

Registration number 00834207

Haymarket Network Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2011

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Haymarket Network Limited
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Haymarket Network Limited
Company Information

Directors	K Costello J D Duckworth B J Freeman The Rt Hon the Lord Heseltine CH The Hon R Heseltine S Kanter A C Taplin
Company secretary	P S Goodman
Auditor	Deloitte LLP Chartered Accountants London
Bankers	The Royal Bank of Scotland plc 280 Bishopsgate London EC2M 4RB
Registered office	174 Hammersmith Road London W6 7JP
Solicitors	Lewis Silkin LLP London

Haymarket Network Limited

Directors' Report for the Year Ended 31 December 2011

The directors present their annual report and financial statements for the year ended 31 December 2011

Business review and principal activities

The principal activity of the Company has continued to be the publishing of magazines and other printed material for clients, together with the provision of editorial content for use online. These activities are carried out predominantly in the UK. The Directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Review of developments

The Company's results for the year and state of affairs as at 31 December 2011 are shown in the attached financial statements. The profit for the year, after taxation, is £550,000 (2010 £243,000), following an decrease in direct costs of £1,642,000 over the previous year (2010 £1,003,000 increase).

No dividend was paid during the year (2010 £nil)

In addition to the financial performance indicators set out above, the Company's principal non-financial key performance indicator is headcount, details of which are set out in note 2.

Directors' indemnity

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 and their interests

The present membership of the board is set out on page 1. All Directors served throughout the year apart from D Mills who resigned on 18 November 2011.

Going concern basis adopted in preparing financial statements

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, either directly or through a subsidiary, such financial support as is necessary to the Company to enable the Company to continue to meet its liabilities as they fall due.

The Group's revenues, profits and cash flows have been affected by the economic downturn, particularly the much publicised reduction in advertising. In addition, a number of titles have suffered from competition. However the Group has a broad portfolio with offerings to a wide range of sectors in the UK and abroad, and has media properties that are benefitting from the digital world. Despite the reductions in revenues, the cost reduction actions taken by the directors have enabled the Group to report EBITDA (after adjusting for exceptional items) of £33m for the year ended 31 December 2011 and at the same level as 2010. The Group benefits from long-term financing in the form of equity and has banking facilities which expire in July 2015. These include a £10m 364-day revolving credit facility and a £5m overdraft facility on which the Group relies which are renewable annually on 30 April. The directors know of no reason why these will not be renewed for a further 364 days in April 2013.

Haymarket Network Limited
Directors' Report for the Year Ended 31 December 2011

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Going concern basis adopted in preparing financial statement (continued)

The directors continue to take action to realign the cost base with their view of the revenue outlook and to enable the Group to operate within the terms of its banking facilities. However, the directors acknowledge the uncertainty inherent in forecasting revenues, especially in the current economic environment. The directors believe that, having drawn up the Group's latest forecasts, which take into account their view of reasonably possible adverse variations in performance and the mitigation actions available to the directors, the Group has sufficient cash and covenant headroom under the Group's banking facilities for the foreseeable future. However, the forecasts do not envisage a major economic downturn or an economic shock arising, for example, from a further deterioration of the eurozone crisis.

In summary, the directors consider that, in the current challenging environment the Group has access to sufficient financial resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

The financial risk that the Directors consider most applicable to the Company is liquidity risk.

The Company's liquidity risk is mitigated by the fact that the balances owed by it are owed to fellow group companies.

Employees

Details of the number of employees and related costs can be found in note 2 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 strategy.

The Company and its subsidiaries have continued the policy regarding the employment of disabled persons. Full and fair consideration is given to applicants for employment made by disabled persons, having regard to their particular aptitude and abilities. The Company continues to employ, train and support the career development and promotion of employees of the Company who have become disabled persons during the period when they were employed by the Company and other disabled employees of the Company.

Environmental matters

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the company's activities. Initiatives designed to minimise the company's net impact on the environment include compliance with ISO 14001.

Haymarket Network Limited
Directors' Report for the Year Ended 31 December 2011

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Disclosure of information to the auditor

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

(1) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and


(2) the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Reappointment of the auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as the auditor in the absence of an Annual General Meeting

Approved by the Board on ^{23 July}2012 and signed on its behalf by



P S Goodman
Company secretary

Haymarket Network Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 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.

Independent Auditor's Report to the Members of Haymarket Network Limited

We have audited the financial statements of Haymarket Network Limited for the year ended 31 December 2011, which comprise the Profit and Loss Account, the Balance Sheet and related notes 1-12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


**Independent Auditor's Report to the Members of
Haymarket Network Limited**

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Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



William Touche (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Chartered Accountant and Registered Statutory Auditor
London

Date **23** July 2012

Haymarket Network Limited
Profit and Loss Account for the Year Ended 31 December 2011

	Note	2011 £ 000	2010 £ 000
Turnover	1	12,838	14,789
Cost of sales	1	<u>(10,471)</u>	<u>(12,113)</u>
Gross profit		2,367	2,676
Administrative expenses		<u>(1,609)</u>	<u>(2,422)</u>
Profit on ordinary activities before taxation		758	254
Tax on profit on ordinary activities	3	<u>(208)</u>	<u>(11)</u>
Profit on ordinary activities after taxation	9	<u>550</u>	<u>243</u>

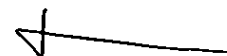
All operations during the year are continuing operations

There are no recognised gains or losses in either year other than the profit for that year. Therefore a statement of total recognised gains and losses has not been produced.

Haymarket Network Limited
(Registration number: 00834207)
Balance Sheet at 31 December 2011

	Note	2011 £ 000	2010 £ 000
Fixed assets			
Investments	4	<u>1,093</u>	<u>7,089</u>
Current assets			
Debtors	5	369	-
Creditors Amounts falling due within one year	6	<u>(208)</u>	<u>(78)</u>
Net current assets/(liabilities)		<u>161</u>	<u>(78)</u>
Total assets less current liabilities		1,254	7,011
Creditors Amounts falling due after more than one year	7	<u>-</u>	<u>(6,307)</u>
Net assets		<u>1,254</u>	<u>704</u>
Capital and reserves			
Profit and loss account		<u>1,254</u>	<u>704</u>

The financial statements of Haymarket Network Limited (Company registration number 00834207), have been authorised and approved for issue by the Board on ²³ July 2012 and signed on its behalf by



J D Duckworth
Director

Haymarket Network Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with United Kingdom law and accounting standards. The particular accounting policies adopted by the Directors are consistent with the prior year and are described below. The financial statements have been prepared on a going concern basis, as explained in the Directors' Report.

Cash flow statement

A cash flow statement has not been produced as Haymarket Network Limited is a wholly owned subsidiary of Haymarket Group Limited, which itself produces a publicly available consolidated cash flow statement. Consequently, the Company is exempt from producing a cash flow statement under the terms of FRS 1 (Revised).

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences between the recognition of gains or losses in the financial statements and their recognition in a taxation computation.

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

Investments

Investments are stated at cost less any provision for impairment.

Pension costs

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

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 website advertising is recognised over the period of the advertising contract.

Cost of sales

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

Haymarket Network Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

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Related party transactions

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose related party transactions with 100% owned companies in the Haymarket group

2 Information regarding directors and employees

	2011 £ 000	2010 £ 000
Directors' emoluments		
Emoluments	248	310
Pension contributions	34	18
	<u>282</u>	<u>328</u>
Remuneration of highest paid director	146	185
Pension contributions of highest paid director	<u>27</u>	<u>18</u>

There are defined contribution pension plans for the benefit of four directors (2010 four)

	2011 £ 000	2010 £ 000
Staff costs during the year (including Directors)		
Wages and salaries	3,463	3,997
Social security costs	325	418
Pension costs	151	185
	<u>3,939</u>	<u>4,600</u>
	No.	No
Average number of persons employed by the Company (including Directors)	<u>80</u>	<u>98</u>

All staff work in publishing Staff are employed under contracts of employment with a fellow subsidiary

Fees payable to the Company's auditor was £4,000 for this and the preceding year for the audit of the Company's annual accounts

Haymarket Network Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

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3 Tax on profit on ordinary activities

The tax is made up as follows

	2011 £ 000	2010 £ 000
Current tax		
UK corporation tax @ 26.5% (2010: 28%)	208	78
Adjustments in respect of previous years	-	(67)
Tax on profit on ordinary activities	<u>208</u>	<u>11</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 26.5% (2010: 28%). The current tax charge for year differs from 26.5% for the reasons set out in the following reconciliation

Reconciliation of current tax charge

	2011 £ 000	2010 £ 000
Profit on ordinary activities before taxation	<u>758</u>	<u>254</u>
Tax at 26.5% (2010: 28%) thereon	201	71
Expenses not deductible for tax purposes	7	7
Adjustment in respect of prior years	-	(67)
Current tax charge for the year	<u>208</u>	<u>11</u>

The 2012 budget (delivered on 21 March 2012) announced a reduction to the UK corporation tax rate, meaning the rate will be 24% with effect from 1 April 2012. The Government has also indicated that it intends to introduce further reductions in the main tax rate, with the rate falling by 1% each year down to 22% by 1 April 2014.

Haymarket Network Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

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4 Investments

	Loans to fellow subsidiary undertakings £ 000
Cost	
At 1 January 2011	7,089
Movement in year	(5,996)
At 31 December 2011	1,093
Net book value	
At 31 December 2011	1,093
At 31 December 2010	7,089

Loans to fellow subsidiary undertakings are unsecured, interest free and are repayable after more than one year with no fixed repayment date

5 Debtors

	2011 £ 000	2010 £ 000
Prepayments and accrued income	369	-
	<u>369</u>	<u>-</u>

6 Creditors: Amounts falling due within one year

	2011 £ 000	2010 £ 000
Corporation tax	208	78
	<u>208</u>	<u>78</u>

7 Creditors: Amounts falling due after more than one year

	2011 £ 000	2010 £ 000
Amounts owed to group undertakings	-	6,307
	<u>-</u>	<u>6,307</u>

Haymarket Network Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

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8 Authorised and issued share capital

	2011 and 2010 £
Authorised:	
100 Ordinary shares of £1 each	<u>100</u>
Allotted, called up and fully paid:	
100 Ordinary shares of £1 each	<u>100</u>

9 Reconciliation of movement in shareholders' funds

	2011 £ 000	2010 £ 000
At 1 January	704	461
Profit for the financial year	<u>550</u>	<u>243</u>
At 31 December	<u>1,254</u>	<u>704</u>

10 Contingent liabilities

The company has provided a financial guarantee over other group companies. As at the balance sheet date, the borrowings under guarantee amounted to £127,839,960 (2010: £127,804,615).

11 Pension scheme

The principal scheme operated by the Group is a defined contribution scheme in which eligible employees participate in personal pension plans to which the Company contributes 8% - 12.5% and the employees contribute a minimum of 5% of relevant earnings. The assets of the individual plans are held separately from those of the company in independently administered funds.

12 Control

The company is controlled by 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 Great Britain 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 accounts of Haymarket Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The immediate controlling party is Haymarket Media Group Limited, a company incorporated in Great Britain and registered in England and Wales.