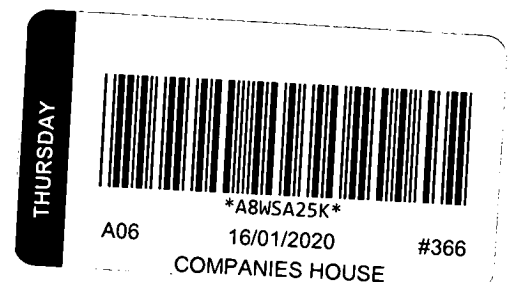


Haymarket Group Limited

Annual Report and Financial Statements

For the Year Ended 30 June 2019



Haymarket Group Limited

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Haymarket Group Limited

Chairman's Statement For the Year Ended 30 June 2019

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 (not included in Operating Profit) have been realised from the divestment of our used car brand, Pistonheads, and from the sale of our shares in Future plc. These profits have facilitated continued investment in our automotive technology business during the year, the net cost of which has been charged against Operating Profit. All this has enabled the repayment of our term loan facilities as we executed 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 £2.1m on revenues of £161.6m.

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 73% of total revenue (2018: 69%).

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. In addition we acquired the event business, NACE, in Florida to expand our live offering in the medical education sector.

With debt levels now replaced by cash, 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 technology, 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 forty percent 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 26 November 2019

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

Haymarket Group Limited

Group Strategic Report For the Year Ended 30 June 2019

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

	2019	2018
Total Turnover	£161.6m	£163.5m
EBITDAE	£8.6m	£3.5m
Earnings before Interest, Tax, Depreciation, Amortisation, Exceptional items and profit on sale of intangible assets and listed investments		
Net (cash) / debt	£(10.3)m	£0.4m

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 used car brand, Pistonheads. All this has enabled the completion of 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. In addition we acquired the event business, NACE, in Florida to expand our live offering in the medical education sector.

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 technology, 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 forty percent of our total revenues (2018: 33%), with healthy growth in the medical sector.

The Directors have not felt it necessary to make any impairment in the value of acquired publishing rights in the year (2018: impairments of £1.1m 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.

Haymarket Group Limited

Group Strategic Report (continued) For the Year Ended 30 June 2019

The Group 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 Group's remaining 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. It is noted though that with increased uncertainty around driving profits from anonymous audiences of the business-to-consumer brands, these now represent a much smaller percentage of our portfolio, with us only retaining an interest in the automotive sector. 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 monitors exchange rates to ensure risks of adverse fluctuations are mitigated.

As at 30 June 2019 the Group had net cash of £10m and this has since been increased by a further sale of our Secure Computing assets in the USA. The Group therefore has more than adequate funds for its day-to-day operations. Nonetheless the Group continues to monitor its working capital levels and seeks to improve them wherever possible.

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



B J Freeman
Company Secretary

Date: 26 November 2019

Haymarket Group Limited

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.

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 (2018: £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 (environmental management) and ISO 50001 (energy management). Haymarket has an environmental policy and sets environmental improvement targets that are regularly communicated to our employees. Haymarket communicates our environment standards to all suppliers through a Supplier Code of Conduct.

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

Going concern

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 Group's current financial projections, which take into account their view of any adverse variations in trading performance, 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 2019

Employees

Details of the number of employees and related costs can be found in note 8 to the financial statements.

The Group's employee engagement strategy keeps its employees up to date about matters affecting them as employees. Information is provided on a regular basis through its internal communications, including regular business performance and strategy updates. The Group seeks feedback from its employees through a range of channels including its employee engagement surveys. The Group recognises the value of, and is committed to, achieving a culture that encourages a diverse employee base and to this end has created a diversity & inclusion committee, made up of employees from across the UK business. The remit of the Group is to work with the directors and human resources team, to ensure the appropriate measures are in place to support equal opportunity for all.

Haymarket invests heavily in the learning and development of its employees. The Group is the largest employer in its head office borough and plays an active role in local education, particularly through its involvement as one of the main stakeholders in the Richmond Education and Enterprise Campus, and the launch of its Skills Academy.

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 consolidated 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 financial statements, the Directors are required to:

- select suitable accounting policies for the Group'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 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

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

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 and the Group's auditor is unaware, and
- each director have taken all the steps that they ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

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: 26 November 2019
Bridge House
69 London Road
Twickenham
TW1 3SP

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 2019, which comprise the consolidated income statement, the 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 2019 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 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 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.

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.

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.

Haymarket Group Limited

Independent Auditors' Report to the Members of Haymarket Group Limited

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.

Auditor's responsibilities for the audit of the financial statements

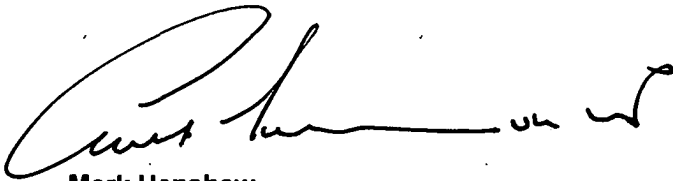
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

Independent Auditors' Report to the Members of Haymarket Group Limited

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

A handwritten signature in black ink, appearing to read 'Mark Henshaw', with a stylized flourish at the end.

Mark Henshaw
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
London

26 November 2019

Haymarket Group Limited

**Consolidated Income Statement
For the Year Ended 30 June 2019**

	Note	Continuing operations 2019 £000	Discontinued operations 2019 £000	Total 2019 £000	Continuing operations as restated 2018 £000	Discontinued operations as restated 2018 £000	Total 2018 £000
Turnover	4	159,364	2,241	161,605	148,391	15,076	163,467
Cost of sales		(125,475)	(1,425)	(126,900)	(117,050)	(15,423)	(132,473)
Gross profit / (loss)		<u>33,889</u>	<u>816</u>	<u>34,705</u>	<u>31,341</u>	<u>(347)</u>	<u>30,994</u>
Administrative expenses		(32,779)	175	(32,604)	(34,937)	(1,368)	(36,305)
Profit on disposal of assets	5	(1)	-	(1)	187	-	187
Fair value movements		-	-	-	540	-	540
Operating profit / (loss)	6	<u>1,109</u>	<u>991</u>	<u>2,100</u>	<u>(2,869)</u>	<u>(1,715)</u>	<u>(4,584)</u>
Income from joint ventures	15	471	-	471	477	-	477
Profit from sale of intangible assets	13	-	12,694	12,694	-	12,027	12,027
Profit on sale of listed investments	15	1,286	-	1,286	-	-	-
Finance income	10	1,419	-	1,419	1,762	-	1,762
Finance expense	11	(2,789)	-	(2,789)	(1,643)	-	(1,643)
Profit / (loss) before tax		<u>1,496</u>	<u>13,685</u>	<u>15,181</u>	<u>(2,273)</u>	<u>10,312</u>	<u>8,039</u>
Tax on profit	12	(2,179)	-	(2,179)	(2,573)	-	(2,573)
Profit / (loss) for the financial year		<u>(683)</u>	<u>13,685</u>	<u>13,002</u>	<u>(4,846)</u>	<u>10,312</u>	<u>5,466</u>
Profit / (loss) for the year attributable to:							
Non-controlling interests		10	-	10	(18)	-	(18)
Owners of the parent		(693)	13,685	12,992	(4,828)	10,312	5,484
		<u>(683)</u>	<u>13,685</u>	<u>13,002</u>	<u>(4,846)</u>	<u>10,312</u>	<u>5,466</u>

The notes on pages 19 to 46 form part of these financial statements.

Haymarket Group Limited

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

	2019 £000	2018 £000
Profit for the financial year	13,002	5,466
Other comprehensive income		
Currency translation differences on re translation of subsidiaries	1,742	(1,684)
Total comprehensive income for the year	14,744	3,782
Total comprehensive income for the year attributable to:		
Non-controlling interest	10	(18)
Owners of the parent Company	14,734	3,800
	14,744	3,782


The notes on pages 19 to 46 form part of these financial statements.

Haymarket Group Limited
Registered number: 02809261

Consolidated Statement of Financial Position
As at 30 June 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	13	15,125	7,684
Tangible assets	14	18,901	19,741
Investments	15	629	2,519
		<u>34,655</u>	<u>29,944</u>
Current assets			
Stocks	16	250	396
Debtors due after more than 1 year	17	7,928	8,022
Debtors due within 1 year	17	36,646	36,423
Cash at bank and in hand		19,704	5,331
		<u>64,528</u>	<u>50,172</u>
Creditors: amounts falling due within one year	18	(60,615)	(54,177)
Net current assets/(liabilities)		<u>3,913</u>	<u>(4,005)</u>
Total assets less current liabilities		<u>38,568</u>	<u>25,939</u>
Creditors: amounts falling due after more than one year	19	(6,467)	(6,596)
Net assets		<u><u>32,101</u></u>	<u><u>19,343</u></u>
Capital and reserves			
Called up share capital	22	258	258
Capital redemption reserve	23	254	254
Merger reserve	23	6,236	6,236
Profit and loss account	23	25,210	12,462
		<u>31,958</u>	<u>19,210</u>
Equity attributable to owners of the parent Company		<u>31,958</u>	<u>19,210</u>
Non-controlling interests		143	133
		<u><u>32,101</u></u>	<u><u>19,343</u></u>

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



B J Freeman
Director

The accompanying notes on pages 19 to 46 form part of these financial statements.

Haymarket Group Limited
Registered number: 02809261

Company Statement of Financial Position
As at 30 June 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	15	144,106	166,106
		<u>144,106</u>	<u>166,106</u>
Current assets			
Debtors: amounts falling due within one year	17	200	-
		<u>200</u>	<u>-</u>
Creditors: amounts falling due within one year	18	(319)	(390)
Net current liabilities		<u>(119)</u>	<u>(390)</u>
Total assets less current liabilities		<u>143,987</u>	<u>165,716</u>
Creditors: amounts falling due after more than one year	19	(81,616)	(79,038)
Net assets		<u><u>62,371</u></u>	<u><u>86,678</u></u>
Capital and reserves			
Called up share capital	22	258	258
Capital redemption reserve	23	254	254
Profit and loss account	23	61,859	86,166
		<u>62,371</u>	<u>86,678</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: 26 November 2019

The accompanying notes on pages 19 to 46 form part of these financial statements.

The parent company's loss for the year was £22,307k (loss in 2018: £383k).

Haymarket Group Limited

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

	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 2017	258	254	6,236	10,662	17,410	151	17,561
Profit for the year	-	-	-	5,484	5,484	(18)	5,466
Other comprehensive income	-	-	-	(1,684)	(1,684)	-	(1,684)
Dividends: Equity capital	-	-	-	(2,000)	(2,000)	-	(2,000)
At 1 July 2018	258	254	6,236	12,462	19,210	133	19,343
Profit for the year	-	-	-	12,992	12,992	10	13,002
Other comprehensive income	-	-	-	1,756	1,756	-	1,756
Dividends: Equity capital	-	-	-	(2,000)	(2,000)	-	(2,000)
At 30 June 2019	258	254	6,236	25,210	31,958	143	32,101

The notes on pages 19 to 46 form part of these financial statements.

Haymarket Group Limited

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

	Called-up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 July 2017	258	254	88,549	89,061
Loss for the year	-	-	(383)	(383)
Dividends: Equity capital	-	-	(2,000)	(2,000)
At 1 July 2018	258	254	86,166	86,678
Loss for the year	-	-	(22,307)	(22,307)
Dividends: Equity capital	-	-	(2,000)	(2,000)
At 30 June 2019	258	254	61,859	62,371

The notes on pages 19 to 46 form part of these financial statements.

Haymarket Group Limited

Consolidated Statement of Cash Flows For the Year Ended 30 June 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Profit for the financial year	13,002	5,466
Adjustments for:		
Amortisation of intangible assets	3,183	3,511
Depreciation of tangible assets	2,084	2,362
Profit on sale of intangible assets & investments	(13,980)	(12,027)
Profit / (Loss) on disposal of tangible assets	1	(187)
Finance expense	2,789	1,643
Finance income	(1,419)	(1,762)
Taxation charge	2,247	2,573
Decrease in stocks	146	234
Decrease in debtors	61	5,995
(Increase)/decrease in amounts owed by associates & participating interests	(521)	72
Increase/(decrease) in creditors	7,427	(9,316)
Increase in amounts owed to groups	1	-
(Decrease)/increase in amounts owed to associates	(416)	65
Net fair value losses/(gains) recognised in P&L	-	(540)
Share of operating profit in joint ventures	(539)	(477)
Share of operating profit in associates	(367)	-
Corporation tax paid	(2,264)	(1,162)
Net cash generated from operating activities	11,435	(3,550)
Cash flows from investing activities		
Purchase of intangible fixed assets	(12,468)	(2,538)
Sale of intangible assets	11,459	10,783
Purchase of tangible fixed assets	(1,374)	(1,416)
Sale of listed investments	4,094	-
Interest received	58	32
Dividends received	788	459
Net cash from investing activities	2,557	7,320
Cash flows from financing activities		
New secured loans	9,524	-
Repayment of loans	(3,000)	(6,200)
Repayment of preference shares	(1,050)	-
Dividends paid	(2,000)	(2,000)
Interest paid	(387)	(1,172)
Net cash used in financing activities	3,087	(9,372)
Net increase/(decrease) in cash and cash equivalents	17,079	(5,602)
Cash and cash equivalents at beginning of year	2,625	8,227

Haymarket Group Limited

**Consolidated Statement of Cash Flows (continued)
For the Year Ended 30 June 2019**

	2019 £000	2018 £000
Cash and cash equivalents at the end of year	<u>19,704</u>	<u>2,625</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	19,704	5,331
Bank overdrafts	-	(2,706)
	<u>19,704</u>	<u>2,625</u>

The notes on pages 19 to 46 form part of these financial statements.

Haymarket Group Limited

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

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 £22,307k (loss in 2018: £383k).

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 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.

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

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

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 Group's current financial projections, which take into account their view of any adverse variations in trading performance, 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 2019

2. Accounting policies (continued)

2.5 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.

2.6 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.

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.

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

2. Accounting policies (continued)

2.7 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.

2.8 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.

2.9 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods and services rendered net of sales tax and trade discounts.

Turnover 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. Turnover from services rendered is recognised in the income statement once the service has been completed.

Revenue is recognised when the Group:

- 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 Group 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.

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

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 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

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

2. Accounting policies (continued)

2.12 Financial instruments (continued)

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.

2.13 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.

2.14 Foreign currency translation

Functional and presentation currency

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

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.

2.15 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.

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

2. Accounting policies (continued)

2.16 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.

2.17 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.

2.18 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.

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

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 have indicators 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.

Haymarket Group Limited

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	20,829	25,090
Rendering of services	140,158	138,008
Other	618	369
	<u>161,605</u>	<u>163,467</u>

Analysis of turnover by country of destination:

	2019 £000	2018 £000
United Kingdom	74,514	86,073
USA	67,110	56,729
Rest of the world	19,981	20,665
	<u>161,605</u>	<u>163,467</u>

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

	2019 £000	2018 £000
Digital	77,580	72,250
Print	43,147	51,260
Live events	36,170	35,720
Other	4,708	4,237
	<u>161,605</u>	<u>163,467</u>

5. Other operating income

	2019 £000	2018 £000
Profit on disposal of intangible assets	-	1
(Loss) / Profit on disposal of tangible assets	(1)	186
	<u>(1)</u>	<u>187</u>

Haymarket Group Limited

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

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	2,084	2,362
Amortisation of intangible assets	3,183	3,511
Other operating lease rentals	4,369	4,174
Defined contribution pension cost	3,134	3,168
Exceptional restructuring costs	1,178	2,300
	<u>11,938</u>	<u>15,515</u>

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

7. Auditors' remuneration

	2019 £000	2018 £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	183	179
Audit of the Company's financial statements	4	4
VAT compliance consultancy	4	9
	<u>191</u>	<u>192</u>

Haymarket Group Limited

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

8. Employees

Staff costs were as follows:

	Group 2019 £000	Group 2018 £000
Wages and salaries	70,703	74,920
Social security costs	5,043	5,659
Cost of defined contribution scheme	3,134	3,168
	<u>78,880</u>	<u>83,747</u>

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

	2019 No.	2018 No.
Staff numbers	<u>1,395</u>	<u>1,440</u>

9. Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	2,479	2,806
Company contributions to defined contribution pension schemes	20	20
Amounts earned under long term incentive plans	772	307
	<u>3,271</u>	<u>3,133</u>

The highest paid Director received remuneration of £1,691,000 (2018 - £1,379,000).

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

Haymarket Group Limited

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

10. Finance income

	2019 £000	2018 £000
Bank interest receivable and similar income	3	89
Fair value movement on derivatives	-	467
Foreign exchange gain	1,416	1,206
	<u>1,419</u>	<u>1,762</u>

11. Finance expense

	2019 £000	2018 £000
Bank and other interest payable	691	1,422
Foreign exchange loss	2,098	221
	<u>2,789</u>	<u>1,643</u>

Haymarket Group Limited

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

12. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	-	(1,350)
Adjustments in respect of previous periods	(52)	400
	<u>(52)</u>	<u>(950)</u>
Foreign tax		
Foreign tax on income for the year	1,768	994
Foreign tax in respect of prior periods	80	725
	<u>1,796</u>	<u>769</u>
Total current tax	<u>1,796</u>	<u>769</u>
Deferred tax		
Origination and reversal of timing differences	334	(2,145)
Adjustments in respect of previous periods	49	744
Movement due to tax rate changes	-	3,205
	<u>383</u>	<u>1,804</u>
Total deferred tax	<u>383</u>	<u>1,804</u>
Taxation on profit on ordinary activities	<u>2,179</u>	<u>2,573</u>

Haymarket Group Limited

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

12. 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 applicable tax rate has changed following the substantive enactment of the Finance Act 2014. The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	15,181	8,039
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	2,884	1,527
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	240	245
Deferred tax unprovided	28	27
Adjustments to tax charge in respect of prior periods	79	822
Non-deductible depreciation/amortisation/impairments on assets not qualifying for capital allowances	241	254
Non-taxable income	(2,511)	(2,216)
Tax effect of profit share in joint ventures being presented net of tax	(68)	-
Book profit on chargeable assets	(245)	-
Capital gains	286	-
Unprovided short term timing differences leading to a decrease in the tax charge	(65)	-
Unutilised and unprovided UK tax losses utilised in the year and carried forward	-	322
Unutilised and unprovided overseas losses	850	133
Utilised overseas tax losses	(24)	(52)
Overseas withholding tax	15	-
Effect of overseas tax rates	484	1,428
Change in tax rates	(10)	83
Other differences leading to an increase / (decrease) in the tax charge	(5)	-
Total tax charge for the year	2,179	2,573

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Haymarket Group Limited

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

13. Intangible assets

Group

	Website development £000	Goodwill £000	Total £000
Cost			
At 1 July 2018	5,048	68,294	73,342
Additions	3,042	9,426	12,468
Disposals	(1,885)	(3,708)	(5,593)
Foreign exchange movement	-	1,073	1,073
At 30 June 2019	6,205	75,085	81,290
Amortisation			
At 1 July 2018	2,060	63,598	65,658
Charge for the year	2,013	1,170	3,183
On disposals	(1,580)	(2,148)	(3,728)
Foreign exchange movement	-	1,052	1,052
At 30 June 2019	2,493	63,672	66,165
Net book value			
At 30 June 2019	3,712	11,413	15,125
At 30 June 2018	2,988	4,696	7,684

The Group completed the sale of its Pistonheads assets in January 2019, the total consideration being greater than the asset's net book value of £1.4m. 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 Group's remaining bank borrowings.

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

Haymarket Group Limited

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

14. Tangible fixed assets

Group

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Total £000
Cost or valuation				
At 1 July 2018	14,895	5,950	18,766	39,611
Additions	243	-	1,131	1,374
Disposals	-	-	(612)	(612)
Exchange adjustments	-	95	177	272
At 30 June 2019	15,138	6,045	19,462	40,645
Depreciation				
At 1 July 2018	2,388	1,835	15,647	19,870
Charge for the year on owned assets	151	712	1,221	2,084
Disposals	-	-	(375)	(375)
Exchange adjustments	-	40	125	165
At 30 June 2019	2,539	2,587	16,618	21,744
Net book value				
At 30 June 2019	12,599	3,458	2,844	18,901
At 30 June 2018	12,507	4,115	3,119	19,741

Haymarket Group Limited

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

15. Fixed asset investments

Group

	Investments in associates £000	Listed investments £000	Investment in joint ventures £000	Total £000
Cost or valuation				
At 1 July 2018	1,234	1,965	554	3,753
Disposals	(1,234)	(1,965)	-	(3,199)
Foreign exchange movement	-	-	25	25
Share of profit/(loss)	-	-	50	50
At 30 June 2019	-	-	629	629
At 1 July 2018	1,234	-	-	1,234
Impairment on disposals	(1,234)	-	-	(1,234)
At 30 June 2019	-	-	-	-
Net book value				
At 30 June 2019	-	-	629	629
At 30 June 2018	-	1,965	554	2,519

During the year listed investments were sold at a profit of £1,286k. The Group's interest in associates was sold for sale proceeds of nil and following the impairment made in the year to 30 June 2018, this resulted in nil profit or loss on disposal.

Joint venture share of profits during the year is net of dividends of £421k and tax of £68k. Share of profits from associates of £367k was fully distributed as dividends during the year.

A list of the company's associates and joint ventures is shown in note 30.

Haymarket Group Limited

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

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2018	166,106
At 30 June 2019	166,106
Impairment	
Charge for the period	22,000
At 30 June 2019	22,000
Net book value	
At 30 June 2019	144,106
At 30 June 2018	166,106

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 discount rate of 10.9% and long- term growth rates of between 0% and 2%. Due to divestment of brands, the company's investment in subsidiaries has been impaired in the year.

A list of the company's subsidiary undertakings is shown in note 30.

16. Stocks

	Group 2019 £000	Group 2018 £000
Raw materials and consumables	250	396

Raw materials and consumables include £93,000 (2018: £76,000) of agricultural stocks which are included at independent professional valuation.

Haymarket Group Limited

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

17. Debtors

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Due after more than one year				
Other debtors	932	933	-	-
Deferred tax asset (see note 21)	6,996	7,089	-	-
	<u>7,928</u>	<u>8,022</u>	<u>-</u>	<u>-</u>
	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Due within one year				
Trade debtors	24,099	26,273	-	-
Amounts owed by joint ventures and associated undertakings	1,015	494	200	-
Other debtors	745	478	-	-
Prepayments and accrued income	10,154	8,214	-	-
Tax recoverable	633	964	-	-
	<u>36,646</u>	<u>36,423</u>	<u>200</u>	<u>-</u>

18. Creditors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Bank overdrafts	-	2,706	-	-
Bank loans	9,524	3,000	-	-
Trade creditors	7,651	8,156	-	-
Amounts owed to associates	279	695	-	-
Corporation tax	1,025	1,823	-	-
Other taxation and social security	1,746	2,214	-	-
Other creditors	1,840	1,349	-	-
Accruals and deferred income	38,550	34,234	319	390
	<u>60,615</u>	<u>54,177</u>	<u>319</u>	<u>390</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. In February 2019 the Group took out a cash-backed bank loan to fund its US acquisition with interest charged at 0.25% above LIBOR. This loan was repaid in September 2019.

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

Haymarket Group Limited

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

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

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £000
Amounts owed to group undertakings	-	-	76,666	73,038
3% Redeemable £1 preference shares	4,950	6,000	4,950	6,000
Accrued expenses	1,517	596	-	-
	<u>6,467</u>	<u>6,596</u>	<u>81,616</u>	<u>79,038</u>

In January and March 2019 the Company redeemed in cash a total of 1,050,000 £1 preference shares. Disclosure of the terms and conditions attached to the non-equity shares is made in note 22.

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

Haymarket Group Limited

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

20. Financial instruments

	Group 2019 £000	Group 2018 £000	Company 2019 £000	Company 2018 £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	26,791	28,178	200	-
	<u>26,791</u>	<u>30,143</u>	<u>200</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(24,290)	(21,906)	(81,934)	(79,428)
	<u>(24,290)</u>	<u>(21,906)</u>	<u>(81,934)</u>	<u>(79,428)</u>

Financial assets assets at fair value represent listed investments held at quoted market price.

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

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

Haymarket Group Limited

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

21. Deferred taxation

Group

	2019 £000	2018 £000
At beginning of year	7,089	9,062
Charged to other comprehensive income	(382)	(1,803)
Utilised in year	289	(170)
At end of year	6,996	7,089

The deferred tax asset is made up as follows:

	Group 2019 £000	Group 2018 £000
Accelerated capital allowances	2,870	936
US deferred interest deductions	4,126	4,847
Other timing differences - deferred tax asset	-	1,155
Overseas losses	-	151
	6,996	7,089

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 £2,614,000 (2018:£2,257,000) comprising the following:

Haymarket Group Limited

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

	Group 2019 £000	Group 2018 £000
Unutilised overseas tax losses	1,804	1,826
Unutilised UK tax losses	1,199	820
Gain deferred by rollover relief	(389)	(389)
	<u>2,614</u>	<u>2,257</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 2019, the net reversal of deferred tax assets and liabilities is not expected to be significant.

22. Called-up share capital

	2019 £000	2018 £000
Shares classified as equity		
Allotted, called up and fully paid		
25,796,410 (2018: 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 (payable annually), 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. There is no premium payable on redemption.

Haymarket Group Limited

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

23. 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.

24. Business combinations

On 22 February 2019, we acquired NACE, an event business in Florida. The method of accounting used for this acquisition was the purchase method.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value £000
Trade Debtors	102	102
Other debtors	47	47
Total assets	149	149
Creditors due within one year	(846)	(846)
Total identifiable net liabilities	(697)	(697)
Goodwill		9,543
Total purchase consideration		8,846

Goodwill on acquisition will be amortised over the useful economic life which is deemed to be 15 years.

Consideration

	£000
Cash	8,846
Total purchase consideration	8,846

Cash outflow on acquisition

Haymarket Group Limited

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

24. Business combinations (continued)

	£000
Purchase consideration settled in cash, as above	8,846
	<u>8,846</u>
Net cash outflow on acquisition	<u><u>8,846</u></u>

The results of NACE since its acquisition are as follows:

	Current period since acquisition £000
Turnover	<u>1,735</u>
Profit for the year	<u><u>332</u></u>

25. Prior year restatement

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

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. Plans for this office are currently awaiting planning approval with the building work scheduled to start in the last quarter of 2021.

Haymarket Group Limited

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

27. Commitments under operating leases

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

	Group 2019 £000		Group 2018 £000	
Not later than 1 year	4,302		4,121	
Later than 1 year and not later than 5 years	13,171		13,296	
Later than 5 years	10,958		13,603	
	<u>28,431</u>		<u>31,020</u>	
	Group Land and Buildings 2019 £000	Group Other 2019 £000	Group Land and Buildings 2018 £000	Group Other 2018 £000
No later than 1 year	4,126	176	3,930	190
Later than 1 year and not later than 5 years	12,971	200	13,069	228
Later than 5 years	10,958	-	13,603	-
	<u>28,055</u>	<u>376</u>	<u>30,602</u>	<u>418</u>

28. Related party transactions

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

During the year, preference shares to the value of £1,050,000 were redeemed in cash to a beneficial owner, Lord Heseltine.

Frontline Limited is the Group's agent in relation to the sale of its publications to third parties. Distribution and trade marketing services of £679,061 (2018: £1,258,280) were provided to the Group 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>

In January 2019 the Group made a loan of £200,000 to the MRD Heseltine Children's Settlement, of which a director, Rupert Heseltine, is a beneficiary. The loan was not interest-bearing and was repaid in October 2019.

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 2019

29. Post balance sheet events

Since the year end the Group has disposed of its Secure Computing assets at a value greater than its net book value. During the year this brand made a profit of £1.8m from turnover of £6.3m.

30.

Subsidiary undertakings

The following were subsidiary undertakings of the Company at the reporting date:

Name	Registered office	Class of shares	Holding
Haymarket Media Group Ltd	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
Thenhurst Agricultural Ltd **	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
Haymarket Group Properties Ltd **	Bridge House, 69 London Road, Twickenham, UK	Ordinary	100%
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 SAC Publishing Pvt Ltd	Unit 401, Raheja Xion, Byculla (East), Mumbai, India	Ordinary	75%

Haymarket Group Limited

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

30. Subsidiary undertakings (continued)

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

** 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.

Associates

The following were associate undertakings of the Company:

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

Joint ventures

The following were joint ventures of the Company:

Name	Registered office	Holding
Asian Advertising Festival Pte Ltd	182 Cecil Street, Level 17 Frasers Tower, Singapore 069547	50%
East Haymarket Pte Ltd	182 Cecil Street, Level 17 Frasers Tower, Singapore 069547	50%