

Emap Consumer Media Limited

Report and Accounts

For the year ended 31 March 2007

Company Registered No. 1176085

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Emap Consumer Media Limited
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For the year ended 31 March 2007

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Emap Consumer Media Limited

Directors, officers and auditors

DIRECTORS

I Griffiths
P A Keenan
C Llewellyn
D P Mistry
M R Rich
M A Stanton
I J Templeton

SECRETARY

K Elsdon	(appointed 30 March 2007)
N J Folland	(resigned 30 March 2007)

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

REGISTERED OFFICE

40 Bernard Street
London
WC1N 1LW

COMPANY NUMBER

1176085

Emap Consumer Media Limited

Directors' Report

For the year ended 31 March 2007

The directors submit their report and accounts for the year ended 31 March 2007

Business review and principal activities

Emap Consumer Media Limited ("the Company") publishes magazines, and through a number of fellow subsidiaries who act as agents for the Company, organises events and awards

The results for the Company show a pre-tax profit of £271,043,000 (2006 £77,649,000) and sales of £348,174,000 (2006 £343,263,000). Interim dividends were paid during the year of £248,000,000 (2006 £24,400,000). The Directors do not recommend the payment of a final dividend (2006 £125,000,000). The surplus to be added to reserves is £2,211,000 (2006 deficit £90,636,000).

On 1 April 2006, the agency agreement between Emap Esprit Limited and Emap Communications Limited was transferred to Emap Consumer Media Limited, and since that date that Company has acted as an agent for Emap Consumer Media Limited.

On 31 August 2006, the Company sold its interest in Emap International Magazines SASU. The business was sold for €551m (£374m) resulting in a profit on disposal, net of costs, of £212m. £15m of cash was disposed of with the business.

On 11 January 2007, the Company acquired the entire holding in AGOR SAS from Emap Communications Limited, another Group undertaking, for €65m (£43m). AGOR SAS is the 4th largest trade show business in France.

On 2 February 2007, the Company acquired the entire share capital of Yospace Technologies Limited ("Yospace") for cash consideration of £9m. Further deferred consideration of up to £6m is payable depending on Yospace's operating performance over the period to 31 March 2010. In aggregate £1m was incurred on costs of acquisition. Yospace is a technology and new media business which has developed the UK's leading mobile video-based, user-generated community platform.

Post Balance Sheet Events

On 6 June 2007, Box Television Limited, one of the Company's subsidiaries, declared a final dividend in respect of the year ended 31 March 2007 of £11,685,000.

On 4 July 2007, the Company acquired 40.1% interest in new shares in Next Gen Publishing Limited ("Next Gen"), a Mumbai-based magazine publisher and current licensee of the Indian edition of Car, for cash consideration of £3.7m. Next Gen has two main businesses: consumer and B2B magazine publishing, and business directory publishing.

On 10 July 2007, the Company completed the sale of its entire interest in AGOR SAS for a cash consideration of €85m (£53m).

On 20 July 2007, the Company agreed to complete a joint venture agreement with Channel 4 with the aim to create the UK number one music TV provider. The Company has agreed to sell 50 per cent of Box Television Limited to Channel 4 for cash consideration of £28m subject to a post-completion working capital adjustment. The agreement includes a price adjustment mechanism capped at £4m, dependent upon the performance of the joint venture over the next three years.

Future Outlook

The external commercial environment is expected to remain competitive in 2008 and beyond as competitive intensity remains high in both the specialist and lifestyle sectors. The implementation of proposals from operational efficiency reviews in 2007 will allow us to free-up resources to ensure that we are better able to meet the needs of consumers and customers. Future emphasis will remain on migrating existing brands onto digital platforms and increasing our digital reach and capability. We believe that with our strong brands we are well equipped to face the fast-changing and challenging media environment of 2008 and beyond.

Principal risks and uncertainties

The directors of the Company manage the Emap plc and its subsidiaries' ("the Group") risk at a Group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Emap Group, which include those of the Company, are discussed on page 23 of the Emap plc annual report which does not form part of this report.

Key performance indicators ("KPIs")

The directors of Emap plc manage the Group's operations by business segment. For this reason the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance and position of the business of the Company. The development, performance and position of the Consumer business of Emap plc, which includes the Company, is discussed on page 38 of the Emap plc annual report which does not form part of this report.

Emap Consumer Media Limited

Directors' Report

For the year ended 31 March 2007

Directors

The current directors are shown on page 1. The directors who held office during the year are given below.

I Griffiths
L O C Holman (resigned 4 May 2007)
P A Keenan
C Llewellyn
B W McIlheney (resigned 19 February 2007)
D P Mistry
T C Moloney (resigned 17 May 2007)
D Pullan (resigned 22 February 2007)
M Rich
M A Stanton (appointed 8 September 2006)
I J Templeton
J W H Weir (resigned 3 November 2006)

Branches

The Company operates a branch outside of the UK, in France.

Going concern

Notwithstanding the fact that the Company has net current liabilities, the directors have prepared the financial statements on the going concern basis. The directors have received confirmation from Emap plc, the ultimate parent company, of its intention to financially support the company such that they can meet their obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

Insurance of directors

Throughout the year Directors' and Officers' liability insurance has been maintained by the ultimate parent company, Emap plc.

Employees

The Directors attach great importance to keeping staff fully informed of the Company's financial progress to involve them as much as possible in the activities of the Company. Consultations take place regularly with the information being disseminated through the Group's intranet, planetemap. Periodic surveys seeking staff views on communications and benefits are conducted.

Employee share schemes

Emap plc has always been an enthusiastic supporter of wider share ownership amongst its employees to ensure they are able to share in the value they have helped to create. Accordingly Emap plc operates a number of share plans.

Through the Emap Share Plan, Emap plc has this year offered free shares to the value of £840 (2006: £820) to qualifying staff. Sharemap is part of Lifemap, the Group's flexible benefits plan and allows staff to save up to £1,500 a year to buy shares in Emap plc. The Group will then match the cumulative investment in shares on a one to one basis. The Emap SAYE scheme has now run for 22 years.

Disabled employees

Disabled employees are given the same consideration as others and, depending on their skills and abilities, will enjoy the same training, development and prospects as other staff. Employees who become disabled during their employment with the Company will be retained wherever possible and encouraged to develop their careers.

Creditor payment policy

The Company recognises the benefits to be derived from maintaining good relationships with its suppliers. It is the Company policy that payment is made on time, provided suppliers perform in accordance with agreed terms. Trade creditors at the year end represented 19 days (2006: 14 days) of purchases.

Emap Consumer Media Limited

Directors' Report

For the year ended 31 March 2007

Statement of directors' responsibilities

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 of the profit or loss of the Company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2007 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Each of the persons who is a director at the date of approval of this report confirms that (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and (2) the director has taken all the steps s/he ought to have taken as a director in order to make him/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 (as amended).

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The Company has elected under section 386 of the Companies Act 1985 not to re-appoint auditors annually. Therefore the auditors, PricewaterhouseCoopers LLP are deemed to be re-appointed for the next financial year.

Approved by the Board of Directors on 31 August, 2007



K Elsdon
Secretary

Emap Consumer Media Limited

Independent Auditors' Report

For the year ended 31 March 2007

Independent auditors' report to the members of Emap Consumer Media Limited

We have audited the financial statements of Emap Consumer Media Limited for the year ended 31 March 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

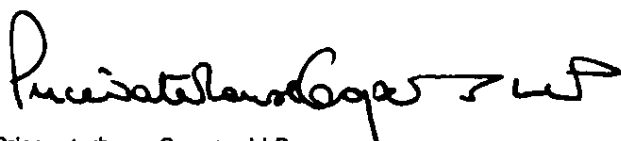
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

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 March 2007 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.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

4th September 2007

Emap Consumer Media Limited
Profit and Loss Account
For the year ended 31 March 2007

	<i>Note</i>	2007	2006
		£'000	£'000
Turnover	2	348,174	343,263
Cost of sales		(150,025)	(154,096)
Gross profit		198,149	189,167
Distribution costs		(14,347)	(14,445)
Administrative expenses		(120,904)	(108,358)
Exceptional administrative expenses - amounts written off fixed asset investments	11	(1,070)	-
Exceptional administrative expenses reorganisation and property provision	16	(5,763)	-
		56,065	66,364
Other operating income		6,586	8,192
Operating profit	3	62,651	74,556
Income from shares in group undertakings		-	4,800
Other interest receivable and similar income		5,727	7,697
Profit on business disposals and closures		1,143	7,231
Profit on sale of fixed asset investments	11	210,351	-
Interest payable and similar charges	5	(8,829)	(16,635)
Profit on ordinary activities before taxation		271,043	77,649
Tax on profit on ordinary activities	7	(20,832)	(18,885)
Profit on ordinary activities after taxation		250,211	58,764
Dividends	8	(248,000)	(149,400)
Retained profit/(loss) for the financial year	19	2,211	(90,636)

All activities relate to continuing operations

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

The notes on pages 9 to 22 form part of these accounts

Emap Consumer Media Limited
Statement of Total Recognised Gains and Losses
For the year ended 31 March 2007

	2007	2006
	£'000	£'000
Profit for the financial year	250,211	58,764
Foreign currency gains/(losses)	5,994	(3,508)
Total gains recognised since the last Report and Accounts	256,205	55,256

The notes on pages 9 to 22 form part of these accounts

Emap Consumer Media Limited
Balance Sheet
At 31 March 2007

	<i>Note</i>	2007	2006
		£'000	£'000
Fixed assets			
Intangible fixed assets	9	10,836	9,850
Tangible fixed assets	10	1,380	1,656
Investments in subsidiary undertakings	11	75,514	27,545
		87,730	39,051
Current assets			
Debtors	12	67,108	310,056
Cash at bank and in hand		173	106
Current asset investments	11	5,103	297,086
		72,384	607,248
Creditors : amounts falling due within one year	13	(93,953)	(594,237)
Net current (liabilities)/assets		(21,569)	13,011
Total assets less current liabilities		66,161	52,062
Creditors, amounts falling due after one year	14	(200)	-
Provisions for liabilities and charges	16	(4,906)	(882)
Net assets		61,055	51,180
Capital and reserves			
Called up share capital	17	400	400
Profit and loss account	18	60,655	50,780
Total shareholders' funds	19	61,055	51,180

Approved by the Board of Directors on 31 August, 2007


M A Stanton
Director

The notes on pages 9 to 22 form part of these accounts

Emap Consumer Media Limited

Notes to the Accounts

For the year ended 31 March 2007

1 Accounting policies

(a) Accounting convention

These accounts have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The directors, in accordance with the Financial Reporting Standard 18, "Accounting Policies" ("FRS 18"), confirm that the accounting policies used by the Company are the most appropriate, consistently applied (with the exception of the new accounting policy as set out below) and adequately disclosed. A summary of the more important accounting policies is set out below.

During the year, the Company changed its policy on the deferral of certain costs primarily relating to events to charge these costs to the profit and loss account when the service is received rather than deferring them to the date of the event. This treatment better represents the position of the Company's liability. There is no prior year adjustment as the amount adjusted is not material for the Company.

(b) Going Concern

The Company is dependent on continuing financial support made available by Emap plc. Continuing financial support is required both to enable the Company to meet its liabilities as they fall due and to continue operating without immediate realisation of all its assets. The ultimate parent company, Emap plc, has confirmed its intention to maintain its financial support for the foreseeable future.

(c) Consolidation

As the Company is a wholly owned subsidiary of Emap plc, another body corporate registered in England and Wales, advantage has been taken of s228 of the Companies Act 1985 not to prepare group accounts.

(d) Investments

Investments in subsidiary undertakings are included in the balance sheet at cost. Their value is reviewed annually by the Directors and provision is made, where appropriate, for any permanent diminution in value.

Where investments are denominated in foreign currency and there is a corresponding foreign currency hedging liability, exchange differences arising on the foreign currency liabilities are taken to reserves to the extent that they match exchange differences on the investments to which they relate, which are also taken to reserves.

(e) Intangible fixed assets

Publishing rights, titles and exhibitions are capitalised and amortised through the profit and loss account over their estimated useful economic lives - based on the nature, age and stability of the industry in which the business operates and viewed by the Directors as not exceeding 20 years. The net book amounts of intangible fixed assets are reviewed by the Directors at the end of the first full financial year after acquisition if there is any event or change in circumstances that indicates that the carrying value may have declined.

Acquired publishing rights, titles and exhibitions are valued according to the net present value of expected future cash flows. Internally-developed goodwill and other intangible fixed assets are not capitalised.

Impairment is measured by comparing the carrying value of the asset with the higher of the net realisable value and the value in use. The value in use is measured with reference to discounted cash flows based on future revenue and the Group's weighted average cost of capital. Any impairment charges are recognised in the profit and loss account for the period in which they arise, unless they relate to previously revalued assets.

(f) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Emap Consumer Media Limited **Notes to the Accounts** For the year ended 31 March 2007

1 Accounting policies (continued)

(g) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates ruling at 31 March. All such exchange differences are taken to the profit and loss account.

(h) Depreciation

The cost of tangible fixed assets less estimated residual value on disposal is written down evenly over their expected useful economic lives as follows:

Leasehold property	Over the period of the lease
Leasehold improvements	5 years
Machinery, equipment and vehicles	3 to 12 years

(i) Dividends receivable

Dividends receivable are recognised as income in the profit and loss account in the period in which they are approved by the payee's shareholders. Interim dividends receivable are recorded in the period in which they are paid.

(j) Dividends payable

Dividend distributions to the Company's shareholders are recognised as a liability either in the period in which the dividends are approved by the Company's shareholders or, in the case of interim dividends when the dividend is paid.

(k) Leasing

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

(l) Other operating income

Income from royalties and licensing magazine brands to third party publishers is recognised on an accruals basis.

(m) Pensions

The ultimate parent company, Emap plc, operates a defined contribution pension plan, Flexiplan, for eligible staff across the Group. The cost of providing pensions under the defined contribution scheme is charged to the profit and loss account as it becomes payable.

The Company contributes towards the Emap Earnings Related Pension Plan (EERPP), a defined benefit pension scheme which is operated by Emap plc through payments to trustee administered funds. It is unable to identify the Company's share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore in accordance with FRS 17 'Retirement Benefits', the Company accounts for its contributions to the scheme as if it were a defined contribution scheme. Contributions to the defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of providing pensions over the employees' working lives within the Group. Variations in pension cost, identified as a result of actuarial valuations, are amortised over the average expected remaining lives of the employees. Differences between amounts paid and the amounts charged are treated as either prepayments or provisions in the balance sheet.

(n) Share-based payments

The ultimate parent company, Emap plc, operates several employee option and performance-related share schemes.

The cost of options or shares granted to the Company's employees under these schemes is recognised in the profit and loss account of the Company over the period in which any performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award, based on management's best estimate of the number of awards that will ultimately vest. A corresponding amount is taken to the profit and loss reserve. No expense is recognised for awards that do not ultimately vest, except for those where the vesting depends on a market condition. Whether or not the market condition is satisfied, these are treated as vesting as long as all other performance conditions are satisfied.

The basis of the valuation for the awards is explained in note 6 Staff costs.

The national insurance cost associated with the grant of employee share options to the Company's employee is borne by Emap plc and recharged to the Company.

Emap Consumer Media Limited

Notes to the Accounts

For the year ended 31 March 2007

1 Accounting policies (continued)

(o) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised only when it is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement

If the time value of money has a material effect on quantifying the provision, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance charge

(p) Cash flow statement and related party transactions

The Company is a wholly owned subsidiary of Emap plc and is included in the consolidated financial statements of Emap plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 "Cash Flow Statements" (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 "Related Party Transactions" from disclosing related party transactions with entities that are part of the Emap plc Group or investees of the Emap plc Group

2 Turnover and geographical segments

Revenue is recognised when the significant risks and rewards of ownership have been transferred to a third party, or for services provided, at the point when it is probable that the economic benefits will flow to the Company and when the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration and represents amounts receivable for services and goods provided in the normal course of business, net of discounts, custom duties and sales taxes

Magazine newsstand circulation and advertising revenue are recognised according to the on-sale date of the publication. A provision is deducted from circulation revenue for expected returns, which is adjusted for actual returns when this is known. Pre-paid subscription revenues are shown as deferred income and released to the income statement over the life of the subscription

Exhibition income is recognised when the event has taken place. Information product subscription revenues are recognised evenly in the income statement over the life of the subscription. All advertising revenue and pre-sold circulation revenue for directones is recognised on the date of publication

An analysis of turnover by geographical market is given below

	2007 £'000	2006 £'000
United Kingdom	336,776	331,387
Rest of the World	11,398	11,876
	348,174	343,263

There is no material difference between turnover by origin and by destination

An analysis of profit on ordinary activities before taxation is given below

	2007 £'000	2006 £'000
United Kingdom	67,744	90,761
Rest of the World	203,299	(13,112)
	271,043	77,649

Emap Consumer Media Limited

Notes to the Accounts

For the year ended 31 March 2007

2 Turnover and geographical segments (continued)

An analysis of net assets is given below:

	2007 £'000	2006 £'000
United Kingdom	214,625	197,210
Rest of the World	(153,570)	(146,030)
	<u>61,055</u>	<u>51,180</u>

An analysis of turnover by category is given below:

	2007 £'000	2006 £'000
Advertising	127,096	125,443
Circulation	199,930	196,125
Events	5,158	8,098
Other	15,990	13,597
	<u>348,174</u>	<u>343,263</u>

3 Operating profit

	2007 £'000	2006 £'000
This is stated after charging		
Depreciation of tangible fixed assets	426	516
Amortisation of intangible fixed assets	914	802
Operating lease rentals - plant and machinery	1,394	1,485
- other	5,066	4,257
Fees for the audit of the Company	70	65

Fees paid to the Company's auditor, PricewaterhouseCoopers LLP, for services other than the statutory audit of the Company are not disclosed in Emap Consumer Media Limited's accounts since the consolidated accounts of Emap Consumer Media Limited's parent, Emap plc, are required to disclose non-audit fees on a consolidated basis

Emap Consumer Media Limited

Notes to the Accounts

For the year ended 31 March 2007

4 Directors' emoluments

	2007 £'000	2006 £'000
Aggregate emoluments	1,030	930
Compensation for loss of office	136	-
Pension contributions - defined contribution	60	57
Pension contributions - defined benefit	28	25
	<u>1,254</u>	<u>1,012</u>

There are 1 directors (2006 1) accruing retirement benefits under defined benefit and 2 directors (2006 4) defined contribution pension schemes

The emoluments of the highest paid director were as follows

	2007 £'000	2006 £'000
Aggregate emoluments	245	228
Compensation for loss of office	136	-
Pension contributions - defined contribution	13	22
	<u>394</u>	<u>250</u>

5 Interest payable and similar charges

	2007 £'000	2006 £'000
Interest payable on intercompany loan	8,800	16,635
Other interest payable	29	-
	<u>8,829</u>	<u>16,635</u>

6 Staff costs

(a) Costs

	2007 £'000	2006 £'000
Wages and salaries	2,884	3,271
Social security costs	317	277
Pension costs	202	164
	<u>3,403</u>	<u>3,712</u>

Emap Consumer Media Limited

Notes to the Accounts

For the year ended 31 March 2007

6 Staff costs (continued)

(b) Pension costs

The Company participates in pension schemes operated by the Group, one defined contribution, the other defined benefit. In all cases the assets of the schemes are held in separate trustee administered funds

Defined benefit scheme (Emap Earnings Related Pension Plan (EERPP))

The EERPP is a defined benefit pension scheme operated by Emap plc. The funding policy is to contribute such variable amounts as, on the advice of the Scheme's actuary, will achieve a 100% funding level on a projected salary basis. Actuarial assessments covering expense and contributions are carried out triennially by independent qualified actuaries, with the last such review being carried out as at 5 April 2006

The main actuarial assumptions used in the valuation, the market value of the assets of the scheme and the transitional disclosures required under FRS17 ('Retirement Benefits') are shown in the statutory accounts of Emap plc on page 100 of the Group accounts. At 31 March 2007, the scheme had a pension liability of £14m (2006 £8m)

The total pension expense for the year ended 31 March 2007 was £28,417 (2006 £29,925)

Defined contribution plan (Flexiplan)

The pension charge for Flexiplan represents contributions due from the employer. During the year it amounted to £173,721 (2006 £133,616). The pension schemes are administered by Emap plc and as such all outstanding liabilities are held by Emap plc

Staff costs (continued)

The average number of employees

	2007 Number	2006 Number
UK full-time employees	40	47

(c) Share based payments

Although these share awards are granted by Emap plc, the costs of the scheme are borne by the employing company

The charge for share based payments in the year amounted to £1,670,000 (2006 £865,000)

A reconciliation of option movements over the year to 31 March 2007 is shown below

	2007 Number of share options	2006 Number of share options
Outstanding at the beginning of the year	219,202	99,462
Granted	112,348	119,740
Lapsed	(47,920)	-
Outstanding at 31 March	283,630	219,202

The weighted average exercise price was £nil (2006 £nil)

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Fair values are determined according to the Black-Scholes option-pricing model, except in the case of share awards under the PRP and ESOP schemes which contain performance conditions based on total shareholder return compared to other entities in the Media and Entertainment sector, and which are valued by external experts using a Monte-Carlo simulation option-pricing model. The fair value per option for options granted in the year and the assumptions used in the calculation are as follows

	PRP	2007 SAYE 22	2006 SAYE 22
Scheme type			
Grant date	14 July 2006	14 Dec 2006	14 Dec 2006
Share price at grant date	723 5p	822 0p	822 0p
Exercise price	nil	664 0p	664 0p
Vesting period (years)	3	3	5
Expected volatility	21 0%	22 4%	25 7%
Option life (years)	10 0	3 7	5 7
Expected life (years)	3 5	3 3	5 3
Risk free rate	4 7%	5 0%	4 9%
Expected dividends expressed as a dividend yield	4 2%	3 6%	3 6%
TSR correlation	29 0%	n/a	n/a
SAYE fair value per option		206 5p	234 8p
PRP fair value per option - Basic award	630 0p		
PRP fair value per option - Performance award (EPS element)	630 0p		
PRP fair value per option - Performance award (TSR element)	281 0p		

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6 Staff costs (continued)

(c) Share based payments (continued)

		2006	
Scheme type	PRP	SAYE 21	SAYE 21
Grant date	19 July 2005	13 Jan 2006	13 Jan 2006
Share price at grant date	822 0p	846 2p	846 2p
Exercise price	nil	676 9p	676 9p
Vesting period (years)	3	3	5
Expected volatility	24 0%	22 4%	28 3%
Option life (years)	10	3 6	5 6
Expected life (years)	3 5	3 2	5 2
Risk free rate	4 2%	4 1%	4 1%
Expected dividends expressed as a dividend yield	3 0%	2 9%	2 9%
TSR correlation	21 0%	n/a	n/a
SAYE fair value per option		218 3p	264 9p
PRP fair value per option - Basic award	743 0p		
PRP fair value per option - Performance award (EPS element)	743 0p		
PRP fair value per option - Performance award (TSR element)	361 0p		

The expected volatility is based on Emap plc's historical volatility averaged over a period equal to the expected life. The expected life is the average expected period to exercise. The risk free rate of return is based on the UK Government gilt strip return over a period equal to the expected life.

In April 2006, under the staff Share Plan scheme, free shares were issued in trust to employees with a vesting period of 3 years. Employees receive dividends during the period and the fair value per share was 882 0p (April 2005 - 794 5p), the market price at the date of issue.

In July each year staff are invited under the Sharemap scheme to save a monthly amount for a year and to then use their savings to purchase Emap plc shares. The purchase price is the lower of the share price at the beginning and end of the savings period. Emap plc also matches the number of shares acquired by the employee and these are placed in trust with a vesting period of 3 years. There is a charge to the income statement for the 1 year savings period and the 3 year vesting period and the assumptions and fair values are as follows:

	Sharemap 2006/07	Sharemap 2005/06
Start of savings period	1 July 2006	1 July 2005
End of savings period	30 June 2007	30 June 2006
Savings amount at grant date	£802,548	£784,560
Share price at grant date	849 5p	795 0p
Expected volatility	20 6%	16 3%
Risk free rate	4 7%	4 2%
Expected dividends expressed as a dividend yield	3 5%	3 1%
Fair value for 1 year savings period	71 8p	54 0p
Fair value for 3 year vesting period	911 9p	840 8p

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For the year ended 31 March 2007

7 Tax on profit on ordinary activities

	2007 £'000	2006 £'000
Current tax		
UK corporation tax on the taxable profit for the year at 30% (2006 - 30%)	19,915	19,322
Corporation tax prior year adjustments	2,324	(683)
Total current tax	22,239	18,639
Deferred tax - current year	(482)	233
Deferred tax - prior year	(925)	13
Corporation tax charge for the year	20,832	18,885

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference between tax as per the financial statements and tax at the UK nominal rate is explained below

	2007 £'000	2006 £'000
Profit before tax	271,043	77,649
Tax charge at 30%	81,313	23,295
Adjustments in respect of prior years (corporation tax)	2,324	(683)
Capital allowances in excess of depreciation	(191)	(222)
Short term timing differences	673	(11)
Permanent differences	4,317	178
Non-taxable income	(66,518)	(1,695)
Non-tax deductible expenses	321	-
Capital losses brought forward	-	(2,223)
Current tax charge for the year	22,239	18,639

Excluding the impact of exceptional items of £212,000,000 (2006 £7,000,000) the anticipated future effective rate of tax for the Company will be around 28 -29% representing a current year tax charge calculated at the future anticipated UK nominal rate of tax at 28% (see note below on the budget announcement proposed changes to the tax legislation) (2006 30%) multiplied by the accounting profit for the year plus ordinary permanently disallowed items of income and expense

The UK budget announcement of 21 March 2007 included a number of changes to the UK tax rules to be phased in over the financial years 2008/09 - 2010/11 (inclusive). The announcements that will have the most immediate impact to UK companies are the reduction in the rate of UK corporation tax from 30% to 28% and the reduction in tax allowances on plant and machinery from 25% to 20% (plant) and 25% to 10% (building fixtures) for the 2008/09 financial year. As at the balance sheet date these changes have not been substantially enacted and hence the deferred tax has not been restated to reflect the reduced tax rates that have been proposed. If the deferred tax had been restated for the changes outlined above it would result in a reduction in the Company's balance sheet deferred tax asset from £2,111,000 to £1,970,000 with a corresponding increase in the Company's tax charge from £20,832,000 to £20,973,000.

8 Dividends

	2007 £'000	2006 £'000
Final dividend for the year ended 31 March 2006 of £nil per ordinary share (2005 £312.50)	-	125,000
Interim dividend arising from the profit on sale of the investments of £495 per ordinary share (2006 £nil)	198,000	-
Interim dividend of £125 per ordinary share (2006 £61)	50,000	24,400
	248,000	149,400

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For the year ended 31 March 2007

9 Intangible fixed assets		Publishing rights and titles £'000
Cost		
At 1 April 2006		17,389
Additions		707
Disposals		(1,745)
Transfers from other group undertakings		1,800
At 31 March 2007		18,151
Amortisation		
At 1 April 2006		7,539
Provided during the year		914
Disposals		(1,543)
Transfers from other group undertakings		405
At 31 March 2007		7,315
Net book value at 31 March 2007		10,836
Net book value at 1 April 2006		9,850

The intangible fixed assets have arisen from the acquisition of publishing rights and titles

The directors have considered the value of all intangible fixed assets at 31 March 2007 and no provisions for impairments were considered necessary. Valuations have been measured by reference to the greater of net realisable value and value in use. For the year ended 31 March 2007, value in use has been calculated with reference to future expected cash flows, discounted at a rate of 12% (2006: 13%), the Group's pre-tax weighted average cost of capital.

10 Tangible fixed assets

	Short Leasehold Property £'000	Leasehold Improvements £'000	Office Equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 April 2006	3,560	143	15,404	149	19,256
Additions	-	45	106	3	154
Disposals	-	-	-	(7)	(7)
At 31 March 2007	3,560	188	15,510	145	19,403
Depreciation					
At 1 April 2006	2,692	47	14,724	137	17,600
Provided during the year	104	28	285	9	426
Disposals	-	-	-	(3)	(3)
At 31 March 2007	2,796	75	15,009	143	18,023
Net book value at 31 March 2007	764	113	501	2	1,380
Net book value at 1 April 2006	868	96	680	12	1,656

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11 Investments in subsidiary undertakings	Fixed asset investments £'000	Current asset investments £'000	Total £'000
Cost			
At 1 April 2006	27,545	297,086	324,631
Additions	52,143	-	52,143
Transfers from other Group undertakings	814	-	814
Exchange movements	1,185	(10,850)	(9,665)
Disposals	(1,070)	(286,236)	(287,306)
Reclassification from fixed asset to current asset	(5,103)	5,103	-
At 31 March 2007	75,514	5,103	80,617

There is no difference between cost and net book value

Included in the amount above is £44,137,000 which relates to AGOR SAS, this Company was sold after the balance sheet date and £5,103,000 relating to 50 per cent of Box Television Limited sold to the joint venture partner, Channel 4, as part of the post balance sheet agreement (see note 21) and as such have been treated as a current asset investments

On 2 February 2007, the Company acquired the entire share capital of Yospace Technologies Limited (Yospace) for cash consideration of £9m. Further deferred consideration of up to £6m is payable depending on Yospace operating performance over the period to 31 March 2010. In aggregate £1m was incurred on costs of acquisition. Yospace is a technology and new media business which has developed the UK's leading mobile video-based, user-generated community platform.

On 11 January 2007, the Company acquired the entire holding in AGOR SAS from Emap Communications Limited, another Group undertaking for €65m (£43m). AGOR SAS is the 4th largest trade show business in France.

On 31 August 2006, the Company sold its entire interest in Emap International Magazines SASU. The business was sold for €551m (£374m) resulting in a profit on disposal, net of costs, of £210m. £15m of cash was disposed of with the business.

On 31 August 2006, the Company received shares in Emap plc granted under the Emap plc employee share scheme awards and holds them in trust on behalf of its employees. The cost transferred from other Group undertakings was £814,000.

The principal companies in which the Company held more than 10% of the equity at 31st March 2007 are set out below. All are registered and operate in England and Wales, except AGOR SAS which is incorporated and operates in France.

The investment in Emap International Magazines SASU, denominated in Euros, was retranslated at the year end rate for the year ended 31 March 2006. On the disposal of the investment, the cost was retranslated at the 31 August 2006 rate. In both cases the exchange difference was transferred to the profit and loss account in reserves.

The investment in AGOR SAS, denominated in Euros, has been retranslated at the year end rate, with the exchange difference transferred to the profit and loss account in reserves.

Name of company	Country of registration	Holding	Proportion	Nature of business
AGOR SAS	France	Ordinary shares	100%	Exhibitions
Box Television Limited	England	Ordinary shares	100%	Television Broadcasting
Emap Active Limited	England	Ordinary shares	100%	Agency
Emap Automotive Limited	England	Ordinary shares	100%	Agency
Emap East Limited	England	Ordinary shares	100%	Agency
Emap London Lifestyle Limited	England	Ordinary shares	100%	Agency
HEML Limited	England	Ordinary shares	100%	Non-trading
Yospace Technologies Limited	England	Ordinary shares	100%	Digital

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For the year ended 31 March 2007

11 Investments in subsidiary undertakings (continued)

The directors are of the opinion that the aggregate value of the Company's investments in subsidiary undertakings (including amounts owed by subsidiary undertakings) is not less than the amount at which they are stated in the accounts

Included in investments are equity shares, held on trust in a trade investment with a cost of £814,000 (2006 £nil) These were listed on the London Stock Exchange and had a market value of £861,000 (2006 £nil) at 31 March 2007

The Company tests its investments annually for impairment When testing for impairment, recoverable amounts are measured at their value in use by discounting the future expected cash flows from the investments These calculations use cash flow projections based on management approved budgets and the Group's five year plan Cash flows beyond the initial five year period are extrapolated using a long term growth rate of 2.25% (2006 2.25%) The cash flows have been discounted at a pre-tax discount rate of 12% (2006 13%), the Group's current cost of capital

12 Debtors

	2007 £'000	2006 £'000
Trade debtors	24,673	27,211
Amounts owed by other Group undertakings	33,972	274,880
Other debtors	298	774
Deferred tax (see Note 15)	2,111	704
Prepayments and accrued income	6,054	6,487
	67,108	310,056

The Group operates a centralised treasury banking system and surpluses or deficits on the Company's bank account are transferred to Emap Treasury Limited on a daily basis

Amounts owed by other Group undertakings are unsecured, bearing interest at the LIBOR rate and have no fixed date of repayment

13 Creditors amounts falling due within one year

	2007 £'000	2006 £'000
Loan note	65	-
Payments received on account	9,819	9,815
Trade creditors	7,705	5,941
Amounts owed to other Group undertakings	-	513,163
Corporation tax	40,484	35,498
Other taxes and social security costs	3,427	4,897
Other creditors	2,251	1,101
Accruals and deferred income	30,202	23,822
	93,953	594,237

Amounts due to other Group undertakings are unsecured, bearing interest at the LIBOR rate and are repayable on demand

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14 Creditors amounts falling due after one year

	2007 £'000	2006 £'000
Unsecured guaranteed loan note	200	-

The loan note is irrevocably and unconditionally guaranteed by Emap plc and is due for repayment in 2010. Interest is calculated at 1% below the base rate of the National Westminster Bank Plc.

15 Deferred tax asset

	2007 £'000	2006 £'000
Accelerated capital allowances	566	686
Short term timing differences	1,545	18
	2,111	704

The movement in the deferred taxation asset is as below

	£'000
As at 1 April 2006	704
Transferred to profit and loss account	1,407
As at 31 March 2007	2,111

There is no unprovided deferred taxation (2006: £nil)

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

16 Provisions for liabilities and charges

	Other provisions (1) £'000	Reorganisation provisions (2) £'000	Property provisions (3) £'000	Total £'000
At 1 April 2006	198	15	669	882
New provisions	-	4,728	1,035	5,763
Utilised in the year	-	(1,522)	(217)	(1,739)
At 31 March 2007	198	3,221	1,487	4,906

(1) Other provisions relate to employer's National Insurance Contributions payable on the exercise of certain of Emap's share option schemes.

(2) The reorganisation provisions relates to costs committed to at the balance sheet date as a result of the Company's efficiency review including redundancy. The remaining costs are expected to be incurred in the year ending 31 March 2008.

(3) The provision relates to properties previously occupied by the Company and include new provisions in respect of properties being exited as a result of this review. Two properties remain with leases extending to 2015 and one property's lease extends to 2016. The provision represents the best estimate of the future net cash outflow, expected to be incurred on either disposal of, or net rent shortfall incurred on, each lease.

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For the year ended 31 March 2007

17 Share capital

	2007 £'000	2006 £'000
Authorised		
5,000,000 ordinary shares of £1 each	5,000	5,000
4,000,000 redeemable preference shares of £1 each	4,000	4,000
	<u>9,000</u>	<u>9,000</u>
Allotted and fully paid		
400,100 ordinary shares of £1 each	400	400
	<u>400</u>	<u>400</u>

The ordinary shares of the Company rank after the preference shares as regards payment of dividends and return of capital but carry full voting rights at general meetings of the Company. Voting rights are not available to the preference shareholders except to vary the rights attached to that class. Dividends payable on ordinary shares may fluctuate depending on the Company's results whereas preference dividends are payable at a fixed rate of 5.18% and are cumulative. Under the presentational requirements of FRS 25 'Financial Instruments: Disclosure and presentation', any preference shares issued would be classified as debt.

18 Profit and loss account

	Total £'000
At 1 April 2006	50,780
Profit for the financial year	2,211
Other foreign currency gains	5,994
Share options - value of employee services	1,670
	<u>60,655</u>
At 31 March 2007	

19 Reconciliation of movement in shareholder's funds

	2007 £'000	2006 £'000
Profit for the financial year	250,211	58,764
Dividends paid in the year	(248,000)	(149,400)
	<u>2,211</u>	<u>(90,636)</u>
Other foreign currency gains/(losses)	5,994	(3,508)
Share options - value of employee services	1,670	865
	<u>9,875</u>	<u>(93,279)</u>
Net increase/(reduction) in shareholders' funds		
Opening shareholders' funds	51,180	144,459
	<u>61,055</u>	<u>51,180</u>
Closing shareholders' funds		

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For the year ended 31 March 2007

20 Leasing commitments

The Company had annual commitments under non-cancellable operating leases as set out below

	Land & Buildings 2007 £'000	Land & Buildings 2006 £'000	Other Assets 2007 £'000	Other Assets 2006 £'000
Leases expiring within one year	118	456	-	2
Leases expiring between two and five years	2,927	392	94	112
Leases expiring after five years	1,069	4,071	-	-
	4,114	4,919	94	114

21 Post Balance Sheet Event

On 6 June 2007, Box Television Limited, one of the Company's subsidiaries, declared a final dividend in respect of the year ended 31 March 2007 of £11,685,000

On 4 July 2007, the Company acquired 40.1% interest in new shares in Next Gen Publishing Limited (Next Gen), a Mumbai-based magazine publisher and current licensee of the Indian edition of Car, for a cash consideration of £3.7m. Next Gen has two main business – consumer and B2B magazine publishing, and business directory publishing.

On 10 July 2007, the Company completed the sale of its entire interest in AGOR SAS for a cash consideration of €85m (£53m).

On 20 July 2007, the Company agreed to complete a joint venture agreement with Channel 4 with the aim to create the UK number one music TV provider. The Company has agreed to sell 50 per cent of Box Television Limited to Channel 4 for cash consideration of £28m subject to a post-completion working capital adjustment. The agreement includes a price adjustment mechanism capped at £4m dependent upon the performance of the joint venture over the next three years.

22 Immediate parent company

The immediate parent company is Emap Consumer Media (Holdings) Limited.

The ultimate parent company and controlling party is Emap plc, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of Emap plc's consolidated financial statements can be obtained from the Registered Office at 40 Bernard Street, London WC1N 1LW.