



**Trader Media Group Limited and subsidiary undertakings
(formerly Trader Media Investments Limited)**

Directors' report and financial statements for the year ended 30 March 2008

Registered number: 4768833

Directors' report

For the year ended 30 March 2008

The directors present their annual report on the affairs of the group, together with the audited consolidated financial statements of the company and the group for the year ended 30 March 2008.

Principal activity, business review and future developments

The principal activity of the group is the classified advertising of motor vehicles and other related products, both online and through magazines. The group operates primarily in the UK, with a branch located in the Republic of Ireland and subsidiary companies in Holland, Italy and South Africa.

The principal activity of the company is that of a holding company.

On 7 February 2008 the company changed its name to Trader Media Group Limited.

Business Review

Financial Overview

This has been a significant year of change for Trader Media Group Limited and its subsidiaries ("TMG"). Consumer usage of advertising media continues to shift to online based delivery methods. This is a positive development for the group but requires continual transformation of the group's back office and print operations associated with the more traditional magazine based solutions.

The automotive market in which TMG operates faces a challenging time but despite this group turnover rose £9.2 million to £325.5 million. Excluding revenue from discontinued businesses of £16.4 million (2007: £21.2 million), revenue from continuing businesses rose 4.7% to £309.1 million supported by extra marketing investment and driven in the main by Auto Trader, the core product of TMG.

Underlying operating profit (before goodwill amortisation, impairment and exceptional charges) at £109.5 million (2007: £110.3 million) was slightly below last year as growth in the core Auto Trader brand was offset by decline elsewhere in the group's portfolio, particularly in the Print and Specialist titles segments. Underlying operating profit from continuing businesses was up marginally at £111.2 million (2007: £110.6 million).

	2008	2008	2008	2007	2007	2007
	£m	£m	£m	£m	£m	£m
Turnover:	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Auto Trader	217.6	1.5	219.1	203.7	0.6	204.3
National titles	17.9	-	17.9	18.8	-	18.8
Overseas titles	29.4	-	29.4	29.6	-	29.6
Specialist titles	13.2	7.6	20.8	14.5	9.2	23.7
Print	57.1	6.0	63.1	57.0	6.5	63.5
Property	-	1.3	1.3	-	4.9	4.9
Inter-segment	(26.1)	-	(26.1)	(28.5)	-	(28.5)
Total	309.1	16.4	325.5	295.1	21.2	316.3

Directors' report (continued)

For the year ended 30 March 2008

	2008	2008	2008	2007	2007	2007
	£m	£m	£m	£m	£m	£m
Underlying Operating Profit:	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Auto Trader	90.0	(3.9)	86.1	86.4	(4.4)	82.0
National titles	9.0	-	9.0	8.2	-	8.2
Overseas titles	5.7	-	5.7	6.1	-	6.1
Specialist titles	4.4	2.9	7.3	5.6	3.3	8.9
Print	2.1	(0.7)	1.4	4.3	(0.2)	4.1
Property	-	-	-	-	1.0	1.0
Total	111.2	(1.7)	109.5	110.6	(0.3)	110.3

Significant change has also occurred in the group's capital structure. On 8 June 2007 GMG (TMG) Limited (formerly Trader Media Group Limited) sold a 49.9% interest in the company to Apax Crystal A Holdco Sàrl and Apax Crystal B1 Holdco Sàrl (together "Apax", one of the world's leading private equity groups). In connection with the transaction TMG repaid its existing bank debt and entered into a new £835 million Senior Facilities Agreement. More details are given below in the *Net debt and cash flow* section of this Business Review

The partnership between Guardian Media Group ("GMG") and Apax has brought increased impetus for change going forward with John King joining as Chief Executive Officer. John brings extensive knowledge of the classified market place and how it handles a successful transition online from his role as CEO of Sensis in Australia. The strategy being followed by the group centres on developing solutions for the automotive sector to ensure that consumers have the most choice and that advertisers receive the best response both online and offline.

Disposals and closures

TMG's strategic focus is primarily on advertising solutions in the automotive sector and as such the group has disposed of some non-core assets in the year. Vebra, a provider of software to estate agents and the operator of the property portal www.thinkproperty.com, was sold to GMG for £20.0 million on 8 June 2007. The specialist titles Marine Trader and TNT Magazine were disposed in late 2007 for combined consideration of £8.3 million.

The business also closed two loss making and non-core assets. In February 2008 the announcement was made that Trader Data Systems ("TDS"), Auto Trader's own brand vehicle provenance checking provider, would be closed and that the ongoing service would be provided by a third party. On 25 April 2008, following a 90 day consultation with employees and the UNITE union, the group's Wiltshire printing plant was closed and the production of Auto Trader titles transferred to another group facility.

Together the discontinued businesses sold or closed during the year contributed £16.4 million of turnover (2007: £21.2 million) and an operating loss of £7.4 million (2007: loss £20.3 million) including goodwill amortisation and impairment of £5.7 million (2007: £20.0 million).

Directors' report (continued)

For the year ended 30 March 2008

Restructuring

In addition to the strategic disposals and closures the group remains committed to its ongoing programme of effectively allocating its resources in order to ensure the delivery of TMG's growth objectives. Back office consolidation continued at pace during 2007/08 with the opening of a national private call centre, the creation of a second finance shared service centre dedicated to transaction processing and credit control, plus the centralisation of employee administration including the introduction of an electronic document management system. As well as promoting a common set of processes and business practices, including a consistency of service to employees and customers, this restructuring has enabled the group to reduce the number of mainland UK property leases down from 48 a year ago to 40 today.

A new single sales structure for the mainland UK business has been created, unifying the offline and online teams, moving from numerous regional sales teams to a single sales organisation with shared objectives. TMG will continue to build market leading brands, both online and offline and by investing heavily in technology to provide a first class service to customers whichever channel they choose.

Restructuring of this scale has come at a cost, and when combined with the business closure activity, resulted in a £6.2 million expense for the year (2007: £3.0 million), mainly for redundancy and property charges. The business closures occurred relatively late in the year and as such £5.3 million (2007: £2.2 million) of the restructuring provision remained outstanding at the year end.

In summary, TMG achieved a strong financial performance for the year in the face of a tough media and car market place – plus major strategic change and business restructuring. The flagship brand Auto Trader continues to grow during a transition to online/digital delivery solutions supported by upweighted marketing investment. Both the transition online and higher investment in restructuring and marketing will continue into the next financial year.

Directors' report (continued)

For the year ended 30 March 2008

Auto Trader

	2008	2008	2008	2007	2007	2007
	£m	£m	£m	£m	£m	£m
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Turnover	217.6	1.5	219.1	203.7	0.6	204.3
Underlying operating profit/(loss)	90.0	(3.9)	86.1	86.4	(4.4)	82.0
Average headcount in the year	2,140	49	2,189	2,195	53	2,248

The UK car market continued to face uncertain trading conditions in 2007/08, with private used car sales down 1% for the year. Despite this Auto Trader's performance was strong. Turnover from continuing activities increased 6.8% to £217.6 million and underlying operating profit (before goodwill amortisation, impairment and exceptional charges) rose by 4.2% to £90.0 million. The transition to online products away from more traditional magazine based solutions continues to put this revenue growth under pressure as the digital advertising yields for the Auto Trader brand are lower. The revenue growth in the year came in a large part through volume gains in dealer services products targeted at car manufacturers and their network of franchised dealers plus an increase in e-commerce revenues (e.g. finance, insurance and banner advertising). Given these revenue pressures the ongoing restructuring programme to reduce back office costs is essential in order to minimise the impact on margin.

Investment in the Auto Trader product was increased significantly in the year. In February TMG relaunched under a refreshed Auto Trader logo, its web site and magazine, supported by marketing costs of over £4 million. The marketing investment positioned Auto Trader as *"The world of cars made easy"* and was based on exhaustive research with both motorists and customers, including dealers, motoring brands and agencies. This commitment to involve and communicate with customers continues and remains core to our marketing approach.

Directors' report (continued)

For the year ended 30 March 2008

These actions are already showing commercial results with Auto Trader reinforcing its clear leadership of the UK automotive classified sector. In March 2008 the website recorded a record number of unique users (10.3 million) and unique cars on the site (414,000) and the magazine continues to perform strongly with weekly circulation (including Ireland) over 250,000 even with this transition online. The core reach of the brand can be seen in the table below.

	2008	2007
Consumer Audience		
Average unique users* in the year (million per month): www.autotrader.co.uk	8.1	6.4
Average page impressions* in the year (million per month): www.autotrader.co.uk	553	387
Average weekly circulation (number of copies '000): Copy sales – Auto Trader (excluding Ireland)	168	198
Stock / Content		
Average number of cars on website during the year: www.autotrader.co.uk ('000)	401	345
Average number of pages per issue	319	305

* as defined by IFABC Global Web Standards (www.ifabc.org)

Product innovation through Auto Trader also continues including an improved new car offering across both the website and the magazine, Telesafe (anti canvasser / car crime phone technology to protect our advertisers from nuisance calls), Auto Trader car insurance and finance, editorial and supplements – all supported by the improved look, feel and easier navigation of both the web site and magazine. This innovation is set to continue with further product launches this year. This combined with strong partnerships with leading portals and motoring specific websites means that Auto Trader continues to have the best reach across the UK automotive classified sector.

However, the competitive environment in the automotive classified sector continues to be challenging with strong web brands joining the traditional publishing competition, offering different options for consumers and customers alike. Added to this, the demands of Auto Trader's customers are changing. Private advertisers for example now predominantly want to be in both the offline and online channels. Trade customers are changing how they interact with Auto Trader through the steady growth of large multi-site "branded" dealer chains concentrating the stock of cars in the UK into fewer dealers.

The migration to an online channel means that circulation of the Auto Trader magazine is falling. Copy sales across mainland UK in 2007/08 fell 15% in the year but the magazine still provides excellent response to advertisers and has increased average issue pagination through additional editorial content and introduced extra supplements to stimulate demand.

Despite these pressures underlying operating profit (before goodwill amortisation, impairment and exceptional charges) from Auto Trader has grown ensuring that the brand continues to transition to an online channel in a positive way. It has achieved this by reducing its cost base through rationalising the back office functions.

Directors' report (continued)

For the year ended 30 March 2008

National titles

	2008 £m	2007 £m
	Continuing	Continuing
Turnover	17.9	18.8
Underlying operating profit	9.0	8.2
Average headcount in the year	112	127

The group's National titles predominantly sell offline products and as such face similar market conditions to the offline channel of Auto Trader. Strong performances from Truck Trader and Farmers Trader ensured that revenue fell by only 5% and underlying operating profit (before goodwill amortisation, impairment and exceptional charges) improved nearly 10% as back office consolidation and careful cost control mitigated against the lost turnover from other titles. New branding, strong retail activity and extension of the web offering for each of these products is planned to ensure a better performance in the future.

Overseas titles

	2008 £m	2007 £m
	Continuing	Continuing
Turnover	29.4	29.6
Underlying operating profit	5.7	6.1
Average headcount in the year	386	423

The overseas businesses in Holland, South Africa and Italy had challenging years but performed well with revenue marginally lower than prior year. Turnover was aided by net favourable foreign exchange gains of £0.4 million as the euro strengthened over the year whilst the South African rand weakened. However, the reverse was true at an underlying operating profit (before goodwill amortisation, impairment and exceptional charges) level as the net foreign exchange impact was a loss of £0.2 million, reflecting the profit contribution from South Africa. Profits were also adversely impacted by the cost of an ongoing strategic review of these businesses at a cost of £0.7 million in the year (2007: £nil).

Specialist titles

	2008 £m	2008 £m	2008 £m	2007 £m	2007 £m	2007 £m
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Turnover	13.2	7.6	20.8	14.5	9.2	23.7
Underlying operating profit	4.4	2.9	7.3	5.6	3.3	8.9
Average headcount in the year	223	61	284	274	80	354

Following the sale of Marine Trader Media and TNT during the year the only non-automotive classified advertising business TMG now operates is AdTrader for which the results for the year are disclosed as continuing.

AdTrader operates in localised geographic areas of the UK and like all players in the "general classified" sector it continues to face the challenge of migrating online with strong external competitors. As such its circulation decreased 13% year on year but this compares favourably to other competitors, where declines of c.25% are being experienced. Online revenues in contrast rose c.20% in 2007/08 and it is in this area that extra advertising revenue is targeted for the brand going forward. Investment has been made to achieve this, hence the decline in profit.

Directors' report (continued)

For the year ended 30 March 2008

Print

	2008 £m Continuing	2008 £m Discontinued	2008 £m Total	2007 £m Continuing	2007 £m Discontinued	2007 £m Total
Turnover from non-TMG group companies	31.0	6.0	37.0	28.5	6.5	35.0
Turnover from TMG group companies	26.1	-	26.1	28.5	-	25.5
Total turnover	<u>57.1</u>	<u>6.0</u>	<u>63.1</u>	<u>57.0</u>	<u>6.5</u>	<u>63.5</u>
Underlying operating profit/(loss)	2.1	(0.7)	1.4	4.3	(0.2)	4.1
Average headcount in the year	378	157	535	390	159	549

The print division has performed well to hold revenues broadly flat in a difficult market sector. Non-group revenue was supported by winning some key external contracts. TMG group revenue rose despite the circulation decline, as print runs did not fall as sharply as magazine sales due to a focus on improving availability and an increase in the average number of pages per Auto Trader issue.

The restructuring of the division through the closure of the loss making Wiltshire plant and transfer of group titles will increase the operating efficiency of the remaining two printing plants with the objective of preserving 2007/08 profitability levels going forward.

Property

	2008 £m Discontinued	2007 £m Discontinued
Turnover	1.3	4.9
Underlying operating profit	-	1.0
Average headcount in the year	20	74

The Property division was discontinued on 8 June 2007 when the Vebra group of companies were sold. During the period prior to disposal, profits from the software business were re-invested in the www.thinkproperty.com portal such that the division broke-even.

Directors' report (continued)

For the year ended 30 March 2008

Reported profit

A reconciliation of the group's underlying operating profit (before goodwill amortisation, impairment and exceptional charges) to retained loss for the year is presented below.

	2008	2007
	£m	£m
Underlying operating profit	109.5	110.3
Amortisation of goodwill	(57.4)	(58.0)
Impairment of goodwill and associated undertaking	(11.8)	(27.0)
Exceptional item: Disposal costs	(13.5)	(3.5)
Operating profit	26.8	21.8
Non-operating exceptional items:		
Profit on sale of businesses	2.1	-
Loss on termination of operations	(5.6)	-
Associate undertaking	-	0.1
Interest receivable and other income and other finance income	2.9	0.4
Interest payable and similar charges	(161.6)	(22.6)
Loss on ordinary activities before taxation	(135.4)	(0.3)
Taxation	(6.0)	(19.6)
Loss on ordinary activities after taxation	(141.4)	(19.9)
Dividend paid	(706.3)	(32.5)
Retained loss for the financial year	(847.7)	(52.4)

Amortisation in the year was lower than 2006/07 due to disposals and the impact of the prior year impairment offset by a full year's charge for acquisitions made last year. The impairment charge for the year of £11.8 million (2007: £27.0 million) included a further £4.2 million charge ahead of the specialist titles disposals to add to the £16.1 million booked last year. The remaining charge is attributable to impairment of National titles and AdTrader reflecting the continued pressure on the printed magazines from the transition to the online channel.

Operating profit for the year includes a £13.5 million (2007: £3.5 million) charge for disposal costs incurred in connection with the disposal by GMG of a 49.9% interest in the group to Apax. Most of the charge relates to fees paid to professional advisors, accountants and lawyers and has been identified as an exceptional item this year by virtue of its size.

Non-operating exceptional items include a £2.1 million (2007: £nil) profit on disposal of the Vebra group of companies to GMG on 8 June 2007 and a £5.6 million charge (2007: £nil) for loss on termination of the Wiltshire printing press and vehicle provenance checking business, TDS.

Interest receivable and other income in the year of £2.9 million (2007: £0.4 million) was higher than in 2006/07 as it included a £1.1 million (2007: £nil) profit on close out of an interest rate swap and an extra £1.2 million from bank interest, reflecting average cash balances of £26.4 million compared to £8.1 million in the previous year.

Directors' report (continued)

For the year ended 30 March 2008

The £139.0 million increase in interest payable and similar charges in the year reflects the additional debt incurred in connection with the refinancing on 8 June 2007. The charge for the year of £161.6 million (2007: £22.6 million) includes £35.8 million (2007: £nil) and £35.0 million (2007: £nil) of interest and dividends payable on shareholder loans and preference shares, respectively. Also within interest payable is £33.5 million (2007: £nil) of debt issue costs incurred in connection with the refinancing of the group. These costs were initially capitalised on 8 June 2007 and have been amortised over the period to the earliest possible date of repayment.

Interest on bank loans and overdrafts rose from £19.7 million last year to £55.9 million in 2007/08, reflecting an increase in the average amount outstanding under bank loans from £333.3 million in 2006/07 to £704.3 million in 2007/08 together with an increase in the interest rate payable. Prior to the refinancing bank debt was subject to LIBOR plus a margin between 0.8% and 1%, but post 8 June 2007 interest has been paid on bank debt at a rate of LIBOR plus a margin of 2.125%. During the year the LIBOR payable by the group was in the range 5.4% to 6.3% (2007: 4.6% to 5.4%).

The group tax charge fell in the year to £6.0 million (2007: £19.6 million) due mainly to a £14.2 million reduction in UK corporation tax payable. Less tax is payable in the UK due to the increase in tax deductible interest arising from higher external bank debt and shareholder loans. Preference share dividends, whilst accounted as an interest expense, are not deductible for UK corporation tax purposes.

Directors' report (continued)

For the year ended 30 March 2008

Net debt and cash flow

Earnings before interest, taxation, depreciation and amortisation ("EBITDA") fell £10.4 million in the year to £107.6 million. If exceptional disposal costs of £13.5 million (£3.5 million) are excluded, 2007/08 EBITDA was in line with previous year as profit growth in the core Auto Trader brand was offset by reduced contribution from other titles and restructuring activity. Free cash flow was £45.8 million lower in the year at £33.8 million, due primarily to higher interest costs, following the refinancing, and payment of disposal costs. Capital expenditure was modest in the year as the emphasis was on internal development of systems and processes rather than the purchase of third party equipment. Dividends paid of £422.8 million were financed through the increase in bank debt.

	2008	2007
	£m	£m
Operating profit	26.8	21.8
Depreciation	11.6	11.2
Goodwill amortisation	57.4	58.0
Impairment of goodwill and associated undertaking	11.8	27.0
EBITDA	107.6	118.0
Foreign exchange losses and FRS 17 non-cash adjustment	0.1	0.2
Loss/(profit) on disposal of tangible fixed assets	0.1	(0.4)
Net movement in working capital and loss on termination of operations	(3.0)	8.2
Net cash inflow from operating activities	104.8	126.0
Net interest payable	(52.3)	(20.1)
Taxation	(12.0)	(15.8)
Capital expenditure (net of sale proceeds)	(6.7)	(10.5)
Free cash flow	33.8	79.6
Acquisitions	(3.8)	(37.0)
Disposals	24.6	-
Net dividends paid	(422.8)	(32.5)
Cash (outflow) / inflow before financing	(368.2)	10.1

Directors' report (continued)

For the year ended 30 March 2008

Refinancing

Net debt rose £911.2 million in the year to £1,258.1 million following the refinancing of the group in connection with the disposal of 49.9% of the company to Apax. The previous bank debt of £332.7 million was repaid and £800 million drawn under a new syndicated loan facility (excluding debt issue costs of £33.5 million). New shareholder loans totalling £290 million were issued to GMG and Apax, of which £6.4 million was received in cash, with the consideration for the balance being a dividend in specie. Preference shares with a fair value of £280 million were issued with a nominal value of £204 million through reclassification of existing ordinary shares and a bonus issue out of profit and loss and capital contribution reserves. Post refinancing, the free cash flow of the group for the year of £33.8 million plus net proceeds from disposals of £24.6 million was used to repay £22.0 million of the new bank debt and fund a £27.8 million increase in cash.

	2008	2007
	£m	£m
Net debt at beginning of year	(346.9)	(332.8)
Net repayment / (drawdown) of previous bank debt	332.7	(3.5)
Repayment of other debt	24.2	2.9
Issue of new bank debt (net of issue costs)	(766.5)	-
Issue of Series B shareholder loan notes	(6.4)	-
Repayment of new bank debt	22.0	-
Cash flow from debt financing	(394.0)	(0.6)
Issue of Series A shareholder loan notes	(283.6)	-
Issue of preference shares at nominal value	(204.0)	-
Amortisation of debt issue costs	(33.7)	(1.8)
Interest on preference shares	(23.6)	-
Non cash changes	(544.9)	(1.8)
Acquisitions	-	(22.8)
Increase in cash	27.8	11.7
Exchange movement	(0.1)	(0.6)
Net debt at end of year	(1,258.1)	(346.9)

Principal risks and uncertainties affecting future development

Market risk

TMG operates primarily in the automotive market place and is therefore exposed to changes in this market. The level of advertising spend by our customers may decline due to changes in consumer patterns for purchases of vehicles or through increased and more costly regulation. TMG's share of total advertising spend in the automotive market is under constant threat from new and incumbent competitors, especially online where barriers to entry are lowest. These risks are mitigated by continual monitoring of overall market conditions and investment in products and marketing to ensure that Auto Trader not only delivers the best response to advertisers, but better value for money than its competitors. Our strategy to operate a single sales structure, unifying the offline and online teams, is already proving successful and we continue to simplify our product range and rate card.

Customer credit and bad debt risk

A reduction in the amount of credit provided to those purchasing vehicles may dampen the underlying activity in the market and over the longer term adversely impact dealer profitability. However, in the short term customer spend on advertising is not expected to be adversely affected. Where the impact on TMG of reduced or more expensive credit is greater relates to those customers who advertise their financial services products with the group. When the supply of credit is tighter these display advertisers tend either to reduce advertising as they themselves are not able to access credit at financially viable levels or the lack of supply in the market means that their products no longer need advertising as often as before.

If market activity slows and customer margins are placed under pressure, the risk to TMG of non payment of invoices increases. The bad debt risk also rises where customers providing financial services are unable to obtain funding for their products. Policies and procedures exist to ensure that customers have an appropriate credit history and a significant number of balances are prepaid or collected via direct debit. Overall the group considers that it is not exposed to a significant amount of either customer credit or bad debt risk due to the diversified and fragmented nature of the customer base.

Channel risk

All TMG products are being impacted by the shift to the online delivery channel and the group is therefore exposed to the rapid pace of change in this area. To mitigate this, the group has allocated extra investment and people to this channel and continues to monitor its own and competitor performance closely. Consumer protection is also crucial in this channel and TMG continues to mitigate this threat by leading the industry in this area.

Directors' report (continued)

For the year ended 30 March 2008

Financial risks

In the course of its business the group is exposed primarily to price risk, foreign exchange risk, interest risk, credit risk, leverage risk and liquidity risk. The overall aim of the group's financial risk management policies is to minimise potential adverse effects on the financial performance and the net assets of the group. These policies are set and reviewed by senior finance management and all significant financing transactions are authorised by the Board of directors.

Price risk

The group is exposed to commodity risk as a result of its operations. However, given the size of the group's operations, the cost of managing exposure to commodity risk exceeds any potential benefits. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature. The group manages paper price risk in the United Kingdom through purchasing agreements with related undertakings at fixed prices. The group has no exposure to equity securities as it holds no listed or other equity investments.

Foreign exchange risk

The group operates in a number of overseas regions, being mainly Holland, Ireland, Italy and South Africa. Foreign currency denominated net assets of overseas operations are not hedged as they represent a relatively small proportion of the group's net assets. The group operates a dividend policy across these regions ensuring any surplus cash is remitted to the United Kingdom, thereby minimising the impact of exchange rate volatility on the balance sheet. Forward currency contracts are entered into when appropriate to eliminate exposures on dividend income from non-UK subsidiaries.

Interest rate risk

The group has interest bearing debt that is predominantly sterling denominated. Such borrowings are subject to floating rates of interest linked to LIBOR. The group enters into interest rate swap and cap agreements to manage its interest rate exposure as disclosed in note 16 of the financial statements.

Credit risk

The group minimises its counterparty credit risk exposures by dealing with only a limited range of financial institutions with secure credit ratings. Counterparty credit ratings are regularly monitored, and there is no significant concentration of credit risk with any single counterparty.

Directors' report (continued)

For the year ended 30 March 2008

Leverage risk

The group net debt at year end was £1,258.1 million (2007: £346.9 million). The risk that the leveraged nature of the group affects the future development of TMG has been mitigated through the structure of the debt financing. Neither the cumulative £1 irredeemable preference shares nor the shareholder loan debt require performance conditions to be met. Likewise the terms of the £835 million Senior Facilities Agreement ("SFA") are such that the borrower group is not required to adhere to performance related leverage or interest cover ratios or to restrict capital expenditure. Whilst notes issued under the shareholder loan instruments and both the Revolving Credit Facility and Term Loan B elements of the SFA can be repaid without penalty, there is no requirement to settle all or part of these debt packages earlier than their respective termination dates of 7 June 2016, 8 June 2014 and 8 June 2015. Restrictions do exist to limit the level of additional indebtedness incurred, the extent of dividends payable and to repay a proportion of any excess cash flow, but these are not expected to impact materially the planned organic growth of TMG. This debt structure, when taken in conjunction with the projected cash flows, is considered sufficiently flexible to ensure that TMG can continue to service its obligations as they fall due even if the group suffered a significant reduction in trading performance. Further detail on the group's borrowings is set out in note 16 and an analysis of group cash flows is presented in note 22 of the financial statements.

Liquidity risk

The group's policy on liquidity risk is to ensure that sufficient cash is available to fund on-going operations whilst minimising the need to carry significant net debt over the medium term. The group's principal borrowing facilities are in the form of a term loan and revolving credit facility secured on the net assets of the borrowing company, Trader Media Corporation Limited, its immediate parent and certain of the borrower's subsidiary undertakings. The quantum of committed borrowing facilities available to the group is reviewed regularly and is designed to exceed forecast peak gross debt levels.

Results and dividends

The group's loss for the financial year was £141.4 million (2007: £19.9 million). A final dividend of 706.26p per share in respect of the year ended 30 March 2008 (2007: 6p per share) was paid during the year.

Directors

The directors who served during the year and up to the date of the signing of the financial statements were as follows:

J	King	Chief Executive Officer	(Appointed 1 December 2007)
A A	Miller	Chief Financial Officer	
G N	Storey	Chief Operating Officer	(Resigned 18 April 2008)
S	Glithero	Group Financial Controller	(Resigned 1 June 2007)
N	Castro	Non-executive	
C	McCall	Non-executive	
T N	Hall	Non-executive	(Appointed 8 June 2007)
I	Hemmers	Non-executive	(Appointed 8 June 2007)

N Castro and C McCall are representatives of Guardian Media Group Plc.

T N Hall and I Hemmers are representatives of Apax Partners

Directors' report (continued)

For the year ended 30 March 2008

Supplier payment policy

The group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the group at 30 March 2008 were equivalent to 39 (2007: 28) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Key suppliers

The group works closely with a number of key suppliers. Condé Nast and National Magazine Distributors Limited ("COMAG") manages the flow of all the group's magazines through the magazine supply chain in the UK and Ireland. In addition to the contract that extends to 2010, TMG and COMAG operate a service level agreement ("SLA") that addresses in detail each element of the supply agreement. The provision of services under the SLA is formally evaluated each year but joint monthly and quarterly business reviews are also conducted.

Paper is sourced from a number of suppliers in the UK and overseas and TMG has entered into purchasing arrangements with members of the GMG group to obtain better prices and service than would perhaps otherwise be available on a standalone basis.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. Employee representatives are consulted via Trader Media Employee Forums on a wide range of matters affecting their current and future interest. Information relevant to employees and the wider business is posted on the company intranet. TMG sees the relationship with its employees as key to its success and during 2007/08 the group commissioned a full employee survey. The objective of this survey was to understand the views of the employees towards the group and to act upon their concerns.

Health and safety

The group's policy of ensuring safe and pleasant working conditions for all employees as far as possible within the constraints imposed by the working environment, has continued to operate. A full time Health & Safety team is employed by the group and is managed through a sub-committee of the Executive team which meets three times a year and is chaired by the Chief Executive Officer. This position was established six years ago and has created a solid health and safety framework and culture within TMG.

Directors' report (continued)

For the year ended 30 March 2008

Sustainability

The environmental policy of the group has primarily been focused on the Print division which following the closure of the Wiltshire plant contains two printing facilities. These plants operate to environmental standards as set out in ISO14001 and OHSAS 18001 and carry out procedures as detailed within the Environmental Legislative Register e.g. Paper Policy, Climate Change. For example, the Acorn Web Offset print site has achieved Paper "Chain of Custody" certification from both the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC) global forest certification schemes. Certification to these two global forestry standard certification schemes allows Acorn to offer customers requiring sustainably sourced paper the option of printing a valid and certified "green" claim on their printed product. The stance taken over the last few years has been to improve the manufacturing capability of the business on a more sustainable basis by installing a number of high tech energy saving devices. At the Apple Web plant a regenerative thermal oxidiser has been introduced which alone has reduced carbon emissions by 900 tonnes per annum.

Through its arrangement with COMAG, TMG benefits from COMAG's contracts that have strict guidelines for the secure disposal and recycling of returned copies in accordance with agreed industry wide standards in the Periodical Publishers Association ("PPA") Best Practice Guidelines for Wholesale Stock Control and Returns Systems Document. The PPA, via its magazine publisher members, has in conjunction with the Government entered into a Producer Responsibility Agreement with DEFRA. This agreement commits the magazine industry to encourage the final consumer to put purchased magazines into the recycling process that ends up with copies being recycled as newsprint and not landfill.

Community

Over the last two years, the group has developed its Community policy by supporting The Samaritans through a corporate donation, fund raising at all centres and matching of staff donations. Throughout the business staff are encouraged to work with The Samaritans branch in their local area and as a result four members of staff are training to become Samaritan volunteers. Beyond this TMG helps The Samaritans promote their aims through its publications, website and marketing events. At the 2007 Motor Show a Samaritan flyer was put in each of TMG's 10,000 promotional bags. The group also supports Fix-It UK Limited, a Wycombe based charity that helps disadvantaged young people gain qualifications and get back into mainstream education.

Directors' report (continued)

For the year ended 30 March 2008

Political and charitable contributions

During the year the group made charitable donations of £0.1 million (2007: £0.1 million). There were no political contributions in either year.

Land and buildings

The market value of land and buildings is estimated by the directors to be approximately £2.8 million greater than its balance sheet value of £10.9 million.

Directors indemnities

The company maintains liability insurance for its directors and officers.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Directors' report (continued)

For the year ended 30 March 2008

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

The directors confirm, so far as each director is aware, that there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

6, Thatcham Business Village
Colthrop Lane
Thatcham
Berkshire
RG19 4LW

19 June 2008

On behalf of the Board,



A A Miller
Director

Independent auditors' report to the members of Trader Media Group Limited (formerly Trader Media Investments Limited)

We have audited the group and parent company financial statements (the "financial statements") of Trader Media Group Limited (formerly Trader Media Investment Limited) for the year ended 30 March 2008 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Trader Media Group Limited
(formerly Trader Media Investments Limited) (continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 30 March 2008 and of the group's loss and cash flows for the year then ended; have been properly prepared in accordance with the Companies Act 1985; and the information given in the directors report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading
20 June 2008

Consolidated profit and loss account

For the year ended 30 March 2008

	Note	2008 £m	2008 £m	2008 £m	2007 £m	2007 £m	2007 £m
		Continuing	Discontinued	Total	Continuing	Discontinued	Total
Turnover	2	309.1	16.4	325.5	295.1	21.2	316.3
Cost of sales		(87.4)	(9.2)	(96.6)	(82.3)	(10.7)	(93.0)
Gross profit		221.7	7.2	228.9	212.8	10.5	223.3
Distribution costs		(1.1)	-	(1.1)	(1.4)	-	(1.4)
Administrative expenses		(186.4)	(14.6)	(201.0)	(169.3)	(30.8)	(200.1)
Operating profit/(loss)	2	34.2	(7.4)	26.8	42.1	(20.3)	21.8
Non-operating exceptional items: Profit on sale and loss on termination of operations	5	-	(3.5)	(3.5)	-	-	-
Share of profits of associated undertakings				-			0.1
Interest receivable and similar income	3			2.8			0.3
Other finance income	3			0.1			0.1
Interest payable and similar charges	3			(161.6)			(22.6)
Loss on ordinary activities before taxation	2, 4			(135.4)			(0.3)
Tax on loss on ordinary activities	8			(6.0)			(19.6)
Loss on ordinary activities after taxation, being loss for the financial year	19,20			(141.4)			(19.9)
Dividends paid	9, 19,20			(706.3)			(32.5)
Loss for the financial year				(847.7)			(52.4)

There are no material differences between the consolidated loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

Consolidated statement of total recognised gains and losses

For the year ended 30 March 2008

	Note	2008 £m	2007 £m
(Loss) / profit for the financial year			
Group		(141.4)	(20.0)
Associate		-	0.1
		<u>(141.4)</u>	<u>(19.9)</u>
Actuarial loss on pension scheme	24	-	(0.1)
Share of other recognised gains and losses of associated undertaking	12,19	-	0.1
Currency translation differences on foreign currency net investments	19	0.5	(0.5)
		<u>(140.9)</u>	<u>(20.4)</u>

Consolidated balance sheet

As at 30 March 2008

	Note	2008 £m	2007 £m
Fixed assets			
Intangible assets	10	717.3	809.3
Tangible assets	11	33.6	43.7
Investments	12	-	0.4
		<u>750.9</u>	<u>853.4</u>
Current assets			
Stocks	13	2.7	2.2
Debtors	14	51.2	47.2
Cash at bank and in hand	23	38.7	10.8
		<u>92.6</u>	<u>60.2</u>
Creditors: Amounts falling due within one year	15	<u>(98.5)</u>	<u>(111.2)</u>
Net current liabilities		<u>(5.9)</u>	<u>(51.0)</u>
Total assets less current liabilities		<u>745.0</u>	<u>802.4</u>
Creditors: Amounts falling due after more than one year	16	(1,297.6)	(305.8)
Provisions for liabilities and charges	17	(8.6)	(7.5)
Net (liabilities)/assets		<u>(561.2)</u>	<u>489.1</u>
Capital and reserves			
Called-up share capital	18	0.1	52.1
Share premium	19	0.9	-
Non distributable reserve	19	-	12.9
Capital contribution reserve	19	-	7.8
Profit and loss account	19	(562.2)	416.3
Equity shareholders' (deficit)/funds	20	<u>(561.2)</u>	<u>489.1</u>

Company balance sheet

As at 30 March 2008

	Note	2008 £m	2007 £m
Fixed assets			
Investments	12	499.4	918.1
Current assets			
Debtors	14	10.9	3.7
Cash at bank and in hand		-	-
Debtors		10.9	3.7
Creditors: Amounts falling due within one year	15	<u>(47.4)</u>	<u>(2.3)</u>
Net current (liabilities)/assets		(36.5)	1.4
Total assets less current liabilities		462.9	919.5
Creditors: Amounts falling due after more than one year	16	<u>(517.6)</u>	-
Net (liabilities)/assets		<u>(54.7)</u>	<u>919.5</u>
Capital and reserves			
Called-up share capital	18	0.1	52.1
Share premium	19	0.9	-
Capital contribution reserve	19	-	7.8
Profit and loss account	19	<u>(55.7)</u>	<u>859.6</u>
Equity shareholders' (deficit)/funds	20	<u>(54.7)</u>	<u>919.5</u>

The financial statements on pages 21 to 68 were approved by the board of directors on 19 June 2008 and signed on its behalf by:




A A Miller
Director

Consolidated cash flow statement

For the year ended 30 March 2008

	Note	2008 £m	2007 £m
Net cash inflow from operating activities	21	104.8	126.0
Return on investments and servicing of finance	22	(475.1)	(52.6)
Taxation	22	(12.0)	(15.8)
Capital expenditure and financial investment	22	(6.7)	(10.5)
Acquisitions and disposals	22	20.8	(37.0)
Cash (outflow)/inflow before financing		<u>(368.2)</u>	<u>10.1</u>
Financing	22	396.0	1.6
Increase in cash in the year	23	<u>27.8</u>	<u>11.7</u>

Notes to the financial statements

For the year ended 30 March 2008

1 Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

During the year an amendment to Financial Reporting Standard 3 *Reporting Financial Performance* became effective and has been adopted by the group. There is no impact on the financial statements arising from the adoption of this amendment.

The principal accounting policies are set out below, all of which have been applied consistently throughout the year and the preceeding year.

In accordance with Section 230 of the Companies Act 1985, the company is exempt from the requirement to present its own profit and loss account. The result of the company for the financial year is disclosed in note 19.

Basis of consolidation

The group financial statements consolidate the financial statements of Trader Media Group Limited (the company) and all of its subsidiary undertakings drawn up to 30 March 2008. For associated undertakings the group includes its share of profits and losses in the consolidated profit and loss account and its share of post acquisition retained profits or accumulated deficits in the consolidated balance sheet. The consolidated financial statements are based on financial statements which are coterminous with those of the parent company. Accounting policies have been applied consistently across the group.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the year. Finance and issue costs associated with debt are charged to the profit and loss account at a constant rate over the period from the date of issue to the point where there is a genuine commercial possibility that the commercial life of the instrument will expire.

Preference shares are treated as debt where in substance they have the features of debt instruments. The related dividends are recognised as an interest expense.

Notes to the financial statements (continued)

For the year ended 30 March 2008

1 Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss and taken to the profit and loss account in the period in which it arises.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are dealt with through reserves. All other exchange differences are included in the profit and loss account.

Intangible assets

Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and written off over a period of approximately 20 years. This is deemed an appropriate period of amortisation for goodwill acquired by the group and provision is made for any impairment. Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited directly to the profit and loss account in the period(s) expected to benefit. Impairments are assessed when a triggering event has occurred and are assessed by comparing the carrying value of the goodwill attributable to a cash generating unit to its value in use.

Other intangible assets are stated at cost net of amortisation. Cost includes the original purchase price of the asset plus incidental expenses. Amortisation is provided at rates calculated to write off the cost less estimated residual value on a straight line basis over its expected useful economic life.

Investments

In the company's financial statements, investments in subsidiary and associated undertakings are stated at cost less provisions for impairment. Dividends received are credited to the company's profit and loss account in the period in which they are approved by shareholders.

Annually, the directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

Leases

All leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease, even if the payments are not made on such a basis.

Notes to the financial statements (continued)

For the year ended 30 March 2008

1 Accounting policies (continued)

Pension costs

Across the UK and overseas the group operates several pension schemes. All, except one, are defined contribution schemes. Within the UK, all pension schemes set up prior to 2001 have been closed to new members and only one defined contribution scheme is now open to new employees.

The group operates a defined benefit scheme, the assets of which are held separately from those of the group in independently administered funds. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the group's defined benefit scheme expected to arise from the employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

For defined contribution schemes the assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost, charged to the profit and loss account, represents contributions payable by the group to the fund in the period.

Provisions

A provision is recognised in the financial statements when an obligation exists at the balance sheet date, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of that obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted where the effect is material.

Related party transactions

Under the provisions of Financial Reporting Standard 8 *Related Party Disclosures*, the group is exempt from the requirement to disclose details of certain related party transactions between companies that are consolidated within these accounts.

Share based payments

The company accounts for share-based payment arrangements in accordance with Financial Reporting Standard 20 *Share Based Payments*. Equity settled awards are valued at grant date, and the grant date fair value is charged as an expense in the profit and loss account spread over the vesting period. The credit side of the entry is recorded in equity. Cash settled awards are revalued at each reporting date with the fair value of the award charged to the profit and loss account over the vesting period and the credit side of the entry recognised as liability.

Where awards are granted to employees of subsidiary companies, instead of a charge being recognised as an expense in the company's individual accounts, it is debited to investments as the award represents a further investment in the company's subsidiaries.

Notes to the financial statements (continued)

For the year ended 30 March 2008

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value on a first in, first out basis. For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads based on normal levels of activity. Provision is made for obsolete, slow moving and defective items where appropriate.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful economic life.

Freehold buildings	50 years
Leasehold improvements	life of lease
Leasehold land and buildings	life of lease
Motor vehicles	5 years
Plant and equipment	3 - 10 years

Assets in the course of construction are recorded as tangible fixed assets and are transferred to the appropriate classification when complete and depreciated from that date.

Taxation

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred on the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Notes to the financial statements (continued)

For the year ended 30 March 2008

1 Accounting policies (continued)

Turnover

Turnover comprises:

- Fees for advertising on the group's websites and web related activities, which are recognised when the service is provided;
- Fees for advertising in the group's publishing titles and the sale of the publication, which are recognised on the date of publication;
- Fees for computer software supplied; and
- Amounts invoiced for print services provided, which are recognised on dispatch of goods to the customer.

Turnover is only recognised when considered recoverable and is stated net of discounts and value added tax.

Maintenance contracts and licence fees, where invoiced in advance, are deferred and recognised on a straight line basis over the period to which they relate. Accrued income is recognised where advertisements have been published but an invoice has yet to be raised.

Web site developments costs

Design and content development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the profit and loss account as incurred.

Notes to the financial statements (continued)

For the year ended 30 March 2008

2 Turnover and segmental analysis

By class of business:

	Turnover	
	2008 £m	2007 £m
Continuing:		
Auto Trader	217.6	203.7
National titles	17.9	18.8
Overseas titles	29.4	29.6
Specialist titles	13.2	14.5
Print	57.1	57.0
Inter-segment	(26.1)	(28.5)
	<u>309.1</u>	<u>295.1</u>
Discontinued:		
Auto Trader	1.5	0.6
Specialist titles	7.6	9.2
Print	6.0	6.5
Property	1.3	4.9
	<u>16.4</u>	<u>21.2</u>
Total	<u>325.5</u>	<u>316.3</u>

Classes of business are defined as:

Auto Trader	Classified automotive advertising provided under the Auto Trader brand in the UK and Ireland
National titles	Classified automotive advertising provided in national titles, including Bike Trader, Caravan Trader, Classic American, Farmers Trader, Top Marques and Truck Trader
Overseas titles	Classified automotive advertising provided in Italy, Holland and South Africa
Specialist titles	Classified advertising outside the automotive sector provided in the following titles: AdTrader, TNT and Marine Trader
Print	Print operations. Mainly to print the magazine titles for the group supplemented by contract printing for third party customers
Property	Provision of software solutions to estate agents

Notes to the financial statements (continued)

For the year ended 30 March 2008

2 Turnover and segmental analysis (continued)

	2008					
	Operating profit/(loss) before amortisation & impairment	Amortisation	Impairment	Operating profit/(loss)	Non-operating exceptional items	Profit/(loss) before interest & taxation
	£m	£m	£m	£m	£m	£m
Continuing:						
Auto Trader	90.0	(45.2)	(1.4)	43.4	-	43.4
National titles	9.0	(3.5)	(4.9)	0.6	-	0.6
Overseas titles	5.7	(3.0)	-	2.7	-	2.7
Specialist titles	4.4	(3.1)	(1.3)	-	-	-
Print	2.1	(1.1)	-	1.0	-	1.0
Disposal costs	(13.5)	-	-	(13.5)	-	(13.5)
	<u>97.7</u>	<u>(55.9)</u>	<u>(7.6)</u>	<u>34.2</u>	<u>-</u>	<u>34.2</u>
Discontinued:						
Auto Trader	(3.9)	-	-	(3.9)	(2.6)	(6.5)
Specialist titles	2.9	(1.3)	(4.2)	(2.6)	-	(2.6)
Print	(0.7)	-	-	(0.7)	(3.1)	(3.8)
Property	-	(0.2)	-	(0.2)	2.2	2.0
	<u>(1.7)</u>	<u>(1.5)</u>	<u>(4.2)</u>	<u>(7.4)</u>	<u>(3.5)</u>	<u>(10.9)</u>
Total	<u>96.0</u>	<u>(57.4)</u>	<u>(11.8)</u>	<u>26.8</u>	<u>(3.5)</u>	<u>23.3</u>
Net interest payable and similar income						<u>(158.7)</u>
Loss on ordinary activities before taxation						<u>(135.4)</u>

Disposal costs mainly represent fees paid to professional advisors, accountants and lawyers in connection with the disposal by GMG (TMG) Limited of a 49.9% interest in Trader Media Group Limited to Apax. Disposal costs have not been allocated against segments as they relate to the disposal of the business as a whole and are considered to be an exceptional item.

Notes to the financial statements (continued)

For the year ended 30 March 2008

2 Turnover and segmental analysis (continued)

	2007					
	Operating profit/(loss) before amortisation & impairment £m	Amortisation £m	Impairment £m	Operating profit/(loss) £m	Share of profit from associated undertakings £m	Profit/(loss) before interest & taxation £m
Continuing:						
Auto Trader	86.4	(44.6)	-	41.8	0.1	41.9
National titles	8.2	(3.4)	(2.0)	2.8	-	2.8
Overseas titles	6.1	(2.9)	(2.6)	0.6	-	0.6
Specialist titles	5.6	(3.1)	(5.3)	(2.8)	-	(2.8)
Print	4.3	(1.1)	-	3.2	-	3.2
Disposal costs	(3.5)	-	-	(3.5)	-	(3.5)
	<u>107.1</u>	<u>(55.1)</u>	<u>(9.9)</u>	<u>42.1</u>	<u>0.1</u>	<u>42.2</u>
Discontinued:						
Auto Trader	(4.4)	(0.1)	(1.0)	(5.5)	-	(5.5)
Specialist titles	3.3	(2.1)	(16.1)	(14.9)	-	(14.9)
Print	(0.2)	-	-	(0.2)	-	(0.2)
Property	1.0	(0.7)	-	0.3	-	0.3
	<u>(0.3)</u>	<u>(2.9)</u>	<u>(17.1)</u>	<u>(20.3)</u>	<u>-</u>	<u>(20.3)</u>
Total	<u>106.8</u>	<u>(58.0)</u>	<u>(27.0)</u>	<u>21.8</u>	<u>0.1</u>	<u>21.9</u>
Net interest payable and similar income						<u>(22.2)</u>
Loss on ordinary activities before taxation						<u>(0.3)</u>

Notes to the financial statements (continued)

For the year ended 30 March 2008

2 Turnover and segmental analysis (continued)

	Net (liabilities)/assets	
	2008 £m	2007 £m
Continuing:		
Auto Trader	609.6	648.7
National titles	38.7	47.0
Overseas titles	39.0	41.0
Specialist titles	33.4	37.8
Print	34.2	39.6
	<u>754.9</u>	<u>814.1</u>
Discontinued:		
Auto Trader	(0.9)	2.0
Specialist titles	-	12.7
Print	0.6	5.1
Property	-	18.1
	<u>(0.3)</u>	<u>37.9</u>
Share of associated undertakings	-	0.4
Unallocated net liabilities:		
Corporation tax creditor	(8.2)	(15.5)
Provision for deferred tax	(0.8)	(0.7)
Loan notes receivable	1.3	-
Loan payable	-	(21.0)
Vendor loan notes payable	(0.6)	(3.1)
Cash	38.7	10.8
Syndicated bank loans net of unamortised issue costs	(778.0)	(332.5)
Series A and B Shareholder loan notes	(290.0)	-
Preference shares	(228.2)	(1.0)
Accrued interest on borrowings	(50.0)	(0.3)
	<u>(1,315.8)</u>	<u>(363.3)</u>
Net (liabilities) / assets	<u>(561.2)</u>	<u>489.1</u>

Notes to the financial statements (continued)

For the year ended 30 March 2008

2 Turnover and segmental analysis (continued)

By geographical origin:

	Turnover	
	2008 £m	2007 £m
Continuing:		
UK and Ireland	279.7	265.2
Rest of Europe	17.6	17.4
Rest of World	11.8	12.5
	<u>309.1</u>	<u>295.1</u>
Discontinued:		
UK and Ireland	16.4	21.2
Total	<u>325.5</u>	<u>316.3</u>

	Operating profit/(loss) before amortisation & impairment £m	Amortisation £m	Impairment £m	2008 Operating profit/(loss) £m	Non- operating exceptional items £m	Profit/(loss) before interest & taxation £m
Continuing:						
UK and Ireland	105.4	(52.9)	(7.6)	44.9	-	44.9
Rest of Europe	2.7	(1.7)	-	1.0	-	1.0
Rest of World	3.1	(1.3)	-	1.8	-	1.8
Disposal costs	(13.5)	-	-	(13.5)	-	(13.5)
	<u>97.7</u>	<u>(55.9)</u>	<u>(7.6)</u>	<u>34.2</u>	<u>-</u>	<u>34.2</u>
Discontinued:						
UK and Ireland	(1.7)	(1.5)	(4.2)	(7.4)	(3.5)	(10.9)
Total	<u>96.0</u>	<u>(57.4)</u>	<u>(11.8)</u>	<u>26.8</u>	<u>(3.5)</u>	<u>23.3</u>
Net interest payable and similar income						<u>(158.7)</u>
Loss on ordinary activities before taxation						<u>(135.4)</u>

Notes to the financial statements (continued)

For the year ended 30 March 2008

2 Turnover and segmental analysis (continued)

				2007		
	Operating profit/(loss) before amortisation & impairment	Amortisation	Impairment	Operating profit/(loss)	Profit from associated undertakings	Profit/(loss) before interest & taxation
	£m	£m	£m	£m	£m	£m
Continuing:						
UK and Ireland	104.3	(52.1)	(7.3)	44.9	0.1	45.0
Rest of Europe	2.6	(1.7)	(2.6)	(1.7)	-	(1.7)
Rest of World	3.7	(1.3)	-	2.4	-	2.4
Disposal costs	(3.5)	-	-	(3.5)	-	(3.5)
	<u>107.1</u>	<u>(55.1)</u>	<u>(9.9)</u>	<u>42.1</u>	<u>0.1</u>	<u>42.2</u>
Discontinued:						
UK and Ireland	(0.3)	(2.9)	(17.1)	(20.3)	-	(20.3)
Total	<u>106.8</u>	<u>(58.0)</u>	<u>(27.0)</u>	<u>21.8</u>	<u>0.1</u>	<u>21.9</u>
Net interest payable and similar income						<u>(22.2)</u>
Loss on ordinary activities before taxation						<u>(0.3)</u>

Notes to the financial statements (continued)

For the year ended 30 March 2008

2 Turnover and segmental analysis (continued)

	Net (liabilities) / assets	
	2008 £m	2007 £m
Continuing:		
UK and Ireland	715.9	771.7
Rest of Europe	22.8	24.9
Rest of World	16.2	17.5
	<u>754.9</u>	<u>814.1</u>
Discontinued:		
UK and Ireland	(0.3)	37.9
Associated undertakings	-	0.4
Unallocated assets liabilities:		
Corporation tax creditor	(8.2)	(15.5)
Provision for deferred tax	(0.8)	(0.7)
Loan notes receivable	1.3	-
Loan payable	-	(21.0)
Vendor loan notes payable	(0.6)	(3.1)
Cash	38.7	10.8
Syndicated bank loans net of unamortised issue costs	(778.0)	(332.5)
Series A and B Shareholder loan notes	(290.0)	-
Preference shares	(228.2)	(1.0)
Accrued interest on borrowings	(50.0)	(0.3)
	<u>(1,315.8)</u>	<u>(363.3)</u>
Net (liabilities) / assets	<u>(561.2)</u>	<u>489.1</u>

Group costs of £0.3 million (2007: £nil) have been allocated to discontinued activities.

The results of businesses acquired during the year have not had a significant impact on the turnover or profit for the year.

The analysis of turnover by geographical market is not materially different from that by geographical origin.

Notes to the financial statements (continued)

For the year ended 30 March 2008

3 Interest

	2008 £m	2007 £m
Interest receivable and other income		
Interest on refund of corporation tax	0.2	0.1
On bank balances	1.4	0.2
On inter group balances	-	-
On financial instruments	1.2	-
	<u>2.8</u>	<u>0.3</u>
Other finance income		
Net pension finance income (note 24)	<u>0.1</u>	<u>0.1</u>
Interest payable and similar charges		
On bank loans and overdrafts	55.9	19.7
On shareholders loans	35.8	-
On preference shares	35.0	-
On vendor loan notes	-	0.3
On inter group balances	-	0.1
On financial instruments	0.8	0.3
Amortised debt issue costs	33.7	1.8
Unwinding of discount on provisions	0.3	0.3
Other interest payable	0.1	0.1
	<u>161.6</u>	<u>22.6</u>

Amortised debt issue costs include accelerated debt issue costs of £0.2 million (2007: £1.3 million) relating to the Previous Bank Debt and £33.5 million incurred in connection with the refinancing of the group (note 16).

Notes to the financial statements (continued)

For the year ended 30 March 2008

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2008	2007
	£m	£m
Depreciation of owned tangible fixed assets (note 11)	11.6	11.2
Impairment of owned tangible fixed assets (note 11)	2.2	-
Amortisation of goodwill (note 10)	57.4	58.0
Impairment of goodwill (note 10)	11.7	27.0
Impairment of investment in associate (note 12)	0.1	-
Loss/(profit) on disposal of tangible fixed assets	0.1	(0.4)
Operating lease rentals		
- plant and machinery	0.1	0.1
- other	5.7	5.3
Compensation for loss of office	-	1.3
Amortisation of debt issue costs (note 16)	33.7	1.8
Disposal costs (note 2)	13.5	3.5

Services provided by the group's auditor

	2008	2007
	£m	£m
Fees payable for the audit of the company's financial statements	0.1	-
Fees payable for other services:		
- For the audit of the financial statements of associates of the company pursuant to legislation (including that of countries and territories outside Great Britain)	0.3	0.3
- Other services related to taxation	0.1	0.1
- Services relating to corporate finance transactions entered into by the company or any of its associates	0.9	2.4

Fees for the audit of the group's circulation statistics were paid to Audit Bureau of Circulation of £68,000 (2007: £48,000).

Notes to the financial statements (continued)

For the year ended 30 March 2008

5 Exceptional Items

	2008 £m	2007 £m
Profit on sale of subsidiary undertakings	2.1	-
Loss on termination of operations	<u>(5.6)</u>	<u>-</u>
Profit on sale and loss on termination of operations	<u>(3.5)</u>	<u>-</u>

Attributable to these exceptional items is a tax charge of £0.9 million.

The profit above relates to the sale of wholly owned subsidiaries announced in the year as detailed below:

Disposals	Date Disposed	Operating (loss)/profit relating to disposals £m
Vebra Investments Limited and subsidiary undertakings	8 June 2007	(0.2)
Marine Trader Media Limited and subsidiary undertaking	12 November 2007	(3.0)
Contact Advantage Group Limited and subsidiary undertakings	7 December 2007	(0.4)
Trader Media (TNT) Limited	26 February 2008	0.4

The operating (loss)/profit above relates to the consolidated (losses)/profits made by each of the entities up to the date of disposal.

Further information relating to the discontinued activities can be found in note 2.

The profit on sale represents the difference between the book value of assets disposed of and the proceeds received for them.

During the year the group announced the closure of its Wiltshire printing plant and vehicle provenance checking business, Trader Data Systems. The redundancy and related costs associated with those terminations are reported in the loss above and include a fixed asset impairment charge of £2.2 million.

Within continuing operating profit, exceptional charges of £13.5 million (2007: £3.5 million) have been recorded relating to the disposal by GMG (TMG) Limited of a 49.9% interest in Trader Media Group Limited to Apax. These disposal costs mainly represent fees paid to professional advisors, accountants and lawyers.

Within interest payable is £33.5 million (2007: £nil) of debt issue costs incurred in connection with the refinancing of the group. These costs were capitalised on 8 June 2007 and have been amortised over the period to the earliest possible date of repayment.

Notes to the financial statements (continued)

For the year ended 30 March 2008

6 Employee information

The average monthly number of employees (including executive directors) was as follows:

	Total headcount		Full time equivalent	
	2008	2007	2008	2007
Administration	888	1,014	838	905
Sales	1,513	1,629	1,290	1,402
Production	1,126	1,132	951	996
	<u>3,527</u>	<u>3,775</u>	<u>3,079</u>	<u>3,303</u>

Their aggregate remuneration comprised:

	2008	2007
	£m	£m
Wages and salaries	91.2	84.7
Social security costs	8.7	8.3
Pension contributions to defined contribution schemes (note 24)	2.4	2.8
Other pension costs (note 24)	0.1	0.1
	<u>102.4</u>	<u>95.9</u>

The company had no employees (2007: nil) during the year.

Notes to the financial statements (continued)

For the year ended 30 March 2008

7 Directors' remuneration

	2008 £m	2007 £m
Directors' emoluments	1.6	0.6
Pension contributions	-	-
	<u>1.6</u>	<u>0.6</u>

Three directors (2007: two) were members of the group's defined contribution scheme.

All the above remuneration was paid by Trader Publishing Limited, a group company and has not been recharged to the company..

The remuneration of the highest paid director was as follows:	2008 £m	2007 £m
Aggregate emoluments	0.7	0.3
Pension contributions	-	-
	<u>0.7</u>	<u>0.3</u>

The directors who served in the year, the companies for which they received remuneration for their services as directors and the financial statements in which their remuneration is disclosed are as follows:

Director	Services as director of: 2008	Disclosure 2008	Services as director of: 2007	Disclosure 2007
A A Miller	Trader Media Group Limited and subsidiary undertakings ¹	Trader Media Group Limited ¹	GMG (TMG) Limited and subsidiary undertakings ²	GMG (TMG) Limited ²
G N Storey	Trader Media Group Limited and subsidiary undertakings ¹	Trader Media Group Limited ¹	GMG (TMG) Limited and subsidiary undertakings ²	GMG (TMG) Limited ²
J King	Trader Media Group Limited and subsidiary undertakings ¹	Trader Media Group Limited ¹	-	-
S Glithero	Trader Media Group (2003) Limited and subsidiary undertakings	Trader Media Group (2003) Limited	Trader Media Group Limited and subsidiary undertakings ¹	Trader Media Group Limited ¹

¹ Trader Media Group Limited formerly Trader Media Investments Limited

² GMG (TMG) Limited formerly Trader Media Group Limited

N Castro, C McCall, T N Hall and I Hemmers received no remuneration in respect of their services as directors of the company.

Notes to the financial statements (continued)

For the year ended 30 March 2008

8 Tax on loss on ordinary activities

	2008	2007
	£m	£m
Current taxation		
UK corporation taxation	1.0	15.2
Foreign taxation	3.7	3.0
Adjustments in respect of prior years	1.3	0.8
Total current taxation	<u>6.0</u>	<u>19.0</u>
Deferred taxation		
Origination and reversal of timing differences (notes 14 and 17)	-	0.6
Total deferred taxation	<u>-</u>	<u>0.6</u>
Total taxation	<u>6.0</u>	<u>19.6</u>

The differences between the total current taxation shown above and the amount calculated by applying the standard rate of UK corporation taxation to the loss before taxation are as follows:

	2008	2007
	£m	£m
Loss on ordinary activities before taxation	(135.4)	(0.3)
Less: share of associates' profit before taxation	-	(0.1)
Group loss on ordinary activities before taxation	<u>(135.4)</u>	<u>(0.4)</u>
Tax on loss on ordinary activities at the standard UK corporation tax rate of 30% (2007: 30%)	(40.6)	(0.1)
Expenses not deductible for taxation purposes (primarily goodwill amortisation, impairment and certain finance charges including preference share interest)	44.8	26.1
Income not included for taxation purposes	(0.5)	-
Lower taxation rates on overseas earnings	0.3	(0.1)
Depreciation in excess of capital allowances and other timing differences	1.8	0.2
Double taxation relief	(1.5)	-
Withholding tax on overseas dividends	0.5	0.4
Timing differences on pension accounting	-	(0.3)
Adjustments to taxation charge in respect of prior years	1.3	0.8
Losses brought forward and utilised	-	(0.6)
Losses carried forward	-	0.1
Payment for brought forward losses	(0.1)	-
Payment for use of non-trading deficits	-	(2.6)
Group relief	-	(4.9)
Current taxation charge for the year	<u>6.0</u>	<u>19.0</u>

The group earns its profits primarily in the UK, therefore the rate used for taxation is the standard rate for UK corporation tax. The group's overseas tax rates are lower than those in the UK, primarily because the profits earned in Ireland and South Africa are taxed at rates of 12.5% and 29%, respectively.

Notes to the financial statements (continued)

For the year ended 30 March 2008

9 Dividends

	2008 £m	2007 £m
Equity shares		
Final paid of £706.26 (2007: £0.06) per 10p ordinary share	<u>706.3</u>	<u>32.5</u>

10 Intangible fixed assets - Goodwill

Group	Goodwill £m	Trade names £m	Total £m
Cost			
At beginning of year	1,032.5	-	1,032.5
Additions	2.7	-	2.7
Reclassifications	(0.1)	0.1	-
Disposals	(54.7)	-	(54.7)
At end of year	<u>980.4</u>	<u>0.1</u>	<u>980.5</u>
Amortisation			
At beginning of year	223.2	-	223.2
Charge for year	57.4	-	57.4
Disposals	(29.1)	-	(29.1)
Impairment	11.7	-	11.7
At end of year	<u>263.2</u>	<u>-</u>	<u>263.2</u>
Net book value			
At end of year	<u>717.2</u>	<u>0.1</u>	<u>717.3</u>
At beginning of year	<u>809.3</u>	<u>-</u>	<u>809.3</u>

An impairment loss of £7.5 million (2007: £27.0 million) was charged in the year after an impairment review identified a number of income generating units ("IGUs") that had a permanent diminution in value. The impairment loss was measured by reference to the calculated value in use of each IGU based on the most recent five year plan approved by the directors. Goodwill has been allocated to IGUs using an earnings before interest, tax, depreciation and amortisation weighting except where new IGUs arise as a result of an acquisition, in which case the goodwill arising on that acquisition is allocated to the IGU.

A further £4.2 million (2007: £nil) of impairment was incurred in respect of businesses subsequently disposed.

The discount rates used to measure each IGU that has been impaired ranged from 8.2% to 10.5%.

The company had no intangible fixed assets at 30 March 2008 (2007: £nil).

Notes to the financial statements (continued)

For the year ended 30 March 2008

10 Intangible fixed assets (continued)

On 28 June 2007 the group acquired the remaining 70% of the ordinary share capital of Autofocus (UK) Limited for cash consideration of £2.7 million.

Goodwill of £3.0 million resulted on acquisition as follows:

	Book value £m	Fair value adjustment £m	Fair value acquired £m
Tangible assets	0.1	(0.1)	-
Current assets			
Debtors	0.2	-	0.2
Cash at bank and in hand	-	-	-
	<u>0.2</u>	<u>-</u>	<u>0.2</u>
Creditors: Amounts falling due within one year	<u>(0.2)</u>	<u>-</u>	<u>(0.2)</u>
Net assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets less current liabilities	0.1	(0.1)	-
Provisions for liabilities and charges	-	-	-
Fair value of net assets acquired	<u>0.1</u>	<u>(0.1)</u>	<u>-</u>
Goodwill			3.0
Associate balance from investments (note 12)			<u>(0.3)</u>
Total consideration			<u>2.7</u>

Following the disposal of Vebra Investments Limited on 8 June 2007, the deferred consideration payable by the group in June 2009 has been fixed at £2.2 million resulting in a decrease to the goodwill recorded on the original acquisition in August 2006 of £0.3 million. The discounted deferred consideration at the end of the year was £2.0 million (2007: £2.3 million).

The sale of wholly owned subsidiaries by the group meant that goodwill was written off through the profit and loss account as follows:

	2008 £m	2007 £m
Vebra Investments Limited and subsidiary undertakings	18.4	-
Marine Trader Media Limited and subsidiary undertakings	1.5	-
Trader Media (TNT) Limited	5.7	-
	<u>25.6</u>	<u>-</u>

Notes to the financial statements (continued)

For the year ended 30 March 2008

11 Tangible fixed assets

Group	Assets under construction £m	Land, buildings and leasehold improvements £m	Plant and equipment £m	Motor vehicles £m	Total £m
Cost					
At beginning of year	2.0	18.9	88.9	1.9	111.7
Additions for the year	3.7	0.2	2.9	0.1	6.9
Disposals	-	(2.7)	(1.7)	(0.8)	(5.2)
Assets brought into use	(5.0)	0.3	4.7	-	-
At end of year	<u>0.7</u>	<u>16.7</u>	<u>94.8</u>	<u>1.2</u>	<u>113.4</u>
Depreciation					
At beginning of year	-	5.3	61.4	1.3	68.0
Charge for the year	-	0.7	10.7	0.2	11.6
Impairment	-	-	2.2	-	2.2
Disposals	-	(0.2)	(1.2)	(0.6)	(2.0)
At end of year	<u>-</u>	<u>5.8</u>	<u>73.1</u>	<u>0.9</u>	<u>79.8</u>
Net book value					
At end of year	<u>0.7</u>	<u>10.9</u>	<u>21.7</u>	<u>0.3</u>	<u>33.6</u>
At beginning of year	<u>2.0</u>	<u>13.6</u>	<u>27.5</u>	<u>0.6</u>	<u>43.7</u>

The net book value of land, buildings and leasehold improvements comprises:

	2008 £m	2007 £m
Freehold	6.7	9.3
Long leasehold	2.8	2.9
Short leasehold	0.1	0.1
Leasehold improvements	1.3	1.3
	<u>10.9</u>	<u>13.6</u>

Land, buildings and leasehold improvements includes £8.5 million (2007: £11.2 million) of depreciable assets.

The company had no tangible fixed assets at 30 March 2008 (2007: £nil).

Notes to the financial statements (continued)

For the year ended 30 March 2008

12 Fixed asset investments

	Group 2008 £m	Company 2008 £m	Group 2007 £m	Company 2007 £m
Shares in subsidiary undertakings	-	499.4	-	918.1
Associated undertakings	-	-	0.4	-
	<u>-</u>	<u>499.4</u>	<u>0.4</u>	<u>918.1</u>

Shares in subsidiary undertakings

Company
£m

Cost and net book value

At beginning of the year	918.1
Impairment	(418.7)
At the end of the year	<u>499.4</u>

The impairment was charged on acquisition of 49.9% of the group by Apax on 8 June 2007 and was caused by dividends paid to the immediate parent company upon completion.

The company owns 100% of the ordinary share capital of Trader Media Group (2003) Limited, a holding company registered in England and Wales.

Associated undertaking

Group
2008
£m

Share of net assets

At beginning of year	0.4
Share of profit for the year	-
Share of taxation for the year	-
Impairment	(0.1)
Transfer to subsidiary undertaking (note 10)	(0.3)
At end of year	<u>-</u>

Share of profits of associated undertaking is stated after crediting £2,000 (2007: £nil) of interest received, and charging £2,000 (2007: £14,000) of taxation and £4,000 (2007: £16,000) of goodwill amortisation.

Notes to the financial statements (continued)

For the year ended 30 March 2008

12 Fixed asset investments (continued)

The principal trading and holding subsidiaries of the group are as follows:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned
2 nd Byte Limited	England and Wales	Internet services	Ordinary	100%
Acorn Web Offset Limited	England and Wales	Printing	Ordinary	100%
Autofocus (UK) Limited	England and Wales	Photographic services	Ordinary	100%
Edizeta srl	Italy	Publishing	Ordinary	100%
European Auto Trader BV	Holland	Publishing	Ordinary	100%
Hurst Italia srl	Italy	Publishing	Ordinary	100%
The Car Trader (Pty) Limited	South Africa	Publishing	Ordinary	100%
Trader Data Systems Limited	England and Wales	Vehicle provenance checking	Ordinary	100%
Trader Media Corporation Limited	England and Wales	Holding company	Ordinary	100%
Trader Publishing Limited	England and Wales	Publishing	Ordinary	100%
Webzone Limited	Republic of Ireland	Publishing, via the web	Ordinary	100%

Boat Shop 24 Software GmbH, Contact Advantage Limited, Marine Trader Media Limited, Real Estate Technology Limited, Trader Media (TNT) Limited and Vebra Solutions Limited were sold during the year (note 5).

13 Stocks

	Group 2008 £m	Group 2007 £m
Raw materials and consumables	2.4	1.9
Work in progress	0.3	0.2
IT consumable stock	-	0.1
	<u>2.7</u>	<u>2.2</u>

The company had no stocks at 30 March 2008 (2007: £nil).

Notes to the financial statements (continued)

For the year ended 30 March 2008

14 Debtors

	Group 2008 £m	Company 2008 £m	Group 2007 £m	Company 2007 £m
Trade debtors	38.2	-	38.9	-
Deferred tax asset	-	-	0.1	-
Amounts owed by group undertakings	1.5	10.9	0.7	3.7
Other debtors	3.2	-	0.4	-
Prepayments and accrued income	8.3	-	5.9	-
Deferred debt issue costs (note 16)	-	-	1.2	-
	<u>51.2</u>	<u>10.9</u>	<u>47.2</u>	<u>3.7</u>

Amounts owed by group undertakings are non-interest bearing, unsecured and repayable on demand.

Other debtors include £1.3 million (2007: £nil) relating to unsecured loan notes received on the disposal of Trader Media (TNT) Limited, of which £0.7 million falls due 26 February 2009 and the remainder falls due 26 February 2010.

Deferred taxation

	Group 2008 £m	Group 2007 £m
At beginning of year	0.1	-
(Charge)/credit to the profit and loss account	(0.1)	0.1
Undiscounted deferred taxation asset	<u>-</u>	<u>0.1</u>
Deferred tax is provided as follows		
Other timing differences	-	0.1
Undiscounted deferred taxation asset	<u>-</u>	<u>0.1</u>

Notes to the financial statements (continued)

For the year ended 30 March 2008

15 Creditors: Amounts falling due within one year

	Group 2008 £m	Company 2008 £m	Group 2007 £m	Company 2007 £m
Syndicated bank loans	-	-	30.0	-
Bank overdraft ancillary facility	-	-	-	0.1
Vendor loan notes	0.6	-	2.6	2.1
Trade creditors	12.0	-	8.3	-
Amounts owed to group undertakings	-	-	24.3	0.1
Amounts owed to related undertakings	0.1	-	-	-
Corporation tax	8.2	-	15.5	-
Other taxes and social security	8.0	-	7.5	-
Other creditors	1.2	-	1.6	-
Accruals and deferred income	67.8	47.4	20.8	-
Contingent consideration	-	-	0.1	-
Redeemable preference shares	0.6	-	0.5	-
	<u>98.5</u>	<u>47.4</u>	<u>111.2</u>	<u>2.3</u>

In 2007, vendor loan notes of £2.1 million were subject to interest at LIBOR less 0.75%. These notes were redeemed in full on 8 June 2007. The remaining £0.6 million (2007: £0.5 million) are non-interest bearing.

Of the amounts owed to group and related undertakings by the group £nil (2007: £1.6 million) include an interest charge of nil% (2007: LIBOR plus 0.5%) and the remaining £0.1 million (2007: £22.7 million) are non-interest bearing. These balances are unsecured and are repayable on demand.

Amounts owed to group undertakings by the company are non-interest bearing, unsecured and repayable on demand.

On 23 November 2007 750,000 preference shares and 750,000 loan notes were redeemed at par for £1.1 million. The remaining 750,000 preference shares and 750,000 loan notes of £1.2 million will be redeemed in financial year 2009.

Notes to the financial statements (continued)

For the year ended 30 March 2008

16 Creditors: Amounts falling due after more than one year

	Group 2008 £m	Company 2008 £m	Group 2007 £m	Company 2007 £m
Syndicated bank loans gross of unamortised debt issue costs	778.0	-	302.7	-
Debt issue costs	-	-	(0.2)	-
Syndicated bank loans net of unamortised debt issue costs	778.0	-	302.5	-
Series A and B Shareholder loan notes	290.0	290.0	-	-
Cumulative irredeemable preference shares	227.6	227.6	-	-
Vendor loan notes	-	-	0.5	-
Deferred consideration	2.0	-	2.3	-
Redeemable preference shares	-	-	0.5	-
	<u>1,297.6</u>	<u>517.6</u>	<u>305.8</u>	<u>-</u>

Syndicated bank loans gross of unamortised debt issue costs are repayable as follows:

	Group 2008 £m	Group 2007 £m
Between one and two years	-	30.0
Between two and five years	-	272.7
More than five years	778.0	-
	<u>778.0</u>	<u>302.7</u>

On 23 March 2007, the subsidiary undertakings Trader Media Corporation (2003) Limited and Trader Media Corporation Limited, entered into an £835 million Senior Facilities Agreement ("the New Bank Debt") in connection with the sale by GMG (TMG) Limited of 49.9% of its interest in Trader Media Group Limited and its subsidiaries. The New Bank Debt was amended and restated on 29 May 2007 and the first utilisation was made on 8 June 2007 when £800.0 million was drawn to repay in full the syndicated bank loans that existed at 1 April 2007 ("Previous Bank Debt") and fund the financial restructuring of the group. Interest is charged at LIBOR plus a margin of between 2% and 2.125% depending on the consolidated leverage ratio of Trader Media Corporation (2003) Limited and its subsidiaries.

Debt issue costs of £33.5 million (2007: £1.2 million) were incurred in connection with the arrangement of the New Bank Debt. These costs have been charged to the profit and loss account over the period from the date of issue to the point where there is a genuine commercial possibility that the commercial life of the instrument will expire.

Accelerated debt issue costs of £0.2 million (2007: £1.3 million) relating to the Previous Bank Debt were charged to the profit and loss account prior to the drawdown of the New Bank Debt.

Notes to the financial statements (continued)

For the year ended 30 March 2008

16 Creditors: Amounts falling due after more than one year (continued)

The group has elected to hedge a proportion of the New Bank Debt through the purchase of an interest rate swap which hedges a reducing obligation from a maximum of £441.0 million in October 2007 to a minimum of £185.2 million at maturity in June 2011. Over the life of the swap the group pays interest at 6.187% and receives LIBOR.

The group has also purchased an interest rate cap which hedges a reducing spiral of obligation of the New Bank Debt from a maximum of £189.0 million in October 2007 to a minimum of £79.4 million at maturity in June 2011. Interest is capped at 6.3% over the life of the instrument.

The fair values of the interest rate swap and cap at the balance sheet date were a liability of £9.6 million and an asset of £0.3 million, respectively. These fair values have not been recognised in the balance sheet.

A proportion of the Previous Bank Debt was hedged by an interest rate swap which hedged a reducing obligation from a maximum of £271.6 million in March 2005 to a minimum of £154.9 million at the originally expected maturity date of March 2008. Over the life of the swap the group paid interest of 5.11% and received LIBOR. The fair value of the hedge at 1 April 2007 was £1.0 million and this was not recognised as an asset in the balance sheet at that date. On 31 May 2007 this interest rate swap was closed out for cash proceeds of £1.1 million.

Interest on the Previous Bank Debt was subject to interest at LIBOR plus rates between 0.8% and 1%.

On 8 June 2007, the company issued to GMG (TMG) Limited, unsecured Series A Shareholder loan notes falling due 7 June 2016 with consideration of a dividend in specie of £283.5 million and 204 million cumulative irredeemable £1 preference shares with a nominal value of £204.0 million through the reclassification of existing ordinary shares with a nominal value of £52.0 million and the bonus issue out of profit and loss and capital contribution reserves of £152.0 million. The preference shares have been recorded at their nominal value under Schedule 34A of the Companies Act 1985. The fair value of the preference shares at the date of issue was £280.0 million. All 204 million of the preference shares are authorised, allotted, called up and fully paid.

On the same day GMG (TMG) Limited sold 49.9% of its interest in the ordinary shares, preference shares and Series A Shareholder loan notes to Apax Crystal A Holdco Sàrl and Apax Crystal B1 Holdco Sàrl. Unsecured Series B Shareholder loan notes totalling £6.4 million falling due 7 June 2016 were issued to GMG (TMG) Limited, Apax Crystal A Holdco Sàrl and Apax Crystal B1 Holdco Sàrl for cash consideration.

Interest on the preference shares is charged at 15% of their fair value at date of issue and is rolled up into the principal twice a year in December and June.

Interest is charged at LIBOR plus a margin of 9% on both the Series A Shareholder loan notes and Series B Shareholder loan notes. Interest is payable annually in arrears on the anniversary of the issue date.

Notes to the financial statements (continued)

For the year ended 30 March 2008

17 Provisions for liabilities and charges

	Deferred taxation	Onerous lease and dilapidations provision	Restructuring provision	Holiday pay provision	Total
	£m	£m	£m	£m	£m
Group					
At beginning of year	0.8	4.3	2.2	0.2	7.5
Charged to the profit and loss account	0.1	1.2	6.2	0.3	7.8
Utilised in the year	(0.1)	(0.7)	(3.0)	(0.2)	(4.0)
Released in the year	-	(2.6)	(0.1)	-	(2.7)
At end of year	<u>0.8</u>	<u>2.2</u>	<u>5.3</u>	<u>0.3</u>	<u>8.6</u>

Deferred tax

	Group 2008 £m	Group 2007 £m
Deferred tax is provided as follows:		
Accelerated capital allowances	1.6	1.9
Other timing differences	(0.8)	(1.1)
Total deferred tax liability	<u>0.8</u>	<u>0.8</u>

All deferred tax is provided for in full.

The UK government has announced that the standard rate of corporation tax will be reduced from 30% to 28% with effect from 1 April 2008 and the withdrawal of industrial building allowances between 2008 and 2011. The new rate and allowances were used as a basis for the calculation of the deferred tax provision. Under the new corporation tax rules the deferred tax liability at the balance sheet date would have reduced by £0.4 million in 2007.

The group has provided for future lease payments and future rates and service charges in respect of unoccupied properties no longer suitable for commercial business use ("onerous lease provision"). Amounts have been provided in full until the earliest break clause and discounted at 6% per annum.

The onerous lease provision relates to 3 properties with leases expiring between October 2008 and June 2009 (2007: eight properties with leases expiring between September 2007 and October 2017).

Dilapidations have been provided for on all United Kingdom and Ireland properties based on the estimate of costs upon exit of the lease. These provisions have been discounted at 6% to the exit date of the leases, which expire between September 2008 and August 2027 (2007: September 2007 and August 2027).

Notes to the financial statements (continued)

For the year ended 30 March 2008

17 Provisions for liabilities and charges (continued)

The restructuring provision relates to the reorganisation of the group's business in the United Kingdom and to compensation for loss of office payable to senior management. All amounts are expected to be paid within six months of the balance sheet date. The holiday pay provision relates to liabilities for statutory holiday pay in Holland, Italy and South Africa, these provisions are expected to reverse in the short term and have not been discounted.

The company had no provision for liabilities and charges at 30 March 2008 (2007: £nil).

18 Called-up share capital

	2008 £m	2007 £m
<i>Authorised</i>		
2007: 1,100,000,000 ordinary shares of 10p each	-	110.0
501,000 A ordinary shares of 10p each	0.1	-
499,000 B ordinary shares of 10p each	-	-
10,000 C ordinary shares of 10p each	-	-
	<u>0.1</u>	<u>110.0</u>
<i>Allotted, called-up and fully-paid</i>		
2007: 521,226,201 ordinary shares of 10p each	-	52.1
501,000 A ordinary shares of 10p each	0.1	-
489,848 B ordinary shares of 10p each	-	-
9,152 C ordinary shares of 10p each	-	-
9,152 deferred B ordinary shares of 10p each	-	-
	<u>0.1</u>	<u>52.1</u>

On 8 June 2007, the company created and issued to GMG (TMG) Limited 204 million cumulative irredeemable £1 preference shares with a nominal value of £204.0 million through the reclassification of existing ordinary shares with a nominal value of £52.0 million and the bonus issue out of profit and loss and capital contribution reserves of £152.0 million. The remaining 1,000,000 10p ordinary shares were reclassified into 501,000 10p ordinary A shares and 499,000 10p ordinary B shares.

Between December 2007 to February 2008, the company issued 9,152 of the 10p ordinary C shares for cash consideration (note 25). These were issued at a premium of £99.90 per share, all of which has been received by the year end.

Simultaneously, the company converted 9,152 of the 10p ordinary B shares into 9,152 deferred shares. The deferred shares have no voting rights and hence do not confer control of the company for the purposes of note 28. The deferred shares accrue a fixed preference dividend of 0.01 pence per share per annum.

Notes to the financial statements (continued)

For the year ended 30 March 2008

19 Reserves

Group	Share capital £m	Share premium £m	Non distributable reserve £m	Capital contribution reserve £m	Profit and loss account £m
At beginning of year	52.1	-	12.9	7.8	416.3
Loss for the financial year	-	-	-	-	(141.4)
Dividends paid (note 9)	-	-	-	-	(706.3)
Release of non-distributable reserve	-	-	(12.9)	-	12.9
Reclassification of ordinary shares	(52.0)	-	-	-	-
Bonus issue of new ordinary shares	-	-	-	(7.8)	(144.2)
Issue of and premium on ordinary "C" shares	-	0.9	-	-	-
Currency translation differences on foreign currency net investments	-	-	-	-	0.5
At end of year	<u>0.1</u>	<u>0.9</u>	<u>-</u>	<u>-</u>	<u>(562.2)</u>

The non-distributable reserve arose from the profit on an intra-group disposal of Trader Media (TNT) Group Limited and subsidiary undertakings in 2004. This group of companies was subsequently re-acquired in the previous financial year and sold during the current year to a third party (note 5), resulting in the realisation of this profit in the non-distributable reserve.

Company	Share capital £m	Share premium £m	Capital contribution reserve £m	Profit and loss account £m
At beginning of year	52.1	-	7.8	859.6
Loss for the financial year	-	-	-	(64.8)
Dividends paid	-	-	-	(706.3)
Reclassification of ordinary shares	(52.0)	-	-	-
Bonus issue of new ordinary shares	-	-	(7.8)	(144.2)
Issue of and premium on ordinary C shares	-	0.9	-	-
At end of year	<u>0.1</u>	<u>0.9</u>	<u>-</u>	<u>(55.7)</u>

Notes to the financial statements (continued)

For the year ended 30 March 2008

20 Reconciliation of movements in shareholders' funds

	Group 2008 £m	Company 2008 £m	Group 2007 £m	Company 2007 £m
Opening equity shareholders' funds	489.1	919.5	519.3	405.9
(Loss)/profit for the financial year	(141.4)	(64.8)	(19.9)	523.4
Dividends paid	(706.3)	(706.3)	(32.5)	(32.5)
Bonus issue of new ordinary shares	(152.0)	(152.0)	-	-
Issue of ordinary C shares	0.9	0.9	-	-
Reclassification of ordinary shares	(52.0)	(52.0)	-	-
Cancellation of share premium on preference shares	-	-	22.5	22.5
Redesignation of preference shares to ordinary shares	-	-	0.2	0.2
Actuarial loss on pension scheme	-	-	(0.1)	-
Other recognised gains and losses	0.5	-	(0.4)	-
Closing shareholders' (deficit)/funds	<u>(561.2)</u>	<u>(54.7)</u>	<u>489.1</u>	<u>919.5</u>

On 18 May 2006 an application by the company for the cancellation in full of its share premium on preference shares of £22,496,000 was ratified by the Companies Court Registrar.

On 19 January 2007, the company allotted 1 preference share of 1p, for cash consideration of 1p, to bring the total preference shares to 22,052,920. The preference shares, totalling £220,529, were then redesignated as 2,205,292 ordinary shares of 10p each.

21 Reconciliation of operating profit to net cash flow from operating activities

	2008 £m	2007 £m
Operating profit	26.8	21.8
Depreciation of tangible fixed assets	11.6	11.2
Amortisation of goodwill	57.4	58.0
Goodwill and associate investment impairment	11.8	27.0
Loss/(profit) on disposal of tangible fixed assets	0.1	(0.4)
Net foreign exchange losses	-	0.1
FRS17 non-cash pension adjustment	0.1	0.1
(Increase)/decrease in stocks	(0.5)	0.7
Increase in debtors	(1.4)	(1.8)
(Decrease)/increase in creditors	(4.4)	7.3
Increase in provisions	3.3	2.0
Net cash inflow from operating activities	<u>104.8</u>	<u>126.0</u>

The net cash flow from operating activities of acquisitions in the year was £nil (2007: £4.8 million).

Notes to the financial statements (continued)

For the year ended 30 March 2008

22 Analysis of cash flows

	2008 £m	2007 £m
<i>Return on investments and servicing of finance</i>		
Interest received	1.6	0.4
Proceeds on disposal of interest rate swap instrument	1.1	-
Premium paid to acquire interest rate cap instrument	(1.3)	-
Interest paid on syndicated bank loan	(52.9)	(20.0)
Interest paid on vendor loan notes	-	(0.4)
Interest paid on bank overdraft	-	(0.2)
Other interest paid	(0.8)	-
Dividends paid to parent undertaking	(422.8)	(32.5)
Dividends received from associated undertaking	-	0.1
Net cash outflow	(475.1)	(52.6)
<i>Taxation</i>		
UK corporation tax paid	(9.2)	(14.7)
Foreign corporation tax paid	(2.8)	(3.7)
Payment for non-trading deficits	-	2.6
Net cash outflow	(12.0)	(15.8)
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(6.9)	(11.4)
Sale of tangible fixed assets	0.2	0.9
Net cash outflow	(6.7)	(10.5)
<i>Acquisitions and disposals</i>		
Cash balances acquired with subsidiary undertakings (note 10)	-	1.5
Purchase of subsidiary undertakings (note 10)	(2.7)	(25.6)
Purchase of associated undertaking (note 12)	-	(0.3)
Payment of deferred consideration	(0.1)	-
Sale of subsidiary undertakings (note 5)	26.6	-
Cash balances disposed with subsidiary undertakings	(2.0)	-
Redemption of preference shares (note 15)	(0.5)	(1.0)
Redemption of loan notes (note 15)	(0.5)	(11.6)
Net cash outflow	20.8	(37.0)

Notes to the financial statements (continued)

For the year ended 30 March 2008

22 Analysis of cash flows (continued)

	2008	2007
	£m	£m
<i>Financing</i>		
Drawdown of previous syndicated bank debt	-	49.5
Repayment of previous syndicated bank debt	(332.7)	(46.0)
Repayment of other debt	(21.0)	(1.8)
Issue of share capital	0.9	-
Issue of new syndicated bank debt	800.0	-
Debt issue costs paid	(33.5)	-
Redemption of vendor loan notes	(2.1)	(0.1)
Issue of Series B shareholder loan notes	6.4	-
Repayment of new syndicated bank debt	(22.0)	-
Net cash inflow	<u>396.0</u>	<u>1.6</u>

23 Analysis and reconciliation of net debt

	At beginning of year	Cash flows	Other non cash changes	Exchange movement	At end of year
	£m	£m	£m	£m	£m
Cash in hand and at bank	10.8	27.8	-	0.1	38.7
Debt due within 1 year	(53.7)	53.7	(0.5)	(0.1)	(0.6)
Debt due after 1 year	(303.0)	(448.2)	(316.8)	-	(1,068.0)
Preference shares due within 1 year	(0.5)	0.5	(0.5)	(0.1)	(0.6)
Preference shares due after 1 year	(0.5)	-	(227.1)	-	(227.6)
Net debt	<u>(346.9)</u>	<u>(366.2)</u>	<u>(544.9)</u>	<u>(0.1)</u>	<u>(1,258.1)</u>

Other non cash changes relate to the issue of Series A Shareholder loan notes, the issue of preference shares, the amortisation of debt issue costs and the roll up of interest charged but not paid into the debt principal.

Notes to the financial statements (continued)

For the year ended 30 March 2008

23 Analysis and reconciliation of net debt (continued)

Reconciliation of net cash flow to movement in net debt

	2008 £m	2007 £m
Increase in cash in the year	27.8	11.7
Cash flow from increase in debt financing	(394.0)	(0.6)
Change in net debt resulting from cash flows	(366.2)	11.1
Translation difference	(0.1)	(0.6)
Acquisitions	-	(22.8)
Other non cash changes	(544.9)	(1.8)
Movement in net debt in year	(911.2)	(14.1)
Net debt at beginning of year	(346.9)	(332.8)
Net debt at end of year	(1,258.1)	(346.9)

24 Pension arrangements

Across the UK and overseas the group operates several pension schemes. All, except one, are defined contribution schemes. Within the UK, all pension schemes set up prior to 2001 have been closed to new members and only one defined contribution scheme is now open to new employees.

The pension contributions to the group defined contribution scheme for the year amounted to £2.4 million (2007: £2.8 million). There are £nil (2007: £nil) pension contributions outstanding relating to the group defined contribution scheme.

One printing plant operates a pension scheme providing benefits based on final pensionable pay, ("Wiltshire (Bristol) Limited Retirement Benefits Scheme"), this scheme was closed to new joiners with effect from May 2002. New employees after that date have been offered membership of the group's defined contribution scheme. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

Notes to the financial statements (continued)

For the year ended 30 March 2008

24 Pension arrangements (continued)

The most recent review was at 1 May 2006. The assumption which had the most significant effect on the results of the valuation was that relating to the rate of return on investments. It was assumed that pre-retirement investment returns would be 6.0% (post-retirement 4.75%) per annum. The review carried out at 1 May 2006 demonstrated that the market value of the scheme's assets was £12.4 million representing 106% of the benefits accrued to members creating a fund surplus of £0.7 million.

The pension contributions for the year amounted to £nil (2007: £0.1 million). It is expected that no further contributions will be made.

This actuarial valuation was updated at 30 March 2008 by AON, an independent qualified actuary and the major assumptions used for this Financial Reporting Standard 17 *Retirement Benefits* valuation were (in nominal terms):

	2008 %	2007 %
Rate of increase in salaries	-	-
Rate of increase in pensions in payment	3.60%	3.10%
Rate of increase of deferred pensions	3.60%	3.10%
Discount rate	5.90%	5.20%
Inflation assumption	3.60%	3.10%

Notes to the financial statements (continued)

For the year ended 30 March 2008

24 Pension arrangements (continued)

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	2008 %	2008 £m	2007 %	2007 £m
Equities	6.40%	8.5	6.40%	9.5
Bonds	5.90%	3.8	4.80%	3.5
Total fair value of assets		<u>12.3</u>		<u>13.0</u>
Present value of scheme liabilities		<u>(11.6)</u>		<u>(12.4)</u>
Surplus in the scheme		0.7		0.6
Effect of surplus cap		(0.7)		(0.6)
Related deferred tax asset		-		-
Net pension asset		<u>-</u>		<u>-</u>

The surplus in the scheme at either year end is not considered recoverable.

Analysis of the amounts charged to operating profit:

	2008 £m	2007 £m
Current service cost	<u>0.1</u>	<u>0.1</u>
Total operating charge	<u>0.1</u>	<u>0.1</u>

Notes to the financial statements (continued)

For the year ended 30 March 2008

24 Pension arrangements (continued)

Analysis of net finance income of pension scheme:

	2008 £m	2007 £m
Expected return on pension scheme assets	0.7	0.7
Interest on pension liabilities	(0.6)	(0.6)
Net finance income	0.1	0.1
Effect of surplus cap	-	-
Total net finance income	<u>0.1</u>	<u>0.1</u>

Analysis of amounts recognised in the statement of total recognised gains and losses:

	2008 £m	2007 £m
Actual return less expected return on pension scheme assets	(1.3)	0.1
Experience losses arising on the scheme liabilities	-	(0.5)
Changes in the financial assumptions underlying the scheme liabilities	1.4	0.9
Actuarial gain	0.1	0.5
Adjustment due to surplus cap	(0.1)	(0.6)
Net actuarial loss recognised	<u>-</u>	<u>(0.1)</u>

Movement in scheme deficit during the year:

	2008 £m	2007 £m
At beginning of year	-	-
Current service cost	(0.1)	(0.1)
Contributions	-	0.1
Net finance income	0.1	0.1
Net actuarial loss	-	(0.1)
At end of year	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

For the year ended 30 March 2008

24 Pension arrangements (continued)

History of experience gains and losses

	2008	2007	2006	2005	2004
	£m	£m	£m	£m	£m
Difference between the expected and actual returns on scheme assets:					
Amount	(1.3)	0.1	1.1	0.1	0.5
Percentage of scheme assets	(11%)	1%	9%	1%	11%
Experience gains and losses on scheme liabilities:					
Amount	-	(0.5)	0.4	0.7	-
Percentage of scheme liabilities	0%	(4%)	3%	7%	0%
Total actuarial (loss)/gain recognised in the statement of total recognised gains and losses:					
Amount	-	(0.1)	(1.8)	0.3	0.3
Percentage of scheme liabilities	0%	1%	14%	(3%)	(3%)

25 Share based payments

A number of the group's senior managers have been invited to become shareholders in the Company and during the year 9,152 ordinary C shares were issued at fair value for cash. The fair value of the shares was determined by reference to the amount paid by Apax for similar shares on 8 June 2007.

The Articles of Association of the Company define "Good Leavers" and "Bad Leavers" where a Bad Leaver is an employee-shareholder leaving the business because of voluntary resignation, summary dismissal or breach of restrictive covenants within 12 months of leaving. All other employee-shareholders leaving the business are Good Leavers.

On leaving the business, the Articles require that a C shareholder sell their shares to such persons as may be nominated by the Board of Directors. A Bad Leaver receives the lower of fair value and the cost for which the shares were acquired. A Good Leaver receives a value determined as follows:

- (a) if the Good Leaver leaves within eighteen months of acquiring the shares, they will receive the lower of fair value and the cost for which the shares were acquired;
- (b) if the Good Leaver leaves between eighteen months and four years of acquiring the shares, they will receive the lower of fair value and cost between 62.5% and 0% of their shares, determined on a straight line basis by reference to the period of months before leaving. They will receive fair value for the remainder of their shares;
- (c) if the Good Leaver leaves after four years from acquiring the shares, they will receive fair value for their total shareholding.

The company does not have a past practice of repurchasing the shares of leavers and does not expect to do so in the future. Accordingly, every award is considered to be equity settled and the shares are deemed to have vested on issue. No expense was recognised in the year as the consideration received for the ordinary C shares was equal to the fair value of those shares.

Notes to the financial statements (continued)

For the year ended 30 March 2008

26 Financial commitments

Capital commitments at the end of the financial year for which no provision has been made were as follows:

	Group 2008 £m	Group 2007 £m
Contracted for but not provided	0.4	1.4
Not contracted	1.0	0.4
	<u>1.4</u>	<u>1.8</u>

Capital commitments relate to the purchase of plant and machinery and improvements to leasehold buildings.

At 30 March 2008, annual commitments of the group under non-cancellable operating leases are as follows:

Group	Land and buildings		Other	
	2008 £m	2007 £m	2008 £m	2007 £m
Operating leases which expire:				
- within one year	0.1	0.3	0.3	0.3
- between two and five years	1.0	0.7	1.4	1.3
- over five years	2.3	2.4	-	-
	<u>3.4</u>	<u>3.4</u>	<u>1.7</u>	<u>1.6</u>

The company had no capital or annual commitments under non-cancellable operating leases at 30 March 2008 (2007: £nil).

Notes to the financial statements (continued)

For the year ended 30 March 2008

26 Financial commitments (continued)

Credit commitments

Prior to 8 June 2007 the company was a guarantor of the Previous Bank Debt (note 16) of its subsidiary undertaking, Trader Media Corporation Limited. Post 8 June 2007 the company no longer has any obligations in respect of the New Bank Debt (note 16). The following subsidiary undertakings jointly and severally guaranteed the Previous Bank Debt prior to its repayment on 8 June 2007:

Acorn Colour Print Limited	North East Supermart Limited
Acorn Web Offset Limited	North West Auto Trader Limited
Anglia Auto Trader Limited	Planedge Limited
Apple Web Offset Limited	Purescope Limited
Auto Trader Dormant 2006 Limited	Resort Marketing & Publishing Limited
Auto Trader Holland Limited	Scottish Auto Trader Limited
Auto Trader Limited	Scottish Supermart Limited
Auto Trader National Magazines Limited	South East Publishing Limited
Auto Trader National Sales Limited	South London Auto Trader Limited
Auto Trader Norway Limited	South West Free Ads Limited
Auto Trader Publications (GMG) Limited	Trader Media Corporation (2003) Limited
Avon Imaging Limited	Trader Media Corporation Limited
Edizeta srl	GMG (TME) Limited (formerly Trader Media Equity Limited)
European Auto Trader BV	Trader Media Finance Limited
Graphics Communique Limited	Trader Media Group (2003) Limited
Hurst Group Holdings Limited	Trader Media Group Holdings Limited
Hurst Italia Limited	GMG (TMG) Limited (formerly Trader Media Group Limited)
Irish Auto Trader Limited	Trader Media Holdings Limited
Ironglove Limited	Trader Media Limited
Link Magazines Limited	Trader Publishing Limited
Marine Trader Dormant 2006 Limited	Western Regional Publishing Limited
Marine Trader Dormant 2006 Limited	Western Trader Limited
Marine Trader Limited	Wiltshire (Bristol) Limited
Midland Auto Trader Limited	
Midland Supermart Limited	
North East Auto Trader Limited	

The following undertakings have jointly and severally guaranteed the borrowings of the New Bank Debt:

2 nd Byte Limited	Trader Media Corporation Limited
Acorn Web Offset Limited	Trader Media (Earls Court) Group Limited (formerly Trader Media (TNT) Group Limited)
Auto Trader Holland Limited	Trader Media (Earls Court) Holdings Limited (formerly Trader Media (TNT) Holdings Limited)
Faxpress Limited	Trader Publishing Limited
Hurst Italia Limited	
Trader Media Corporation (2003) Limited	

Notes to the financial statements (continued)

For the year ended 30 March 2008

27 Related party transactions

The company is immediately owned jointly by GMG (TMG) Limited, Apax Crystal A Holdco Sàrl and Apax Crystal B1 Holdco Sàrl. These companies have made shareholder loans to, and hold preference shares in, the company. The balances at the end of the year including accrued interest and dividends payable on these debt instruments are disclosed below:

	2008 £m	2007 £m
Shareholder loans and accrued interest		
GMG (TMG) Limited	(163.2)	-
Apax Crystal A Holdco Sàrl	(61.8)	-
Apax Crystal B1 Holdco Sàrl	(100.8)	-
GMG Auto Trader Limited	-	(21.0)
Preference shares and accrued dividends		
GMG (TMG) Limited	(157.8)	-
Apax Crystal A Holdco Sàrl	(59.7)	-
Apax Crystal B1 Holdco Sàrl	(97.5)	-
Interest and dividends payable charged to the profit and loss account		
GMG (TMG) Limited	(35.5)	-
Apax Crystal A Holdco Sàrl	(13.4)	-
Apax Crystal B1 Holdco Sàrl	(21.9)	-

Guardian Media Group plc and Apax Partners received £40,000 each for the provision of directors' services to the company (2007: £nil). The balance outstanding at the end of the year was £nil (2007: £nil).

During the course of the year certain group companies have traded, in the normal course of operations and on an arm's length basis, with companies in which Guardian Media Group plc has an interest. Transactions during the year and balances outstanding at the year end are as follows:

	2008 £m	2007 £m
Guardian Media Group plc and subsidiary undertakings		
Sales – printing	5.6	4.9
Sales – advertising	0.1	-
Recharges to – tax and payroll costs	3.8	-
Purchases – advertising, finance arrangement fees and other purchases	(7.0)	(0.1)
Recharges from – salaries and other costs	(1.9)	(0.9)
Balance outstanding at the year end	1.0	(1.3)

Notes to the financial statements (continued)

For the year ended 30 March 2008

27 Related party transactions (continued)

During the year subsidiaries of Trader Media Group Limited purchased paper from Paper Purchase and Management Limited, a company in which Guardian Media Group plc has an interest. Summary details of these transactions are disclosed below:

	2008 £m	2007 £m
Paper Purchase and Management Limited		
Paper purchases	(13.8)	(16.8)
Balance outstanding at the year end	-	-

During the year, certain group companies provided printing services to companies which are associates of Guardian Media Group plc. Summary details of these transactions are disclosed below:

	2008 £m	2007 £m
Seven Publishing Group Limited		
Sales – printing	1.2	1.2
Balance outstanding at the year end	0.4	0.4
Barreldfield Property Publishing Limited		
Sales – printing	0.4	0.5
Balance outstanding at the year end	-	0.1

The group has barter advertising deals with a subsidiary of Guardian Media Group plc whereby a link to the website is provided on the autotrader.co.uk homepage in exchange for a link on one of their sites. Both the revenue and cost elements of these transactions are deemed to be nil.

Apax Crystal A Holdco Sàrl and Apax Crystal B1 Holdco Sàrl	2008 £m	2007 £m
Purchases – advertising and finance arrangement fees	(6.7)	-
Balance outstanding at the year end	-	-

Transactions with directors

During the year, the company issued ordinary C shares to senior management (note 18). The following directors purchased ordinary C shares of 10p each at a price of £100 per share as follows:

Director	Number of shares acquired and held at 30 March 2008
J King	3,000
A A Miller	1,060

Notes to the financial statements (continued)

For the year ended 30 March 2008

27 Related party transactions (continued)

Disposals

During the year the group disposed of its shareholdings in Marine Trader Media Limited and subsidiary undertakings and Trader Media (TNT) Limited. The group continued to trade with both companies following disposal which resulted in the following transactions and balances:

Marine Trader Media Limited and subsidiary	2008 £m	2007 £m
Recharges to – tax, payroll and other costs	0.1	-
Balance outstanding at the year end	-	-
Trader Media (TNT) Limited	2008 £m	2007 £m
Sales - printing	0.1	-
Balance outstanding at the year end	0.1	-

28 Ultimate controlling parties

The company is immediately owned jointly by GMG (TMG) Limited (holding 50.1% of the ordinary shares), Apax Crystal A Holdco Sàrl (holding 18.614% of the ordinary shares) and Apax Crystal B1 Holdco Sàrl (holding 30.371% of the ordinary shares). Apax Crystal A Holdco Sàrl and Apax Crystal B1 Holdco Sàrl are incorporated under the laws of Luxembourg.

The company is jointly controlled by Guardian Media Group plc, a company incorporated in England and Wales, (through its holding of 100% of the ordinary shares of GMG (TMG) Limited), Apax Crystal A Topco Sàrl (indirectly holding 18.614% of the ordinary shares) and Apax Crystal B1 Topco Sàrl (indirectly holding 30.371% of the ordinary shares). Apax Crystal A Topco Sàrl and Apax Crystal B1 Topco Sàrl are incorporated under the laws of Luxembourg.