1. Business analysis

	Group 2004 £m	Group share of joint ventures 2004 £m	Group 2003 £m	Group share of joint ventures 2003 £m
Turnover by division				
Continuing operations:				
CMP Media	**193.8**	**8.8**	210.5	8.2
CMP Asia	**50.5**	**4.5**	44.4	3.5
CMP Information	**159.3**	**–**	135.0	1.6
United Advertising Publications	**58.5**	**–**	58.1	–
Professional media	**462.1**	**13.3**	448.0	13.3
News distribution	**94.8**	**10.7**	94.8	10.3
Market research	**222.9**	**–**	203.9	–
Continuing operations	**779.8**	**24.0**	746.7	23.6
Acquisitions:				
CMPMedica	**29.8**	**–**	–	–
	809.6	**24.0**	746.7	23.6
Turnover by geographic market				
United Kingdom	**249.6**	**–**	225.7	1.6
North America	**424.1**	**18.5**	450.1	17.7
Europe and Middle East	**78.1**	**1.0**	31.5	0.8
Pacific	**57.8**	**4.5**	39.4	3.5
	809.6	**24.0**	746.7	23.6

Turnover analysis is based on turnover by origin. Turnover by destination would not be materially different.

Net operating assets/(liabilities) by division	2004 £m	As restated 2003 £m
CMP Media	**118.7**	144.6
CMPMedica	**150.9**	–
CMP Asia	**(7.0)**	(4.0)
CMP Information	**65.6**	78.9
United Advertising Publications	**7.3**	6.5
Professional media	**335.5**	226.0
News distribution	**4.8**	12.1
Market research	**80.2**	69.0
	420.5	307.1
by geographic market		
United Kingdom	**92.8**	70.0
North America	**176.9**	226.3
Europe and Middle East	**159.0**	16.4
Pacific	**(8.2)**	(5.6)
	420.5	307.1
Reconciliation of net operating assets to net assets		
Net operating assets	**420.5**	307.1
Investments	**391.7**	605.5
Corporation tax	**(208.0)**	(308.5)
Net borrowings	**(300.2)**	(376.0)
Proposed dividend	**(28.5)**	(19.5)
Pension liability	**(95.2)**	(83.9)
Net assets	**180.3**	124.7

1. Business analysis (continued)

	Group 2004 £m	Group share of joint ventures 2004 £m	Total 2004 £m
***Operating profit before amortisation of intangible assets by division**			
Continuing operations:			
CMP Media	21.8	1.2	23.0
CMP Asia	14.5	0.5	15.0
CMP Information	33.6	–	33.6
United Advertising Publications	13.2	–	13.2
Professional media	83.1	1.7	84.8
News distribution	20.5	3.5	24.0
Market research	20.1	–	20.1
Continuing operations	123.7	5.2	128.9
Acquisitions:			
CMPMedica	3.4	–	3.4
***Operating profit before amortisation of intangible assets**	127.1	5.2	132.3
Amortisation of intangible assets	(124.5)	(1.5)	(126.0)
***Operating profit/(loss) by division**			
Continuing operations:			
CMP Media	(38.7)	0.7	(38.0)
CMP Asia	10.9	0.5	11.4
CMP Information	(3.7)	–	(3.7)
United Advertising Publications	12.3	–	12.3
Professional media	(19.2)	1.2	(18.0)
News distribution	19.1	2.5	21.6
Market research	7.9	–	7.9
Continuing operations	7.8	3.7	11.5
Acquisitions:			
CMPMedica	(5.2)	–	(5.2)
***Operating profit**	2.6	3.7	6.3
Non-operating exceptional items and amounts written off investments			7.2
Net interest and other financial income			9.1
Profit on ordinary activities before tax			22.6
***Operating profit/(loss) by geographic market**			
United Kingdom	(7.4)	–	(7.4)
North America	(6.6)	3.6	(3.0)
Europe and Middle East	3.4	(0.4)	3.0
Pacific	13.2	0.5	13.7
***Operating profit**	2.6	3.7	6.3
Non-operating exceptional items and amounts written off investments			7.2
Net interest and other financial income			9.1
Profit on ordinary activities before tax			22.6

*Includes income from other fixed asset investments of £6.0 million.

1. Business analysis (continued)

	Group 2003 £m	Group share of joint ventures 2003 £m	Total 2003 £m
*** Operating profit before amortisation of intangible assets by division**			
Continuing operations:			
CMP Media	14.1	0.7	14.8
CMP Asia	12.1	0.5	12.6
CMP Information	25.2	0.1	25.3
United Advertising Publications	14.0	–	14.0
Professional media	65.4	1.3	66.7
News distribution	10.2	3.2	13.4
Market research	19.3	–	19.3
***Operating profit before amortisation of intangible assets**	94.9	4.5	99.4
Amortisation of intangible assets	(120.1)	(1.6)	(121.7)
***Operating (loss)/profit by division**			
Continuing operations:			
CMP Media	(38.4)	0.1	(38.3)
CMP Asia	(1.4)	0.5	(0.9)
CMP Information	(4.3)	0.1	(4.2)
United Advertising Publications	13.3	–	13.3
Professional media	(30.8)	0.7	(30.1)
News distribution	0.7	2.2	2.9
Market research	4.9	–	4.9
***Operating (loss)/profit**	(25.2)	2.9	(22.3)
Non-operating exceptional items			–
Net interest and other financial income			3.9
Loss on ordinary activities before tax			(18.4)
***Operating (loss)/profit by geographic market**			
United Kingdom	(6.1)	0.6	(5.5)
North America	(25.7)	2.8	(22.9)
Europe and Middle East	9.8	(0.9)	8.9
Pacific	(3.2)	0.4	(2.8)
***Operating (loss)/profit**	(25.2)	2.9	(22.3)
Non-operating exceptional items			–
Net interest and other financial income			3.9
Loss on ordinary activities before tax			(18.4)

*Includes income from other fixed asset investments of £3.9m

2. Reconciliation of operating profit before amortisation and exceptionals to profit/(loss) before tax

	2004 £m	2003 £m
Operating profit before amortisation of intangible assets and exceptional items	**132.3**	99.4
Amortisation of intangible assets:		
– Group	**(124.5)**	(120.1)
– Joint ventures and associates	**(1.5)**	(1.6)
Total operating profit/(loss)	**6.3**	(22.3)
Net interest income	**12.5**	9.4
Other finance expense	**(3.4)**	(5.5)
Exceptional items and amounts written off investments charged to profit/(loss) before tax (see note 6)	**7.2**	–
Profit/(loss) before tax	**22.6**	(18.4)

3. Cost of sales and operating expenses

	Continuing 2004 £m	Acquisitions 2004 £m	Total 2004 £m
Cost of sales	**(304.2)**	**(16.9)**	**(321.1)**
Distribution costs	**(136.1)**	**(2.3)**	**(138.4)**
Administrative expenses	**(346.9)**	**(15.7)**	**(362.6)**
Other operating income	**9.1**	**–**	**9.1**
	(778.1)	**(34.9)**	**(813.0)**

	Total 2003 £m
Cost of sales	(279.9)
Distribution costs	(163.1)
Administrative expenses	(344.4)
Other operating income	11.6
	(775.8)

	Continuing 2004 £m	Acquisitions 2004 £m	Total 2004 £m
Included within operating profit:			
Operating lease charges			
– hire of plant, machinery and vehicles	**(1.3)**	**(0.1)**	**(1.4)**
– property	**(22.3)**	**(0.5)**	**(22.8)**

	Total 2003 £m
Included within operating profit:	
Operating lease charges	
– hire of plant, machinery and vehicles	(1.5)
– property	(24.8)

Included within operating profit:	2004 £m	2003 £m
Audit services:		
– Statutory audit (Company £10,000)	**1.0**	0.6
– Audit related regulatory reporting	**0.2**	0.2
Further assurance services	**0.3**	0.1
Tax services:		
– Compliance services	**–**	–
– Advisory services	**0.1**	0.2
Total	**1.6**	1.1

The Audit Committee has established policy guidelines on the nature of non-audit work which may be undertaken by the auditors. These guidelines identify a number of categories of work where the auditors will not normally be employed, including financial due diligence assignments on potential acquisitions and financial systems consultancy. The Audit Committee has also put in place procedures for the pre-approval of any fees payable to the auditors for those non-audit services which fall within the policy guidelines.

Professional firms are selected to provide advisory services on the basis of their relevant experience and expertise. For major projects, it is the group's policy to undertake a competitive tendering process. In certain circumstances, for example reasons of confidentiality or knowledge of the group's businesses and structures, it is appropriate to employ the group's auditors to provide such services without a competitive tender being undertaken.

4. Income from other fixed asset investments

	2004 £m	2003 £m
Income from unlisted investments	6.0	3.9

5. Share of operating profit in joint ventures and associates

	2004 £m	2003 £m
Joint ventures and associates within continuing operations	5.2	4.5
Amortisation of goodwill	(1.5)	(1.6)
	3.7	2.9

6. Exceptional items and amounts written off investments

	2004 £m	2003 £m
Additional profit relating to prior year disposals (a)	18.9	–
Amounts written off investments (b)	(11.7)	–
Total charged to loss on ordinary activities before tax	7.2	–
Exceptional taxation credit (c)	121.0	–

(a) In December 2004, United agreed a settlement of £32 million from Granada in respect of outstanding items relating to the 2000 disposals. The additional profit on disposal represents this receipt, after deduction of interest, costs, and the offset of recorded receivables.

(b) The group has written down the carrying value of certain fixed asset investments to reflect their expected realisable value. It is the group's intention to exit these investments.

(c) The group has resolved a number of outstanding items as a consequence of which there is a net exceptional tax credit of £121.0 million.

7. Net interest income/(expense)

		2004 £m	2003 £m
Interest receivable		26.6	25.8
Interest payable	– on bank loans and overdrafts	(2.3)	(1.0)
	– other	(11.8)	(15.4)
		12.5	9.4

Interest receivable includes £9.8 million (2003: £8.9 million) of interest receivable from Channel 5 Television Group Limited in respect of shareholder loans.

8. Tax on profit/(loss) on ordinary activities

	2004 £m	2003 £m
a) Analysis of tax charge for the year:		
UK corporation tax at 30.0% (2003: 30.0%)	16.9	15.9
Overseas corporation tax	12.3	5.4
Tax relating to share of profit of joint ventures	1.2	1.4
Total current tax	30.4	22.7
Overseas deferred tax	0.4	–
	30.8	22.7

	2004 £m	2003 £m
b) Factors affecting tax charge for the year:		
Profit/(loss) on ordinary activities before tax	22.6	(18.4)
Profit/(loss) on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 30%	6.8	(5.5)
Effect of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	43.1	35.2
Tax effect of items not recognised in consolidated financial statements	(19.0)	(5.4)
Reversal of timing differences	2.4	0.5
Higher tax rates on overseas earnings	4.3	0.4
Additional profit relating to prior year disposals not taxable	(5.7)	–
Other	(1.5)	(2.5)
Total current tax	30.4	22.7

c) Factors that may affect future tax:

No deferred tax has been recognised on the retained profits and reserves of overseas subsidiaries or joint ventures or associated undertakings as there is currently no intention to remit such amounts to the UK.

Deferred tax assets have not been recognised, having given consideration to the likelihood of recovery of the balance.

9. Profit/(loss) for the financial year of the company

As permitted by Section 230 of the Companies Act 1985, the company's profit and loss account has not been presented. A loss for the financial year of £(98.4) million (2003: profit of £632.5 million) has been included within the group results and dealt with in the financial statements of the company.

10. Dividends

	2004 £m	2003 £m
Equity dividends		
Ordinary shares:		
Interim of 3.63p (2003: 3.3p)	12.1	11.0
Proposed final of 8.37p (2003: 5.7p)	28.1	19.2
Non-equity dividends – B shares (see note 24)	0.4	0.4
	40.6	30.6

Non-equity dividends relate to the accrual for the LIBOR linked dividend on 5,446,789 (2003: 6,212,819) B shares remaining in issue (see note 24).

11. Earnings/(loss) per share

	2004 Earnings/(loss) £m	2004 Weighted average number of shares million	2004 Earnings/(loss) per share pence	2003 Earnings/(loss) £m	2003 Weighted average number of shares million	2003 Earnings/(loss) per share pence
	109.1	**334.4**	**32.7**	80.3	334.2	24.0
Adjustment in respect of B share dividends	**(0.4)**	**–**	**(0.1)**	(0.4)	–	(0.1)
Adjusted earnings per share	**108.7**	**334.4**	**32.6**	79.9	334.2	23.9
Adjustment in respect of amortisation of intangible assets	**(126.0)**	**–**	**(37.7)**	(121.7)	–	(36.4)
Adjustment in respect of exceptional items	**128.2**	**–**	**38.3**	–	–	–
Basic profit/(loss) per share	**110.9**	**334.4**	**33.2**	(41.8)	334.2	(12.5)
Dilution	**3.5**	**52.4**	**(3.6)**	–	–	–
Diluted profit/(loss) per share	**114.4**	**386.8**	**29.6**	(41.8)	334.2	(12.5)

Adjusted earnings per share is presented as the directors consider that this is a meaningful measure of the performance of the group. For diluted earnings per share, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The group has two categories of dilutive potential ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the year and shares attributable to convertible debt. No adjustment has been made for the dilutive impact in 2003 as this would decrease reported loss per share. The impact of dilutive securities in 2004 would be to increase the profit by £3.5 million for convertible debt (2003: £3.7 million) and to increase weighted average shares by 4.6 million shares for employee share options (2003: 2.6 million) and 47.8 million shares for convertible debt (2003: 47.8 million).

The weighted average number of shares excludes ordinary shares held by the ESOP and the QUEST (see note 25).

12. Intangible fixed assets

	Goodwill £m	Other intangible assets £m	Total £m
Cost			
At 1 January 2004	1,644.6	16.8	1,661.4
Currency translation	(50.2)	(0.1)	(50.3)
Additions	190.7	–	190.7
Transfers from joint ventures	0.3	–	0.3
At 31 December 2004	**1,785.4**	**16.7**	**1,802.1**
Amortisation			
At 1 January 2004	1,213.8	16.8	1,230.6
Currency translation	(48.7)	(0.1)	(48.8)
Charge for the year	124.5	–	124.5
Transfers from joint ventures	–	–	–
At 31 December 2004	**1,289.6**	**16.7**	**1,306.3**
Net book amount			
At 31 December 2004	**495.8**	**–**	**495.8**
At 31 December 2003	430.8	–	430.8

13. Tangible fixed assets

	Land and buildings £m	Plant, machinery and vehicles £m	Total £m
Group			
Cost			
At 1 January 2004	71.0	128.6	199.6
Currency translation	(1.0)	(4.0)	(5.0)
On acquisition of subsidiary undertakings and businesses	0.4	1.5	1.9
Additions	1.2	7.3	8.5
Disposals	(1.3)	(11.2)	(12.5)
At 31 December 2004	**70.3**	**122.2**	**192.5**
Depreciation			
At 1 January 2004	31.0	114.1	145.1
Currency translation	(1.0)	(4.0)	(5.0)
Charge for the year	2.7	10.2	12.9
Disposals	(0.6)	(10.0)	(10.6)
At 31 December 2004	**32.1**	**110.3**	**142.4**
Net book amount			
At 31 December 2004	**38.0**	**12.1**	**50.1**
At 31 December 2003	40.0	14.5	54.5

	2004 £m	2003 £m
Land and buildings at net book amount comprise:		
Freehold	**20.9**	20.4
Long leasehold	**0.5**	0.5
Short leasehold	**16.6**	19.1
	38.0	40.0

14. Fixed asset investments

	Unlisted £m	Goodwill £m	Total £m
Group			
(a) Joint ventures			
Cost			
At 1 January 2004	4.5	11.7	16.2
Currency translation	(0.3)	(0.4)	(0.7)
Additions	–	–	–
Transfers to subsidiaries	(0.3)	–	(0.3)
Disposals	–	–	–
Dividends	(4.0)	–	(4.0)
Share of profits less losses	4.0	–	4.0
At 31 December 2004	**3.9**	**11.3**	**15.2**
Amortisation			
At 1 January 2004	–	5.0	5.0
Currency translation	–	(0.1)	(0.1)
Transfers to subsidiaries	–	–	–
Charge for the year	–	1.5	1.5
At 31 December 2004	**–**	**6.4**	**6.4**
Net book amount			
At 31 December 2004	**3.9**	**4.9**	**8.8**
At 31 December 2003	4.5	6.7	11.2

14. Fixed asset investments (continued)

	Unlisted £m	Goodwill £m	Total £m
Group			
(b) Associated undertakings			
Cost			
At 1 January 2004	0.2	–	0.2
Currency translation	–	–	–
Additions	1.7	–	1.7
At 31 December 2004	**1.9**	**–**	**1.9**
Net book amount			
At 31 December 2004	**1.9**	**–**	**1.9**
At 31 December 2003	0.2	–	0.2

There are no listed joint ventures or associates.

	Listed investments £m	Loans to unlisted £m	Unlisted investments £m	Total £m
(c) Investments: other				
At 1 January 2004 (as restated)	0.2	218.0	(49.3)	168.9
Currency translation	–	–	0.1	0.1
Additions	–	–	–	–
Additional loans and accrued interest	–	16.5	–	16.5
Return of investment	–	–	–	–
Transfer from unlisted to listed due to IPO	1.0	–	(1.0)	–
Disposals	–	–	(0.4)	(0.4)
Repayments	–	(26.6)	–	(26.6)
Amounts written off investments (note 6)	–	(1.0)	(10.7)	(11.7)
At 31 December 2004	**1.2**	**206.9**	**(61.3)**	**146.8**

Additions to loans to unlisted investments include additional shareholder loans to Channel 5 Television Group Limited.

One of the group's investments completed an Initial Public Offering (IPO) on 28 October 2004 and has been reclassified from unlisted to listed investments.

The market value of other listed investments at 31 December 2004 was £2.1million (2003: £1.1 million).

Certain of the group's investments which were previously classified as associated undertakings and joint ventures were reclassified as fixed asset investments during the years ended 31 December 2000 and 31 December 2001 as the level of influence exerted by United over these businesses is not considered sufficient to meet the requirements of FRS 9. The investments comprise Channel 5 Television Group Limited, Independent Television News Limited, SDN Limited, Satellite Information Services (Holdings) Ltd and Paperloop.com, Inc. UBM does not consider that these investments are core to its ongoing activities.

	Type of business	Country of incorporation/ registration	Class of shares held	Shareholding/ interest %	Accounting year end
Principal fixed asset investments are as follows:					
Joint ventures:					
Canada Newswire Limited	News distribution	Canada	Ordinary	50.0%	31 December
ANP Pers Support BV	News distribution	Netherlands	Ordinary	50.0%	31 December
EMedia Asia Limited	Exhibitions and publications	Barbados	Ordinary	39.9%	31 December
Associates:					
Axilog S.A.	Publications	France	Ordinary	25.1%	31 December
Other fixed asset investments:					
Channel 5 Television Group Limited	Broadcasting	Great Britain	Ordinary	35.37%	31 December
Paperloop.com, Inc.	Internet business	USA	Ordinary	37.2%	31 December
The Press Association	News distribution	Great Britain	Ordinary	17.01%	31 December
SDN Limited	Multiplex Operator	Great Britain	Ordinary	33.05%	31 December
Satellite Information Services (Holdings) Ltd	News distribution	Great Britain	Ordinary	20.0%	31 March
Independent Television News Limited	Broadcasting	Great Britain	Ordinary	20.0%	31 December

14. Fixed asset investments (continued)

Significant investments

The unaudited financial statements of Channel 5 Television Group Limited for the year ended 31 December 2004 show aggregate capital and reserves of £(512.3) million (2003: £(509.1) million) and a loss for the financial year of £(5.2) million (2003: £(13.9) million).

Investment in own shares

The group also holds investments in own shares through the ESOP and QUEST. The group has adopted UITF 38 'Accounting for ESOP trusts' in these financial statements. This Abstract requires that any investment in own shares through an ESOP trust is deducted from shareholders' funds. As required by the Abstract, the comparative information at 31 December 2003 has been restated, with other investments being reduced by £4.1m, other reserves being reduced by £7.8m and the profit and loss reserve being increased by £3.7m to reverse provisions made against these shares in prior years. Details of the ESOP and Quest schemes are included in note 25.

	Shares in group companies £m	Loans to group companies £m	Total £m
Company			
Investments: subsidiary undertakings			
Cost			
At 1 January 2004	3,004.9	1,030.0	4,034.9
Movement in loans	–	(23.6)	(23.6)
At 31 December 2004	**3,004.9**	**1,006.4**	**4,011.3**
Provision against investments			
At 1 January 2004	(661.5)	–	(661.5)
Charged for the year	–	–	–
At 31 December 2004	**(661.5)**	**–**	**(661.5)**
Net book amount			
At 31 December 2004	**2,343.4**	**1,006.4**	**3,349.8**
At 31 December 2003	2,343.4	1,030.0	3,373.4

15. Stocks and work in progress

	2004 £m	2003 £m
Group		
Raw materials and consumables – paper stocks	**2.6**	1.1
Work in progress:		
– short term market research contracts	**14.1**	17.6
– other	**4.2**	–
Finished goods and goods for resale	**1.9**	1.7
	22.8	20.4

16. Debtors

	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
Amounts falling due within one year:				
Trade debtors	**128.0**	115.0	**–**	–
Other debtors	**38.4**	11.4	**–**	–
Prepayments and accrued income	**30.0**	29.8	**1.4**	1.5
Group relief receivable	**–**	–	**140.5**	116.8
Pension prepayments – defined contribution schemes	**1.6**	2.3	**–**	–
	198.0	158.5	**141.9**	118.3

There are no amounts falling due after more than one year.

17. Short term liquid funds	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
Listed investments	**234.2**	425.2	**–**	–

18. Creditors: amounts falling due within one year	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
Unsecured bank overdrafts	**2.8**	2.7	**–**	–
Bank and other loans	**140.0**	238.9	**–**	213.9
2.375% senior convertible bonds (see note 21)	**–**	221.1	**–**	–
Trade creditors	**59.7**	47.3	**–**	–
Other creditors	**26.6**	41.1	**–**	–
Deferred consideration	**4.8**	5.4	**–**	–
Corporation tax	**208.0**	308.5	**–**	–
Other taxes and social security	**13.1**	13.4	**–**	–
Accruals and deferred income	**184.6**	178.7	**5.7**	13.2
Proposed dividends – group	**28.5**	19.5	**28.5**	19.5
	668.1	1,076.6	**34.2**	246.6

Bank and Other Loans

Bank and other loans for 2004 are £140 million of borrowing under the group's £500 million syndicated bank facility (2003: £21.1 million) – see below.

Bank and other loans for 2003 included US dollar fixed rate private placements of £69.8 million, which were repaid in September 2004, and US dollar fixed rate senior unsecured notes of £133.4 million (stated net of repurchases of £6.0 million and issue costs), which were repaid in July 2004. The notes repurchased were held by a wholly owned subsidiary and were not cancelled. Accordingly, these were shown as amounts owing in the company balance sheet.

Borrowing facilities

The group has a five year stand-by £500 million syndicated bank credit facility which has a maturity of August 2006. All conditions precedent to the committed borrowing facilities were met at 31 December 2004.

19. Bank and other loans due after more than one year	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
Other loans	**96.1**	101.9	**130.2**	138.2

Bank and other loans due after more than one year

Bank and other loans include US dollar fixed rate senior unsecured notes of £96.1 million (2003: £101.9 million) (stated net of repurchases of £34.2 million (2003: £36.3 million) and issue costs). The notes repurchased are held by a wholly owned subsidiary and have not been cancelled. Accordingly, these continue to be shown as amounts owing in the company balance sheet.

20. Other creditors due after more than one year	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
Amounts owed to group companies	**–**	–	**1,999.4**	1,680.1
Other creditors	**4.6**	5.4	**–**	–
	4.6	5.4	**1,999.4**	1,680.1

21. Convertible debt

	Group 2004 £m	Group 2003 £m	Company 2004 £m	Company 2003 £m
2.375% senior convertible bonds (see below)	**208.7**	–	–	–

United Business Media (Jersey) Limited, a wholly owned subsidiary of the company, has in issue a five year $400 million 2.375% fixed convertible bond with a coupon payable semi-annually. The bonds are convertible into Preference Shares of United Business Media (Jersey) Limited at any time up to the seventh calendar day before the date fixed for redemption, 19 December 2006. The Preference Shares will, in turn, be exchangeable immediately for a total of 47.8 million Ordinary Shares in the company.

United Business Media (Jersey) Limited may redeem all of the $400 million bonds at their principal amount, together with accrued interest:

a) at any time after 19 December 2004 if the market price per Ordinary Share on each of the dealing days in any period of 30 days ending not earlier than 14 days prior to the giving of the notice of redemption has been at least 130 per cent of the Sterling Exchange Price on such dealing day; or

b) at any time if 85 per cent or more of the aggregate principal amount of the bonds originally issued shall have been previously purchased and cancelled, redeemed or converted.

Convertible bondholders had a one time option to put the bond back to United Business Media (Jersey) Limited for par on 19 December 2004.

No options in relation to puts or calls have been exercised and subsequently all bonds remain outstanding.

In line with accounting convention, the convertible debt was classified in creditors falling due within one year (£221.1 million) at 31 December 2003 on the grounds that the earliest possible date for redemption was 19 December 2004. As this date has now passed, the convertible debt has been reclassified to creditors falling due in more than one year (£208.7 million) at 31 December 2004.

22. Financial instruments

Objectives, policies and procedures

The group's funding, liquidity and exposure to currency and interest rate risk is managed by the group's treasury department. Treasury operations are conducted within a framework of policies and guidelines authorised by the board and are subject to internal control procedures. The objective of the framework is to provide flexibility whilst minimising risk and prohibiting speculative transactions or positions to be taken. Further detail on policies for managing funding requirements, investment of surplus funds and management of risks can be found in the Financial Review.

(a) Financial liabilities

The interest rate risk profile of the group's financial liabilities at 31 December was:

Currency	Total 2004 £m	Floating rate financial liabilities 2004 £m	Fixed rate financial liabilities 2004 £m	Financial liabilities on which no interest is paid 2004 £m	Fixed rate liabilities Weighted average interest rate 2004 %	Fixed rate liabilities Weighted average period for which rate is fixed 2004 Years
Sterling	**26.7**	–	–	**26.7**	–	–
US dollar	**332.2**	**23.6**	**281.1**	**27.5**	**3.8**	**2.6**
Euro	**142.9**	**142.8**	**0.1**	–	**5.7**	**3.5**
Other currencies	–	–	–	–	–	–
Total	**501.8**	**166.4**	**281.2**	**54.2**		

Currency	Total 2003 £m	Floating rate Financial liabilities 2003 £m	Fixed rate financial liabilities 2003 £m	Financial liabilities on which no interest is paid 2003 £m	Fixed rate liabilities Weighted average interest rate 2003 %	Fixed rate liabilities Weighted average period for which rate is fixed 2003 Years
Sterling	46.4	7.3	7.6	31.5	5.0	3.0
US dollar	563.9	82.2	444.7	37.0	5.1	2.9
Euro	22.8	22.8	–	–	–	–
Other currencies	–	–	–	–	–	–
Total	633.1	112.3	452.3	68.5		

22. Financial instruments (continued)

The maturity profile of the carrying amount of the group's financial liabilities at 31 December was:

Maturity Group	Debt 2004 £m	Other financial liabilities 2004 £m	Total 2004 £m
Within one year, or on demand	142.8	14.3	157.1
Between one and two years	208.7	7.4	216.1
Between two and five years	96.1	13.8	109.9
Over five years	–	18.8	18.8
Total	447.6	54.3	501.9
Finance charges allocated to future periods			
Unamortised issue costs	2.7	–	2.7

Maturity Group	Debt 2003 £m	Other financial liabilities 2003 £m	Total 2003 £m
Within one year, or on demand	462.7	22.3	485.0
Between one and two years	–	11.8	11.8
Between two and five years	–	20.7	20.7
Over five years	101.9	13.7	115.6
Total	564.6	68.5	633.1
Finance charges allocated to future periods			
Unamortised issue costs	4.1	–	4.1

Non-equity B shares of £0.5 million (2003: £0.5 million) have been excluded from the above tables as they have no fixed maturity date.

At 31 December 2004, the effect of the group's dollar interest rate swaps is to classify as floating rate in the above table £23.6 million of the outstanding £96.1 million 2009 US dollar fixed rate senior unsecured notes. This debt has been swapped into six month US dollar LIBOR plus 2.7% to the maturity date of the debt.

Other floating rate financial liabilities comprise of borrowings which bear interest at rates based on the LIBOR plus a margin for each relevant currency for periods between one and six months.

Other financial liabilities include £4.6 million of other creditors falling due after more than one year (2003: £5.4 million) and £48.6 million of provisions (2003: £63.1 million) with an average maturity of 4.4 years.

22. Financial instruments (continued)

(b) Financial assets

The interest rate risk profile of the group's financial assets at 31 December was:

Currency	Total 2004 £m	Cash at bank and deposits 2004 £m	Other financial assets 2004 £m	Floating rate 2004 £m	Fixed rate 2004 £m	Non interest bearing Total 2004 £m
Sterling	**304.3**	**50.2**	**254.1**	**89.1**	**70.0**	**145.2**
US dollar	**196.4**	**69.0**	**127.4**	**156.5**	**29.9**	**10.0**
Euro	**18.1**	**17.7**	**0.4**	**16.6**	**–**	**1.5**
Other currencies	**7.8**	**7.7**	**0.1**	**6.6**	**–**	**1.2**
Total	**526.6**	**144.6**	**382.0**	**268.8**	**99.9**	**157.9**

Currency	Total 2003 £m	Cash at bank and deposits 2003 £m	Other financial assets 2003 £m	Floating rate 2003 £m	Fixed rate 2003 £m	Non interest bearing Total 2003 £m
Sterling	339.9	82.4	257.5	20.2	170.0	149.6
US dollar	431.0	98.9	332.1	346.7	68.1	16.2
Euro	2.8	2.8	–	2.1	–	0.7
Other currencies	2.2	1.8	0.4	1.1	–	1.2
Total	775.9	185.9	590.0	370.1	238.1	167.7

The group's two US dollar senior unsecured loan notes carry interest rates that are significantly in excess of market rates. As stated in the Financial Review, the group has redeemed $75 million of these bonds early in order to reduce the group's net interest exposure. Additionally, to achieve a higher level of redemption without making a significant early redemption payment, the group has entered into the following transactions that have a similar economic effect to redeeming the bonds.

At 31 December 2004, the group holds $160 million (2003: $205 million) of credit linked notes from a number of counterparties, these notes having similar maturities to the US dollar loan notes. The notes pay interest at an average rate of LIBOR plus 266 basis points per annum.

In return for paying interest on the credit linked notes at rates in excess of LIBOR the final redemption to be received by the company is determined by certain circumstances related to the credit risk of the company. These circumstances arise if there has been a "credit event" as defined in the terms of the note, in which case the counterparties may redeem the notes at less than par value. A credit event arises in the event of any of the following circumstances:

a bankruptcy of the company;

if the group is required by any of its lenders to accelerate repayment of borrowings;

if the group fails to make payment under any of its borrowings;

if the group restructures any of its borrowings in order to avoid default;

if any of its borrowings are repudiated, disaffirmed or rejected or subject to any moratorium.

If a credit event should take place, the credit linked note may not necessarily be redeemed for cash. The company may receive its own bonds or debt obligations with a par value equivalent to the amount of the credit linked notes from the counterparties in settlement of redemption of the note.

Fixed rate financial assets have the following weighted average interest rates and periods for which that rate is fixed:

Currency	Fixed rate financial assets Weighted average interest rate 2004 %	2003 %	Fixed rate financial assets Weighted average period for which rate is fixed 2004 Years	2003 Years
Sterling	**4.0**	4.0	**0.1**	0.6
US dollar	**6.8**	7.4	**0.1**	3.1
Euro	**–**	–	**–**	–

The effect of the group's swaps was to classify £70 million of floating rate cash in the above tables as fixed rate however these swaps matured in January 2005.

Non-interest bearing financial assets comprise mainly other fixed asset investments for which there is no maturity.

22. Financial instruments (continued)

(c) Fair values of financial assets and financial liabilities

The following tables provide a comparison by category of the carrying amounts and the fair values of the group's financial assets and financial liabilities at 31 December 2004 and 31 December 2003. The fair value of US dollar private placements (included in long-term borrowings) was calculated by discounting expected future cash flows at risk adjusted interest rates. Market values obtained from third parties have been used to determine the fair value of interest rate swaps, credit linked notes, forward foreign exchange contracts, the fixed rate convertible bonds and the US dollar senior loan. The fair value of cash at bank and deposits approximates to their book value due to their short maturity. Listed investments are valued at market value. For all other financial assets and liabilities the carrying amount has been used.

	Book value 2004 £m	Fair value 2004 £m
Primary financial instruments held or issued to finance the group's operations:		
Financial liabilities:		
– Short-term borrowings (up to two years)	(351.5)	(390.4)
– Long-term borrowings (over two years)	(96.1)	(109.2)
– Other financial liabilities	(54.3)	(54.3)
Financial assets:		
– Cash at bank and deposits	144.6	144.6
– Other financial assets	382.0	385.8
Derivative financial instruments held to manage the interest rate profile:		
Interest rate swaps		
– assets	–	1.9
– liabilities	–	(3.3)
Derivative financial instruments held or issued to hedge the currency exposure on expected future sales:		
Forward foreign currency contracts		
– assets	–	0.1
– liabilities	–	–

	Book value 2003 £m	Fair value 2003 £m
Primary financial instruments held or issued to finance the group's operations:		
Financial liabilities:		
– Short-term borrowings (up to two years)	(462.7)	(519.1)
– Long-term borrowings (over two years)	(101.9)	(119.0)
– Other financial liabilities	(68.5)	(68.5)
Financial assets:		
– Cash at bank and deposits	185.9	185.9
– Other financial assets	594.1	601.5
Derivative financial instruments held to manage the interest rate profile:		
Interest rate swaps		
– assets	–	7.9
– liabilities	–	(0.5)

22. Financial instruments (continued)

(d) Hedges

The group's policy is to hedge interest rate risk using fixed rate borrowings and financial instruments such as interest rate swaps. Net foreign transaction risks are hedged as they arise, generally using forward foreign exchange contracts, whilst foreign currency borrowings are used to provide an economic hedge against investments in overseas territories. The group's policy for accounting for hedges can be found in the "Group Accounting Policies" section of this report.

The tables below show the extent to which the group has unrecognised gains and losses in respect of financial instruments used as hedges at the beginning and end of the year. All the gains and losses on the hedging instruments are expected to be matched by losses and gains on the hedged transactions or positions.

	Unrecognised gains £m	Unrecognised losses £m	Total net gains £m
Unrecognised gains and losses on hedges at 1 January 2004	7.9	(0.5)	7.4
Arising in previous years included in 2004 income	6.9	(0.5)	6.4
Gains and losses not included in 2004 income			
Arising before 1 January 2004	1.0	–	1.0
Arising in 2004	1.0	(3.3)	(2.3)
Gains and losses on hedges at 31 December 2004	**2.0**	**(3.3)**	**(1.3)**
Of which			
Gains and losses expected to be included in 2005 income	1.4	(1.8)	(0.4)
Gains and losses expected to be included in 2006 income or later	0.6	(1.5)	(0.9)

	Unrecognised gains £m	Unrecognised losses £m	Total net gains £m
Unrecognised gains and losses on hedges at 1 January 2003	10.6	–	10.6
Arising in previous years included in 2003 income	10.0	–	10.0
Gains and losses not included in 2003 income			
Arising before 1 January 2003	0.6	–	0.6
Arising in 2003	7.3	(0.5)	6.8
Gains and losses on hedges at 31 December 2003	7.9	(0.5)	7.4
Of which			
Gains and losses expected to be included in 2004 income	3.0	(0.5)	2.5
Gains and losses expected to be included in 2005 income or later	4.9	–	4.9

Currency exposures

As outlined in the Financial Review, the group policy is to hedge, where possible, in all material respects exposures on monetary assets and liabilities.

The table below shows the extent to which group companies have monetary assets and liabilities in currencies other than their functional currency.

31 December 2004 Functional currency of group operation	Net foreign currency monetary assets/(liabilities) Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Sterling	**–**	**49.5**	**(143.2)**	**1.4**	**(92.3)**
US dollar	**–**	**–**	**0.3**	**2.7**	**3.0**
Euro	**0.1**	**2.0**	**–**	**3.6**	**5.7**
Other currencies	**–**	**–**	**–**	**–**	**–**
Total	**0.1**	**51.5**	**(142.9)**	**7.7**	**(83.6)**

31 December 2003 Functional currency of group operation	Net foreign currency monetary assets/(liabilities) Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Sterling	–	68.3	(18.6)	(1.3)	48.4
US dollar	0.2	–	(0.1)	(0.7)	(0.6)
Euro	(0.2)	0.1	0.4	–	0.3
Other currencies	–	–	–	–	–
Total	–	68.4	(18.3)	(2.0)	48.1

23. Other provisions for liabilities and charges

	Property £m	Former financial services £m	Deferred Tax Total £m	Total £m
Group				
At 1 January 2004	60.5	2.6	–	63.1
On acquisitions of subsidiary undertakings and businesses	–	–	1.0	1.0
Transfer	1.4	(1.4)	–	–
(Utilised)/provided in the year	(14.2)	(0.3)	0.4	(14.1)
At 31 December 2004	**47.7**	**0.9**	**1.4**	**50.0**

Liabilities on property

The group has lease obligations in respect of the continuing costs of vacant property, the quantification of which depends upon the ability to exit the leases early or sublet the properties, and for dilapidations on certain leasehold properties which are dependent principally on actual reinstatement costs on expiry of the leases. The provision in respect of these obligations at 31 December 2004 has been determined following external professional advice and will be utilised over the period of the leases in question, which range from 1 to 13 years.

Liabilities arising from former financial services activities

A subsidiary of the group was formerly engaged in the selling of personal pensions prior to 1996. As a result of the industry-wide review into pension misselling by the Personal Investment Authority, the group is exposed to actual and potential future claims by investors in respect of policies found to have been missold. Although work continues to progress with respect to the identification and review of all pension policies sold, the number and amount of such claims can not be finally determined until all potential compensation costs have been agreed. The amount of the provisions at 31 December 2004 has been determined on the basis of independent financial advice.

Deferred tax

The amount of provided and unprovided deferred tax liabilities/(assets) is as follows:

	2004 Provided £m	2004 Unprovided £m	2003 Provided £m	2003 Unprovided £m
Group				
Accelerated capital allowances	–	(3.5)	–	(4.4)
Other timing differences	1.4	(78.2)	–	(79.7)
	1.4	**(81.7)**	–	(84.1)

These deferred tax assets have not been recognised, having given consideration to the likelihood of recovery of the balance.

The above tables do not include any tax on the distribution of retained profits and reserves by overseas subsidiaries or joint ventures or associated undertakings as there is currently no intention to remit such amounts to the UK. Additionally, deferred tax has not been included in respect of the FRS 17 pensions deficit (see note 31).

24. Called up share capital

	2004 £m	2003 £m
Authorised		
486,851,630 (2003: 486,851,630) Ordinary shares of 25 pence each	121.7	121.7
375,417,690 (2003: 375,417,690) B shares of 8 and 23/44 pence each	32.0	32.0
	153.7	153.7

	Ordinary shares Number	B shares Number
Allotted and fully paid		
In issue at 1 January 2004	335,826,153	6,212,819
B shares purchased by the company	–	(766,030)
Allotted in respect of share option schemes and other entitlements	359,175	–
In issue at 31 December 2004	336,185,328	5,446,789

	Ordinary shares £m	B shares £m	Total £m
Allotted and fully paid			
In issue at 1 January 2004	84.0	0.5	84.5
B shares purchased by the company	–	(0.1)	(0.1)
Allotted in respect of share option schemes and other entitlements	0.1	–	0.1
In issue at 31 December 2004	84.1	0.4	84.5

The return of capital to shareholders, undertaken in 2001, took the form of a subdivision and consolidation of the existing United ordinary shares. On 23 April 2001, each of the existing 507,901,885 ordinary shares of 25 pence then in issue were sub-divided into one share of 8 23/44 pence (B Shares) and one share of 16 21/44 pence and immediately following such sub-division every issued share of 16 21/44 pence was sub-divided into 29 shares of 25/44 pence. Every 44 shares of 25/44 pence each resulting from such sub-division were then consolidated into one ordinary share of 25 pence. The subdivision created a class of B shares with a total value of approximately £1.25 billion. UK shareholders had the option to sell these shares for 245 pence per share, to receive a single dividend of 245 pence per share, or to retain the B shares and receive a continuing dividend linked to LIBOR. During the year ended 31 December 2004, 766,030 B shares were purchased by the company for consideration of £1.8 million. Cumulatively to 31 December 2004, 369,970,901 B shares have been purchased by the company for consideration of £906.4 million. At 31 December 2004, 5,446,789 B shares remain in issue.

The B shares are irredeemable however, the company has the authority to convert, at its option, all remaining B shares in issue after 23 April 2011, if the number is less than 125 million. The conversion into ordinary shares will be based on the market price of ordinary shares at the time of the conversion.

B Shares

B shareholders are entitled to a non-cumulative preference dividend based on the principal of 245 pence per share. The dividend is the lower of 25 per cent per annum or 75 per cent of the 12 month LIBOR rate. On winding up, the B shareholders are entitled to 245 pence per share and the relevant proportion of the dividends outstanding. B shareholders do not have any voting entitlements except in a resolution relating to a winding up of the company or if the B share dividend has been outstanding for more than six months. B shares are therefore regarded as non-equity shares.

25. Share premium account and reserves

	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m	Total £m
Group						
At 31 December 2003 as reported	309.4	31.3	42.9	125.0	(465.3)	43.3
Adjustment for investment in own shares (note 14)	–	–	–	(7.8)	3.7	(4.1)
At 1 January 2004	309.4	31.3	42.9	117.2	(461.6)	39.2
Retained profit for the year	–	–	–	–	70.7	70.7
Actuarial loss on pension scheme	–	–	–	–	(14.9)	(14.9)
Premium on shares issued, net of costs	1.4	–	–	–	–	1.4
Purchase of own shares – ESOP	–	–	–	(4.1)	–	(4.1)
B shares purchased by the company	–	–	–	–	(1.8)	(1.8)
Currency translation	–	–	–	–	3.1	3.1
At 31 December 2004	**310.8**	**31.3**	**42.9**	**113.1**	**(404.5)**	**93.6**

The total group reserves at 31 December 2004 include £9.4 million (2003: £5.7 million) in respect of joint ventures and £(28.9) million (2003: £(28.9) million) in respect of associated undertakings, of which £(8.0) million (2003: £(12.0) million) has been dealt with in the profit and loss account and £(11.5) million (2003: £(11.2) million) of exchange has been dealt with in reserves, in line with SSAP 20.

Investment in own shares of £11.9 million (2003: £7.8 million) are held, at cost, reducing other reserves.

The profit and loss account reserves excluding the pension liability (see note 31) totalled £(309.1) million at 31 December 2004 (£(381.4) million at 31 December 2003).

	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m	Total £m
Company					
At 1 January 2004	309.4	42.9	83.3	906.9	1,342.5
Retained loss for the year	–	–	–	(98.4)	(98.4)
Premium on shares issued	1.4	–	–	–	1.4
Return of capital to shareholders	–	–	–	(1.8)	(1.8)
At 31 December 2004	**310.8**	**42.9**	**83.3**	**806.7**	**1,243.7**
Non-distributable	310.8	42.9	83.3	–	437.0
Distributable	–	–	–	806.7	806.7

The company received £1.4 million (2003: £1.0 million) on the issue of shares in respect of the exercise of options awarded under various share option plans, of which £1.4 million (2003: £1.0 million) is payable by employees to the group for the issue of these shares.

The net amount of foreign currency losses on foreign exchange borrowings less deposits offset in the reserves of the group was a gain of £2.8 million (2003: gain of £13.0 million) and in the company was £nil (2003: £nil) respectively.

The market value of own shares held in the ESOP and QUEST at 31 December 2004 was £10.9 million (2003: £6.7 million) and the nominal value was £0.6 million (2003: £0.3 million).

Employee Share Ownership Plan

An Employee Share Ownership Plan (the "United ESOP") was established by the company on 24 June 1996. MAI previously had an Employee Share Ownership Plan established in 1989 (the "MAIESOP"). The United ESOP has purchased in the open market, or has received from the MAIESOP, or has been granted options over, United shares which are held on trust for employees participating in the plans listed below. The purchase of shares in the open market is financed through bonuses sacrificed by senior executives under the terms of the Senior Executive Equity Participation Plan ("SEEPP") and contributions in cash by the company to finance the acquisition of the matching element of such bonuses.

Dividends on the shares held by the United ESOP have been waived. The costs of running these schemes have been included in the profit and loss account.

Qualifying Employee Share Trust

In January 1998 a Qualifying Employee Share Trust ("the QUEST") was established for the purpose of satisfying exercises of options under the MAI Sharesave Scheme and the United SAYE Share Option Scheme. A new company, United QUEST Trustee Limited, was incorporated for the purposes of administering the QUEST. On 28 January 1998, the company issued 3,579,947 shares to the QUEST for a total consideration of £25,732,629, equal to 719p per share, the mid-market price at the close of business on 28 January 1998.

On 17 March 2000, the company issued 500,185 shares to the QUEST for a total consideration of £4,321,600 equal to 869p per share, the mid-market price at the close of business on 17 March 2000. On 18 May 2001, the company issued 100,000 shares to the QUEST for a total consideration of £727,000 equal to 727p per share, the mid-market price at the close of business on 18 May 2001. On 20 March 2002, the company issued 300,000 shares to the QUEST for a total consideration of £1,752,000 equal to 584p per share, the mid-market price at the close of business on 20 March 2002.

25. Share premium account and reserves

The dividends on the shares held by the QUEST have been waived.

		Options over United shares 2004	Options over United shares 2003	Number of United shares 2004	Number of United shares 2003
At 31 December the holdings of the United ESOP and the QUEST were as follows:					
United ESOP	– Ordinary shares	**728,643**	623,593	**2,066,589**	953,322
	– B shares	**140,960**	397,094	**279,484**	329,484
QUEST	– Ordinary shares	**–**	–	**205,060**	240,722

The market value of United shares at 31 December 2004 was 480.0p (2003 491.5p) per share.

The group has taken advantage of the exemption in UITF 17 (revised) and has not applied the Abstract to its SAYE and equivalent overseas schemes.

		Number of shares over which options were outstanding 2004	2003
As at 31 December the maximum aggregate liabilities of the United ESOP and the QUEST were as follows:			
SEEPP – bonus options	– Ordinary shares	**318,436**	255,762
	– B shares	**34,663**	125,841
SEEPP – matching options	– Ordinary shares	**410,207**	357,588
	– B shares	**106,297**	255,710
Harlow Butler Share Bonus Plan		**6,743**	6,743
Senior executive allocations		**6,000**	12,000
United SAYE Scheme		**2,258,498**	2,398,812

26. Commitments and contingent liabilities

At 31 December the group is committed to make payments during the following year under non-cancellable operating leases as follows:

Group	Land and buildings 2004 £m	Land and buildings 2003 £m	Other 2004 £m	Other 2003 £m
Operating leases which expire				
Within one year	**1.6**	1.4	**0.3**	0.5
Two to five years	**12.6**	9.8	**0.6**	0.2
After five years	**20.1**	21.2	**–**	–
	34.3	32.4	**0.9**	0.7

At 31 December the company is committed to make payments during the following year under non-cancellable operating leases as follows:

Company	Land and buildings 2004 £m	Land and buildings 2003 £m	Other 2004 £m	Other 2003 £m
Operating leases which expire				
After five years	**4.9**	4.9	**–**	–

Capital expenditure contracted for but not provided in the financial statements amounts to £1.2 million (2003: £0.2 million).

The company acts as guarantor over a net overdraft facility of £60 million and a foreign exchange line of £50 million that are available to subsidiary undertakings. The company also acts as guarantor over the fixed interest payable on interest rate swaps taken out by a subsidiary undertaking. The company also acts as guarantor over the convertible bonds disclosed in note 21.

27. Reconciliation of operating profit/(loss) to cash inflow from operating activities

	Total 2004 £m	Total 2003 £m
Operating profit/(loss)	**6.3**	(22.3)
Depreciation charges	**12.9**	25.3
Amortisation of intangible assets – group	**124.5**	120.1
Share of results of joint ventures	**(2.5)**	(2.9)
Income from fixed asset investments	**(6.0)**	(3.9)
Profit on sale of fixed asset investments	**–**	(4.3)
Loss on sale of tangible fixed assets	**–**	0.3
Payments against provisions	**(16.1)**	(23.1)
Decrease/(increase) in stocks	**2.8**	(1.4)
(Increase)/decrease in debtors	**(2.8)**	12.3
Decrease in creditors	**(3.3)**	(11.9)
Other non-cash items including movements on provisions	**(8.7)**	(3.6)
Cash inflow from operating activities	**107.1**	84.6

The effect of exceptional items on cash inflow from operating activities was £nil (2003: £nil).

28. Analysis of movement in net cash/(debt)

	At 1 January 2004 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	At 31 December 2004 £m
Cash at bank and in hand	**185.9**				**144.6**
Overdrafts	**(2.7)**				**(2.8)**
	183.2				**141.8**
Less deposits treated as liquid resources	**(169.5)**				**–**
	13.7	130.1	–	(2.0)	**141.8**
Debt due after one year	**(101.9)**	(212.7)	(1.1)	10.9	**(304.8)**
Debt due within one year	**(460.0)**	311.7	–	8.3	**(140.0)**
	(548.2)	229.1	(1.1)	17.2	**(303.0)**
Deposits included in cash	**169.5**	(169.5)	–	–	**–**
Current asset investments	**425.2**	(176.6)	–	(14.4)	**234.2**
Total	**46.5**	(117.0)	(1.1)	2.8	**(68.8)**

Cash deposits held in respect of letters of credit included in cash above amounted to £5.6 million.

29. Purchase of subsidiary undertakings and businesses

	2004 Total £m
Gross cost of acquisitions in the year	**204.3**
Cash at acquisition	**(9.7)**
Cost of acquisitions	**194.6**
Adjustments to goodwill in respect of prior year acquisitions	**(4.4)**
Cash paid in the year net of cash acquired (including £nil relating to joint ventures)	**190.2**
Gross cost of acquisition represents:	
Goodwill	**190.7**
Fixed assets	**1.6**
Net current assets	**13.5**
Provisions for liabilities and charges	**(0.9)**
Pension liability	**(0.6)**
	204.3

On 30 July 2004, certain businesses owned by MediMedia were acquired for €299.9 million in cash including €2.8 million of costs. These comprised MediMedia's drug information businesses in Continental Europe and Asia, and all of its trade press, patient education and pharma-marketing solutions businesses in Germany, Benelux and in Asia-Pacific.

This purchase has been accounted for as an acquisition and goodwill is being amortised over ten years.

Adjustments to goodwill in respect of prior year acquisitions include an adjustment for deferred consideration for the 2001 acquisition of Allison-Fisher International, Inc. Under the earn out arrangement, if certain profit targets over the period from acquisition until 30 June 2004 are met, additional consideration of up to $33.0 million may be payable. The amount provided of $17.5 million reflects the amount which has been paid in February 2005.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group in respect of the acquisition of businesses from MediMedia:

	Book value of net assets on acquisition £m	Alignment of accounting policies £m	Fair value of assets/ (liabilities) acquired £m
Acquisitions:			
Fixed assets	4.3	(2.5)	1.8
Current assets/(liabilities):			
– Cash	9.7	–	**9.7**
– Stocks	1.1	2.6	**3.7**
– Debtors and other current assets	19.7	(0.9)	**18.8**
– Creditors falling due within one year	(18.9)	(0.2)	**(19.1)**
Creditors falling due after more than one year	–	–	**–**
Provisions for liabilities and charges	(0.6)	–	**(0.6)**
Pension liability	(0.6)	–	**(0.6)**
	14.7	(1.0)	**13.7**

The adjustments for accounting policies are principally to align capitalisation, amortisation and revenue recognition policies with those of the group.

The group have made small adjustments to the fair values of assets acquired through 2003 acquisitions. These adjustments are not material and relate to capitalisation of additional fees on the acquisition of Eurisko and a £0.2 million revaluation of a property acquired as part of the Aprovia acquisition.

The proforma financial statements of the businesses acquired from Medimedia for the year ended 31 December 2003 show a profit after tax of €2.1 million. Profit after tax for the period from 1 January 2004 to the date of acquisition was €14.9 million.

30. Particulars of employees

	2004 Number	2003 Number
The average number of persons employed in the group, including directors, during the year was as follows:		
Location		
United Kingdom	2,638	2,431
North America	2,883	2,933
Europe and Middle East	415	80
Pacific	565	327
	6,501	5,771
Category		
CMP Media	1,352	1,434
CMPMedica	372	–
CMP Asia	339	332
CMP Information	1,212	879
United Advertising Publications	718	731
Professional media	3,993	3,376
News distribution	774	854
Market research	1,734	1,541
	6,501	5,771

	2004 £m	2003 £m
Staff costs, including directors' emoluments, were:		
Wages and salaries	242.6	231.8
Social security costs	29.4	28.3
Other pension costs	15.4	11.3
	287.4	271.4

	2004 £m	2003 £m
Directors' emoluments		
Fees	0.3	0.4
Remuneration and benefits in kind	1.7	1.7
Compensation for loss of office	–	–
Bonuses	0.9	0.8
MTIP	0.8	0.6
Contributions to defined contribution pension schemes	0.1	0.1
	3.8	3.6

Details of executive and non-executive directors' emoluments and their interest in shares and options of the company are shown within the directors' remuneration report in the sections "Directors' Remuneration: pension entitlement", "Table of individual directors' remuneration", "Directors' interests in shares" and "Directors' interests in share options".

31. Pensions

The group operates a number of defined benefit pension schemes in the UK and overseas. The most recent actuarial valuations were carried out at various dates between 5 April 2002 and 5 April 2003 and updated to 31 December 2004 by independent qualified actuaries using the projected unit method.

The financial assumptions used to calculate the present value of scheme liabilities under FRS17 are:

	UK Schemes			Non-UK Schemes		
	2004 %	2003 %	2002 %	**2004 %**	2003 %	2002 %
Discount rate	**5.40**	5.50	5.60	**5.71**	6.25	6.75
Inflation assumption	**2.75**	2.50	2.50	**2.44**	2.50	2.50
Rate of increase in salaries	**4.25**	4.00	4.00	**3.97**	4.00	4.00
Rate of increase in pensions in payment on post April 1997 pension	**2.75**	2.50	2.50	**n/a**	n/a	n/a

The assets in the scheme and expected return on assets were:

UK Schemes	**2004 £m**	**Expected return on assets %**	2003 £m	Expected return on assets %	2002 £m	Expected return on assets %
Equities	**179.2**	**7.50**	168.5	6.3	151.4	6.0
Bonds	**179.6**	**4.86**	167.2	5.0	131.1	4.7
Insurance policies	**5.8**	**5.40**	5.7	5.5	5.0	5.6
Cash	**1.4**	**4.75**	0.9	3.75	2.5	4.0
Total	**366.0**		342.3		290.0	

Non-UK Schemes	**2004 £m**	**Expected return on assets %**	2003 £m	Expected return on assets %	2002 £m	Expected return on assets %
Equities	**14.0**	**8.75**	12.6	8.75	8.5	8.0
Bonds	**9.0**	**5.63**	8.1	6.08	5.8	6.8
Insurance policies	**–**	**n/a**	–	n/a	–	n/a
Cash	**–**	**n/a**	–	n/a	–	n/a
Total	**23.0**		20.7		14.3	

The following amounts at 31 December 2004 were measured in accordance with the requirements of FRS 17:

	UK Schemes			Non-UK Schemes		
	2004 £m	2003 £m	2002 £m	**2004 £m**	2003 £m	2002 £m
Total market value of assets	**366.0**	342.3	290.0	**23.0**	20.7	14.3
Present value of scheme liabilities	**(450.0)**	(415.4)	(370.6)	**(29.8)**	(27.0)	(24.6)
Deficit in the scheme	**(84.0)**	(73.1)	(80.6)	**(6.8)**	(6.3)	(10.3)
Irrecoverable surplus	**(4.4)**	(4.5)	–	**–**	–	–
Deficit	**(88.4)**	(77.6)	(80.6)	**(6.8)**	(6.3)	(10.3)
Related deferred tax liability/(asset)*	**–**	–	–	**–**	–	–
Net pension liability	**(88.4)**	(77.6)	(80.6)	**(6.8)**	(6.3)	(10.3)

* The related deferred tax asset has not been recognised, having given consideration to the likelihood of recovery of the balance.

Analysis of amount charged to operating loss in respect of defined benefit schemes	UK Schemes **2004 £m**	UK Schemes 2003 £m	Non-UK Schemes **2004 £m**	Non-UK Schemes 2003 £m
Current service cost	**3.1**	3.0	**2.3**	2.6
Total operating charge	**3.1**	3.0	**2.3**	2.6

31. Pensions (continued)

Movement in deficit during the year	UK Schemes		Non-UK Schemes	
	2004	2002	**2004**	2002
	£m	£m	**£m**	£m
Deficit in the scheme at beginning of the year	**(73.1)**	(80.6)	**(6.3)**	(10.3)
Movement in year:				
Acquisition	**–**	(3.2)	**(0.6)**	–
Current service cost	**(3.1)**	(3.0)	**(2.3)**	(2.6)
Contributions	**9.5**	4.4	**3.0**	5.3
Past service costs	**–**	–	**–**	–
Settlement/curtailments	**–**	–	**–**	–
Other finance expense	**(3.4)**	(5.1)	**–**	(0.4)
Actuarial gain/(loss) before deduction of irrecoverable surplus	**(13.9)**	14.4	**(1.1)**	1.7
Effect of currency translation	**–**	–	**0.5**	–
Deficit in scheme at end of year	**(84.0)**	(73.1)	**(6.8)**	(6.3)

The pension deficit at 31 December 2004, as shown on the consolidated balance sheet, includes an amount in respect of irrecoverable surpluses of £4.4 million (2003: £4.5 million).

Analysis of amount charged to other finance expense	UK Schemes		Non-UK Schemes	
	2004	2003	**2004**	2003
	£m	£m	**£m**	£m
Expected return on pension scheme assets	**18.9**	16.1	**1.5**	1.3
Interest on pension scheme liabilities	**(22.3)**	(21.2)	**(1.5)**	(1.7)
Net return	**(3.4)**	(5.1)	**–**	(0.4)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)	UK Schemes		Non-UK Schemes	
	2004	2003	**2004**	2003
	£m	£m	**£m**	£m
Actual return less expected return on pension scheme assets	**12.6**	24.7	**0.4**	2.6
Experience gains and losses arising on the scheme liabilities	**(4.5)**	1.9	**–**	(0.2)
Changes in assumptions underlying the present value of the scheme liabilities	**(21.9)**	(16.7)	**(1.5)**	(0.7)
Amount recognised in the STRGL	**(13.8)**	9.9	**(1.1)**	1.7

History of experience gains and losses	UK Schemes			Non-UK Schemes		
	2004	2003	2002	**2004**	2003	2002
	£m	£m	£m	**£m**	£m	£m
Difference between the expected and actual return on scheme assets:						
Amount	**12.6**	24.7	(48.4)	**0.4**	2.6	(2.6)
Percentage of scheme assets at period end	**3%**	7%	(17%)	**2%**	13%	(18%)
Experience gains and losses of scheme liabilities:						
Amount	**(4.5)**	1.9	9.8	**–**	(0.2)	–
Percentage of the present value of the scheme liabilities at period end	**1%**	n/a	(3%)	**–**	1%	n/a
Total amount recognised in statement of total recognised gains and losses:						
Amount	**(13.8)**	9.9	(48.4)	**(1.1)**	1.7	(2.2)
Percentage of the present value of the scheme liabilities at period end	**3%**	2%	13%	**4%**	(6%)	(9%)

In 2004, the pension schemes included in the FRS 17 calculations were the United Pension Plan, the United Magazines Final Salary Scheme, the defined benefit section of the United Group Pension Scheme, The Builder Group Pension Scheme, the CMP Media LLC Cash Balance Retirement Plan, the United News Executive Pension Scheme, the Audits and Surveys Worldwide Account Balance Plan and the CMP Post Retirement Medical Plan. Two of these plans were included for the first time in 2004 – these are CMPMedica schemes in Australia and France. These schemes have a combined deficit of £0.6 million.

The UK schemes are closed to new members, hence under the projected unit method, the current service cost (expressed as a percentage of salary) will increase as the members of the scheme approach retirement.

The group is making additional contributions to reduce the deficit in the UK. Contributions in the UK defined benefit schemes are expected to be £16.0 million (2004: £11.8 million) in 2005. Contributions to the US defined benefit plan are expected to be £3.4 million in 2005 (2004: £4.0 million).

31. Pensions (continued)

The pension cost for the defined contribution schemes for the year ended 31 December 2003 is as follows:

Defined contribution schemes	2004 £m	2003 £m
– UK	2.0	2.6
– US	3.3	3.1
Total for the year	**5.3**	5.7

32. Related party transactions

The group entered into the following transactions with related parties during the year:

Transactions with related parties	Nature of relationship	Nature of transactions	Balances (owed by)/ due to the group at 31 December 2004 £m	Value of transactions 2004 £m	Balances (owed by)/ due to the group at 31 December 2003 £m	Value of transactions 2003 £m
Asia Pacific Leather Fair	Subsidiary < 90%	Loans and Management fees	(0.9)	1.7	1.4	1.5
Canada Newswire Ltd	Joint Venture	Newswire Service	–	0.4	0.7	1.5
Channel 5 Television Group Limited	Fixed Asset Investment	Loans and interest receivable	198.8	9.8	204.0	8.8
SDN Limited	Fixed Asset Investment	Loans and interest receivable	3.9	2.7	13.3	0.1

Merrill Lynch are one of the company's stockbrokers and also provides treasury services. Adair Turner, a non-executive director of UBM, is vice-chairman of Merrill Lynch Europe plc. For additional information refer to the Corporate Governance Statement.

33. Share options

At 31 December 2004 options granted over the company's ordinary shares of 25 pence under employee share option schemes were outstanding as detailed below. At 31 December 2004 the market price of the company's ordinary shares was 480.0p.

Date of grant	Number of shares	Exercise price (p)	Exercise dates From	To
United UK Executive Schemes				
24/09/1996	4,300	692.5	24/09/1999	24/09/2006
26/03/1997	15,600	754.5	26/03/2000	26/03/2007
25/09/1997	7,894	760.0	25/09/2000	25/09/2007
14/12/1998	70,440	511.0	14/12/2001	14/12/2008
16/09/1999	4,940	607.0	16/09/2002	16/09/2009
03/03/2000	105,638	867.2	03/03/2003	03/03/2010
08/05/2001	115,757	724.8	08/05/2004	08/05/2011
08/08/2001	10,072	595.7	08/08/2004	08/08/2011
08/03/2002	135,876	574.0	08/03/2005	08/03/2012
09/04/2003	243,498	247.3	09/04/2006	09/04/2013
05/04/2004	264,193	500.7	05/04/2007	05/04/2014
16/08/2004	13,352	449.3	16/08/2007	16/08/2014
United International Executive Schemes				
04/04/1995	10,000	482.5	04/04/1998	04/04/2005
19/04/1996	35,000	658.5	19/04/1999	19/04/2006
05/06/1996	54,928	702.5	05/06/1999	05/06/2006
16/09/1996	222,707	686.0	16/09/1999	16/09/2006
24/09/1996	195,700	669.5	24/09/1999	24/09/2006
26/03/1997	32,200	731.5	26/03/2000	26/03/2007
25/09/1997	22,106	742.0	25/09/2000	25/09/2007
14/12/1998	849,560	511.0	14/12/2001	14/12/2008
16/09/1999	19,060	607.0	16/09/2002	16/09/2009
03/03/2000	584,673	867.2	03/03/2003	03/03/2010
09/05/2000	24,760	753.0	09/05/2003	09/05/2010
18/12/2000	1,524,100	843.0	18/12/2003	18/12/2010
18/12/2000	381,000	843.0	18/12/2004	18/12/2010
08/05/2001	1,422,043	724.8	08/05/2004	08/05/2011
08/05/2001	621,000	724.8	08/05/2004	08/05/2011
08/08/2001	103,928	595.7	08/08/2004	08/08/2011
08/08/2001	104,000	595.7	08/08/2005	08/08/2011
19/12/2001	1,090,000	529.0	19/12/2004	19/12/2011
19/12/2001	1,090,000	529.0	19/12/2005	19/12/2011
08/03/2002	2,174,124	574.0	08/03/2005	08/03/2012
22/08/2002	1,485,000	277.2	22/08/2005	22/08/2012
22/08/2002	1,485,000	277.2	22/08/2006	22/08/2012
09/04/2003	2,540,502	247.3	09/04/2006	09/04/2013
05/04/2004	3,395,807	500.7	05/04/2007	05/04/2014
16/08/2004	371,648	449.3	16/08/2007	16/08/2014
MAI 1991 Executive Scheme				
18/10/1995	47,360	490.6	18/10/1998	18/10/2005
United SAYE Schemes				
31/10/1997	1,416	632.7	01/02/2001	01/08/2005
15/12/1998	9,099	514.8	01/02/2002	01/08/2006
17/09/1999	17,198	497.0	01/12/2002	01/06/2007
20/04/2001	33,439	488.3	01/12/2004	01/12/2008
15/04/2002	60,662	480.6	01/06/2005	01/12/2009
10/04/2003	1,907,441	160.5	01/06/2006	01/12/2010
08/04/2004	229,243	412.3	01/06/2007	01/06/2011
United International Sharesave Plan *				
30/09/1999	5,119	497.0*	01/12/2002	01/06/2005
20/04/2001	24,172	488.3*	01/12/2004	01/12/2004
26/04/2002	57,819	480.6*	01/06/2005	01/12/2007
10/04/2003	856,831	160.5*	01/06/2006	01/06/2008
08/04/2004	96,047	412.3*	01/06/2007	01/06/2009

*The option price is quoted in each country in the local currency, and has been translated at the exchange rate on the date of grant.

33 Share options (continued)	United Executive Schemes*	UK United SAYE Schemes	MAI Executive Schemes	United International Schemes
The movement in shares under option during the year was as follows:				
Shares under option at 1 January 2004	18,909,663	2,398,812	180,480	1,196,852
Granted during the year	4,065,000	246,160	–	97,647
Exercised during the year	(136,000)	(35,662)	(133,120)	(24,592)
Expired, cancelled or lapsed	(2,008,257)	(350,812)		(229,919)
Balance at 31 December 2004	**20,830,406**	**2,258,498**	**47,360**	**1,039,988**

34. Post balance sheet events

On 18 January 2005, CMPMedica submitted a binding offer to acquire medical trade press and other professional healthcare business information services in France, currently owned by MediMedia, for €36 million in cash. In 2004 the business generated approximately €60 million of turnover and €6 million of profit before tax.

As announced on 28 January 2005, the group has appointed its financial advisors to conduct a strategic review of NOP World. The strategic review will examine a number of alternatives to maximise the value of NOP World for UBM shareholders including developing NOP World further, expanding NOP World through strategic alliances or a sale.

On 1 February 2005, CMP Asia announced the acquisition of the Tissue World events and publication from Paperloop for $4.5 million, being in part subject to the outcome of a forthcoming exhibition. The three Tissue World events are held in biennial sequence with an annualised turnover of approximately $2.5 million. Paperloop is a leading news and information provider for the pulp, paper and allied industries. UBM has a 37.2% stake in Paperloop.

On 7 February 2005, United Advertising Publications (UAP) acquired the licensed trade sector publishing events assets of Quantum Business Media, including the leading title in the licensed trade – ‘The Publican’, for £21 million in cash. In 2004 the business generated turnover of £6.8 million and £2.2 million profit before tax.