CAMPDEN PUBLISHING LIMITED

REPORTS AND ACCOUNTS

for the year ended

31 DECEMBER 2005

CAMPDEN PUBLISHING LIMITED

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CAMPDEN PUBLISHING LIMITED

DIRECTORS AND ADVISERS

Directors	John Pettifor Kevin Grant
Secretary	John Pettifor
Registered office	1 St John's Square London EC1M 4PN
Bankers	HSBC Bank plc Edgeborough House Upper Edgeborough Road Guildford Surrey GU1 2AQ
Auditors	Nexia Smith & Williamson Chartered Accountants 25 Moorgate London EC2R 6AY
Accountants and tax advisers	Smith & Williamson Chartered Accountants 25 Moorgate London, EC2R 6AY
Solicitors	Taylor Willcocks Solicitors 30 Britton Street London EC1M 5UH
Company's registered number	02147432

CAMPDEN PUBLISHING LIMITED

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 31 December 2005.

Activities

The principal activity of the company continues to be that of publishing and events.

Review of business

In the opinion of the directors the state of the company's affairs at 31 December 2005 are satisfactory. The directors look forward to the future with confidence.

Results for the year and dividends

The profit for the year after taxation was £565,572 (2004: £118,272 as restated) . The directors do not recommend the payment of a dividend.

Directors and their interests

The directors of the company at 31 December 2005, all of whom served throughout the year, and their interests in the share capital of the company, together with their interests at 31 December 2004, were:

Ordinary Shares of £0.01	**2005**	**2004**
John Learmonth (Resigned 18 January 2006)	16,231	16,231
Jonathan Regan (Resigned 18 January 2006)	10,981	10,981
Moray Duguid (Resigned 21 November 2005)	-	-
John Pettifor	12,153	12,153
Graeme Olsen (Resigned 18 January 2006)	9,808	9,808
Christopher Howell (Resigned 18 January 2006)	12,153	12,153
Kevin Grant	8,112	8,112
David Olsen (Resigned 18 January 2006)	9,808	9,808

Risk management

The principal current assets of the business are cash or assets that are converted to cash within a short period of time. Therefore, the principal financial instruments employed by the company are cash or cash equivalents and the directors monitor the working capital cycle to ensure there are always sufficient cash resources to meet the Company's current and future needs. The company's income stream is based on contractual arrangements with clients which reduces price risk and credit risk.

Post balance sheet events

Details of events after the balance sheet date are disclosed in note 20.

CAMPDEN PUBLISHING LIMITED

DIRECTORS' REPORT (continued)

Auditors

After the year end our auditors, Nexia Audit Limited changed their name to Nexia Smith & Williamson Audit Limited and now trade as Nexia Smith & Williamson.

A resolution to re-appoint Nexia Smuth & Williamson will be proposed at the next Annual General Meeting.

Approved by the board of directors
and signed on behalf of the board

John Pettifor

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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. In preparing those accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position for the company and to enable them to ensure that the accounts 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.

Nexia Smith & Williamson

Independent auditors' report to the shareholders of Campden Publishing Limited

We have audited the accounts of Campden Publishing Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 20. These accounts have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the accounts have been properly prepared in accordance with the Companies Act 1985.

Nexia Smith & Williamson

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

12. 7. 2006

CAMPDEN PUBLISHING LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 DECEMBER 2005

	Notes	2005 £	2004 as restated £
Turnover	1	5,599,243	4,570,733
Cost of sales		(3,818,707)	(3,370,693)
Gross profit		1,780,536	1,200,040
Administrative expenses		(1,184,760)	(1,091,041)
Other operating income		-	58,292
Operating profit		595,776	167,291
Interest payable and similar charges	4	(37,847)	(49,019)
Profit on ordinary activities before taxation	5	557,929	118,272
Tax on profit on ordinary activities	6	7,643	-
Profit for the financial year	13	565,572	118,272
Retained loss brought forward		(2,702,645)	(2,820,917)
Retained loss carried forward		(2,137,073)	(2,702,645)

All of the company's operations are classed as continuing. There were no gains or losses in either year other than those included in the above profit and loss account.

CAMPDEN PUBLISHING LIMITED

BALANCE SHEET as at 31 DECEMBER 2005

	Notes	2005 £	2004 as restated £
Fixed assets			
Tangible assets	7	188,421	143,293
		188,421	143,293
Current assets			
Debtors	8	1,583,484	912,335
Debtors: due after more than one year	8	249,362	167,090
Cash at bank and in hand		207,956	35,713
		2,040,802	1,115,138
Creditors: amounts falling due within one year	9	(1,434,929)	(1,127,388)
Net current assets/(liabilities)		605,873	(12,250)
Total assets less current liabilities		794,294	131,043
Creditors: falling due after more than one year	10	(2,270,276)	(2,172,597)
Net liabilities		(1,475,982)	(2,041,554)
Capital and reserves			
Called up share capital	12	792	792
Share Premium	13	660,299	660,299
Profit and loss account	13	(2,137,073)	(2,702,645)
Shareholders' deficit	14	(1,475,982)	(2,041,554)

The accounts were approved by the Board of Directors on 2nd May 2006 and were signed on its behalf by:

John Pettifor
Director

CAMPDEN PUBLISHING LIMITED

CASH FLOW STATEMENT for the year ended 31 DECEMBER 2005

	Notes	2005	2004 as restated
		£	£
Net cash inflow/(outflow) from operating activities	16	348,633	(41,066)
Returns on investments and servicing of finance			
Interest paid		(36,963)	(49,019)
Interest element of finance leases		(884)	-
Net cash outflow from returns on investments and servicing of finance		(37,847)	(49,019)
Taxation			
Corporation tax received		7,643	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(95,518)	(35,108)
Receipts from sales of tangible fixed assets		8,600	4,864
Net cash outflow for capital expenditure and financial investment		(86,918)	(30,244)
Financing			
Issue of ordinary share capital		-	46,091
New long-term loans		-	241,964
Loan repayments during the year		(57,753)	(122,626)
Long term debtors		(7,507)	-
Net cash (outflow)/inflow from financing		(59,268)	165,429
(Decrease)/increase in cash in the year	17	172,243	45,100

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2005

1. **Accounting policies**

The accounts have been prepared in accordance with applicable accounting standards. A summary of the more important accounting policies adopted are described below.

Basis of accounting

The accounts have been prepared under the historical cost convention, and on a going concern basis. The company has net liabilities of 1,475,982. However, the Company traded profitably in the year and the Net Liabilities position was significantly reduced from the level of the previous year. The directors expect profits to continue and to create a Net Asset position within the near future. Furthermore, the Company was refinanced as part of the management buyout of Campden Publishing Ltd (completed on 18th January 2006) and has sufficient cash resources to meet planned needs.

Fixed assets

Depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated useful lives of the assets concerned. The following annual rates are used.

Leasehold property	-	in accordance with the property
Fixtures and fittings	-	15% on cost
Computer Equipment	-	33% on cost and 20% on cost
Leased assets (fixtures and fittings)	-	25% on cost

Deferred taxation

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those assets where those assets have been rolled over into replacement assets. Deferred tax assets are recognised to the extent that they are recoverable, that is, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Any assets and liabilities recognised have not been discounted.

Pension costs

Contributions to defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Leases

Assets held under finance leases are included in fixed assets and the capital element of the related lease commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit over the period of the lease.

Rental costs under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

1. **Accounting policies (continued)**

Foreign currencies

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate rul ing at that date. All exchange differences are dealt with in the profit and loss account.

Prior year adjustment

During the year the company had a change in accounting policy regarding the accounting for deferred salary charges. In previous years, all salaries relating to publications and events were deferred until the event or publication actually took place.

This policy has been changed, in the current year only non-sales staff salaries are deferred. The change in accounting policy has been dealt with by way of a prior year adjustment, and comparative amounts have been restated.

Turnover

Turnover is recognised at invoice value, excluding value added tax, when the related goods have been delivered to the customer. Turnover is recognised to reflect the extent to which services have been provided to customers during the year, based on the terms of the related contracts and contractual rates agreed with those customers.

2. **Directors' emoluments**	**2005**	**2004**
	£	**£**
All directors:		
Aggregate emoluments	453,386	266,666
Company pension fund contributions	4,400	-
Highest paid director:	120,000	100,000
Amounts paid to third parties in respect of directors services	8,250	58,500

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2005 (Continued)

3. Employee information

The average number of persons, including directors employed by the company during the year was:

	2005	**2004**
Selling and distribution	27	22
Administration	8	9
Conferences	7	10
Editorial	9	8
Production	2	2

	£	**£**
Staff costs for the above persons were:		
Wages and salaries	2,198,452	1,949,856
Social security costs	41,676	44,712
Pension costs	7,914	10,759
	2,248,042	2,005,327

4. Interest payable and similar charges

	2005	**2004**
	£	**£**
Bank loans and overdrafts	36,963	49,019
On finance leases	884	-
	37,847	49,019

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2005 (continued)

5. **Profit on ordinary activities before taxation** is stated after charging/(crediting):	**2005** **£**	**2004** **£**
Depreciation		
- owned assets	63,511	50,427
- leased	3,636	-
Auditors' remuneration		
- audit	16,000	10,750
- non-audit services (paid to related companies of the auditors)	4,000	-
Exchange (profit)/loss	10,470	-
Profit on disposal of fixed assets	(425)	(1,177)
Hire of plant & machinery - operating leases	7,005	5,795

6. **Tax on profit on ordinary activities**	**£**	**£**
(a) UK corporation tax at 30% (2004: 30%)	-	-
Current	(7,643)	-

(b) Factors affecting tax charge for period	**£**	**£**
Profit on ordinary activities before tax	557,929	118,272
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2004: 30%)	167,379	35,482
Effects of:		
Expenses not deductible for tax purposes	9,499	97
Capital allowances for period in excess of depreciation	(18,223)	(17,578)
Utilisation of tax losses	(91,738)	(18,001)
Income not taxable for tax purposes	(66,915)	-
Other differences	(7,643)	-
Current tax charge for period	(7,643)	-

A deferred tax asset has not been recognised in respect of tax losses available to carry forward against future taxable profits and timing differences relating to depreciation in excess of capital allowances as the directors consider there is insufficient evidence that the assets will be recovered. The amount of asset not recognised, at 30%, is £706,045 (2004: £817,506).

CAMPDEN PUBLISHING LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 DECEMBER 2005 (continued)

7. **Tangible fixed assets**

	Leasehold property £	Fixtures and Fittings £	Computer Equipment £	Leased assets £	Total £
Cost or valuation					
At 1 January 2005	64,837	112,329	275,056	-	452,222
Additions	-	11,973	83,545	24,932	120,450
Disposals	-	(2,562)	(5,613)	-	(8,175)
At 31 December 2005	64,837	121,740	352,988	24,932	564,497
Depreciation					
At 1 January 2005	37,353	71,175	200,401	-	308,929
Charge for the year	6,482	17,748	39,281	3,636	67,147
Disposals	-	-	-	-	-
At 31 December 2005	43,835	88,923	239,682	3,636	376,076
Net book value					
At 31 December 2005	21,002	32,817	113,306	21,296	188,421
At 31 December 2004	27,484	41,154	74,655	-	143,293

NOTES TO THE ACCOUNTS for the year ended 31 December 2005 (continued)

8. **Debtors:** amounts falling due within one year

	2005	2004 as restated
	£	£
Trade debtors	843,889	562,703
Other debtors	498,650	281,503
Prepayments and accrued income	240,945	68,129
	1,583,484	912,335
Debtors receivable within more than one year	249,362	167,090

9. **Creditors:** amounts falling due within one year

	£	£
Bank loans (note 11)	84,926	84,926
Obligations under finance leases	6,639	-
Trade creditors	572,968	554,939
Other taxation and social security	100,895	77,248
Other creditors	540,429	159,712
Accruals	129,072	250,563
	1,434,929	1,127,388

10. **Creditors:** amounts falling due after more than one year

	£	£
Bank loans (note 11)	259,757	317,330
Other loans	241,964	241,964
Accrued and Deferred Income	1,751,957	1,613,303
Long term portion of finance lease	16,598	-
	2,270,276	2,172,597

NOTES TO THE ACCOUNTS for the year ended 31 December 2005 (continued)

11. Borrowings

	2005	2004
	£	£
Falling due within one year		
Secured loan	84,926	84,926
Falling due after more than one year		
Secured loan	259,757	317,330
	344,683	402,256
Repayable as follows:		
In one year or less	84,926	84,926
Between one and two years	84,926	84,926
Between two and five years	174,831	232,404
	344,683	402,256

Interest is payable on the bank loan is payable at 2.5% over the bank's base rate. The bank loan and overdraft are secured by way of personal guarantees by J Regan and J Learmonth.

12. Called up share capital

	£	£
Authorised		
100,000 ordinary shares of 1p each	1,000	1,000
Allotted, called up and fully paid		
79,246 ordinary shares of 1p each	792	792

NOTES TO THE ACCOUNTS for the year ended 31 December 2005 (continued)

13. **Reserves**

	Share Premium	Profit and loss account
	£	£
At 1 January 2005	660,299	(2,479,595)
Prior year adjustment	-	(223,050)
Restated balance at 1 January 2005	660,299	(2,702,645)
Retained profit for the year	-	565,572
At 31 December 2005	660,299	(2,137,073)

14. **Reconciliation of movements in shareholder's funds**

	£ 2005	£ 2004 as restated
Profit for the financial year	565,572	118,272
Issue of share capital	-	46,091
Net addition to shareholders' funds	565,572	164,363
Opening shareholder's deficit (originally £1,818,504 before deducting prior year adjustment of £223,050 – See note 1)	(2,041,554)	(2,205,917)
Closing shareholders' deficit	(1,475,982)	(2,041,554)
Equity Interests	(1,475,982)	(2,041,554)

15. Operating lease commitments

At 31 December 2005 the company had annual commitments under operating leases as follows:

	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
For leases expiring:				
Within one year	-	1,013	-	-
Between two and five years	98,525	-	98,525	8,276
After five years	-	-	-	1,019

16. Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2005 £	2004 as restated £
Operating profit	595,776	167,291
Depreciation	67,147	50,427
Profit on sale of tangible fixed assets	(425)	(1,177)
(Increase)/decrease in debtors	(753,420)	228,307
Increase/(Decrease) in creditors	439,555	(485,914)
Net cash inflow/(outflow) from operating activities	348,633	(41,066)

NOTES TO THE ACCOUNTS for the year ended 31 December 2005 (continued)

17. **Reconciliation of net cash flow to movement in net debt**

	2005 £	2004 £
(Decrease)/increase in cash in the year	172,243	45,100
Cash outflow/(inflow) from increase in debt and finance leases	59,268	(229,194)
Changes in net debt resulting from cash flows	231,511	(184,094)
New finance leases	(24,932)	-
Net debt at 1 January	(608,507)	(424,413)
Net debt at 31 December	(401,928)	(608,507)

18. **Analysis of net debt**

	At 1 January 2005 £	Cashflow £	Other non cash changes £	At 31 December 2005 £
Cash in hand, at bank	35,713	172,243	-	207,956
Debt due after 1 year	(84,926)	84,926	(84,926)	(84,926)
Debt due within 1 year	(559,294)	(27,353)	84,926	(501,721)
Finance leases	-	1,695	(24,932)	(23,237)
	(608,507)	231,511	(24,932)	(401,928)

19. **Related party transactions**

Included within other creditors due within one year are amounts owed to directors as follows:

	2005 £	2004 £
Chris Howell	-	34,000
Moray Duguid	-	25,500
John Learmonth	-	14,400

All amounts owed to directors were paid in full in the current year.

Included within creditors due after more than one year are other loans which included £202,359 of directors loans (2004: £202,359). These creditors were paid off post year end.

20 Post balance sheet event

On 18 January 2006 the issued shares of the company were sold to Campden Media Limited, a company incorporated in England and Wales as part of a management buyout of the company. As of this date, this became the ultimate parent company.

Following the management buyout, the following took place:

- The bank loan was repaid in full.
- Other loans of £241,964 plus were repaid.
- One authorised but unissued ordinary share of £0.01 was redesignated as a redeemable share of £0.01. This redeemable £0.01 share of £0.01 was issued to Campden Media Limited for £1,379,618. The rights of the redeemable share is as follows:
  - The share is redeemable at the option of the company at any time at the aggregate subscription price of £1,379,618.
  - For as long as the share remains unredeemed it has voting rights equal to 99.99% of all the voting rights attaching to all the issued shares in the ca pital of the company and on any liquidation or other return of capital (in priority to any such distribution of capital in respect of any of the company's ordinary shares of £0.01) equal to the subscription price paid thereon but shall not thereafter parti cipate in distribution. Other than this, the redeemable share has no right to receive a dividend.
  - No dividends shall be declared or paid or other distribution made in respect of the company's ordinary share of £0.01 whilst the redeemable share remains unredeemed.
- A loan facility of £1,492,000 was made available by the company to Campden Media Limited, its ultimate parent company. This facility is repayable on demand and accrues interest at 1% above the HSBC Bank plc base rate.