

Company Registration No 678540

REED EXHIBITIONS LIMITED

Report and Financial Statements

31 December 2009



REED EXHIBITIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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REED EXHIBITIONS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M J Rusbridge (Chairman)
L Algoud
P N Forster
A C Gornall (Resigned 26th April 2010)
R C Rees
C Cunningham
A Fowles (Appointed 27th April 2010)

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 Statutory Auditors
London UK

REED EXHIBITIONS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

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

During the year the company undertook a group reorganisation programme. As a result of this, the company purchased the goodwill and assets of a cosmetics ingredients event from an indirect subsidiary, Reed Exhibitions Personal Care Limited for £300,000, and the goodwill and assets of certain aerospace events from a direct subsidiary, Reed Events Limited, for £19,100,00. These purchases are reflected in intangible assets in note 6.

At present organic growth in the exhibitions market is constrained by pressures on exhibitors' margins and investment of budgets in other forms of marketing. This has been exacerbated by the current economic downturn, which has caused many companies to reduce their discretionary marketing spend, and so pressure on stand meterage is acute. The directors are taking active measures to retain and attract both exhibitors and visitors by delivering exceptional value for money and by innovations in event management which offer opportunities for sponsorship, seminars, competitions and awards. The company negotiates long-term contracts with the owners of exhibition halls, and with other key suppliers.

As shown in the company's profit and loss account on page 8, the company's turnover has decreased by 12% 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 and also by the effects of changes in foreign exchange rates. Profit before tax has decreased to approximately £9m. This is mainly due to provisions against investments in subsidiary undertakings, following a restructuring of the company's business. The balance sheet on page 9 shows a worsening in net assets, and a 15% 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.

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 2009 (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 16 December 2009 a dividend of £15,000,000 for the year ended 31 December 2009 was approved (2008-20,000,000). The deficit after dividend of £7,316,385 (2008 – Profit £3,167,421) has been transferred from 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 2009 the company's creditor days were 48 days (2008 –40 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 2009 (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 s418 of the Companies Act 2006

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

Jacqui Poole

J Poole
Secretary

26 May 2010

REED EXHIBITIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REED EXHIBITIONS LIMITED

Independent auditors' report to the members of Reed Exhibitions Limited

We have audited the financial statements of Reed Exhibitions Limited for the year ended 31st December 2009 which comprise of the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**Independent auditors' report to the members of
Reed Exhibitions Limited (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made,
- we have not received all the information and explanations we require for our audit

K. J. Houldsworth

Kate J Houldsworth ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

[Date]

29th May 2010

REED EXHIBITIONS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2009

	Note	2009	2008
		£	£
TURNOVER	2	59,920,086	67,977,612
Staff costs	3	(20,075,824)	(22,082,184)
Depreciation and other amounts written off tangible and intangible fixed assets	6,7	(5,777,501)	(6,037,043)
Other operating charges		<u>(31,479,454)</u>	<u>(44,853,395)</u>
		<u>(57,332,779)</u>	<u>(72,972,622)</u>
OPERATING PROFIT/(LOSS)	4	2,587,307	(4,995,010)
Income from shares in subsidiary undertakings		31,236,610	28,918,798
Income from sale of business assets		-	229,562
Profit on disposal of investment		-	673,981
Loss on disposal of subsidiary		-	(254,659)
Amounts written off subsidiary undertakings	8	<u>(25,045,052)</u>	<u>(925,000)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,778,865	23,647,672
Tax on profit on ordinary activities	5	<u>(1,095,250)</u>	<u>(480,251)</u>
RETAINED PROFIT TRANSFERRED TO RESERVES	15	<u>7,683,615</u>	<u>23,167,421</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 2009

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Intangible assets	6		30,015,985		13,278,907
Tangible assets	7		13,320,041		10,807,113
Investments	8		25,488,965		50,385,067
			<u>68,824,991</u>		<u>74,471,087</u>
CURRENT ASSETS					
Debtors					
Amounts falling due within one year	9	19,716,272		15,416,788	
Amounts falling due after more than one year	9	5,540,532		5,540,532	
Cash at bank and in hand		5,087		255,232	
		<u>25,261,891</u>		<u>21,212,552</u>	
CREDITORS: amounts falling due within one year	10	(54,526,049)		(49,441,407)	
NET CURRENT LIABILITIES			(29,264,158)		(28,228,855)
TOTAL ASSETS LESS CURRENT LIABILITIES			39,560,833		46,242,232
CREDITORS: amounts falling due after more than one year	11		(573,840)		(573,840)
NET ASSETS			<u>38,986,993</u>		<u>45,668,392</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		30,413,393		37,094,792
SHAREHOLDERS' FUNDS	15		<u>38,986,993</u>		<u>45,668,392</u>

These financial statements for registered company number 678540, were approved by the Board of Directors on 26 May 2010
Signed on behalf of the Board of Directors

Cairne Cunningham

C Cunningham
Director

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2009

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 400 of the Companies Act 2006 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 contains a cash flow statement.

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

The principal accounting policies of the company are set out below. They have all been applied consistently throughout the year and the preceding period.

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

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.

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2009

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

The fair value of share based remuneration is determined at the date of grant and recognised as an expense in the income statement over the vesting period, taking account of the estimated number of shares that are expected to vest. Market based performance criteria are taken into account when determining the fair value at the date of grant. Non-market based performance criteria are taken into account when estimating the number of shares expected to vest. The fair value of share based remuneration is determined by use of a binomial or Monte Carlo simulation model as appropriate. The company's share-based remuneration is equity settled by the ultimate holding companies, Reed Elsevier PLC and Reed Elsevier NV and is accounted for as if equity settled by the company

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2009

2. TURNOVER

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

	2009 £	2008 £
United Kingdom	23,743,374	29,452,333
Europe	16,789,985	17,728,823
Rest of the world	19,386,727	20,796,456
	<u>59,920,086</u>	<u>67,977,612</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2009 No	2008 No
Average number of persons employed		
Administration/organising	121	124
Sales/marketing	186	184
	<u>307</u>	<u>308</u>
Staff costs (including directors)	£	£
Wages and salaries	16,534,408	17,567,916
Social security costs	1,837,146	1,890,034
Pension contributions	791,452	856,445
Share based payment	912,818	1,767,789
	<u>20,075,824</u>	<u>22,082,184</u>
Directors' emoluments	£	£
Emoluments	2,189,658	2,292,025
Pension contributions	36,630	34,920
	<u>2,226,288</u>	<u>2,326,945</u>

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2009

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

	2009 No	2008 No
Number of directors who are members of a defined benefit pension scheme	<u>6</u>	<u>6</u>
	£	£
Remuneration of the highest paid director		
Remuneration	847,800	944,227
Pension contributions	<u>-</u>	<u>-</u>
	<u>847,800</u>	<u>944,227</u>
Accrued pension benefits	<u>225,993</u>	<u>214,289</u>
	No	No
During the period the following number of directors exercised share options (including the highest paid director)	4	4
Number of shares exercised by the highest paid director	<u>176,129</u>	<u>22,063</u>

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting)

	2009 £	2008 £
Rentals under operating leases		
Hire of plant and machinery	94,211	123,665
Land and buildings	1,144,773	1,183,490
Depreciation on owned assets	3,115,199	1,787,270
Amortisation on intangible assets	2,662,302	4,249,773
Loss on disposal of tangible fixed assets	2,385,351	573,543
Profit on foreign currency exchange	(1,204,567)	(210,052)
Auditors' remuneration		
Fees payable to auditors in respect of the audit of the company's annual statutory accounts	<u>47,799</u>	<u>46,799</u>

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2009

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009 £	2008 £
United Kingdom corporation tax	1,972,141	843,262
Adjustments in respect of prior years	(1,101,639)	(867,882)
	<u>870,502</u>	<u>(24,620)</u>
Deferred taxation		
Origination and reversal of timing differences	224,748	504,871
	<u>224,748</u>	<u>504,871</u>
Total tax charge	<u><u>1,095,250</u></u>	<u><u>480,251</u></u>

The standard rate of current tax for the year, based on the main UK rate of corporation tax is 28% (2008 – 28.5%). A reconciliation of the notional current tax charge based on the standard rate to the actual current tax charge is as follows

	2009 £	2008 £
Profit on ordinary activities before tax	<u>8,778,865</u>	<u>23,647,672</u>
Tax at standard rate	2,458,082	6,739,587
Non tax-deductible amortisation of goodwill and intangible assets	745,445	1,211,185
Prior year adjustments	(1,101,639)	(867,882)
Non taxable income	(8,746,251)	(8,241,857)
Non tax-deductible expenses	7,739,613	1,639,218
Reversal of timing differences	(224,748)	(504,871)
	<u>870,502</u>	<u>(24,620)</u>
Current tax charge/(credit)	<u><u>870,502</u></u>	<u><u>(24,620)</u></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 2009**

6. INTANGIBLE FIXED ASSETS

	Exhibition titles and rights £
Cost	
At 1 January 2009	52,634,334
Additions	19,399,380
	<u>72,033,714</u>
At 31 December 2009	<u>72,033,714</u>
Accumulated amortisation	
At 1 January 2009	39,355,427
Amortisation during the year	2,662,302
	<u>42,017,729</u>
At 31 December 2009	<u>42,017,729</u>
Net book amount	
At 31 December 2009	<u>30,015,985</u>
At 31 December 2008	<u>13,278,907</u>

7. TANGIBLE FIXED ASSETS

	Short term leasehold land and buildings £	Vehicles And Equipment £	Total £
Cost			
At 1 January 2009	1,618,082	13,183,764	14,801,846
Additions	140,672	8,001,088	8,141,760
Disposals	-	(2,782,274)	(2,782,274)
	<u>1,758,754</u>	<u>18,402,578</u>	<u>20,161,332</u>
At 31 December 2009	<u>1,758,754</u>	<u>18,402,578</u>	<u>20,161,332</u>
Accumulated depreciation and any provision for impairment			
At 1 January 2009	438,256	3,556,477	3,994,733
Charge for the year	164,383	2,950,816	3,115,199
Disposals	-	(268,641)	(268,641)
	<u>602,639</u>	<u>6,238,652</u>	<u>6,841,291</u>
At 31 December 2009	<u>602,639</u>	<u>6,238,652</u>	<u>6,841,291</u>
Net book amount			
At 31 December 2009	<u>1,156,115</u>	<u>12,163,926</u>	<u>13,320,041</u>
At 31 December 2008	<u>1,179,826</u>	<u>9,627,287</u>	<u>10,807,113</u>

Of the £8,001,088 additions shown in vehicles and equipment, £7,007,184 (2008 £6,170,404) are assets in the course of construction and were not subject to depreciation in 2009

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2009**

8. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings at cost £	Shares in associated undertakings at cost £	Total £
Cost			
At 1 January 2009	81,961,679	1,490,037	83,451,716
Additions	148,950	-	148,950
Disposals	-	-	-
At 31 December 2009	82,110,629	1,490,037	83,600,666
Provisions			
At 1 January 2009	32,663,031	403,618	33,066,649
Disposals	-	-	-
Provided during the year	25,045,052	-	25,045,052
At 31 December 2009	57,708,083	403,618	58,111,701
Net book value			
At 31 December 2008	24,402,546	1,086,419	25,488,965
At 31 December 2007	49,298,648	1,086,419	50,385,067

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	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 2009

9. DEBTORS

	2009	2008
	£	£
Amounts falling due within one year		
Trade debtors	144,949	563,401
Amounts owed by ultimate parent company and fellow subsidiary undertakings	8,940,639	8,125,254
Amounts owed by subsidiary undertakings	251,024	407,000
Amounts owed by associated undertakings	209,825	14,501
Other debtors	330,798	1,615,585
Prepayments and accrued income	604,011	472,427
Deferred expenditure	5,968,825	2,605,382
Deferred taxation (note 12)	772,818	997,566
Corporation tax	2,493,383	615,672
	<u>19,716,272</u>	<u>15,416,788</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>

10. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Trade creditors	5,911,165	5,642,228
Amounts owed to ultimate parent and fellow subsidiary undertakings	10,188,344	6,707,647
Amounts owed to subsidiary undertakings	11,675,925	12,095,056
Amounts owed to associated undertakings	953,640	258,948
Other taxes and social security	1,227,145	845,771
Other creditors and accruals	10,001,694	12,000,242
Deferred income	14,568,136	11,891,515
	<u>54,526,049</u>	<u>49,441,407</u>

11. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009	2008
	£	£
Amounts owed to subsidiary undertakings	573,840	573,840
	<u>573,840</u>	<u>573,840</u>

There are no repayment terms for amounts due to the immediate parent undertaking and no interest is charged on outstanding balances

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2009

12. DEFERRED TAXATION

The net deferred tax balances comprise

	2009 £	2008 £
Excess depreciation over capital allowances/(excess capital allowances over depreciation)	523,818	(28,339)
Other timing differences	249,000	1,025,905
	<u>772,818</u>	<u>997,566</u>
Deferred tax asset at 1 January	997,566	1,502,437
Credited/(debited) to profit and loss account	(224,748)	(504,871)
Deferred tax asset at 31 December	<u>772,818</u>	<u>997,566</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

13. SHARE CAPITAL

	2009 £	2008 £
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

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2009

14. RESERVES

	Profit & loss account	Share premium account	Total
	£	£	£
At 1 January 2009	37,094,792	8,034,840	45,129,632
Profit after taxation for the year	7,683,615	-	7,683,615
Equity dividends approved	(15,000,000)	-	(15,000,000)
Value of employee services	634,986	-	634,986
	<u>30,413,393</u>	<u>8,034,840</u>	<u>38,448,233</u>
At 31 December 2009	<u>30,413,393</u>	<u>8,034,840</u>	<u>38,448,233</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Profit after taxation for the year	7,683,615	23,167,421
Equity dividends approved	(15,000,000)	(20,000,000)
Value of employee services	634,986	1,767,789
	<u>(6,681,399)</u>	<u>4,935,210</u>
Net (decrease)/increase in shareholders' funds	<u>(6,681,399)</u>	<u>4,935,210</u>
Opening shareholders' funds	45,668,392	40,733,182
Closing shareholders' funds	<u>38,986,993</u>	<u>45,668,392</u>

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2009**

16 FINANCIAL COMMITMENTS

	2009 £	2008 £
Capital commitments		
Contracts placed	5,540	22,825

Operating lease commitments

At 31 December 2009 the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings 2009 £	2008 £	Plant and machinery 2009 £	2008 £
Leases which expire				
Within one year	-	25,200	108,120	-
Within two to five years	-	-	-	108,120
After five years	1,236,640	1,218,640	-	-
	<u>1,236,640</u>	<u>1,243,840</u>	<u>108,120</u>	<u>108,120</u>

Tenancy commitments

At 31 December 2009 the company was committed to making payments of £8,759,000 (2008 - £8,545,000) 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 2009 £	2008 £	Fair value 2009 £	2008 £
29,979,474	24,094,790	(115,118)	(6,408,775)

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.

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 £110 million (2008 £152 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 £791,452 (2008 £856,445). 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 2009. The valuation of Reed Elsevier's pension assets and liabilities under IFRS is not significantly different from the valuation under FRS17.

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 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 2009 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 2009 amounted to £2,250,250 (2008 - £3,293,633). The payments received during the year ended 31 December 2009 amounted to £2,283,195 (2008 - £3,643,156). At 31 December 2009 there was a creditor balance of £92,206 owed by Fresh RM Limited (2008 creditor - £59,261).

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.

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2009

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 2009 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.	£	£
2009 grants						
Share options	149,255	1.10	164,251	48,400	1.45	70,000
Conditional shares	194,262	5.26	1,021,133	68,169	9.02	615,000
			<u>1,185,384</u>			<u>685,000</u>
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>

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2009

22 SHARE OPTIONS

Assumptions for grants made in the year	Reed Elsevier plc		Reed Elsevier NV	
	2009	2008	2009	2008
Share Options				
Weighted average share price at date of grant	5.22	6.26	9.42	12.21
Expected volatility	26%	22%	26%	22%
Expected options life	4 years	4 years	4 years	4 years
Expected dividend yield	3.1%	2.7%	3.4%	3.2%
Risk free interest rate	2.0%	4.4%	2.4%	3.6%
Expected lapse rate	3-5%%	3-5%%	3-4%	3-4%
Conditional shares				
Weighted average share price at date of grant	5.23	6.40	9.42	12.18
Expected dividend yield	3.1%	2.7%	3.4%	3.2%
Risk free interest rate	2.0%	4.4%	2.4%	3.6%
Expected lapse rate	3%	3-4%	3%	3-4%

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2009**

22. SHARE OPTIONS

	Reed Elsevier PLC				Reed Elsevier NV			
	2009		2008		2009		2008	
	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	1,214,000	5 43	1,192,651	5 27	737,000	12 20	679,213	12 18
Granted	149,255	4 72	181,492	6 01	48,400	9 42	94,230	12 21
Exercised	(108,852)	4 73	(123,698)	4 83	-	-	(24,608)	10 86
Forfeited	(102,552)	5 24	(38,340)	4 88	(123,808)	12 20	(11,081)	14 51
Transferred	-	-	1,908	5 41	-	-	-	-
	<u> </u>		<u> </u>		<u> </u>		<u> </u>	
Outstanding at end of the year	1,151,851	5 44	1,214,013	5 43	661,592	11 62	737,754	12 2
	<u> </u>		<u> </u>		<u> </u>		<u> </u>	
Exercisable at end of year	717,024	5 40	840,365	5 34	476,141	11 97	581,691	12 03
	<u> </u>		<u> </u>		<u> </u>		<u> </u>	
Conditional shares								
Outstanding at start of year	441,000		323,991		167,000		107,812	
Granted	194,262		138,942		68,169		58,554	
Exercised	(148,427)		(22,063)		(54,245)		-	
Forfeited	(7,334)		-		(4,565)		-	
	<u> </u>		<u> </u>		<u> </u>		<u> </u>	
Outstanding at end of the year	479,501		440,870		176,359		166,366	
	<u> </u>		<u> </u>		<u> </u>		<u> </u>	

REED EXHIBITIONS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2009

22. SHARE OPTIONS

The weighted average share price of the shares in Reed Elsevier PLC at date of exercise was £4.93 (2008 £6.31). The weighted average share price of the shares in Reed Elsevier NV at date of exercise was €10.23 (2008 €12.29).

	2009		2008	
	Number of shares under option	Number of shares under option	Number of shares under option	Weighted average remaining period until expiry (years)
	'000	'000	'000	
Range of outstanding exercise prices				
Reed Elsevier PLC				
Pence				
350-399	-	-	13	1.1
400-449	110	30	107	1.5
450-499	312	38	342	4.8
500-549	295	61	292	5.0
550-599	127	21	141	3.1
600-649	210	78	213	8.8
650-699	97	11	106	2.1
	<hr/>	<hr/>	<hr/>	
	1,151	47	1,214	4.8
Reed Elsevier NV				
Euro				
9.00-9.99	75	70	27	4.1
10.00-10.99	145	41	196	4.3
11.00-11.99	146	53	153	6.2
12.00-12.99	92	81	94	9.1
13.00-13.99	92	21	146	2.3
14.00-14.99	112	36	121	4.4
15.00-15.99	-	-	-	-
16.00-16.99	-	-	-	-
	<hr/>	<hr/>	<hr/>	
	662	49	737	4.9