

Haymarket Group Limited

Annual Report and Financial Statements

For the Year Ended 30 June 2018



Haymarket Group Limited

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**Chairman's Statement
For the Year Ended 30 June 2018**

The Chairman presents his statement for the period.

Haymarket Group's mission is to be the best specialist media company in our chosen markets, whilst transforming our business to take advantage of new technology and emerging revenue opportunities. The Group continues to successfully translate that strategy into its international operations, diversifying revenues to consolidate on sound fundamentals. Positioning the company for continued long-term sustainable growth.

As a media, technology and information Group, we offer brands, products, services and live experiences to highly-engaged and high-value audiences primarily in business-to-business, content marketing and automotive technology. The Group operates predominantly in the UK and USA but also operates in a number of other countries including Germany, Hong Kong, Singapore and India.

The Group has generated a healthy performance in the 12 months to 30 June, despite challenging macroeconomic conditions. Although uncertainty remains about the impact on the business from the UK leaving the EU, the Group has benefited from a strong US economy. In addition profits have been realised from the divestment of our consumer electronic, caravanning and football brands, which has facilitated continued investment in our automotive technology business during the year. All this has enabled the repayment of our term loan facilities as we continue to execute our debt-reduction programme, thereby strengthening our balance sheet.

For the period covered in this Annual Report and Accounts Haymarket delivered a Group operating profit of £7.4m on revenues of £163.5m.

The Board is encouraged to report that revenues continue to diversify away from a reliance on print. In the reporting period diversified non-print revenues grew to represent over two thirds of total revenue for the first time.

These results are set in the context of significant investment in our technology infrastructure and digital platforms to ensure we continue to diversify revenues around our valuable data and paid content opportunities. Specifically, this activity includes the launch phase of a major investment programme to build out the ecommerce potential of our automotive portfolio, announced in April 2017.

With debt levels now reduced to a working capital facility, the management team led by Chief Executive Kevin Costello can now focus on driving the Group's data, live and content-led strategy of revenue diversification and sustainable growth, with a stable long-term shareholder structure in place.

The Board is mindful of the continuing economic and trading uncertainties at the macro level – as well as the persistent structural change and advertising volatility in the marketing communications industries. As such, we remain focussed on exercising firm management of the cost base while continuing the monetisation of our valuable market positions, ensuring funds remain available for prudent investment in growth opportunities.

Our strategy continues to focus on developing a balanced portfolio of diversified revenues in our chosen markets, particularly in areas such as the automotive, marketing-communications and medical markets. We will build out new opportunities in our UK business portfolio, whilst continuing to accelerate the digital and ecommerce opportunities of our powerful UK automotive brands. Expansion is continuing in the US, which now accounts for over a third of our total revenues, with healthy growth in the medical sector.

I would like to thank the management team and our entire staff for their hard work and commitment during the reporting period, which has contributed to the performance at Haymarket and positions it well for the period ahead.

Name The Rt. Hon. The Lord Heseltine CH
 Chairman

Date 20 November 2018

Haymarket Group Limited

Company Information

Directors	The Rt Hon the Lord Heseltine CH The Hon R W D Heseltine K Costello B J Freeman D B Fraser M Gibson Lord Levene of Portsoken KBE
Company secretary	B J Freeman
Registered number	02809261
Registered office	Bridge House 69 London Road Twickenham TW1 3SP
Independent auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
Banker	The Royal Bank of Scotland plc 280 Bishopsgate London EC2M 4RB
Solicitor	Lewis Silkin LLP 5 Chancery Lane London EC4A 1BL

**Group Strategic Report
For the Year Ended 30 June 2018**

The Directors present their Strategic Report for the year ended 30 June 2018. The Directors, in preparing this Strategic Report, have complied with s414c of the Companies Act 2006.

Principal activities

Haymarket Group's mission is to be the best specialist media company in our chosen markets, whilst transforming our business to take advantage of new technology and emerging revenue opportunities.

As a media, technology and information Group, we offer brands, products, services and live experiences to highly-engaged and high-value audiences in specialist consumer, business-to-business, content marketing and professional services sectors. The Group operates predominantly in the UK and USA but also operates in a number of other countries including Germany, Hong Kong, Singapore and India.

The Group continues to invest in its technology infrastructure and digital platforms to ensure we continue to diversify revenues around our valuable data and paid content opportunities.

Business Review and Future Developments

Key Performance Indicators

	2018	2017
Total Turnover	£163.5m	£172.7m
Operating Profit	£7.4m	£16.0m
EBITDAE	£3.5m	£2.6m
Earnings before Interest, Tax, Depreciation, Amortisation and Exceptional items		
Net debt	£0.4m	£1.0m
Leverage (Net debt as a multiple of EBITDAE)	0.1	0.4

The Group has generated a healthy performance in the 12 months to 30 June, despite challenging macroeconomic conditions. EBITDAE continues to reflect a significant level of technology investment, but is also affected by the continuing uncertainty about the impact on the business from the UK leaving the EU, as well as benefiting from a strong US economy. In addition operating profits have been realised from the divestment of our consumer electronic, caravanning and football brands. All this has enabled the repayment of our term loan facilities as we continue to execute our debt-reduction programme, thereby strengthening our Statement of Financial Position.

These results are set in the context of significant investment in our technology infrastructure and digital platforms to ensure we continue to diversify revenues around our valuable data and paid content opportunities. Specifically, this activity includes the launch phase of a major investment programme to build out the ecommerce potential of our automotive portfolio, announced in April 2017.

The Directors are mindful of the continuing economic and trading uncertainties at the macro level – as well as the persistent structural change and advertising volatility. As such, we remain focussed on exercising firm management of the cost base while continuing the monetisation of our valuable market positions, ensuring funds remain available for prudent investment in growth opportunities.

Our strategy continues to focus on developing a balanced portfolio of diversified revenues in our chosen markets, particularly in areas such as the automotive, marketing-communications and medical markets. We will build out new opportunities in our UK business portfolio, whilst continuing to accelerate the digital and ecommerce opportunities of our powerful UK automotive brands. Expansion is continuing in the US, which now

Haymarket Group Limited

Group Strategic Report (continued) For the Year Ended 30 June 2018

accounts for over a third of our total revenues, with healthy growth in the medical sector.

Directors have felt it necessary to make an impairment of £1.1m in the value of acquired publishing rights in the year (2017: no impairments were made). In accordance with FRS 102, it should be noted that the Comprehensive Statement of Financial Position does not reflect the value of the Group's overall brand portfolio.

The Group completed the sale of some of its print-based assets in two separate transactions in May and June 2018. In both cases the cash consideration was greater than the net book value of those assets. In the year ended 30 June 2017, the businesses had combined sales of £13.7m and made a contribution of £0.4m. Proceeds were principally applied to reduce the Group's bank borrowings.

Principal risks and uncertainties

a) General economic conditions

The Group's largest operations are situated in the UK and the USA, where, despite the devaluation of sterling following the result of the EU referendum, there remains relative economic stability albeit tempered by uncertainty in the UK regarding the impact of the exit from the EU. The Group's long-established strategy of holding both business-to-business and business-to-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's balanced portfolio will allow the Group to benefit. In addition, the Group provides a mix of print, data, digital and face-to-face products and services that best suit both the audience's and clients' needs within each market.

b) Digital Revenues

There remains both fierce competition and significant opportunity in the digital markets where the Group operates. The Group continues to invest across its digital platforms in order to further diversify its revenue streams, particularly through its investment in the automotive ecommerce opportunity, and to also address competitive action.

c) Employees

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

d) Financial risks

The financial risks that the Directors consider most applicable to the Group and Company are credit risk and liquidity risk.

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables.

The Group actively monitors amounts owed by its customers by way of comprehensive and detailed information that is supplied regularly to management. The Group has low concentration of credit risk, with its exposure being spread over a large number of clients.

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. The Group uses bank debt finance to ensure that sufficient funds are available for ongoing operations and future developments. The Group currently has a £7.5m revolving credit facility with its bankers until November 2019.

This report was approved by the Board and signed on its behalf.



B J Freeman
Company Secretary

Date: 20 November 2018

**Directors' Report
For the Year Ended 30 June 2018**

The Directors present their report and the financial statements for the year ended 30 June 2018.

The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report. This includes a review of the development of the Group and financial risks during the year, of its position at the end of the year and of the likely future developments in its business.

Dividends

Dividends of £2.0m were paid during the year (2017: £2.0m)

Directors

The Directors who served during the year and up to the date of signing were:

The Rt Hon the Lord Heseltine CH
The Hon R W D Heseltine
K Costello
B J Freeman
D B Fraser
M Gibson
Lord Levene of Portsoken KBE

Environmental matters

Haymarket has the following environmental accreditations: ISO 14001 and ISO 50001 (energy management accreditations) and is also committed to ensuring that its supply chain and its own employees operate to the same high standards.

We have won the Professional Publishers Association (PPA) Environmentally Sustainable Business of the Year four times in the last seven years Haymarket has the accreditations for ISO 14001 and ISO 50001 (energy management) and is committed to ensuring that its supply chain and its own employees operate to the same high standards.

Going concern

The Group currently has a £7.5m revolving credit facility with its principal bankers until November 2019, of which £3.0m was drawn down at the year end. The Group had £2.7m of net cash balances to partially offset this.

The Directors acknowledge the uncertainty inherent in forecasting advertising and other revenue streams. However, they believe that, having drawn up the Group's latest forecasts, which take into account their view of any adverse variations in trading performance, the Group will continue to have sufficient cash and leverage covenant headroom under the Group's facilities for the foreseeable future.

Hence after considering the Group's current financial projections, the Directors consider that the Group will have access to sufficient financial resources to continue in operational existence for the foreseeable future and therefore the Directors continue to adopt the going concern basis in preparing the financial statements.

Haymarket Group Limited

Directors' Report (continued) For the Year Ended 30 June 2018

Employees

Details of the number of employees and related costs can be found in note 8 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 terms and conditions and to provide training for positions in the Group where appropriate.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Disclosure of information to auditors

The Director confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

This information is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 200

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the Registrar, whichever is earlier.

This report was approved by the Board and signed on its behalf.



B J Freeman
Company Secretary
Date: 20 November 2018
Bridge House
69 London Road
Twickenham
TW1 3SP

**Directors' Responsibilities Statement
For the Year Ended 30 June 2018**

The Directors are responsible for preparing the Annual Report and the consolidated audited 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these audited financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Haymarket Group Limited

Independent Auditors' Report to the Members of Haymarket Group Limited

Opinion

We have audited the financial statements of Haymarket Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2018 which comprise of the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditors' Report to the Members of Haymarket Group Limited

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

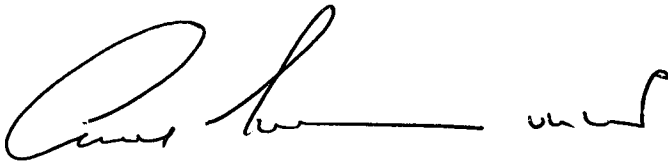
Haymarket Group Limited

Independent Auditors' Report to the Members of Haymarket Group Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditresponsibilities. This description forms part of our Auditor's Report.



Mark Henshaw
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

20 November 2018

Haymarket Group Limited

**Consolidated Income Statement
For the Year Ended 30 June 2018**

	Note	Continuing operations 2018 £000	Discontin'd operations 2018 £000	Total 2018 £000	Continuing operations 2017 £000	Discontin'd operations 2017 £000	Total 2017 £000
Turnover	4	153,412	10,055	163,467	155,961	16,777	172,738
Cost of sales		(120,677)	(11,796)	(132,473)	(130,482)	(16,155)	(146,637)
Gross profit		32,735	(1,741)	30,994	25,479	622	26,101
Administrative expenses		(34,936)	(1,369)	(36,305)	(30,996)	(898)	(31,894)
Other operating income	5	187	12,027	12,214	48	21,761	21,809
Fair value movements		540	-	540	-	-	-
Operating profit	6	(1,474)	8,917	7,443	(5,469)	21,485	16,016
Income from other participating interests	12	477	-	477	683	-	683
Finance income	10	1,762	-	1,762	1,877	-	1,877
Finance expenses	11	(1,643)	-	(1,643)	(2,667)	-	(2,667)
Profit before tax		(878)	8,917	8,039	(5,576)	21,485	15,909
Tax on profit	13	(2,573)	-	(2,573)	1,097	-	1,097
Profit for the financial year		(3,451)	8,917	5,466	(4,479)	21,485	17,006
Profit for the year attributable to:							
Non-controlling interests		(18)	-	(18)	(9)	-	(9)
Owners of the parent		(3,433)	8,917	5,484	(4,470)	21,485	17,015
		(3,451)	8,917	5,466	(4,479)	21,485	17,006

The notes on pages 19 to 45 form part of these financial statements.

Haymarket Group Limited

Consolidated Statement of Comprehensive Income For the Year Ended 30 June 2018

	2018 £000	2017 £000
Profit for the financial year	5,466	17,006
Other comprehensive income		
Currency translation differences on re translation of subsidiaries	(1,684)	592
Total comprehensive income for the year	3,782	17,598
Total comprehensive income for the year attributable to:		
Non-controlling interest	(18)	(9)
Owners of the parent Company	3,800	17,607
	3,782	17,598

The notes on pages 19 to 45 form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	14	7,684	10,040
Tangible assets	15	19,741	20,874
Investments	16	2,519	1,542
		<u>29,944</u>	<u>32,456</u>
Current assets			
Stocks	17	396	630
Debtors due after more than 1 year	18	8,022	10,653
Debtors due within 1 year	18	36,423	40,079
Cash at bank and in hand		5,331	8,227
		<u>50,172</u>	<u>59,589</u>
Creditors: amounts falling due within one year	19	(54,177)	(61,620)
Net current liabilities		<u>(4,005)</u>	<u>(2,031)</u>
Total assets less current liabilities		<u>25,939</u>	<u>30,425</u>
Creditors: amounts falling due after more than one year	20	(6,596)	(12,223)
Deferred tax		-	(641)
Net assets		<u><u>19,343</u></u>	<u><u>17,561</u></u>
Capital and reserves			
Called-up share capital	24	258	258
Capital redemption reserve	25	254	254
Merger reserve	25	6,236	6,236
Profit and loss account	25	12,462	10,662
Equity attributable to owners of the parent Company		<u>19,210</u>	<u>17,410</u>
Non-controlling interests		133	151
		<u><u>19,343</u></u>	<u><u>17,561</u></u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 20 November 2018.



B J Freeman
Director

The accompanying notes on pages 19 to 45 form part of these financial statements.

Haymarket Group Limited
Registered number: 02809261

Company Statement of Financial Position
As at 30 June 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	16	166,106	166,106
		<u>166,106</u>	<u>166,106</u>
Creditors: amounts falling due within one year	19	(390)	(405)
Net current liabilities		<u>(390)</u>	<u>(405)</u>
Total assets less current liabilities		165,716	165,701
Creditors: amounts falling due after more than one year	20	(79,038)	(76,640)
Net assets		<u>86,678</u>	<u>89,061</u>
Capital and reserves			
Called up share capital	24	258	258
Capital redemption reserve	25	254	254
Profit and loss account	25	86,166	88,549
		<u>86,678</u>	<u>89,061</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



B J Freeman
Chairman
Date: 20 November 2018

The accompanying notes on pages 19 to 45 form part of these financial statements.

Haymarket Group Limited

**Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2018**

	Called-up share capital	Capital redemption reserve	Merger reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 July 2016	258	254	6,236	(4,945)	1,803	160	1,963
Comprehensive income for the year							
Profit for the year	-	-	-	17,015	17,015	(9)	17,006
Currency translation differences	-	-	-	592	592	-	592
Disposal of freehold property	-	-	-	-	-	-	-
Dividends: Equity capital	-	-	-	(2,000)	(2,000)	-	(2,000)
At 1 July 2017	258	254	6,236	10,662	17,410	151	17,561
Comprehensive income for the year							
Profit for the year	-	-	-	5,484	5,484	(18)	5,466
Currency translation differences	-	-	-	(1,684)	(1,684)	-	(1,684)
Dividends: Equity capital	-	-	-	(2,000)	(2,000)	-	(2,000)
At 30 June 2018	258	254	6,236	12,462	19,210	133	19,343

The notes on pages 19 to 45 form part of these financial statements.

Haymarket Group Limited

Company Statement of Changes in Equity For the Year Ended 30 June 2018

	Called-up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2016	258	254	20,919	21,431
Comprehensive income for the year				
Profit for the year	-	-	69,630	69,630
Dividends: Equity capital	-	-	(2,000)	(2,000)
At 1 July 2017	258	254	88,549	89,061
Comprehensive income for the year				
Loss for the year	-	-	(383)	(383)
Dividends: Equity capital	-	-	(2,000)	(2,000)
At 30 June 2018	258	254	86,166	86,678

The notes on pages 19 to 45 form part of these financial statements.

Haymarket Group Limited

**Consolidated Statement of Cash Flows
For the Year Ended 30 June 2018**

	2018 £000	2017 £000
Cash flows from operating activities		
Profit for the financial year	5,466	17,006
Adjustments for:		
Amortisation of intangible assets	3,511	4,279
Depreciation of tangible assets	2,362	2,625
Profit on sale of intangible assets	(12,027)	(21,648)
Profit on disposal of tangible assets	(187)	(48)
Interest paid	1,643	2,667
Interest received	(1,762)	(1,877)
Taxation charge	2,573	(1,097)
Decrease in stocks	234	113
Decrease in debtors	5,995	6,194
Decrease in amounts owed by associates	72	-
(Decrease)/increase in creditors	(9,316)	541
Increase in amounts owed to associates	65	630
Net fair value (gains)/losses recognised in P&L	(540)	-
Share of operating (loss) in joint ventures	(477)	(683)
Corporation tax (paid)	(1,162)	(2,652)
Net cash (used in)/generated from operating activities	<u>(3,550)</u>	<u>6,050</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,538)	(2,412)
Sale of intangible assets	10,783	20,630
Purchase of tangible fixed assets	(1,416)	(4,538)
Interest received	32	15
Dividends received	459	414
Net cash from investing activities	<u>7,320</u>	<u>14,109</u>
Cash flows from financing activities		
Repayment of loans	(6,200)	(12,400)
Dividends paid	(2,000)	(2,000)
Interest paid	(1,172)	(1,832)
Net cash used in financing activities	<u>(9,372)</u>	<u>(16,232)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(5,602)</u>	<u>3,927</u>
Cash and cash equivalents at beginning of year	8,227	4,300
Cash and cash equivalents at the end of year	<u><u>2,625</u></u>	<u><u>8,227</u></u>

Haymarket Group Limited

**Consolidated Statement of Cash Flows (continued)
For the Year Ended 30 June 2018**

	2018 £000	2017 £000
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,331	8,227
Bank overdrafts	(2,706)	-
	<u>2,625</u>	<u>8,227</u>

The notes on pages 19 to 45 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

1. General information

Haymarket Group Limited is a company incorporated in the United Kingdom under the Companies Act.

The registered office, and principal place of business is Bridge House, 69 London Road, Twickenham, TW1 3SP.

A description of the nature of the Group's operations and its principal activities is set out in the Strategic Report on page 3.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements and has adopted the following disclosure exemptions:

- the requirement to present a statement of cash flow and related notes; and
- financial instrument disclosures, including,
 - categories of financial instruments;
 - items of income, expenses, gains or losses relating to financial instruments; and
 - exposure to, and management of, financial risks.

The Parent Company's loss for the year was £383k (profit in 2017: £69,630k).

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

The Group meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, intra-group transactions, cashflow and remuneration of key management personnel.

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 July 2014.

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

2. Accounting policies (continued)

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Income Statement includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Going concern

The Group currently has in place a banking facility that expires on 25 November 2019 and which consists of a revolving credit facility of £7.5m. The facility had £3.0m drawn down at the year end, offset by £2.7m of net cash balances across the UK and international companies within the Group.

The Directors acknowledge the uncertainty inherent in forecasting advertising and other revenue streams. However, they believe that, having drawn up the Group's latest forecasts, which take into account their view of any adverse variations in trading performance, the Group will continue to have sufficient cash and leverage covenant headroom under the Group's facilities for the foreseeable future.

Hence after considering the Group's current financial projections, the Directors consider that the Group will have access to sufficient financial resources to continue in operational existence for the foreseeable future and therefore the Directors continue to adopt the going concern basis in preparing the financial statements.

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

2. Accounting policies (continued)

2.5 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 at between 5 and 15 years unless a reliable justification to use a period in excess of 15 years can be made. Acquired non-compete agreements are amortised over the effective period of that agreement.

Intangible assets arising from the internal or external development of websites are capitalised if, and only if, all of the following can be demonstrated:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- There is an intention to complete the intangible asset and use or sell it.
- There is an ability to use or sell the intangible asset.
- The intangible asset will generate probable future economic benefits. Among other things, the existence of a market for the output of the intangible asset or the intangible asset itself can be demonstrated or, if it is used internally, the intangible asset's usefulness can be demonstrated.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The expenditure attributable to the intangible asset during its development can be measured reliably

A review of the useful life of intangible assets is undertaken annually.

2.6 Impairment of publishing and exhibition rights

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Agricultural and residential properties are shown at cost less accumulated depreciation.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range is as follows:

Freehold property	-	50 years
Long-term leasehold property	-	5 - 10 years
Plant and machinery	-	4 - 5 years
IT infrastructure & equipment	-	3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Income Statement.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.9 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.

2.10 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 face-to-face activities such as exhibitions, conferences and other events is recognised on the date of the event. Revenue from online advertising is recognised over the period of the advertising contract.

2.11 Finance costs

Finance costs are accrued on a time basis, by reference to the direct issue costs and principal amounts outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the direct costs and estimated future cash payments through the expected life of the financial liability's net carrying amount.

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

2. Accounting policies (continued)

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated Income Statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

The Group also enters into contracts for derivatives, including interest rate swaps and forward foreign exchange contracts, which are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

2. Accounting policies (continued)

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when initial fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Income Statement within 'other operating income'.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement.

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Income Statement on a straight line basis over the lease term.

2.17 Pensions

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into an employees individual plans. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the Statement of Financial Position date.

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Income Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Consolidated Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Consolidated Statement of Financial Position.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

2. Accounting policies (continued)

2.21 Research and development

An entity may recognise an intangible asset arising from development (or from the development phase of an internal project) if, and only if, an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The assessment of the useful economic life and the method of amortising tangible and intangible assets require judgement. Depreciation and amortisation are charged to the Consolidated Income Statement based on the useful economic life selected, which requires an estimation of the period and profile over which the Group expects to consume the future economic benefits embodied in the assets. The Group reviews its useful economic life on an annual basis.

Determining whether the carrying amount of intangible fixed assets and investments and have indication of impairment also requires judgement. If an indication of impairment is identified, further judgement is required to assess whether the carrying amount can be supported by the net present value of future cashflows forecast or fair value less costs to sell to be derived from the asset. This forecast involves cashflow projections and selecting the appropriate discount rate.

Assessing whether website development assets meet the required criteria for initial capitalisation requires judgement. This requires a determination of whether the assets will result in future benefits to the Group and are commercially viable. In particular, internally generated intangible assets must be assessed during the development phase to identify whether the Group has the ability and intention to complete the development successfully.

There were no other critical accounting judgements made in applying the Company's accounting policies.

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £000	2017 £000
Sale of goods	25,089	24,008
Rendering of services	137,368	147,676
Royalties	641	746
Other	369	308
	<u>163,467</u>	<u>172,738</u>

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	86,073	88,900
USA	56,729	60,383
Rest of the world	20,665	23,455
	<u>163,467</u>	<u>172,738</u>

5. Other operating income

	2018 £000	2017 £000
Profit on disposal of intangible assets	12,028	21,761
Profit on disposal of tangible assets	186	48
	<u>12,214</u>	<u>21,809</u>

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

6. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	2,362	2,625
Amortisation of intangible assets	3,511	4,279
Exchange differences	-	(297)
Other operating lease rentals	4,174	4,301
Defined contribution pension cost	3,168	3,162
Exceptional restructuring costs	2,300	1,395

The exceptional restructuring costs in both years consist mainly of staff redundancy costs linked to internal reorganisations. In 2018 this line also includes the cost of closing the Group's UK Exhibitions division.

7. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	179	175
Audit of the Company's financial statements	4	4
VAT compliance consultancy	9	-
	<u>192</u>	<u>179</u>

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

8. Employees

Staff costs were as follows:

	Group 2018 £000	Group 2017 £000
Wages and salaries	74,920	79,899
Social security costs	5,659	6,013
Cost of defined contribution scheme	3,168	3,162
	<u>83,747</u>	<u>89,074</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2018 No.	2017 No.
Staff numbers	<u>1,440</u>	<u>1,573</u>

9. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	3,113	2,747
Company contributions to defined contribution pension schemes	20	20
	<u>3,133</u>	<u>2,767</u>

The highest paid Director received remuneration of £1,379,000 (2017 - £1,096,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2017 - £NIL).

There are defined contribution pension plans for the benefit of three Directors (2017: 3).

The Directors are considered to be key management personnel.

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

10. Finance income

	2018 £000	2017 £000
Bank interest receivable and similar income	89	15
Fair value movement on derivatives	467	930
Foreign exchange gain	1,206	932
	<u>1,762</u>	<u>1,877</u>

11. Finance expense

	2018 £000	2017 £000
Bank interest payable	1,422	2,032
Foreign exchange loss	221	635
	<u>1,643</u>	<u>2,667</u>

12. Income from Participating Interests

	2018 £000	2017 £000
Investment in joint ventures	477	595
Investment in associates	-	88
	<u>477</u>	<u>683</u>

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

13. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	(1,350)	1,038
Adjustments in respect of previous periods	400	(553)
	<u>(950)</u>	<u>485</u>
Foreign tax		
Foreign tax on Income for the year	994	32
Foreign tax in respect of prior periods	725	-
	<u>769</u>	<u>517</u>
Deferred tax		
Origination and reversal of timing differences	(2,145)	(1,472)
Adjustments in respect of previous periods	744	(142)
Movement due to tax rate changes	3,205	-
	<u>1,804</u>	<u>(1,614)</u>
Taxation on profit/(loss) on ordinary activities	<u>2,573</u>	<u>(1,097)</u>

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.75%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2014. The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	8,039	15,909
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.75%)	1,527	3,142
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	245	278
Capital allowances for year in excess of depreciation	27	22
Adjustments to tax charge in respect of prior periods	822	(695)
Non-deductible depreciation/amortisation/impairments on assets not qualifying for capital allowances	254	327
Non-taxable income	(2,216)	(3,385)
Unutilised and unprovided UK tax losses utilised in the year and carried forward	322	73
Unutilised and unprovided overseas losses	133	180
Utilised overseas tax losses	(52)	-
Effect of overseas tax rates	1,428	(1,039)
Change in tax rates	83	-
Total tax charge for the year	2,573	(1,097)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

14. Intangible assets

Group

	Website development £000	Publishing and exhibition rights £000	Total £000
Cost			
At 1 July 2017	4,237	92,307	96,544
Additions	2,722	(184)	2,538
Disposals	(1,911)	(23,436)	(25,347)
Foreign exchange movement	-	(393)	(393)
At 30 June 2018	5,048	68,294	73,342
Amortisation			
At 1 July 2017	2,062	84,442	86,504
Charge for the year	1,728	1,783	3,511
On disposals	(1,730)	(23,321)	(25,051)
Impairment charge	-	1,061	1,061
Foreign exchange movement	-	(367)	(367)
At 30 June 2018	2,060	63,598	65,658
Net book value			
At 30 June 2018	2,988	4,696	7,684
At 30 June 2017	2,175	7,865	10,040

When there are indicators of impairment, in accordance with Group policy, management conducts an impairment review of its intangible assets using a 5-year discounted cashflow analysis with a terminal value, assuming a weighted average cost of capital of 10.9% and growth rates of between 0% and 3%.

The Group completed the sale of some of its print-based assets in two separate transactions in May and June 2018. In both cases the cash consideration was greater than the net book value of those assets. In the year ended 30 June 2017, the businesses had combined sales of £13.7m and made a contribution of £0.4m. Proceeds were principally applied to reduce the Group's bank borrowings.

The impairment arising in the year ended 30 June 2018 arose as a result of the continued decline in demand for certain print-based products.

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

15. Tangible fixed assets

Group

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Total £000
Cost or valuation				
At 1 July 2017	14,584	5,897	18,603	39,084
Additions	311	75	1,030	1,416
Disposals	-	-	(882)	(882)
Exchange adjustments	-	(22)	15	(7)
At 30 June 2018	14,895	5,950	18,766	39,611
Depreciation				
At 1 July 2017	2,228	1,130	14,852	18,210
Charge for the year on owned assets	160	730	1,472	2,362
Disposals	-	-	(736)	(736)
Exchange adjustments	-	(25)	59	34
At 30 June 2018	2,388	1,835	15,647	19,870
Net book value				
At 30 June 2018	12,507	4,115	3,119	19,741
At 30 June 2017	12,356	4,767	3,751	20,874

A list of the company's subsidiary undertakings is shown in note 29.

Notes to the Financial Statements
For the Year Ended 30 June 2018

16. Fixed asset investments

Group

	Investments in associates £000	Listed investments £000	Investment in joint ventures £000	Total £000
Cost or valuation				
At 1 July 2017	1,220	-	322	1,542
Additions	-	1,425	-	1,425
Foreign exchange movement	-	-	(34)	(34)
Revaluations	-	540	-	540
Share of profit/(loss)	14	-	266	280
At 30 June 2018	1,234	1,965	554	3,753
Impairment				
Charge for the period	1,234	-	-	1,234
At 30 June 2018	1,234	-	-	1,234
Net book value				
At 30 June 2018	-	1,965	554	2,519
At 30 June 2017	1,220	-	322	1,542

The impairment was necessary in the year ended 30 June 2018 to reflect the investment's estimated realisable value.

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

16. Fixed asset investments (continued)

Participating interests

Joint ventures

Name	Country of incorporation	Holding	Principal activity
Asian Advertising Festival Pte Ltd	Singapore	50%	Event organiser
East Haymarket Pte Ltd	Singapore	50%	Market research in financial services sector

Associates

Name	Class of shares	Holding	Principal activity
Frontline Limited	Ordinary 'A'	5%	Distribution of magazines
	Ordinary 'C'	100%	Distribution of magazines
	Ordinary 'E'	25%	Distribution of magazines
	Ordinary 'F'	17%	Distribution of magazines
Comexposium Haymarket Exhibitions Ltd	Ordinary	20%	Organisation of agricultural events

Company

Investment in
subsidiaries
£000

Cost or valuation

At 1 July 2017	166,106
At 30 June 2018	166,106

Net book value

At 30 June 2018	166,106
At 30 June 2017	166,106

Notes to the Financial Statements
For the Year Ended 30 June 2018

17. Stocks

	Group 2018 £000	Group 2017 £000
Raw materials and consumables	396	630

Raw materials and consumables include £76,000 (2017: £81,000) of agricultural stocks which are included at independent professional valuation.

18. Debtors

	Group 2018 £000	Group 2017 £000
Due after more than one year		
Other debtors	933	950
Deferred tax asset	7,089	9,703
	<u>8,022</u>	<u>10,653</u>

	Group 2018 £000	Group 2017 £000
Due within one year		
Trade debtors	26,273	27,315
Amounts owed by joint ventures and associated undertakings	494	566
Other debtors	478	1,163
Prepayments and accrued income	8,214	9,851
Tax recoverable	964	1,183
	<u>36,423</u>	<u>40,078</u>

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

19. Creditors: Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Bank overdrafts	2,706	-	-	-
Bank loans	3,000	4,000	-	-
Trade creditors	8,156	13,672	-	-
Amounts owed to associates	695	630	-	-
Corporation tax	1,823	2,507	-	-
Other taxation and social security	2,214	2,048	-	-
Other creditors	1,349	731	-	-
Accruals and deferred income	34,234	37,565	390	405
Financial instruments	-	467	-	-
	<u>54,177</u>	<u>61,620</u>	<u>390</u>	<u>405</u>

The Directors consider that the carrying amount of creditors approximates to their fair value.

20. Creditors: Amounts falling due after more than one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Bank Loans 2-5 yrs	-	5,200	-	-
Amounts owed to group undertakings	-	-	73,038	70,640
Accrued expenses	596	1,023	-	-
3% Redeemable £1 preference shares	6,000	6,000	6,000	6,000
	<u>6,596</u>	<u>12,223</u>	<u>79,038</u>	<u>76,640</u>

Company only accrued expenses relates to accrued interest on 3% redeemable preference shares.

Disclosure of the terms and conditions attached to the non-equity shares is made in note 24.

The Directors consider that the carrying amount of creditors approximates to their fair value.

**Notes to the Financial Statements
For the Year Ended 30 June 2018**

21. Derivatives financial instrument

	2018 £000	2017 £000
Group		
Liabilities: Interest rate swap	-	467

The following table details the notional principal amounts and remaining terms of the interest rate swap contract outstanding as at 30 June 2018.

	2018 Average contract fixed interest rate %	2017 Average contract fixed interest rate %	2018 Notional principal value £000	2017 Notional principal value £000	2018 Fair value £000	2017 Fair value £000
Outstanding fixed contracts						
Within 1 year	-	5.03%	-	20,000	-	467

The interest rate swap settled on a quarterly basis. The floating rate on the interest rate swap was LIBOR. The Group settled the difference between the fixed and floating interest rate on a net basis.

The interest rate swap contract exchanged floating rate interest amounts for fixed rate interest amounts. The contract was put in place in November 2007 to reduce the Company's cash flow exposure resulting from variable interest rates on borrowings and ended on 20 November 2017.

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

22. Financial instruments

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Financial assets				
Financial assets measured at fair value through profit or loss	1,965	-	-	-
Financial assets that are debt instruments measured at amortised cost	28,178	29,994	-	-
Financial assets that are equity instruments measured at cost less impairment	-	-	-	-
	<u>30,143</u>	<u>29,994</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	-	(467)	-	-
Financial liabilities measured at amortised cost	(21,906)	(30,233)	(79,428)	(77,045)
	<u>(21,906)</u>	<u>(30,700)</u>	<u>(79,428)</u>	<u>(77,045)</u>

Financial assets assets at fair value represent listed investments held.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts owed by joint ventures and associates.

Derivative financial liabilities measured at fair value through profit or loss comprised interest rate swaps.

Financial liabilities measured at amortised cost comprise loans, trade creditors, other creditors, accruals, and amounts owed to associates and amounts owed to group undertakings.

23. Deferred taxation

Group

	2018 £000	2017 £000
At beginning of year	9,062	6,982
Charged to profit or loss	(1,803)	71
Utilised in year	(170)	2,009
At end of year	<u>7,089</u>	<u>9,062</u>

Notes to the Financial Statements
For the Year Ended 30 June 2018

23. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	Group 2018 £000	Group 2017 £000
Accelerated capital allowances	936	1,076
US deferred interest deductions	4,847	5,574
Deferred asset on fair value movement of derivatives	-	84
Other timing differences - deferred tax asset	1,155	2,373
Other timing differences - deferred tax liability	-	(641)
Overseas losses	151	596
	<u>7,089</u>	<u>9,062</u>
Comprising:		
Asset - due after one year (Note 18)	7,089	9,703
Liability	-	(641)
	<u>7,089</u>	<u>9,062</u>

Deferred tax assets or liabilities have been recognised at 17% in the financial statements, being the tax rate that was enacted at the date of the Statement of Financial Position and will be in effect from 1 April 2020.

There is also an unrecognised net deferred tax asset in the Group of £2,257,000 (2017:£1,594,000) comprising the following:

	Group 2018 £000	Group 2017 £000
Unutilised overseas tax losses	1,826	1,140
Unutilised UK tax losses	820	866
Gain deferred by rollover relief	(389)	(412)
Accelerated capital allowances	-	-
	<u>2,257</u>	<u>1,594</u>

Deferred tax has not been provided for gains rolled over into replacement assets as gains or losses have not yet been realised in respect of these assets.

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.

During the year beginning 1 July 2018, the net reversal of deferred tax assets and liabilities is not expected to be significant.

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

24. Called-up share capital

	2018 £000	2017 £000
Shares classified as equity		
Allotted, called up and fully paid		
25,796,410 Ordinary shares of £0.01 each	258	258

The Rt. Hon the Lord Heseltine and his family have a controlling interest in the Company.

Ordinary shares rank equally for voting rights, dividends declared and for any distribution made on a winding up. Ordinary shares are not redeemable.

Shares classified as debt

The redeemable preference shares have full righting rights, the right to a fixed cumulative dividend, the right to participate fully in any further dividend and preferential right to amount paid up on each share on capital distribution (including on winding up). The Company has the option to redeem the preference shares at any time, but is not obliged to do so and is not expected to exercise its option for at least one year from the date of signing these accounts. There is no premium payable on redemption.

25. Reserves

Capital redemption reserve

The capital redemption reserve represents the nominal value of ordinary shares that have been bought back by the Company. It is non-distributable.

Merger Reserve

The merger reserve arose when the Group consolidated subsidiaries following a Group reconstruction in 1993. It represents the difference between the cost of the investment in the subsidiaries and the nominal value of the share capital of those companies.

Profit and loss account

Includes all current and prior period retained profit and losses.

26. Capital commitments

As part its involvement in the Richmond Education and Enterprise Campus Project, Haymarket Group has committed a minimum of £5m to building a new office "Tech Hub" on the Richmond Upon Thames College site.

Notes to the Financial Statements
For the Year Ended 30 June 2018

27. Commitments under operating leases

At 30 June 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000
Not later than 1 year	4,121	4,106
Later than 1 year and not later than 5 years	13,296	15,642
Later than 5 years	13,603	13,814
	<u>31,020</u>	<u>33,562</u>

	Group Land and Buildings 2018 £000	Group Other 2018 £000	Group Land and Buildings 2017 £000	Group Other 2017 £000
No later than 1 year	3,930	190	3,895	211
Later than 1 year and not later than 5 years	13,069	228	15,238	404
Later than 5 years	13,603	-	13,814	-
	<u>30,602</u>	<u>418</u>	<u>32,947</u>	<u>615</u>

28. Related party transactions

During the year the Group entered into transactions with one of its Directors. Personal costs of £195,714 (2017: £179,645) for Lord Heseltine were paid for by the Group and fully reimbursed.

Frontline Limited is the Group's agent in relation to the sale of its publications to third parties. Distribution and trade marketing services of £1,258,280 (2017: £1,497,200) were provided to the Group in the year by Frontline Limited.

Amounts due from and owed to related parties as at 30 June 2018 were as follows:-

	2018 £000	2017 £000
Owed by Frontline Limited	<u>1,241</u>	<u>1,651</u>

The Group has taken advantage of the exemption in Financial Reporting Standard 102 section 33.1A "Related-party disclosures" and has not disclosed transactions with wholly owned group undertakings.

Haymarket Group Limited

Notes to the Financial Statements For the Year Ended 30 June 2018

29. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Haymarket Media Group Ltd	Ordinary	100 %	Magazine and online publishing, organisation of events
Thenhurst Agricultural Ltd	Ordinary	100 %	Agriculture and horticulture
Haymarket Group Properties Ltd	Ordinary	100 %	Dormant
Haymarket Media India Pvt Ltd	Ordinary	100 %	Magazine and online publishing
Haymarket SAC Publishing Pvt Ltd	Ordinary	75 %	Magazine and online publishing
Haymarket Media Ltd	Ordinary	100 %	Magazine and online publishing
Haymarket Media Asia Pte Ltd	Ordinary	100 %	Magazine and online publishing
Haymarket Media Inc	Ordinary	100 %	Magazine and online publishing
Haymarket PR Publications LLP	Ordinary	100 %	Magazine and online publishing
Haymarket Media Gmbh	Ordinary	100 %	Magazine and online publishing
Haymarket Publishing Services Ltd	Ordinary	100 %	Holding Company
Haymarket UK1 Unlimited	Ordinary	100 %	Holding Company
Haymarket UK2 Ltd	Ordinary	100 %	Holding Company
Haymarket Worldwide Ltd	Ordinary	100 %	Holding Company
PR Publications Ltd	Ordinary	100 %	Holding Company
H Media LLC	Ordinary	100 %	Holding Company
Haymarket Media Asia Ltd	Ordinary	100 %	Holding Company
Haymarket Exhibitions Ltd	Ordinary	100 %	Dormant
Haymarket Consumer Media Ltd	Ordinary	100 %	Dormant
Haymarket New3 Limited	Ordinary	100 %	Dormant
Haymarket Medical Publications Ltd	Ordinary	100 %	Dormant
Haymarket Network Ltd	Ordinary	100 %	Dormant
CPS Communications LLC	Ordinary	100 %	Dormant
Haymarket Business Publications LLC	Ordinary	100 %	Dormant
Haymarket Medical Education LP	Ordinary	100 %	Dormant
Haymarket Worldwide LLC	Ordinary	100 %	Dormant
HME Global Education LP	Ordinary	100 %	Dormant
PR Publications LLC	Ordinary	100 %	Dormant
Prescribing Reference LLC	Ordinary	100 %	Dormant
PRI Healthcare Solutions LP	Ordinary	100 %	Dormant
Haymarket Events Pty Ltd	Ordinary	100 %	Dormant
Haymarket Media Investments (Australia) Pty Ltd	Ordinary	100 %	Dormant
Haymarket Media Pty Ltd	Ordinary	100 %	Dormant
Haymarket Shanghai Ltd	Ordinary	100 %	Dormant

Notes to the Financial Statements
For the Year Ended 30 June 2018

29. Subsidiary undertakings (continued)

Name	Registered office
Haymarket Media Group Ltd	Bridge House, 69 London Road, Twickenham, UK
Thenhurst Agricultural Ltd **	Bridge House, 69 London Road, Twickenham, UK
Haymarket Group Properties Ltd **	Bridge House, 69 London Road, Twickenham, UK
Haymarket Media India Pvt Ltd	Unit 401, Raheja Xion, Byculla (East), Mumbai, India
Haymarket SAC Publishing Pvt Ltd	Unit 401, Raheja Xion, Byculla (East), Mumbai, India
Haymarket Media Ltd	10/F Zung Fu Industrial Building, 1067 King's Rd, Quarry Bay, Hong Kong
Haymarket Media Asia Pte Ltd	10/F Zung Fu Industrial Building, 1067 King's Rd, Quarry Bay, Hong Kong
Haymarket Media Inc	275 7th Avenue-10th Floor, New York, NY 10001, USA
Haymarket PR Publications LLP **	Bridge House, 69 London Road, Twickenham, UK
Haymarket Media GmbH	Frankfurter St, 38122, Braunschweig, Germany
Haymarket Publishing Services Ltd **	Bridge House, 69 London Road, Twickenham, UK
Haymarket UK1 Unlimited **	Bridge House, 69 London Road, Twickenham, UK
Haymarket UK2 Ltd **	Bridge House, 69 London Road, Twickenham, UK
Haymarket Worldwide Ltd **	Bridge House, 69 London Road, Twickenham, UK
PR Publications Ltd **	Bridge House, 69 London Road, Twickenham, UK
H Media LLC	275 7th Avenue-10th Floor, New York, NY 10001, USA
Haymarket Media Asia Ltd	10/F Zung Fu Industrial Building, 1067 King's Rd, Quarry Bay, Hong Kong
Haymarket Exhibitions Ltd **	Bridge House, 69 London Road, Twickenham, UK
Haymarket Consumer Media Ltd **	Bridge House, 69 London Road, Twickenham, UK
Haymarket New3 Limited	Bridge House, 69 London Road, Twickenham, UK
Haymarket Medical Publications Ltd	Bridge House, 69 London Road, Twickenham, UK
Haymarket Network Ltd	Bridge House, 69 London Road, Twickenham, UK
CPS Communications LLC	275 7th Avenue-10th Floor, New York, NY 10001, USA
Haymarket Business Publications LLC	275 7th Avenue-10th Floor, New York, NY 10001, USA
Haymarket Medical Education LP	275 7th Avenue-10th Floor, New York, NY 10001, USA
Haymarket Worldwide LLC	275 7th Avenue-10th Floor, New York, NY 10001, USA
HME Global Education LP	275 7th Avenue-10th Floor, New York, NY 10001, USA
PR Publications LLC	275 7th Avenue-10th Floor, New York, NY 10001, USA
Prescribing Reference LLC	275 7th Avenue-10th Floor, New York, NY 10001, USA
PRI Healthcare Solutions LP	275 7th Avenue-10th Floor, New York, NY 10001, USA
Haymarket Events Pty Ltd	207 Pacific Highway, St Leonards, NSW, Australia
Haymarket Media Investments (Australia) Pty Ltd	207 Pacific Highway, St Leonards, NSW, Australia
Haymarket Media Pty Ltd	207 Pacific Highway, St Leonards, NSW, Australia
Haymarket Shanghai Ltd	5/F East Building, China Merchants Plaza, 333 North Changdu Rd, Shanghai, China

** These Group entities are exempt from audit by virtue of Section 479A of the Companies Act 2006. Haymarket Group Limited has provided statutory guarantees to the following entities in accordance with Section 479C of the Companies Act 2006.