

Company Registration number
2809261

Haymarket Group Limited
Annual Report and Financial Statements
31 December 2008

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Haymarket Group Limited

Report and financial statements 2008

Contents

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	6
Independent auditors' report	7
Consolidated profit and loss account	9
Consolidated statement of total recognised gains and losses	10
Consolidated balance sheet	11
Company balance sheet	12
Consolidated cash flow statement	13
Notes to the financial statements	14

Haymarket Group Limited

Report and financial statements 2008

Officers and professional advisers

The Rt Hon the Lord Heseltine CH (Chairman)

J D Duckworth

D B Fraser

The Hon R W D Heseltine

Dr A S Kemp

Lord Levene of Portsoken KBE

J L Masters

S P Tindall

E A Verdon-Roe (resigned 30 November 2008)

Secretary

J D Duckworth

Registered office

174 Hammersmith Road

London W6 7JP

Auditors

Deloitte LLP

London

United Kingdom

Bankers

The Royal Bank of Scotland plc

Solicitors

Lewis Silkin LLP

London

Haymarket Group Limited
Directors' report

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

Business review and principal activities

The principal activities of the group are the provision of editorial content and related services through multiple platforms, including magazines and websites, serving specialist audiences in both the business to consumer and business to business markets. In addition, the group organises exhibitions, events and conferences.

The group operates in a number of countries including the UK, USA, Germany, Hong Kong, India and Australia. The group's overseas activities have expanded rapidly over the last few years and this trend continued in 2008. Turnover, by source, from the overseas operations in 2008 accounted for 34% (2007: 24%) of total turnover.

The group has significantly invested in its online activities in order to exploit the commercial opportunities as it looks to meet the demands of its specialist audiences of trade professionals and consumer enthusiasts online.

Review of developments

The results for the year are set out on page 9.

Group turnover in 2008 increased by 9% over 2007, from £247.4 million to £268.9m.

Group operating profit before expenditure on the launch and development of new activities, exceptional items and asset amortisation was £39.3m, compared to £31.7m in 2007. Statutory group operating profit was £15.2m (2007: £17.8m).

Expenditure on new activities (including online activities) charged against profits was £6.0m, compared to £5.6m in 2007.

The group made a number of acquisitions of publishing rights and companies during the year for a total consideration, including costs, of £20.5m (2007: £12.4m), as shown in note 9.

In response to the UK economic downturn management took various actions at the end of 2008 that resulted in a significant reorganisation of buildings, headcount reduction and other cost saving measures. The cost of the exercise totaled £7.2m and given its materiality, this has been treated as an exceptional restructuring cost. In addition, Eve magazine was closed at a cost of £1,417,000.

The group's borrowings increased during the year by £18.5m, following the above investments, restructuring costs and the share buy-backs referred to in note 17 to the accounts. However, operating cashflows continue to be strong, with net cash inflow from operating activities for the year of £36.6m (2007: £20.5m) (see note 21).

Dividends of £2.75m (2007: £2.5m) have been paid during the year.

Haymarket Group Limited
Directors' report

Key risks and uncertainties

a) General economic conditions

The group's largest operations are situated in the UK and the USA, where there has been significant economic downturn in the last 12 months. However, the group's long-established strategy of holding both business-to-business and consumer products and services in its portfolio, together with the specialist subject matter of those products and services, means that the directors have confidence that the group is currently dealing with this downturn.

b) Employees

The Group's performance is dependent on its employees and failure to recruit and appropriately develop staff would have an impact on performance. The risk is addressed by investment in the recruitment process, staff training and ensuring that the group's compensation and benefits are competitive

c) Financial risks

The financial risks that the Directors consider most applicable to the group and company are credit risk, liquidity risk, interest rate risk and, to a lesser extent, currency risk.

The group actively monitors amounts owed by its customers by way of comprehensive and detailed information that is supplied to management on a monthly basis.

The group mitigates liquidity risk by assessing working capital requirements against its undrawn facilities to ensure that it has availability of funds for day-to-day operations.

Action has been taken to mitigate any adverse effect of interest rates on the group's profitability, as detailed in note 15 to the accounts.

A proportion of currency risk is hedged by way of foreign currency bank loans, together with hedging instruments to protect against adverse foreign exchange movements.

Share Capital

Details of changes in the Company's share capital are set out in note 17.

Directors and their interests

The present membership of the board is set out on page 1. E A Verdon Roe resigned on 30 November 2008. All other Directors served throughout the year. The interests of the Directors in the shares of the Company were as follows:

Ordinary shares of 1p each	At 1 January 2008	At 31 December 2008
The Rt Hon the Lord Heseltine CH (Chairman)	16,611,650	16,611,650
J L Masters	1,158,220	-

The Hon R W D Heseltine has an indirect interest in 9,184,760 shares through a family trust.

The Directors of the Company do not have any interests in the shares of subsidiary undertakings except by virtue of their interests in the shares of the Company.

Haymarket Group Limited

Directors' report

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements.

The Group provides employees with information on matters relevant to them as employees throughout the year as part of its corporate communications.

The Group is an equal opportunities employer and appoints employees without reference to age, sex, ethnic group or religious beliefs. It is the Group's policy to give full consideration to suitable applications for employment by disabled persons. Where existing employees become disabled, it is the Group's policy wherever practicable, to provide continuing employment under normal term and conditions and to provide training for positions in the Group where appropriate.

Environmental matters

Haymarket was the first major publishing company to be certified to the ISO14001 environmental standard and the group continues to be assessed by the British Standards Institute. In August 2008 Haymarket was successfully re-certified which further acknowledges the Company's ongoing commitment to improving its environmental performance.

The Group's preference for high environmental standards also extends to external parties. It is proactive about encouraging its suppliers to take their environmental responsibilities seriously and all of the group's major production suppliers are currently ISO14001 certified. It works with those suppliers to increase the use of water-based varnishes, to reduce paper waste and to target energy reductions.

In addition all of Haymarket's polythene postal wrappers are oxybiodegradable and all of Haymarket's titles, bar one, are now printed on paper certified to FSC or PEFC standards. The remaining title will begin using paper certified to one of these standards during 2009.

The Group also continues to improve its environmental credentials within its own office premises. In 2008 Haymarket's London buildings saved 5,170,000 litres of water compared to that used in 2007 (a 36% reduction) and reduced energy consumption by 444,182 kWh, (7.5% reduction) which reduced the group's direct emissions carbon footprint by 170 tonnes of CO₂.

The Group also encourages alternative travel modes such as car-sharing, cycling and motorbikes. The Group operates the Cycle To Work scheme which enables staff to purchase discounted cycles. Improved video and telephone conferencing have also reduced the need for travel to meetings. The Group have joined Transport for London's A New Way to Work scheme in order to further develop the Company's site travel plans and promote alternative means of transport.

The Group's ongoing improvements in the area of environmental performance were acknowledged by the publishing industry in 2008 with a nomination for the Quality in Print's environmental award, the same award which Haymarket won in 2007. The Teddington site also became the first company to achieve an Exceptional Award in the Richmond council's GoGreenRichmond scheme.

In 2008 the Group calculated its first direct emissions carbon footprint in conjunction with the Edinburgh Centre for Carbon Management. This included emissions from all of Haymarket's offices across the world and was based on 2007 data. This information has helped us identify additional areas in which carbon savings can be achieved. The Company is currently measuring the emissions of a wide selection of products to help identify where carbon savings can be made within the supply chain.

Haymarket Group Limited
Directors' report

Donations

During the year the group made charitable donations of £43,000 (2007: £60,000). It made a political donation of £5,000 to Kensington Conservatives (2007: no political donations).

Going concern basis adopted in preparing financial statements

A review of the Group's results for the year, and key risks for the coming year are set out above. Details of the Group's banking facilities are set out in note 15.

The Group's revenues, profits and cash flows have been affected by the economic downturn, particularly the much publicised reduction in advertising expenditure. This, together with payments for acquisitions, share purchase commitments and the restructuring undertaken in the year, has contributed to an increase in the group's overall level of indebtedness. The Group benefits from long term financing in the form of equity and existing banking facilities, and the directors have acted decisively to take the cost reduction actions required to ensure that the Group can continue to trade within the terms of its existing banking facilities. These facilities include an overdraft to meet day to day requirements. The directors acknowledge the uncertainty inherent in forecasting advertising revenue in the current economic environment. However, they believe that, having drawn up the Group's latest forecasts, which take into account their view of reasonably possible adverse variations in trading performance, these actions will provide the Group with sufficient cash and covenant headroom under the group's facilities for the foreseeable future.

In the event of any deterioration in performance beyond that currently envisaged, the Group will execute further action in order to preserve compliance with the terms of its banking facilities. Accordingly, after reviewing the groups current financial projections the directors consider that the group has access to sufficient financial resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditors

Each of the persons who was a director at the date of approving this report confirms that:

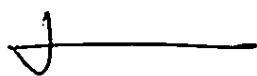
- (1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the Director has taken all the steps that he/she ought to have taken as a director on order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Re-appointment of auditors

A resolution to re-appoint Deloitte LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

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



J D Duckworth
Secretary
30 June 2009

Haymarket Group Limited
Statement of directors' responsibilities

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

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

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

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

Haymarket Group Limited

Independent Auditors' report to the shareholders of Haymarket Group Limited

We have audited the group and parent company financial statements of Haymarket Group Limited (the "financial statements") for the year ended 31 December 2008 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and individual balance sheets, the consolidated cash flow statement and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion 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 group's and the individual 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.

Haymarket Group Limited

Independent Auditors' report to the shareholders of Haymarket Group Limited

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 group's and the individual company's affairs as at 31 December 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP

Chartered Accountants and Registered Auditors

London

United Kingdom

30 June 2009

Haymarket Group Limited
Consolidated profit and loss account
for the year ended 31 December 2008

	Notes	2008 £000	2007 £000
Turnover			
Group and share of joint ventures and associates	- existing operations	269,658	249,889
	- acquisitions	3,840	2,696
		<u>273,498</u>	<u>252,585</u>
Less: share of joint ventures and associates		(4,633)	(5,176)
Group turnover	2	268,865	247,409
Cost of sales		(230,910)	(211,147)
Gross profit		<u>37,955</u>	<u>36,262</u>
Other operating expenses (net)		<u>(22,966)</u>	<u>(18,449)</u>
Operating profit before amortisation of publishing and exhibition rights and exceptional items			
		34,156	26,151
Amortisation and impairment of publishing and exhibition rights	9	(9,518)	(8,338)
Write down of freehold properties	10	(2,185)	-
Exceptional restructuring costs	4	(7,464)	-
Operating profit	- existing operations	15,056	17,621
	- acquisitions	(67)	192
		<u>14,989</u>	<u>17,813</u>
Share of operating profit/(loss) of joint ventures and associates		243	(45)
Group operating profit		<u>15,232</u>	<u>17,768</u>
Profit on disposal of fixed assets		59	56
Loss on closure of business		(1,417)	-
Other interest receivable and similar income	5	4,628	1,132
Interest payable and similar charges	6	(13,988)	(11,000)
Profit on ordinary activities before taxation		<u>4,514</u>	<u>7,956</u>
Tax on profit on ordinary activities	7	(4,560)	(5,881)
(Loss) / profit on ordinary activities after taxation		<u>(46)</u>	<u>2,075</u>
Equity minority interests		15	(52)
(Loss) / profit for the financial year attributable to the members of Haymarket Group Limited		<u>(31)</u>	<u>2,023</u>

All activities derive from continuing operations.

Haymarket Group Limited
Consolidated statement of total recognised gains and losses
for the year ended 31 December 2008

	Notes	2008 £000	2007 £000
Profit for the year attributable to the members of Haymarket Group Limited		(31)	2,023
Currency translation differences	18	691	2,385
Revaluation of freehold properties	18	(6,001)	67
Total recognised gains and losses relating to the year		<u>(5,341)</u>	<u>4,475</u>

Haymarket Group Limited
Consolidated balance sheet
as at 31 December 2008

	Notes	2008	2007
		£000	£000
Fixed assets			
Intangible assets	9	77,538	61,040
Tangible assets	10	57,362	61,150
Investments in joint ventures and associates			
- Gross assets		2,608	4,634
- Gross liabilities		(515)	(3,136)
	11	2,093	1,498
		136,993	123,688
Current assets			
Stocks	12	1,928	1,645
Debtors falling due within one year	13 (a)	50,977	55,076
Debtors falling due after more than one year	13 (b)	2,167	3,525
Cash at bank and in hand		7,444	9,138
		62,516	69,384
Creditors: amounts falling due within one year	14	(32,300)	(34,481)
Net current assets		30,216	34,903
Total assets less current liabilities		167,209	158,591
Creditors: amounts falling due after more than one year	15	(162,633)	(137,399)
Accruals and deferred income	16	(59,483)	(57,943)
Equity minority interests	20	(37)	(52)
Net liabilities		(54,944)	(36,803)
Capital and reserves			
Called up share capital	17	289	309
Capital redemption reserve	18	223	203
Merger reserve	18	6,236	6,236
Revaluation reserve	18	-	6,001
Profit and loss account	18	(36,060)	(16,898)
Share redemption reserve	18	(25,632)	(32,654)
Shareholders' deficit	19	(54,944)	(36,803)

These financial statements were approved and authorised for issue by the Board of Directors on 30 June 2009.
Signed on behalf of the Board of Directors by :

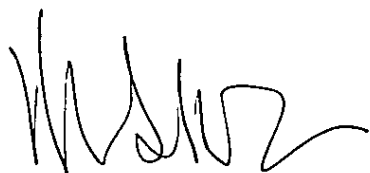


The Rt. Hon. The Lord Heseltine CH
Chairman

Haymarket Group Limited
Company balance sheet
as at 31 December 2008

	Notes	2008	2007
		£000	£000
Fixed assets			
Investments	11	72	72
Current assets			
Debtors falling due after more than one year	13	105,578	127,555
		<u>105,578</u>	<u>127,555</u>
Creditors: amounts falling due within one year	14	-	(6,321)
Net current assets		<u>105,578</u>	<u>121,234</u>
Total assets less current liabilities		<u>105,650</u>	<u>121,306</u>
Creditors: amounts falling due after more than one year	15	(25,281)	(25,281)
Net assets		<u><u>80,369</u></u>	<u><u>96,025</u></u>
Capital and reserves			
Called up share capital	17	289	309
Capital redemption reserve	18	223	203
Profit and loss account	18	105,489	128,167
Share redemption reserve	18	(25,632)	(32,654)
Shareholders' funds	19	<u><u>80,369</u></u>	<u><u>96,025</u></u>

These financial statements were approved and authorised for issue by the Board of Directors on 30 June 2009, and signed on behalf of the Board of Directors by;



The Rt. Hon. The Lord Heseltine CH
Chairman

Haymarket Group Limited
Consolidated cash flow statement
for the year ended 31 December 2008

	Notes	2008		2007	
		£000	£000	£000	£000
Net cash inflow from operating activities	21		36,637		20,452
Dividends received from associated undertakings			-		-
Returns on investments and servicing of finance					
Interest received		358		159	
Dividends received		245		-	
Interest paid		<u>(10,738)</u>		<u>(10,594)</u>	
Net cash outflow from returns on investments and servicing of finance			(10,135)		(10,435)
Taxation					
UK and overseas corporation tax paid		<u>(3,674)</u>		<u>(4,490)</u>	
Total tax paid			(3,674)		(4,490)
Capital expenditure and financial investment					
Purchase of tangible fixed assets	10	(9,038)		(3,436)	
Proceeds from sale of fixed assets		451		578	
Purchase of investments	11 (b)	<u>(595)</u>		<u>-</u>	
Net cash outflow from capital expenditure and financial investment			(9,182)		(2,858)
Acquisitions and disposals					
Purchase of subsidiary undertakings	25	(1,087)		(6,140)	
Purchase of unincorporated businesses		(17,254)		(4,081)	
Cash outflow on closure of business		(983)			
Net cash acquired with subsidiaries	25	<u>17</u>		<u>275</u>	
Net cash outflow from acquisitions and disposals			(19,307)		(9,946)
Equity dividends paid			(2,750)		(2,500)
Net cash outflow before financing			<u>(8,411)</u>		<u>(9,777)</u>
Financing					
Payment for redemption of shares		(10,050)		-	
Bank loans drawdown	22	<u>17,009</u>		<u>3,952</u>	
Net cash flow from financing			6,959		3,952
Decrease in cash	23		<u><u>(1,452)</u></u>		<u><u>(5,825)</u></u>

Note: Purchase of unincorporated businesses is now shown under "acquisitions and disposals", having previously been shown under "capital expenditure and financial investment".

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with United Kingdom law and accounting standards. The particular accounting policies adopted by the Directors are consistent with the prior year and are described below.

Accounting convention

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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries for the year ended 31 December 2008.

The group's share in associates is accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the pre-tax profits or losses and attributable taxation.

The group's share of its joint ventures' assets and liabilities has been accounted for using the gross equity method.

Intangible assets

Publishing and exhibition rights, whether acquired as assets or as a business combination, are held at cost less any provision for impairment in value and are amortised on a straight-line basis over the economic life of the asset, estimated to be between 5 and 20 years. Acquired non-compete agreements are amortised over the effective period of that agreement.

Tangible assets

Tangible fixed assets are stated at cost or valuation net of depreciation and any provision for impairment. Short leasehold properties are amortised over the period of the lease. No depreciation is usually charged on freehold land. When it has proved impossible to obtain a split between land and buildings for a property then the full cost has been depreciated. Other assets are depreciated by equal annual instalments over the anticipated lives of the assets as follows:

Freehold properties	50 years
Vehicles, furniture and equipment	4 - 5 years
IT infrastructure and equipment	3-5 years

Office freehold properties are revalued every year by independent valuers with the surplus or deficit on original cost transferred to the revaluation reserve. Agricultural and residential properties are shown at cost less accumulated depreciation.

Eligible website development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits website development costs are charged to the profit and loss account as incurred.

Investments

Investments are stated at cost less any provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value. Stocks of magazine back issues are not valued. Agricultural stock is included at independent professional valuation.

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

1 Accounting policies (continued)

Turnover

Turnover represents amounts receivable for goods and services net of sales tax and trade discounts.

All revenue arising from magazine publishing is recognised on the date of publication. Revenue from exhibitions, conferences and other events is recognised on the date of the event. Revenue from website advertising is recognised over the period of the advertising contract.

Cost of Sales

Cost of Sales represents amounts payable for goods and services net of sales tax and trade discounts.

Costs arising from magazine publishing, other than staff costs, are recognised on the date of publication. All costs relating to exhibitions, conferences and other events are recognised on the date of the event.

Interest income

Interest income is accrued on a time basis, by reference to the principal amounts outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Investment income

Dividend income from investments is recognised when the shareholders rights to receive payment have been established.

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 on timing differences between the recognition of gains and losses in the financial statements and their recognition in a taxation computation.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiary and associated undertakings and joint ventures where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Financial instruments

The Group uses financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Gains and losses arising from forward foreign exchange hedging contracts are deferred and recognised in the profit and loss account upon settlement.

The differential on amounts due to and from the Group on interest rate swaps is accrued until settlement date and recognised as an adjustment to the interest expense.

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

1 Accounting policies (continued)

Foreign currencies

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account. The financial statements of foreign subsidiary undertakings are translated into sterling at the rates of exchange prevailing at the balance sheet date and the differences arising from the translation of the opening net investment in subsidiary undertakings at the closing rates are taken directly to reserves.

Where foreign currency loans finance an overseas net investment the associated exchange movement is taken to reserves to match the movement on the net investment.

Pension costs

The Group operates defined contribution pension schemes. Pension costs are charged to the profit and loss account in the period in which they become payable.

Operating leases

Rentals are charged to the profit and loss account in equal annual amounts over the lease term.

2 Analysis of turnover, operating profit and net assets

Geographical analysis by location is as follows:

	Turnover		Profit before taxation	
	2008	2007	2008	2007
	£000	£000	£000	£000
United Kingdom	178,323	187,443	(2,166)	1,357
USA	55,527	35,416	5,364	5,457
Other countries	35,015	24,550	1,316	1,142
	<u>268,865</u>	<u>247,409</u>	<u>4,514</u>	<u>7,956</u>

	Net assets/(liabilities)	
	2008	2007
	£000	£000
United Kingdom	(99,895)	(68,332)
USA	24,949	11,255
Other countries	20,002	20,274
	<u>(54,944)</u>	<u>(36,803)</u>

3 Information regarding directors and employees

	2008	2007
	£000	£000
Staff costs during the year (including directors)		
Wages and salaries	83,966	73,169
Social security costs	7,635	6,744
Pension costs	2,913	2,769
	<u>94,514</u>	<u>82,682</u>

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

3 Information regarding directors and employees (continued)

	2008 No.	2007 No.
Average number of persons employed by the group (including directors)	2,202	2,087

The company itself had no employees in 2008 or 2007.

The principal pension scheme operated by the group is a defined contribution scheme in which eligible employees participate in personal pension plans to which the company contributes 8% - 12.5% and the employees contribute a minimum of 5% of relevant earnings. The assets of the individual plans are held separately from those of the company in independently administered funds. There were no unpaid contributions as at 31 December 2008.

Directors' emoluments

Emoluments	3,940	2,915
Remuneration of highest paid director	2,483	1,375

Directors' emoluments includes £1,991,000 in respect of compensation for loss of office due to ill health.

There are defined contribution pension plans for the benefit of four directors (2007: four). The contributions in total for the year were £131,377 (2007: £127,777). Included in the remuneration of the highest paid director are pension contributions of £51,252 (2007: £51,252).

4 Operating profit	2008 £000	2007 £000
This is stated after (crediting)/ charging:		
Cost of sales		
- existing operations	229,249	208,988
- acquisitions	1,661	2,159
Administrative expenses:		
Amortisation and impairment of publishing and exhibition rights	9,518	8,338
Other administrative expenses	13,448	10,111
Depreciation of owned fixed assets (see note 10)	4,747	3,999
Operating lease rentals - land and buildings	2,557	1,949
Fees payable to the company's auditors for the audit of the group's annual accounts:		
- group	233	188
- company	8	8
Fees payable to the company's auditors for other services to the group:		
- Tax services	334	135
Exceptional restructuring costs	7,464	-
Other operating income	(776)	-

The exceptional restructuring costs arose as a result of a review of underperforming activities, staffing levels and office space in the second half of 2008.

The group's taxation charge for the year has been reduced by £1,384,000 as a result of these exceptional items

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

5 Other interest receivable and similar income	2008	2007
	£000	£000
Interest receivable and similar income	357	158
Foreign exchange differences	4,271	974
	<u>4,628</u>	<u>1,132</u>
6 Interest payable and similar charges	2008	2007
	£000	£000
Bank loan and overdraft interest	8,723	8,269
Other interest payable	2,015	2,372
Foreign exchange differences	3,250	359
	<u>13,988</u>	<u>11,000</u>
7 Tax		
(a) Tax on profit on ordinary activities		
The tax is made up as follows:	2008	2007
	£000	£000
<i>Current tax:</i>		
UK corporation tax @ 28.5% (2007: 30%)	3,415	3,877
Adjustments in respect of previous periods	(857)	(193)
Overseas taxation	1,030	730
Group share of tax on profits of Joint Ventures	28	-
Total current tax	<u>3,616</u>	<u>4,414</u>
<i>Deferred tax:</i>		
Effect of reduction in statutory tax rate on opening asset	-	149
Deferred tax charge	944	1,318
Total deferred tax charge	<u>944</u>	<u>1,467</u>
Tax on profit on ordinary activities	<u>4,560</u>	<u>5,881</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 28.5% (2007: 30%).
The current tax charge for the year is greater than these rates for the reasons set out in the following reconciliation:

	2008	2007
	£000	£000
Profit on ordinary activities before tax	<u>4,514</u>	<u>7,956</u>
Tax at 28.5% (2007: 30%) thereon:	1,286	2,387
Factors affecting charge for the current year		
- Expenses not deductible for tax purposes	1,584	969
- Accelerated capital allowances /other timing differences	345	158
- Other short term timing differences	252	382
- Non-deductible depreciation/amortisation on assets not qualifying for capital allowances	2,294	1,338
- Tax deductible depreciation / amortisation	(143)	(100)
- Non-taxable income	(265)	(27)
- Unutilised tax losses	94	14
- US state and city taxes	738	417
- Effect of overseas tax rates	(269)	(101)
- Adjustment in respect of prior years	(857)	(193)
Overseas losses b/fwd	(1,584)	(1,068)
Unutilised overseas losses	141	238
Current tax charge for the year	<u>3,616</u>	<u>4,414</u>

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

7 Tax (continued)
(b) Deferred tax

There is a group net deferred tax asset recognised of £1,974,000 (2007: £2,918,000) and a company asset of £381,000 (2007: £532,000). These assets relate to the following amounts:

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Accelerated capital allowances	(556)	(1,002)	-	-
Other timing differences	2,530	3,920	381	532
	<u>1,974</u>	<u>2,918</u>	<u>381</u>	<u>532</u>

The movement on the net deferred tax asset recognised during the year was as follows:

	Group	Company
	£000	£000
Balance at 1 January 2008	2,918	532
Deferred tax charge	(944)	(151)
Balance at 31 December 2008	<u>1,974</u>	<u>381</u>

There is also an unrecognised net deferred tax asset in the group of £2,605,000 (2007 £2,203,000) comprising of the following:

	2008	2007
	£000	£000
Unutilised overseas tax losses	1,290	1,035
Unutilised UK tax losses	483	336
Gain deferred by rollover	(570)	(570)
Capital losses	1,402	1,402
	<u>2,605</u>	<u>2,203</u>

Deferred tax has not been provided for potential gains on the disposal of revalued properties or gains rolled over into replacement assets as there are no binding sale agreements in place at the balance sheet date and gains or losses have not yet been realised in respect of these assets.

No tax liability would be expected on the disposal of properties at their revalued amounts as no gain would arise for tax purposes.

Deferred tax has not been provided for part of the group's unutilised losses, as there is insufficient evidence that these losses will be offset against future taxable profits.

8 Profit attributable to members of the company

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

The company's loss for the year was £2,856,000 (2007: profit £28,679,000).

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

9 Intangible assets

	Publishing and exhibition rights
	£000
Cost	
At 1 January 2008	106,117
Additions during the year:	
On acquisition of subsidiaries	3,241
Other additions	17,254
Written off	(6,789)
Foreign exchange translation differences	8,795
At 31 December 2008	<u>128,618</u>
Accumulated amortisation	
At 1 January 2008	45,077
Provided during the year	8,118
Impairment	1,400
Written off	(6,355)
Foreign exchange translation differences	2,840
At 31 December 2008	<u>51,080</u>
Net book value	
At 31 December 2008	<u>77,538</u>
At 31 December 2007	<u>61,040</u>

The group made a number of acquisitions of companies during the year for total consideration including costs of £3,241,000. The net liabilities of the subsidiaries acquired totalled £225,000. For further details see note 25. The group also acquired unincorporated businesses, including that of Compliance Week, for a total consideration of £17,254,000.

10 Tangible fixed assets

	Freehold properties £000	Short leasehold properties £000	Vehicles, furniture and equipment £000	Total £000
Cost				
At 1 January 2008	55,137	800	28,680	84,617
Foreign exchange translation differences	-	207	878	1,085
Additions	3,094	38	5,906	9,038
Acquisition of subsidiary (note 25)	-	-	9	9
Revaluations	(8,190)	-	-	(8,190)
Disposals	-	(143)	(1,754)	(1,897)
At 31 December 2008	<u>50,041</u>	<u>902</u>	<u>33,719</u>	<u>84,662</u>
Accumulated depreciation				
At 1 January 2008	2,225	308	20,934	23,467
Foreign exchange translation differences	-	74	524	598
Provided during the year	980	172	3,595	4,747
On disposals	(2)	(61)	(1,449)	(1,512)
At 31 December 2008	<u>3,203</u>	<u>493</u>	<u>23,604</u>	<u>27,300</u>
Net book value				
At 31 December 2008	<u>46,838</u>	<u>409</u>	<u>10,115</u>	<u>57,362</u>
At 31 December 2007	<u>52,912</u>	<u>492</u>	<u>7,746</u>	<u>61,150</u>

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

10 Tangible fixed assets (continued)

Freehold properties at 31 December 2008 comprise freehold office properties at open market value as determined by Colliers CRE, external professional valuers, of £35,500,000 (2007: £44,425,000) and residential and agricultural freehold properties at depreciated cost of £11,338,000 (2007: £8,487,000).

The net book value of freehold properties comprises land of £3,300,000 (2007: £3,300,000) and properties for which no split can be obtained of £43,538,000 (2007: £49,612,000).

	Freehold office properties £000
The comparable amounts for properties at valuation determined according to the historical cost convention:	
Cost	42,254
Accumulated depreciation	(6,214)
Net book value at 31 December 2008	<u>36,040</u>
Net book value at 31 December 2007	<u>37,004</u>

11 Investments held as fixed assets

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Shares in subsidiary undertakings (a)	-	-	72	72
Investments in joint ventures and associated undertakings (b)	2,093	1,498	-	-
	<u>2,093</u>	<u>1,498</u>	<u>72</u>	<u>72</u>

a) Shares in subsidiary undertakings

The principal subsidiary undertakings, all of which (unless noted otherwise below) are registered in England and Wales and operate principally in the United Kingdom, are as follows:

Subsidiary undertaking	Country where incorporated and operating	Percentage of equity held	Principal activity
Haymarket Media Group Limited ¹		100%	Holding company
Haymarket Exhibitions Limited ²		100%	Exhibitions
Haymarket Publishing Services Limited ²		100%	Administrative services
Thenhurst Agricultural Ltd. ¹		100%	Agriculture and horticulture
Haymarket Network Limited ²		100%	}
Haymarket Media Inc. ³	USA	100%	}
Haymarket Media Ltd. ⁴	Hong Kong	100%	} Magazine & online } publishing
Haymarket Media GmbH ⁵	Germany	100%	}
Haymarket Media Pty Ltd. ⁵	Australia	100%	}

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

11 Investments held as fixed assets (continued)

- [1] Shares held by Haymarket Finance Limited
- [2] Shares held by Haymarket Media Group Limited
- [3] Shares held by Haymarket Medical Publications Limited
- [4] Shares held by Haymarket Media Asia Limited
- [5] Shares held by Haymarket Worldwide Limited

b) Joint venture and associated undertakings

Group

	£000
Share of net assets	
At 1 January 2008	1,498
Addition during the year	496
Share of retained profits	99
At 31 December 2008	<u>2,093</u>

Details of investments representing more than 10% of the company's issued share capital:

Associates

	Country where incorporated and operating	Percentage of equity held	Principal activity
Wanderlust Publications Limited	England & Wales	25%	Magazine publishing
Frontline Limited	England & Wales	Ordinary 'A' shares 5% Ordinary 'C' shares 100% Ordinary 'E' shares 25% Ordinary 'F' shares 17%	Distribution of magazines

The group's interests in associates are held by a subsidiary undertaking.

Joint ventures

BBC Haymarket Exhibitions Limited	England & Wales	49%	Organisation of exhibitions
-----------------------------------	-----------------	-----	-----------------------------

The group's interest in BBC Haymarket Exhibitions Limited is held by a subsidiary undertaking.

c) Transactions with associated undertakings and joint ventures

Frontline Limited is the group's agent in relation to the sale of publications to third parties. Distribution services totalling £3,261,000 (2007: £3,871,599) were provided to the group by Frontline Limited.

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

	2008 £000	2007 £000
Administrative services	<u>840</u>	<u>746</u>

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

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

12 Stocks	2008 £000	2007 £000
Group		
Raw materials and consumables	<u>1,928</u>	<u>1,645</u>

Raw materials and consumables include £267,000 (2007 £207,000) of agricultural stocks which are included at independent professional valuation.

The balance represents stocks of paper for which, in the directors' opinion, the replacement cost does not differ significantly from the value included in the financial statements.

13 Debtors	Group	
	2008 £000	2007 £000
(a) Amounts due within one year		
Trade debtors	34,788	35,290
Amounts owed by joint ventures and associated undertakings	719	2,594
Other debtors	3,770	4,916
Prepayments and accrued income	11,700	12,276
	<u>50,977</u>	<u>55,076</u>

Amounts owed by associated undertakings include £1,656,926 (2007 £1,654,638) owed by Frontline Limited.

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
(b) Amounts due after more than one year				
Amounts owed by subsidiary undertakings	-	-	105,197	127,023
Other debtors	193	607	-	-
Deferred tax (note 7(b))	1,974	2,918	381	532
	<u>2,167</u>	<u>3,525</u>	<u>105,578</u>	<u>127,555</u>

The amounts owed by subsidiary undertakings are interest-free and repayable after more than one year with no fixed repayment date.

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

14 Creditors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£000	2007	£000	£000
Bank overdraft	3,948	4,190	-	-
Bank loans	3,000	1,000	-	-
Bank loans and overdrafts	<u>6,948</u>	<u>5,190</u>	<u>-</u>	<u>-</u>
Trade creditors	10,358	11,200	-	-
Other creditors including taxation and social security	14,994	18,091	-	6,321
	<u>32,300</u>	<u>34,481</u>	<u>-</u>	<u>6,321</u>
Other creditors including taxation and social security:				
Amounts owed to associated undertakings	663	1,454	-	-
UK corporation tax	1,845	1,903	-	-
Other taxation and social security	3,646	3,970	-	-
Amounts owed on share redemptions (note 17)	-	5,971	-	6,321
Other creditors	8,840	4,793	-	-
	<u>14,994</u>	<u>18,091</u>	<u>-</u>	<u>6,321</u>

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

	Lord Heseltine	S P Tindall
	£	£
Personal costs paid for by the group and fully reimbursed		
2008	356,000	93,000
2007	312,000	179,000

Details of agreements for share purchases from directors by the company are disclosed in note 17.

15 Creditors: amounts falling due after one year

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Bank loans:				
due between one and two years	4,137	1,000	-	-
due between two and five years	14,822	11,670	-	-
due after more than five years	<u>108,165</u>	<u>99,445</u>	<u>-</u>	<u>-</u>
Total bank loans	127,124	112,115	-	-
Amounts owed on share redemptions	25,281	25,281	25,281	25,281
Amounts owed to associates	1,057	3	-	-
Deferred considerations	9,171	-	-	-
	<u>162,633</u>	<u>137,399</u>	<u>25,281</u>	<u>25,281</u>

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

15 Creditors: amounts falling due after one year (continued)

The bank loans and overdrafts bear interest at a variable rate, with margins of between 1.5% and 2.5%, and are secured by a floating charge over the assets of the group.

The group's bank loan facility with Royal Bank of Scotland Plc at 31 December 2008 totalled £144,500,000 and is made up of both amortising and bullet repayment loans which have expiry dates of between 8 and 17 years. In addition there is an overdraft facility of £15,000,000 that is used to fund the group's working capital requirements. At 31 December 2008 a total of £29,000,000 remained undrawn from these facilities; £15,000,000 of which is restricted to funding the acquisition of new businesses and to the deferred consideration commitments relating to businesses already acquired. The balance of £14,000,000 is available for general working capital purposes under the overdraft facility.

The amounts owed in respect of share redemptions are fully described in note 17.

The group has a policy of fixing the interest cost of at least 50% of its long-term debt. For this reason the group has entered into a number of interest rate hedging instruments for periods between 3 and 8 years. A valuation of these instruments was carried out as at 31 December 2008 to calculate their market value. Fair value is based on market price of comparable instruments at the balance sheet date.

	Fair value liability £000
Interest rate swaps	14,172
Forward currency contracts	<u>2,424</u>

16 Accruals and deferred income

	Group 2008 £000	2007 £000
Due within one year	52,629	50,707
Due after more than one year	6,854	7,236
	<u>59,483</u>	<u>57,943</u>

Accruals and deferred income includes deferred income of £25,412,000 (2007: £23,378,000).

17 Authorised and issued share capital

	2008 No.	2007 No.	2008 £000	2007 £000
Authorised:				
Ordinary shares of 1p each	<u>52,000,000</u>	<u>52,000,000</u>	<u>520</u>	<u>520</u>
		No.		£000
Allotted, called up and fully paid:				
Ordinary shares of 1p each				
At 1 January 2008		30,865,735		309
Redeemed during the year		<u>(1,940,440)</u>		<u>(20)</u>
At 31 December 2008		<u>28,925,295</u>		<u>289</u>

The company is party to an agreement dated 23 December 2005 whereby on 5 January 2008 it purchased 1,158,220 ordinary shares of 1p each in the company, in which shares J L Masters has an interest, for a consideration of £9,997,373.

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

17 Authorised and issued share capital (continued)

On 27 April 2006 the company entered into an agreement whereby on various dates between 28 April 2006 and 5 January 2013 it is required to purchase 4,693,325 ordinary shares of 1p each in the company, in which shares S P Tindall has an interest, for a total consideration of £39.0m. An advance payment of £1.1m in respect of this agreement was made on 28 April 2006. A payment of £6,289,953, representing the purchase of 782,220 shares was made on 5 January 2007. A further payment of £6,289,953, representing the purchase of 782,220 shares, was made on 5 January 2008. The balance will be paid by 5 January 2016, but will be paid earlier provided funds and distributable reserves are available. The deferred consideration has not been discounted as it carries a commercial rate of interest.

18 Statement of movement on reserves

Group	Capital redemption reserve £000	Merger reserve £000	Revaluation reserve £000	Profit and loss account £000	Share redemption reserve £000
At 1 January 2008	203	6,236	6,001	(16,898)	(32,654)
Profit for the financial year	-	-	-	(31)	-
Dividends paid	-	-	-	(2,750)	-
Currency translation differences on foreign currency net investments	-	-	-	691	-
Revaluation of freehold properties	-	-	(6,001)	-	-
Redemption of share capital	20	-	-	(17,072)	7,022
At 31 December 2008	<u>223</u>	<u>6,236</u>	<u>-</u>	<u>(36,060)</u>	<u>(25,632)</u>

Company	Capital redemption reserve £000	Profit and loss account £000	Share redemption reserve £000
At 1 January 2008	203	128,167	(32,654)
Loss for the financial year	-	(2,856)	-
Dividends paid	-	(2,750)	-
Redemption of share capital	20	(17,072)	7,022
At 31 December 2008	<u>223</u>	<u>105,489</u>	<u>(25,632)</u>

The merger reserve has arisen on the acquisition of subsidiary companies in prior years.

The directors consider that £53,578,000 of the company's profit and loss account is not distributable.

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

19 Reconciliation of movements in equity shareholders' (deficit)/funds

	Group		Company	
	2008 £000	2007 £000	2008 £000	2007 £000
Profit/(loss) for the financial year	(31)	2,023	(2,856)	28,679
Other recognised gains and losses relating to the year (net)	(5,310)	2,452	-	-
Dividends	(2,750)	(2,500)	(2,750)	(2,500)
	(8,091)	1,975	(5,606)	26,179
Redemption of share capital	(10,050)	-	(10,050)	-
Net (reduction)/addition to shareholders' funds	(18,141)	1,975	(15,656)	26,179
Opening shareholders' (deficit)/funds	(36,803)	(38,778)	96,025	69,846
Closing shareholders' (deficit)/funds	(54,944)	(36,803)	80,369	96,025

20 Minority interests

	£000
At 1 January 2008	52
Loss on ordinary activities after taxation	(15)
At 31 December 2008	37

21 Reconciliation of operating profit to net cash inflow from operating activities

	2008 £000	2007 £000
Operating profit	14,989	17,813
Depreciation	6,934	3,999
Amortisation and impairment of publishing and exhibition rights	9,518	8,338
Decrease/(increase) in debtors	4,905	(2,258)
Increase in stocks	(283)	(671)
Increase / (Decrease) in creditors	574	(6,769)
Net cashflow from operating activities	36,637	20,452

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

22 Analysis of changes in financing during the year

	Bank loans 2008 £000	Bank loans 2007 £000
Balance at 1 January	113,115	109,163
Cash inflow from financing	13,525	4,012
Foreign exchange movement	3,484	(60)
Balance at 31 December	<u>130,124</u>	<u>113,115</u>

23 Reconciliation of net cash flow to movement in net debt

	2008 £000	2007 £000
Decrease in cash in the year	(1,452)	(5,825)
Cash inflow from debt financing	(17,009)	(3,952)
Change in net debt resulting from cash flows	<u>(18,461)</u>	<u>(9,777)</u>
Movement in net debt in the year	(18,461)	(9,777)
Net debt at 1 January	(108,167)	(98,390)
Net debt at 31 December	<u>(126,628)</u>	<u>(108,167)</u>

24 Analysis of net debt

	At 1 January 2008	Cash flow	Cash acquired with subsidiary	Foreign exchange movement	At 31 December 2008
	£000	£000	£000	£000	£000
Cash at bank and in hand	9,138	(1,711)	17	-	7,444
Overdrafts	(4,190)	242	-	-	(3,948)
Bank loans due within one year	<u>(1,000)</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>(3,000)</u>
	3,948	(3,469)	17	-	496
Debt due after one year					
Bank loans	(112,115)	(11,525)	-	(3,484)	(127,124)
	<u>(108,167)</u>	<u>(14,994)</u>	<u>17</u>	<u>(3,484)</u>	<u>(126,628)</u>

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

25 Acquisitions of subsidiary undertakings

The group acquired shareholdings in the following companies in 2008:

	Shareholding after acquisition	Date of acquisition	Country where incorporated and operating	Principal activity
Back Page Images Ltd.	100%	24 January	Great Britain	Photographic services
Windpower Monthly A/S	100%	25 June	Denmark	Magazine publishing

The net assets acquired with these investments were as follows:

	Book value £000	Accounting policy adjustment £000	Net assets acquired £000
Intangible assets - publishing rights	-	3,241	3,241
Tangible fixed assets	17	-	17
Debtors	390	-	390
Cash	17	-	17
Creditors	(649)	-	(649)
Total (liabilities)/ assets acquired	(225)	3,241	3,016
Consideration paid in cash in current year			1,087
Consideration to be paid in cash in the following years			1,929
Total consideration			3,016

No fair value adjustments were required on acquisition. The excess purchase price has been recognised as publishing rights acquired.

26 Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiary undertaking

	£000
Cash consideration	1,087
Net cash acquired	(17)
Net outflow of cash and cash equivalent in respect of the acquisition	1,070

27 Capital commitments

There were no capital commitments at 31 December 2008 (2007: £nil) relating to the group or the company.

Details of the share buy back commitments are shown in note 17.

Haymarket Group Limited
Notes to the financial statements
for the year ended 31 December 2008

28 Operating lease commitments

As at 31 December 2008 the group was committed to making the following payments during the next year in respect of non-cancellable operating leases:

2008	Other £000	Land and buildings £000	Total £000
Leases which expire:			
Within one year	87	27	114
Within two to five years	18	1,666	1,684
After five years	1	339	340
As at 31 December 2008	<u>106</u>	<u>2,032</u>	<u>2,138</u>
 2007	 Other £000	 Land and buildings £000	 Total £000
Leases which expire:			
Within one year	36	120	156
Within two to five years	-	1,214	1,214
After five years	-	431	431
As at 31 December 2007	<u>36</u>	<u>1,765</u>	<u>1,801</u>