

Haymarket Media Group Ltd

Annual Report and Financial Statements

For the Year Ended 30 June 2019



Haymarket Media Group Ltd

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Haymarket Media Group Ltd

Company Information

Directors	The Rt Hon the Lord Heseltine CH K Costello B J Freeman The Hon R W D Heseltine
Company secretary	B J Freeman
Registered number	00267189
Registered office	Bridge House 69 London Road Twickenham England TW1 3SP
Independent auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditor 30 Finsbury Square London EC2A 1AG
Banker	The Royal Bank of Scotland 280 Bishopsgate London EC2M 4RB
Solicitor	Lewis Silkin LLP 5 Chancery Lane London EC4A 1BL

Haymarket Media Group Ltd

Strategic Report For the Year Ended 30 June 2019

Introduction

The Directors present their Strategic Report for the year ended 30 June 2019.

Business review

As a media, technology and information Company, we offer brands, products and services and live experiences to highly-engaged and high-value audiences in specialist consumer, business-to-business, content marketing and professional services sectors.

The Company 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.

The Company's main Key Performance Indicators are as follows;

- Turnover in the year 30 June 2019 of £73.8m (2018: £85.5m);
- Profit before tax was £8.1m (2018: loss before tax £2.3m); and
- The underlying trading performance was EBITDAE of 1.2m (2018: £0.2m)

The results for the current year reflect the trading profit of £0.6m on assets disposed of during the year (see note 11).

Under historical costs methods, the Statement of Financial Position does not reflect the value of the Company's brand portfolio.

Financial risk management

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

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

The Company 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 Company uses short-term debt finance to ensure that sufficient funds are available for ongoing operations and future developments.

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



B J Freeman
Director

Date: 26 November 2019

Haymarket Media Group Ltd

Directors' Report For the Year Ended 30 June 2019

The Directors present their report and the financial statements for the year ended 30 June 2019.

Dividends

The Directors do not recommend a dividend payment in respect of the financial year ended 30 June 2019 (2018: £nil).

Directors

The Directors who served during the year were:

The Rt Hon the Lord Heseltine CH
K Costello
B J Freeman
The Hon R W D Heseltine

Going concern

The Company is a subsidiary of Haymarket Group Limited (together with its subsidiaries, 'the Group') and because the Group operates a centralised treasury function, the Company is dependent on the Group for financing. Haymarket Group Limited has confirmed that it will provide, subject to funds being available, either directly or through a subsidiary, such financial support as is necessary to the Company to enable the Company to meet its liabilities as they fall due.

As at 30 June 2019 the Group had net cash of £10m and this has since been increased by a further asset sale in the USA. The Group's lending facilities with its bankers have now expired and given its cash surplus the Group has taken the decision not to enter into a new facility. The Group's banker has however stated its willingness to offer new facilities should they be required for acquisitions or property development.

After considering the Company's current financial projections, which take into account their view of any adverse variations in trading performance, the Directors consider that the Company 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.

Environmental matters

Haymarket Media Group Ltd has the following environmental accreditations: ISO 14001 (environmental management) and ISO 50001 (energy management). The Company has an environmental policy and sets environmental improvement targets that are regularly communicated to its employees. The Company also communicates its environment standards to all suppliers through a Supplier Code of Conduct.

Haymarket Media Group Ltd publishes an annual Modern Slavery statement and has a policy for compliance, including mandatory training on Transparency and Supply Chain legislation.

Employees

Details of the number of employees and related costs can be found in note 6 to the financial statements.

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

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

**Directors' Report (continued)
For the Year Ended 30 June 2019**

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.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.


Auditor

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Haymarket Media Group Ltd

**Directors' Report (continued)
For the Year Ended 30 June 2019**

This report was approved by the Board on 26 November 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'B J Freeman', followed by a horizontal line.

B J Freeman
Company Secretary and Director

Haymarket Media Group Ltd

Independent Auditors' Report to the Members of Haymarket Media Group Ltd

Opinion

We have audited the financial statements of Haymarket Media Group Ltd (the 'company') for the year ended 30 June 2019, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for 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 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.

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 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.

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.

Independent Auditors' Report to the Members of Haymarket Media Group Ltd

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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; 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 6, 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 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 company or to cease operations, or have no realistic alternative but to do so.

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/auditorsresponsibilities. This description forms part of our auditor's report.

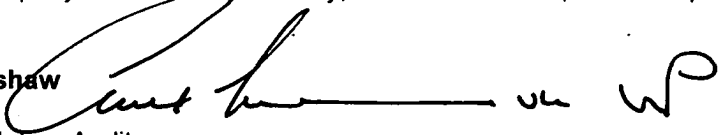
Haymarket Media Group Ltd

Independent Auditors' Report to the Members of Haymarket Media Group Ltd

Use of our report

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

Mark Henshaw



Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

26 November 2019

Haymarket Media Group Ltd

**Statement of Comprehensive Income
For the Year Ended 30 June 2019**

		Continuing operations 2019 £000	Discont'd operations 2019 £000	Total 2019 £000	Continuing operations (as restated) 2018 £000	Discont'd operations (as restated) 2018 £000	Total 2018 £000
	Note						
Turnover	4	71,591	2,241	73,832	75,433	10,055	85,488
Cost of sales		(55,199)	(1,425)	(56,624)	(59,154)	(11,796)	(70,950)
Gross profit		16,392	816	17,208	16,279	(1,741)	14,538
Administrative expenses		(17,988)	175	(17,813)	(18,100)	(1,369)	(19,469)
Fair value movements		-	-	-	540	-	540
Operating loss	5	(1,596)	991	(605)	(1,281)	(3,110)	(4,391)
Profit on sale of intangible assets	11	-	12,582	12,582	-	9,636	9,636
Finance income	8	1,559	-	1,559	830	-	830
Finance expense	9	(2,620)	-	(2,620)	(1,385)	-	(1,385)
Amounts written off investments and amortisation of intangible assets		(4,092)	-	(4,092)	(6,979)	-	(6,979)
Profit on sale of listed investments	13	1,287	-	1,287	-	-	-
Profit/(loss) before tax		(5,462)	13,573	8,111	(8,815)	6,526	(2,289)
Tax on profit/(loss)	10	(178)	-	(178)	327	-	327
Profit/(loss) for the financial year		(5,640)	13,573	7,933	(8,488)	6,526	(1,962)

The notes on pages 12 to 32 form part of these financial statements.

Haymarket Media Group Ltd
Registered number: 00267189

Statement of Financial Position
As at 30 June 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	11	9,474	13,033
Tangible assets	12	4,222	4,854
Fixed asset investments	13	228,481	215,825
		<u>242,177</u>	<u>233,712</u>
Current assets			
Debtors: amounts falling due after more than one year	14	1,900	1,989
Debtors: amounts falling due within one year	14	16,462	18,421
Bank and cash balances		16,374	2,630
		<u>34,736</u>	<u>23,040</u>
Creditors: amounts falling due within one year	15	(172,371)	(160,475)
Net current liabilities		<u>(137,635)</u>	<u>(137,435)</u>
Total assets less current liabilities		<u>104,542</u>	<u>96,277</u>
Creditors: amounts falling due after more than one year	16	(928)	(596)
Net assets		<u><u>103,614</u></u>	<u><u>95,681</u></u>
Capital and reserves			
Called-up share capital	18	20,000	20,000
Foreign exchange reserve		-	77
Profit and loss account	19	83,614	75,604
		<u><u>103,614</u></u>	<u><u>95,681</u></u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 November 2019 by:



B J Freeman
Director

Haymarket Media Group Ltd

Statement of Changes in Equity For the Year Ended 30 June 2019

	Called-up share capital £000	Foreign exchange reserve £000	Profit and loss account £000	Total equity £000
At 1 July 2017	20,000	77	77,566	97,643
Loss for the year	-	-	(1,962)	(1,962)
At 1 July 2018	20,000	77	75,604	95,681
Profit for the year	-	-	7,933	7,933
Reserve transfer from FX reserve	-	-	77	77
Reserve transfer to retained earnings	-	(77)	-	(77)
At 30 June 2019	20,000	-	83,614	103,614

The notes on pages 12 to 32 form part of these financial statements.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

1. General information

Haymarket Media Group Ltd is a limited company incorporated in the United Kingdom under the Companies Act.

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

A description of the nature of the Company's operations and its principal activities is disclosed in the business review contained in the Strategic Report accompanying the financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 Financial reporting standard 102 - reduced disclosures exemptions

The consolidated financial statements for the year ended 30 June 2019 have not been produced as Haymarket Media Group Ltd is a wholly-owned subsidiary of Haymarket Group Limited, a Company incorporated in the United Kingdom and registered in England and Wales which itself produces consolidated financial statements.

As such the Company is exempt from preparing consolidated financial statements under s401 of the Companies Act 2006. The individual accounts of Haymarket Media Group Ltd have also adopted the disclosure exemption for the requirement to present a cash flow and related notes.

These financial statements present information about the Company as an individual undertaking and not as a Group.

In preparing these financial statements, the Company 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.

2.3 Associates

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

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

Investments in Associates are held at cost less impairment.

**Notes to the Financial Statements
For the Year Ended 30 June 2019**

2. Accounting policies (continued)

2.4 Going concern

The Company is a subsidiary of Haymarket Group Limited and because the Group operates a centralised treasury function, the Company is dependent on the Group for financing. Haymarket Group Limited has confirmed that it will provide, subject to funds being available, either directly or through a subsidiary, such financial support as is necessary to the Company to enable the Company to meet its liabilities as they fall due.

As at 30 June 2019 the Group had net cash of £10m and this has since been increased by a further asset sale in the USA. The Group's lending facilities with its bankers have now expired and given its cash surplus the Group has taken the decision not to enter into a new facility. The Group's banker has however stated its willingness to offer new facilities should they be required for acquisitions or property development.

After considering the Company's current financial projections, which take into account their view of any adverse variations in trading performance, the Directors consider that the Company will have access to sufficient financial resources to continue in operation 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 2019**

2. Accounting policies (continued)

2.5 Turnover

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

Revenue is recognised when the Company:

- can reliably measure the amount of the revenue
- can reliably measure the stage of completion of any relevant contract at the end of the reporting period and
- when it is probable that the Company will receive the consideration due under the transaction.

Revenue represents the amount receivable for goods and services rendered net of sales tax and trade discounts.

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement once the service has been completed.

The following revenue recognition criteria also apply:

- Revenue from the sale of goods arises from print publishing and is recognised on the date of sale of the related publication. Prepaid subscription revenues are categorised as deferred income and released to the income statement over the life of the subscription.
- Revenue from sale of services principally comprises:
 - Live events such as exhibitions, conferences and awards – revenue is recognised on the date of the event.
 - Subscriptions to digital services - prepaid subscription revenues are categorised as deferred income and released to the income statement over the life of the subscription.
 - Digital advertising - revenue is recognised once contracted terms have been met.

All revenue arising from magazine publishing is recognised on the date of publication. Revenue from conferences and events is recognised on the date of the event. Revenue from website advertising is recognised over the period of the advertising contract. Revenue is derived from UK based operations.

2.6 Foreign currency

The Company's functional and presentational currency is pounds sterling.

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 original transaction.

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

**Notes to the Financial Statements
For the Year Ended 30 June 2019**

2. Accounting policies (continued)

2.7 Operating leases

Rentals are charged to the Statement of Comprehensive Income in equal annual amounts over the lease term.

2.8 Pension costs

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

The contributions are recognised as an expense in the Statement of Comprehensive Income 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 Company in independently administered funds.

2.9 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.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

**Notes to the Financial Statements
For the Year Ended 30 June 2019**

2. Accounting policies (continued)

2.11 Intangible assets

Goodwill (classified as publishing and exhibition rights in prior periods) represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated amortisation and any provision for impairment in value and is amortised on a straight-line basis over the useful economic life of the asset, which ranges from 15 to 20 years.

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

Costs incurred in the development of new websites are amortised on a straight-line basis over a useful economic life of up to 3 years.

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

2.12 Tangible fixed assets

Tangible fixed assets 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.

Depreciation 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 and 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 Statement of Comprehensive Income.

**Notes to the Financial Statements
For the Year Ended 30 June 2019**

2. Accounting policies (continued)

2.13 Fixed asset 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.

2.14 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.

2.15 Financial instruments

The Company enters into basic financial instrument 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 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 case of an outright 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.

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 Statement of Comprehensive Income.

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 Company would receive for the asset if it were to be sold at the reporting date.

The Company 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 remeasured 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.

**Notes to the Financial Statements
For the Year Ended 30 June 2019**

2. Accounting policies (continued)

2.16 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.

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

Determining whether the carrying amount of intangible fixed assets and investments 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 cash flows to be derived from the asset or fair value less costs to sell. The 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 Company and are commercially viable. In particular, internally generated intangible assets must be assessed during the development phase to identify whether the Company has the ability and intention to complete the development successfully.

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

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

4. Turnover

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

	2019 £000	2018 £000
Sale of goods	13,834	18,124
Rendering of services	59,484	67,133
Other	514	231
	<u>73,832</u>	<u>85,488</u>

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	73,832	85,488
	<u>73,832</u>	<u>85,488</u>

Analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
Digital	29,378	33,277
Print	22,977	31,411
Live events	17,257	16,967
Other	4,220	3,833
	<u>73,832</u>	<u>85,488</u>

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

5. Operating loss

The operating loss is stated after charging:

	2019 £000	2018 £000
Exceptional restructuring costs	1,178	2,300
Depreciation of tangible fixed assets	1,035	1,239
Operating lease charges	1,810	1,803
Impairment of fixed asset investments	-	1,132
Defined contribution pension cost	1,819	1,991

Fees payable to the Company's auditors and its associates for:

- The audit of the Company's annual financial statements	112	95
- VAT compliance consultancy	4	9
	<u>116</u>	<u>104</u>

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 Company's UK Exhibitions division.

6. Employees

Staff costs were as follows:

	2019 £000	2018 £000
Wages and salaries	32,368	39,194
Social security costs	3,337	4,213
Pension contributions to defined contribution scheme	1,819	1,991
	<u>37,524</u>	<u>45,398</u>

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

	2019 No.	2018 No.
Staff numbers	699	782
	<u>699</u>	<u>782</u>

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

7. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	2,106	2,418
Bonuses	772	307
Company contributions to defined contribution pension schemes	20	20
	<u>2,898</u>	<u>2,745</u>

During the year retirement benefits were accruing to 2 Directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £1,691 thousand (2018 - £1,378 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2018 - £NIL).

The Directors are considered to be key management personnel.

8. Finance income

	2019 £000	2018 £000
Other interest receivable	172	89
Fair value movement on derivatives	-	468
Foreign exchange gain	1,387	273
	<u>1,559</u>	<u>830</u>

9. Finance expense

	2019 £000	2018 £000
Bank interest payable	492	1,164
Foreign exchange loss	2,128	221
	<u>2,620</u>	<u>1,385</u>

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

10. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	-	(322)
Adjustments in respect of previous periods	75	(325)
	<u>75</u>	<u>(647)</u>
Foreign tax		
Foreign tax on income for the year	15	-
	<u>15</u>	<u>-</u>
Total current tax	<u>90</u>	<u>(647)</u>
Deferred tax		
Origination and reversal of timing differences	55	79
Changes to tax rates	-	76
Adjustments in respect of prior periods	33	165
	<u>88</u>	<u>320</u>
Total deferred tax	<u>88</u>	<u>320</u>
Taxation on profit/(loss) on ordinary activities	<u>178</u>	<u>(327)</u>

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit/(loss) on ordinary activities before tax	8,111	(2,289)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,541	(435)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	547	1,242
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	124	83
Adjustments to tax charge in respect of prior periods	108	(482)
Non-taxable income	(2,460)	(1,967)
Book profit on chargeable assets	(245)	-
Capital gains	286	-
Changes in provisions leading to a decrease in the tax charge	(52)	-
Overseas tax	15	-
Unrelieved tax losses carried forward and carried back	324	322
Group relief	-	827
Change in tax rates	(10)	83
Total tax charge for the year	178	(327)

Factors that may affect future tax charges

There were no factors that may affect future tax.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

11. Intangible assets

	Website development £000	Goodwill £000	Total £000
Cost			
At 1 July 2018	3,922	108,245	112,167
Additions	2,627	(117)	2,510
Disposals	(1,421)	(3,717)	(5,138)
At 30 June 2019	5,128	104,411	109,539
Amortisation			
At 1 July 2018	1,464	97,670	99,134
Charge for the year	1,602	2,490	4,092
On disposals	(1,116)	(2,045)	(3,161)
At 30 June 2019	1,950	98,115	100,065
Net book value			
At 30 June 2019	3,178	6,296	9,474
At 30 June 2018	2,458	10,575	13,033

The Company completed the sale of its Pistonheads assets in January 2019, the total consideration being greater than the asset's net book value. In the year ended 30 June 2018, Pistonheads had sales of £4.7m and made a contribution of £1.3m. Proceeds were applied to pay off the Company's remaining bank borrowings.

Goodwill was classified as publishing and exhibitions rights in prior periods.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

12. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Total £000
Cost or valuation				
At 1 July 2018	263	3,981	13,043	17,287
Additions	155	-	385	540
Disposals	-	-	(137)	(137)
At 30 June 2019	418	3,981	13,291	17,690
Depreciation				
At 1 July 2018	-	1,017	11,416	12,433
Charge for the year on owned assets	-	417	618	1,035
At 30 June 2019	-	1,434	12,034	13,468
Net book value				
At 30 June 2019	418	2,547	1,257	4,222
At 30 June 2018	263	2,964	1,627	4,854

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

13. Fixed asset investments

	Shares in associated undertakings £000	Shares in subsidiary companies £000	Listed investments £000	Loans to subsidiaries £000	Loans to parent undertaking £000	Total £000
Cost or valuation						
At 1 July 2018	1,400	360,024	1,965	26,844	58,474	448,707
Additions	-	-	-	11,585	3,628	15,213
Disposals	(1,400)	-	(1,965)	-	-	(3,365)
Amounts written off	-	-	-	(592)	-	(592)
At 30 June 2019	-	360,024	-	37,837	62,102	459,963
Impairment						
At 1 July 2018	1,400	214,558	-	16,924	-	232,882
Impairment on disposals	(1,400)	-	-	-	-	(1,400)
At 30 June 2019	-	214,558	-	16,924	-	231,482
Net book value						
At 30 June 2019	-	145,466	-	20,913	62,102	228,481
At 30 June 2018	-	145,466	1,965	9,920	58,474	215,825

During the year ended 30 June 2019, listed investments were sold at a profit of £1.3m. The Company's interest in associates was sold for sale proceeds of nil and following the impairment made in the year 30 June 2018, this resulted in nil profit and loss on disposal.

Refer to note 26 for a list of subsidiary undertakings.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

14. Debtors

	2019 £000	2018 £000
Due after more than one year		
Other debtors	932	933
Deferred tax asset (see note 17)	968	1,056
	<u>1,900</u>	<u>1,989</u>
	2019 £000	2018 £000
Due within one year		
Trade debtors	10,553	13,189
Amounts owed by group undertakings	66	-
Other debtors	243	486
Prepayments and accrued income	5,258	3,963
Current tax recoverable	342	783
	<u>16,462</u>	<u>18,421</u>

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

15. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Bank overdrafts	-	2,709
Bank loans	9,524	3,000
Trade creditors	4,337	4,757
Amounts owed to group undertakings	138,204	128,449
Taxation and social security	1,712	2,204
Other creditors	1,430	1,827
Accrued expenses	6,647	7,325
Deferred income	10,517	10,204
	<u>172,371</u>	<u>160,475</u>

Bank loans as at 30 June 2018 represented the balance drawn down under a revolving credit facility under which interest was charged at 2% above LIBOR. As at 30 June 2019 the balance drawn down under this facility was nil.

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

The £138,204,000 loan from Parent undertakings and Subsidiary undertakings is unsecured, interest free and repayable on demand.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

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

	2019 £000	2018 £000
Accrued expenses	928	596
	<u>928</u>	<u>596</u>

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

17. Deferred taxation

	2019 £000	2018 £000
At beginning of year	1,056	1,376
Charged to other comprehensive income	(88)	(320)
At end of year	<u>968</u>	<u>1,056</u>

The deferred tax asset is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	789	936
Other timing differences	179	120
	<u>968</u>	<u>1,056</u>

In the opinion of the Directors, it is considered more likely than not that the deferred tax asset will be recovered in light of the expected future trading results of the Company.

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

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

18. Called-up share capital

	2019 £000	2018 £000
Allotted, called-up and fully paid		
20,000,000 (2018 - 20,000,000) Ordinary shares of £1.00 each	20,000	20,000

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

19. Reserves

Profit and loss account

Includes all current and prior period retained profit and losses.

20. Capital commitments

As part of its involvement in the Richmond Education and Enterprise Campus Project, Haymarket Media Group Ltd has committed a minimum of £5m to building a new office "Tech Hub" on the Richmond Upon Thames College site. Plans for this office are currently awaiting planning approval with the building work scheduled to start in the last quarter of 2021.

21. Prior year restatement

Comparative figures in the Statement of Comprehensive Income have been restated to reflect the divestment of our used car brand, Pistonheads by transferring its results from continuing activities to discontinued activities.

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

22. Commitments under operating leases

At 30 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than 1 year	1,749	1,771
Later than 1 year and not later than 5 years	6,081	6,260
Later than 5 years	6,645	8,130
	<u>14,475</u>	<u>16,161</u>

	Land and Buildings 2019 £000	Other 2019 £000	Land and Buildings 2018 £000	Other 2018 £000
No later than 1 year	1,624	125	1,624	147
Later than 1 year and not later than 5 years	5,961	121	6,062	198
Later than 5 years	6,645	-	8,130	-
	<u>14,230</u>	<u>246</u>	<u>15,816</u>	<u>345</u>

23. Related party transactions

During the year the Company entered into transactions with one of its Directors. Personal costs of £207,681 (2018: £195,714) for Lord Heseltine were paid for by the Company and fully reimbursed. Prior to reimbursement no interest was charged on any balance outstanding.

Frontline Limited is the Company's agent in relation to the sale of its publications to third parties. Distribution and trade marketing services of £679,0611 (2018: £1,258,280) were provided to the Company in the year by Frontline Limited.

Amounts due from and owed to related parties as at 30 June 2019 were as follows:-

	2019 £000	2018 £000
Owed by Frontline Limited	<u>844</u>	<u>1,241</u>

The Company 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 Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

24. Controlling party

In the opinion of the Directors, the Company's ultimate Parent Company and the largest Group and smallest Group in which the Company is consolidated is Haymarket Group Limited, a company incorporated in the United Kingdom and registered in England and Wales, in which the Rt. Hon. the Lord Heseltine CH and his family have the controlling interest. Copies of the Group financial statements of Haymarket Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

25. Post balance sheet events

Since the year end the Company has disposed of its Secure Computing assets at a value greater than its net book value.

26. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Haymarket PR Publications LLP	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
Haymarket Publishing Services Ltd	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
Haymarket UK1 Unlimited	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
Haymarket UK2 Ltd	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
Haymarket Worldwide Ltd	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
PR Publications Ltd	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
Haymarket Exhibitions Ltd	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
Haymarket Consumer Media Ltd	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
Haymarket New3 Limited	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
Haymarket Medical Publications Ltd	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
Haymarket Network Ltd	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
Haymarket Media Gmbh	Frankfurter St, 38122, Braunschweig, Germany	Ordinary	100%
Haymarket Media Inc	275 7th Avenue, 10th Floor, New York, NY 10001, USA	Ordinary	100%
CPS Communications LLC	275 7th Avenue, 10th Floor, New York, NY 10001, USA	Ordinary	100%
Haymarket Business Publications LLC	275 7th Avenue, 10th Floor, New York, NY 10001, USA	Ordinary	100%
Haymarket Medical Education LP	275 7th Avenue, 10th Floor, New York, NY 10001, USA	Ordinary	100%
Haymarket Worldwide LLC	275 7th Avenue, 10th Floor, New York, NY 10001, USA	Ordinary	100%
HME Global Education LP	275 7th Avenue, 10th Floor, New York, NY 10001, USA	Ordinary	100%
PR Publications LLC	275 7th Avenue, 10th Floor, New York, NY 10001, USA	Ordinary	100%
Prescribing Reference LLC	275 7th Avenue, 10th Floor, New York, NY 10001, USA	Ordinary	100%
PRI Healthcare Solutions LP	275 7th Avenue, 10th Floor, New York, NY 10001, USA	Ordinary	100%
H Media LLC	275 7th Avenue, 10th Floor, New York, NY 10001, USA	Ordinary	100%
Haymarket Media India Pvt Ltd	Unit 401, Raheja Xion, Byculla (East), Mumbai, India	Ordinary	100%

Haymarket Media Group Ltd

Notes to the Financial Statements For the Year Ended 30 June 2019

26. Subsidiary undertakings (continued)

(continued)

Name	Registered office	Class of shares	Holding
Haymarket Media Ltd	10/F Zung Fu Industrial Building, 1067 King's Road, Quarry Bay, Hong Kong	Ordinary	100%
Haymarket Media Asia Pte Ltd	10/F Zung Fu Industrial Building, 1067 King's Road, Quarry Bay, Hong Kong	Ordinary	100%
Haymarket Media Asia Ltd	10/F Zung Fu Industrial Building, 1067 King's Road, Quarry Bay, Hong Kong	Ordinary	100%
Haymarket Shanghai Ltd	5/F East Building, China Merchants Plaza, 333 North Changdu Rd, Shanghai, China	Ordinary	100%

Associates

The following were associates of the Company:

Name	Registered office	Class of shares	Holding
Frontline Ltd	Media House, Peterborough Business Park, Lynch Wood, Peterborough PE2 6EA	Ordinary 'A'	5%
Frontline Ltd	Media House, Peterborough Business Park, Lynch Wood, Peterborough PE2 6EA	Ordinary 'C'	100%
Frontline Ltd	Media House, Peterborough Business Park, Lynch Wood, Peterborough PE2 6EA	Ordinary 'E'	25%
Frontline Ltd	Media House, Peterborough Business Park, Lynch Wood, Peterborough PE2 6EA	Ordinary 'F'	17%