in the UK, any resulting income will be sheltered by group relief received for £ nil consideration.

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2008**

6. INTANGIBLE FIXED ASSETS

	Exhibition titles and rights £
Cost	
At 1 January 2008	46,372,873
Additions	8,000,002
Disposals	(1,738,541)
At 31 December 2008	<u>52,634,334</u>
Accumulated amortisation	
At 1 January 2008	36,844,195
Amortisation during the year	4,249,773
Disposals	(1,738,541)
At 31 December 2008	<u>39,355,427</u>
Net book amount	
At 31 December 2008	<u>13,278,907</u>
At 31 December 2007	<u>9,528,678</u>

7. TANGIBLE FIXED ASSETS

	Short term leasehold land and buildings £	Vehicles And Equipment £	Total £
Cost			
At 1 January 2008	1,648,082	7,169,084	8,817,166
Additions	-	6,788,286	6,788,286
Disposals	(30,000)	(773,606)	(803,606)
At 31 December 2008	<u>1,618,082</u>	<u>13,183,764</u>	<u>14,801,846</u>
Accumulated depreciation and any provision for impairment			
At 1 January 2008	276,447	2,044,889	2,321,336
Charge for the year	161,809	1,625,461	1,787,270
Disposals	-	(113,873)	(113,873)
At 31 December 2007	<u>438,256</u>	<u>3,556,477</u>	<u>3,994,733</u>
Net book amount			
At 31 December 2008	<u>1,179,826</u>	<u>9,627,287</u>	<u>10,807,113</u>
At 31 December 2007	<u>1,371,635</u>	<u>5,124,195</u>	<u>6,495,830</u>

Of the £6,788,286 additions shown in vehicles and equipment, £6,170,404 (2007: £2,118,213) are assets in the course of construction and were not subject to depreciation in 2008.

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2008**

8. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings at cost £	Shares in associated undertakings at cost £	Other investments at cost £	Total £
Cost				
At 1 January 2008	66,710,994	640,037	13,737,781	81,088,812
Additions	16,973,875	850,000	-	17,823,875
Disposals	(1,723,190)	-	(13,737,781)	(15,460,971)
At 31 December 2007	81,961,679	1,490,037	-	83,451,716
Provisions				
At 1 January 2007	31,741,033	403,616	13,737,781	45,882,430
Disposals	(3,000)	-	(13,737,781)	(13,740,781)
Provided during the year	925,000	-	-	925,000
At 31 December 2008	32,663,033	403,618	-	33,066,649
Net book value				
At 31 December 2008	49,298,646	1,086,421	-	50,385,067
At 31 December 2007	34,969,961	236,421	-	35,206,382

Details of entities (excluding dormant companies) in which the company holds more than 10% of any class of equity share capital or more than 10% of the total allotted share capital are given below:

	Principal activity	Proportion of Ordinary Shares held
Reed Midem Limited	Exhibition organising and design	100%
Fresh RM Limited	Exhibition organising and design	50%
Spearhead Exhibition Group Limited	Exhibition organising	100%
Spearhead Offshore Europe Limited	Exhibition organising	100%
Offshore Europe (Management) Limited	Management company	100%
E&P Events LLP	Exhibition organising	50%
Bluegrill Limited	Holding Company	100%
Reed Events Limited (formerly Reed Aerospace Exhibitions Limited)	Exhibition organising	100%
ICT Communications Limited	Exhibition organising and design	25%
Beyond Luxury Media Limited	Exhibition organising and design	25%
Dew Events Limited	Exhibition organising	100%

All of the above companies are registered and operating in England and Wales.

The directors consider the market value of the company's investments to be not less than their carrying value.

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

8 FIXED ASSET INVESTMENTS (CONT'D)

On 6th March 2008, the company acquired 100% shareholding in Spearhead Offshore Europe Limited, and 100% shareholding in Offshore Europe (Management) Limited, from Spearhead Exhibitions Limited, a 100% indirect subsidiary of the company.

On 28th May 2008, the company sold its 100% shareholding in International Training Equipment Conference Limited for £2,256,000. On 28th May 2008 a 100% indirect subsidiary of the company, Spearhead Exhibitions Limited was sold for £19,553,000. This was as part of the group's decision to withdraw from the defence events sector.

On 16th May 2008 the company sold its entire shareholding in London International Exhibition Centre Holdings PLC for £673,981.

On 14th November 2008 the company acquired 100% shareholding in Dew Events Limited, a company which organises an event in France.

9. DEBTORS

	2008 £	2007 £
Amounts falling due within one year		
Trade debtors	563,401	524,287
Amounts owed by ultimate parent company and fellow subsidiary undertakings	8,125,254	5,535,204
Amounts owed by subsidiary undertakings	407,000	15,715,332
Amounts owed by associated undertakings	14,501	1,438,975
Other debtors	1,615,585	425,918
Prepayments and accrued income	472,427	645,132
Deferred expenditure	2,605,382	2,377,558
Deferred taxation (note 12)	997,566	1,502,437
Corporation tax	615,672	87,090
	<u>15,416,788</u>	<u>28,251,933</u>
Amounts falling due after more than one year		
Amounts owed by ultimate parent company and fellow subsidiary undertakings	1,660,000	1,660,000
Amounts owed by subsidiary undertakings	3,880,532	3,880,532
	<u>5,540,532</u>	<u>5,540,532</u>

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2008**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	5,642,228	3,341,256
Amounts owed to ultimate parent and fellow subsidiary undertakings	6,707,647	5,696,261
Amounts owed to subsidiary undertakings	12,095,056	14,840,646
Amounts owed to associated undertakings	258,948	-
Other taxes and social security	845,771	901,231
Other creditors and accruals	12,000,242	8,966,203
Deferred income	11,891,515	10,469,259
	<u>49,441,407</u>	<u>44,214,856</u>

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

	2008 £	2007 £
Amounts owed to subsidiary undertakings	573,840	573,840
	<u>573,840</u>	<u>573,840</u>

12. DEFERRED TAXATION

The net deferred tax balances comprise:

	2008 £	2007 £
(Excess capital allowances over depreciation)/excess depreciation over capital allowances	(28,339)	187,654
Other timing differences	1,025,905	1,314,783
	<u>997,566</u>	<u>1,502,437</u>
Deferred tax asset at 1 January	1,502,437	889,206
(Debited)/Credited to profit and loss account	(504,871)	215,074
Credited to equity	-	398,157
Deferred tax asset at 31 December	<u>997,566</u>	<u>1,502,437</u>

The deferred taxation asset is included within debtors (note 9). The deferred tax asset is recognised on the basis that there will be sufficient taxable profits in the future to utilise the asset

The standard rate of current tax reduced to 28% from 1st April 2008. The deferred tax asset has been restated at 28% of temporary differences and hence the effective rate has decreased accordingly.

NOTES TO THE ACCOUNTS
Year ended 31 December 2008

13. SHARE CAPITAL

		2008 £	2007 £
Authorised			
34,000	Ordinary shares of £1 each	34,000	34,000
526,000	Deferred shares of £1 each	526,000	526,000
		<u>560,000</u>	<u>560,000</u>
Called up, allotted and fully paid			
12,760	Ordinary shares of £1 each	12,760	12,760
526,000	Deferred shares of £1 each	526,000	526,000
		<u>538,760</u>	<u>538,760</u>

The Deferred shares confer on the holders:

- no right to participate in any dividend declared by the company;
- no right to receive notice of or to attend or vote at any General Meeting of the company;
- no right to receive any allotment of any shares of the company; and
- as to return of capital on a liquidation, reduction of capital or otherwise, the right to the amount paid up on such shares after the holders of the Ordinary shares have received the sum of £1,000,000 per ordinary share of £1.

14. RESERVES

	Profit & loss account £	Share premium account £	Total £
At 31 December 2007	32,159,582	8,034,840	40,194,422
Profit after taxation for the year	23,167,421	-	23,167,421
Equity dividends approved	(20,000,000)	-	(20,000,000)
Value of employee services	1,767,789	-	1,767,789
	<u>37,094,792</u>	<u>8,034,840</u>	<u>45,129,632</u>
At 31 December 2008	<u>37,094,792</u>	<u>8,034,840</u>	<u>45,129,632</u>

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2008**

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit after taxation for the year	23,167,421	42,478,799
Equity dividends approved	(20,000,000)	(21,000,000)
Value of employee services	1,767,789	1,318,000
Deferred tax credit on share based remuneration	-	398,157
Net increase in shareholders' funds	4,935,210	23,194,956
Opening shareholders' funds	40,733,182	17,538,226
Closing shareholders' funds	45,668,392	40,733,182

16. FINANCIAL COMMITMENTS

	2008 £	2007 £
Capital commitments		
Contracts placed	22,825	28,253

Operating lease commitments

At 31 December 2008 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings		Plant and machinery	
	2008 £	2007 £	2008 £	2007 £
Leases which expire:				
Within one year	25,200	12,850	-	-
Within two to five years	-	82,000	108,120	108,120
After five years	1,218,640	1,218,640	-	-
	1,243,840	1,313,490	108,120	108,120

Tenancy commitments

At 31 December 2008 the company was committed to making payments of £8,545,000 (2007 - £9,066,000) during the next year in respect of short-term tenancy rentals at exhibition halls.

17. DERIVATIVES NOT INCLUDED AT FAIR VALUE

The company holds the following derivatives which are not included at fair value in the accounts

	Principal		Fair value
2008 £	2007 £	2008 £	2007 £
24,094,790	20,222,000	(£6,408,775)	(974,644)

These are contracts to sell currency at a set date and a set amount. The company uses the derivatives to hedge its exposure to changes in foreign currency exchange rates on the net of income received in foreign currency and payments made in foreign currency on certain events which are held abroad. The fair values are based on the market values of equivalent instruments on the balance sheet dates.

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

18. PENSIONS

The company participates in the Reed Elsevier Pension Scheme, the main UK scheme. This scheme is of the defined benefit type providing benefits to certain employees within Reed Elsevier Group plc, and its assets are held separately from the group's assets. The Reed Elsevier Pension Scheme actuaries are Watson Wyatt Partners. The net surplus in the scheme valued under FRS17 by the actuaries was £152 million (2007: £182 million). The Company is unable to identify its share of the underlying assets and liabilities of the scheme and consequently, under the FRS17 requirements for multi-employer pensions, accounts for the pension scheme as if it were a defined contribution scheme. The pension cost for the Company is therefore equal to the contributions paid during the year of £856,445 (2007: £586,589). Full disclosures of Reed Elsevier's pension schemes under International Financial Reporting standards (IFRS) are given in the financial statements of Reed Elsevier Group plc for the year ended 31 December 2008. The valuation of Reed Elsevier's pension assets and liabilities under IFRS is not significantly different from the valuation under FRS17.

The scheme was subject to a triennial valuation by Watson Wyatt Partners as at 5 April 2006. Based on the advice of the scheme actuaries, and with the agreement of the scheme trustees, employer contributions will be made at a rate of 10% (2007: 10%) of pensionable salaries until the next triennial valuation in 2009.

19. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Reed Elsevier UK Limited. The ultimate parent undertaking and controlling entity is Reed Elsevier Group plc, a company incorporated in England and Wales. The smallest and largest group into which the accounts of the company for the year ended 31 December 2008 is consolidated is Reed Elsevier Group plc.

Copies of the consolidated financial statements of Reed Elsevier Group plc may be obtained from its registered office at 1-3 Strand, London WC2N 5JR. Reed Elsevier Group plc is jointly owned by Reed Elsevier PLC, a company incorporated in England and Wales and Reed Elsevier NV, a company incorporated in the Netherlands.

20. RELATED PARTY TRANSACTIONS

The company owns 50% of the ordinary share capital of Fresh RM Limited. The company recharges certain costs, and licences certain exhibitions, to Fresh RM Limited. The recharges during the year ended 31 December 2008 amounted to £3,293,633 (2007 - £3,376,664). The payments received during the year ended 31 December 2008 amounted to £3,643,156 (2007 - £3,053,280). At 31 December 2008 there was a creditor balance of £59,261 owed by Fresh RM Limited (2007 debtor - £290,292).

The company entered into a joint venture with the Society of Petroleum Engineers Trading Limited to run two events. At 31 December 2008, there was a creditor balance of £199,686 made up of recharges (2007: debtor of £803,269).

The company has taken advantage of the exemption granted under paragraph 3(c) of Financial Reporting Standard 8 – Related Party Disclosures not to disclose transactions with entities that are part of the Reed Elsevier Group plc group as the consolidated financial statements of Reed Elsevier Group plc, in which the company is included, are publicly available.

The fellow associated undertakings of the ultimate parent company are Elsevier Reed Finance BV and its subsidiaries. Elsevier Reed Finance BV is incorporated in the Netherlands and jointly owned by Reed Elsevier PLC and Reed Elsevier NV. The Elsevier Reed Finance BV group provides a range of treasury services to Reed Exhibitions Limited.

NOTES TO THE ACCOUNTS
Year ended 31 December 2008

21. SHARE OPTIONS

The Reed Elsevier Group plc group provides a number of share based remuneration schemes to directors and employees. Share options granted are exercisable after three years and up to ten years from the date of the grant at a price equivalent to the market value of the respective shares at the date of the grant. Conditional shares are exercisable after three years for nil consideration if conditions are met. Other awards relate to all employee share saving schemes. Share based remuneration awards are, other than in exceptional circumstances subject to the condition that the employee remains in employment at the time of exercise.

The estimated fair value of the grants made in the two years ended 31 December 2008 are set out below. The fair value of grants are recognised in the income statement over the vesting period, typically three years.

	Reed Elsevier PLC			Reed Elsevier NV		
	Number of shares	Weighted average fair value per award	Fair value	Number of shares	Weighted average fair value per award	Fair value
	No.	£	£	No.	£	£
2008 grants						
Share options	181,492	1.28	231,468	94,230	1.56	147,289
Conditional shares	138,492	6.39	887,483	58,554	10.03	587,297
			<u>1,118,951</u>			<u>734,586</u>
2007 grants						
Share options	141,430	1.52	214,948	51,183	1.67	85,476
Conditional shares	154,541	6.20	957,530	54,251	10.13	549,414
			<u>1,172,478</u>			<u>634,890</u>

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2008**

22. SHARE OPTIONS (CONT'D)

Assumptions for grants made in the year	Reed Elsevier plc		Reed Elsevier NV	
	2008	2007	2008	2007
Share Options				
Weighted average share price at date of grant	6.26	6.25	12.21	11.76
Expected volatility	22%	22%	22%	22%
Expected options life	4 years	4 years	4 years	4 years
Expected dividend yield	2.7%	2.7%	3.2%	3.1%
Risk free interest rate	4.4%	5.6%	3.6%	4.2%
Expected lapse rate	3-5%%	3-5%	3-4%	3-5%
Conditional shares				
Weighted average share price at date of grant	6.40	6.28	12.18	11.65
Expected dividend yield	2.7%	2.7%	3.2%	3.1%
Risk free interest rate	4.4%	5.6%	3.6%	3.5%
Expected lapse rate	3-4%	3-4%	3-4%	3-4%

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2008**

22. SHARE OPTIONS (CONT'D)

	Reed Elsevier PLC				Reed Elsevier NV			
	2008		2007		2008		2007	
	Number of shares	Weighted average exercise price £	Number of shares	Weighted average exercise price £	Number of shares	Weighted average exercise price €	Number of shares	Weighted average exercise price €
Share Options								
Outstanding at start of year	1,192,651	5.27	1,542,982	5.16	679,213		846,384	11.53
Granted	181,492	6.01	141,430	5.72	94,230		51,183	14.51
Exercised	(123,698)	4.83	(415,897)	5.03	(24,608)		(207,287)	10.18
Forfeited	(38,340)	4.88	(75,864)	5.44	(11,081)		(11,067)	14.06
Transferred	1,908	5.30	-	-	-	-	-	-
	<u> </u>		<u> </u>		<u> </u>		<u> </u>	
Outstanding at end of the year	1,214,013	5.34	1,192,651	5.27	737,754	12.2	679,213	12.18
	<u> </u>		<u> </u>		<u> </u>		<u> </u>	
Exercisable at end of year	840,365	5.34	721,146	5.32	581,691	12.03	473,429	12.24
	<u> </u>		<u> </u>		<u> </u>		<u> </u>	
Conditional shares								
Outstanding at start of year	323,991		248,982		107,812		105,390	
Granted	138,942		154,541		58,554		54,251	
Exercised	(22,063)		(75,671)		-		(49,245)	
Forfeited	-		(3,861)		-		(2,584)	
	<u> </u>		<u> </u>		<u> </u>		<u> </u>	
Outstanding at end of the year	440,870		323,991		166,366		107,812	
	<u> </u>		<u> </u>		<u> </u>		<u> </u>	

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2008**

22. SHARE OPTIONS (CONT'D)

The weighted average share price of the shares in Reed Elsevier PLC at date of exercise was £6.31 (2007: £6.32). The weighted average share price of the shares in Reed Elsevier NV at date of exercise was €12.29 (2007: €14.00).

	2008		2007	
	Number of shares under option ‘000	Weighted average remaining period until expiry (years)	Number of shares under option ‘000	Weighted average remaining period until expiry (years)
Range of outstanding exercise prices				
Reed Elsevier PLC				
Pence				
300-349	-	-	-	-
350-399	13	1.1	32	1.5
400-449	107	1.5	131	2.3
450-499	342	4.8	402	4.2
500-549	292	5.0	304	6.5
550-599	141	3.1	144	4.1
600-649	213	8.8	74	9.2
650-699	106	2.1	106	3.2
	<hr/>		<hr/>	
	1,214	4.8	1,193	4.7
Reed Elsevier NV				
Euro				
9.00-9.99	27	4.1	31	5.20
10.00-10.99	196	4.3	202	5.50
11.00-11.99	153	6.2	172	7.40
12.00-12.99	94	9.1	-	-
13.00-13.99	146	2.3	145	3.40
14.00-14.99	121	4.4	123	6.20
15.00-15.99	-	-	6	0.30
16.00-16.99	-	-	-	-
	<hr/>		<hr/>	
	737	4.9	679	5.60