United Business Media

INTELLIGENT MEDIA

ANNUAL REPORT AND ACCOUNTS 2003

UBM is a leading provider of busin industries including TECHNOLO AUTOMOTIVE & PROPERTY.

Our range of services includes trade magazine and newspaper publishing, event and conference organisation, market research and measurement, news distribution, education and on-line information products.

We are committed to achieving a superior operating performance, raising the level of investment in new products and providing our services globally.

United Business Media

ess information services to major

GY, HEALTHCARE, MEDIA,

United Business Media

CMP
United Business Media

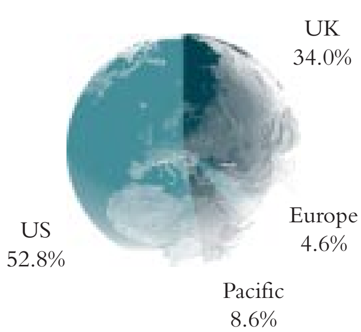
PR Newswire
United Business Media

NOP World
United Business Media

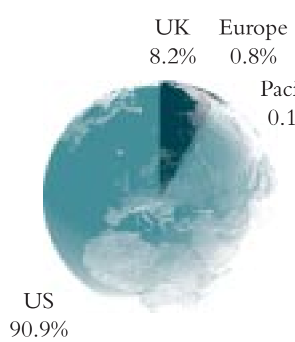
PROFESSIONAL MEDIA	NEWS DISTRIBUTION	MARKET RESEARCH
Turnover £448.0m	Turnover £94.8m	Turnover £203.9m
Operating profit* £66.7m	Operating profit* £13.4m	Operating profit* £19.3m
Employees – year end 3,376	Employees – year end 854	Employees – year end 1,541

2003

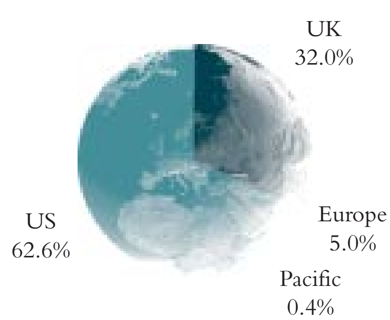
Turnover by Region



Turnover by Region



Turnover by Region



*before amortisation of intangible assets.

UNITED BUSINESS MEDIA

COMPANIES AND MAJOR ACTIVITIES

PROFESSIONAL MEDIA

Publications and Exhibitions

CMP Media

> US publishing, events, on-line, training

> Technology & healthcare

CMP Asia

> Exhibitions & publications

> Jewellery, leather, beauty

CMP Information

> Publishing & exhibitions

> Property & building, entertainment, healthcare

UAP

> UK advertising publications

> On-line marketplaces

> Auto, business, leisure, property

NEWS DISTRIBUTION

PR Newswire

PR Newswire Americas

> Distribution, targeting & evaluation

Canada Newswire JV

> Distribution, targeting & evaluation

PR Newswire RoW

> Subsidiaries and affiliates in UK, Europe, Asia, Latin America and Middle East

> Bureaux in Asia, France, Germany and Israel

> Xinhua PR Newswire venture in China

MARKET RESEARCH

NOP World

Healthcare

> Syndicated and custom

> Strategic Marketing Corporation

> Market Measures/Cozint

Automotive

> US and Europe

> Allison-Fisher

> NOP Automotive

Media

> US syndicated print readership

> Mediamark Research

Business-to-business and IT

> NOP Research

Consumer trends worldwide

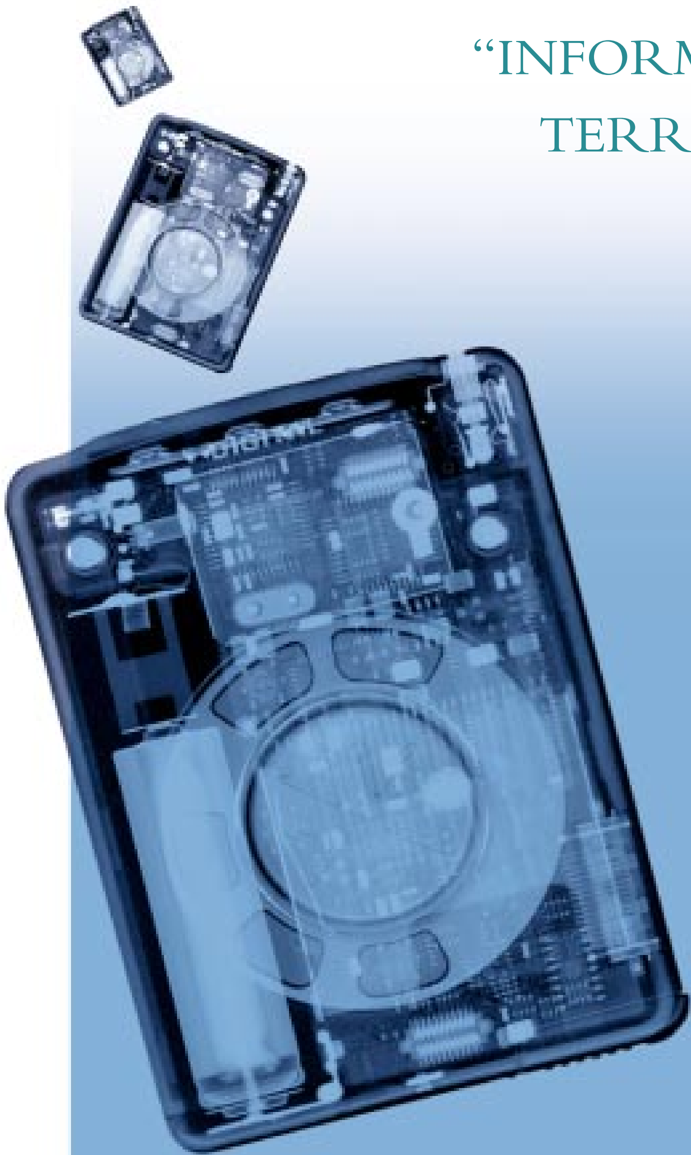
> Roper Reports

Financial

> Syndicated in Europe

> NOP Research

TECHNOLOGY



“INFORMATIONWEEK IS A TERRIFIC,
TERRIFIC GROUP OF RESOURCES FOR ME.”

Dave VanHooser, IT Director, Georgia-Pacific Corp.

InformationWeek is the leading IS media brand that helps the people who buy, build and manage technology achieve business innovation powered by technology. From in-depth technology coverage and analysis to perspectives on the latest IT trends, InformationWeek provides technology buyers with the insight they need to drive business and customer value.

InformationWeek

No. 1

- WHERE TECHNOLOGY DOES BUSINESS
- CIRCULATION OF 440,000 IT DECISION MAKERS
- THE ONLY IT PUBLICATION IN US TOP TEN B2B TITLES

WINNER OF CIRCULATION MANAGEMENT AWARDS:

> Excellence in the Business Publication Category

> Most Effective Use of the Internet for Circulation Marketing

“I WOULDN’T CHANGE A THING ABOUT THE PUBLICATION OR YOUR CONFERENCES.”

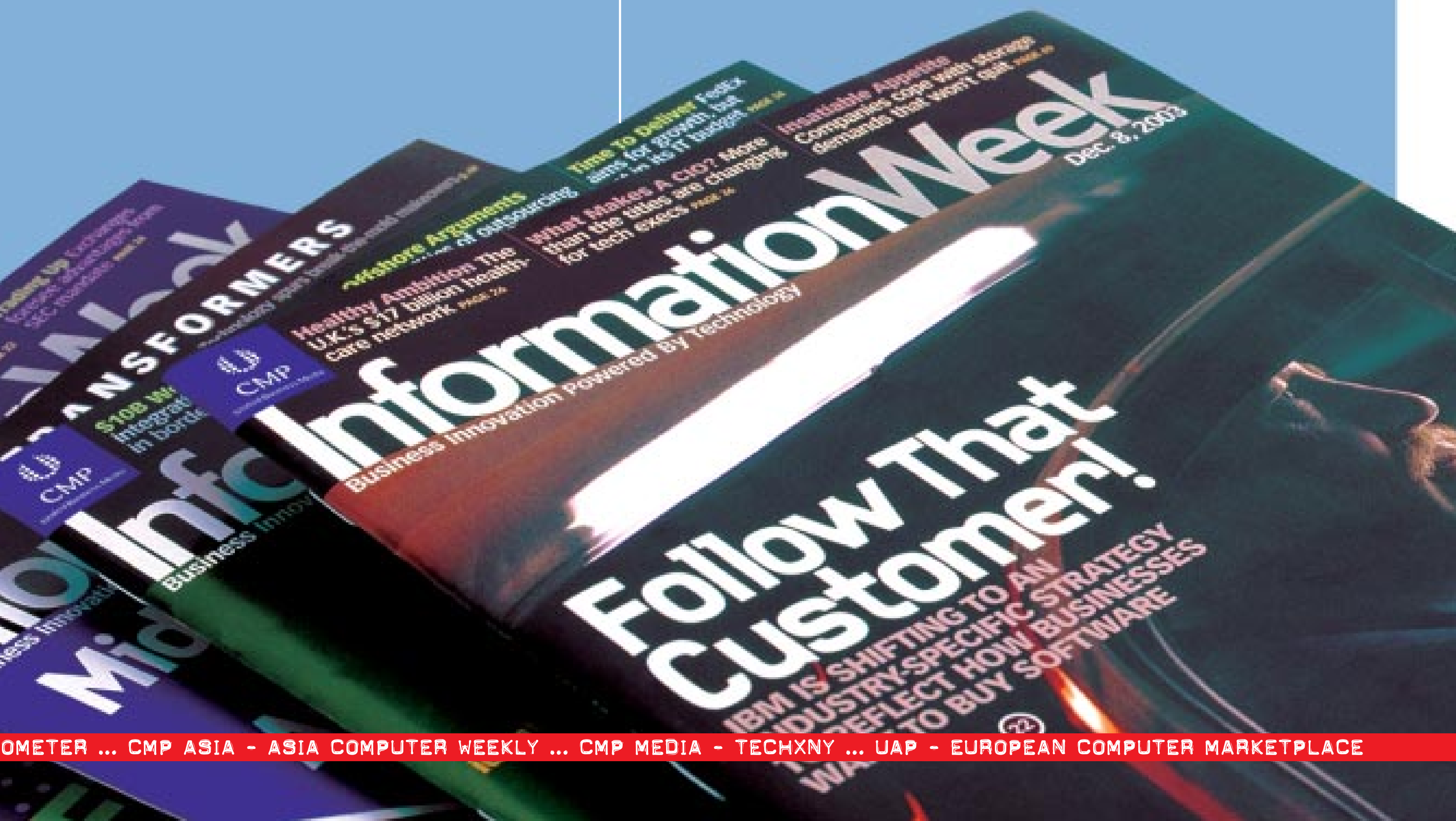
Jeff Warren, VP-eCommerce,
Estee Lauder Companies

Sun microsystems
Computer Associates
hp invent
Texas Instruments
FUJITSU THE POSSIBILITIES ARE INFINITE

SUPERIOR EDITORIAL + UNPARALLELED CIRCULATION = EXCEPTIONAL READERSHIP

EXCEPTIONAL READERSHIP + EXCEPTIONAL CUSTOMERS

InformationWeek is the publication of record in the IT community. InformationWeek's unique editorial perspective allows us to define the market and set the agenda. This establishes a deeper connection with the reader, which translates directly into a more valuable connection between the reader and the advertiser.



OMETER ... CMP ASIA - ASIA COMPUTER WEEKLY ... CMP MEDIA - TECHXNY ... UAP - EUROPEAN COMPUTER MARKETPLACE

HEALTHCARE

YOUR MESSAGE IN PRACTICE

Whether you are announcing a new product, building brand awareness or strengthening your market position, CMP Healthcare Media delivers your message via an integrated package of products that includes some of the most trusted information sources for your physician prospects.

Oncology

NO. 1

- IN RECEIVERS AND TOTAL READERS
- READ BY 30,000+ PROFESSIONALS IN THE FIELDS OF MEDICAL, SURGICAL AND RADIATION ONCOLOGY

> Readers prefer Oncology's two to three peer-review commentaries per article
> Focused on practical patient care issues
> One or two single-topic supplements each month

P&G

AstraZeneca
life inspiring ideas

NOVARTIS

EACH MONTH, ONCOLOGY OFFERS

thought-provoking, informative content on practical management issues impacting the day-to-day lives of professionals in the fields of medical, surgical and radiation oncology.

OKYO HEALTH INDUSTRY SHOW ... UAP - THIS CARING BUSINESS ... CMP INFORMATION - PULSE ... CMP MEDIA - BIOMECHANICS

MEDIA

MEDIAMARK RESEARCH INC. OFFERS COMPREHENSIVE DEMOGRAPHIC, LIFESTYLE, PRODUCT USAGE AND EXPOSURE TO ALL FORMS OF ADVERTISING MEDIA COLLECTED FROM A SINGLE SAMPLE.

The leading US supplier of multimedia audience research. Provider of information to magazines, TV, radio, internet and other media, leading national advertisers and over 450 advertising agencies – including 90 of the top 100 in the US.

MRI's National Study

No. 1

- RESPONDENTS SELECTED FROM BASE OF OVER 90 MILLION HOUSEHOLDS
- TWO WAVES OF FIELDWORK EACH YEAR
- WIDE RANGE OF SEGMENTATION AND SPECIALIST STUDIES INCLUDING ELECTRONICS INNOVATORS

PROPERLY STRATIFIED SAMPLE

- Metropolitan areas
- Non-Metropolitan counties
- Ten Major Markets:

New York	Boston
Los Angeles	Detroit
Chicago	Washington D.C.
Philadelphia	Cleveland
San Francisco	Dallas/Ft Worth

CONDÉ NAST PUBLICATIONS

HFM U.S. Hachette Filipacchi Media

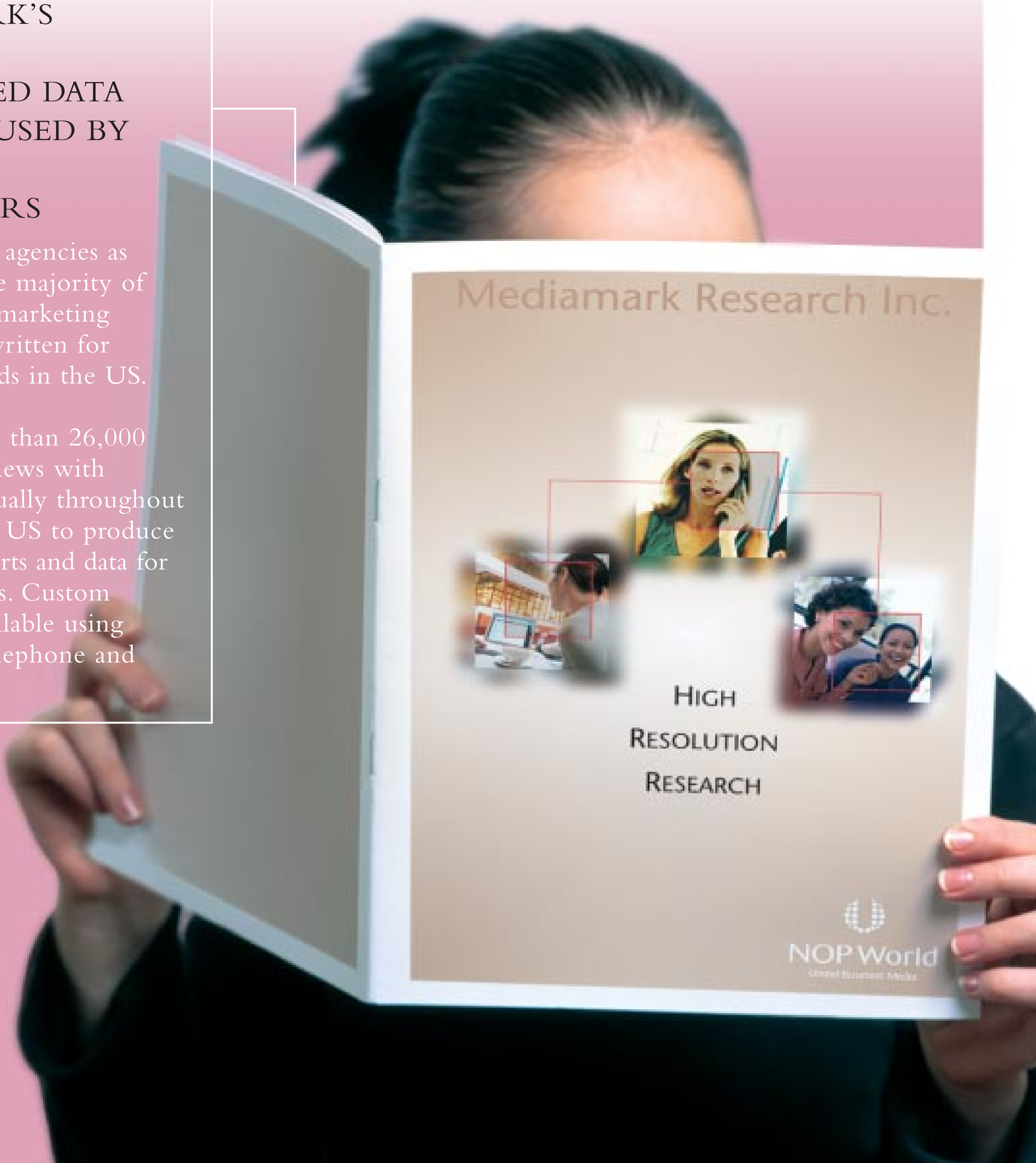
Hearst Magazines. We read America.

Time Inc.

VIACOM

MEDIAMARK'S NATIONAL SYNDICATED DATA IS WIDELY USED BY NATIONAL ADVERTISERS and advertising agencies as the basis for the majority of the media and marketing plans that are written for advertised brands in the US.

Conducts more than 26,000 personal interviews with consumers annually throughout the continental US to produce syndicated reports and data for electronic access. Custom studies also available using the internet, telephone and mail samples.



AUTOMOTIVE

FOR CLIENTS SEARCHING FOR ANSWERS TO CRITICAL QUESTIONS FACING MARKETERS, PRODUCT PLANNERS, AND DECISION MAKERS THROUGHOUT THE AUTOMOTIVE INDUSTRY AND RELATED FIELDS.

Allison-Fisher International LLC – A leader in innovative marketing and communications research and consultancy, specialising in auto-related fields.

AFI's Automotive Intentions and Purchases Study

No. 1

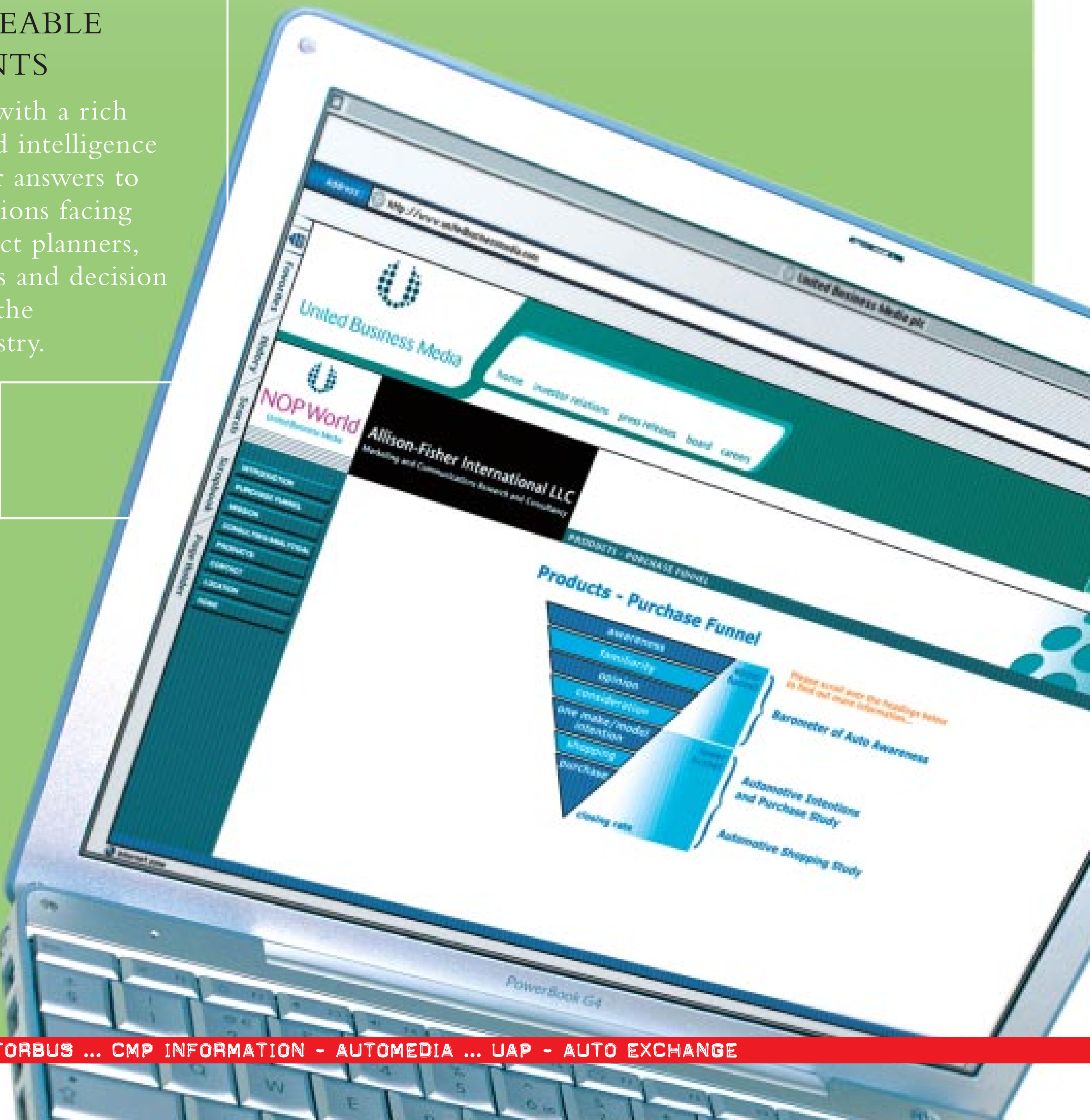
- TRACKS US CAR AND TRUCK DEMAND
- EXCLUSIVE AUTOMOTIVE RIGHTS TO THE THREE LARGEST CONSUMER RESEARCH PANELS IN THE US

> Questions 660,000 nationally representative households in the US – quarterly
> Examines likely trading patterns and characteristics of market prospects
> Can be linked to brand equity as well as shopping and purchase behaviour
> Diagnostic assessment of the overall process

AUTOMOTIVE PRODUCTS AT UBM: PR NEWSWIRE - AUTOMOTIVE NEWSLINE ... UAP - EXCHANGE &

AFI'S STAFF OF EXPERIENCED AND KNOWLEDGEABLE CONSULTANTS

provides clients with a rich blend of data and intelligence in their quest for answers to the critical questions facing marketers, product planners, strategic planners and decision makers through the automotive industry.



MART ... NOP WORLD - MOTORBUS ... CMP INFORMATION - AUTOMEDIA ... UAP - AUTO EXCHANGE

PROPERTY

"OUR MAGAZINES COVER EVERY STAGE OF THE BUILDING LIFE CYCLE, FROM CONCEPTION AND SPECIFICATION BY ARCHITECTS, THROUGH CONSTRUCTION, TO COMMERCIAL LETTING."

CMPi's Builder Group Division

"Our pre-eminence in the building and construction sector also provides valuable synergies with other CMPi portfolios including Barbour Index, the UK's premier information source for professionals working in the built environment, and CMPi's Property Group, which contains the number one interior design, fire and safety and facilities events in the UK as well as a world-leading position in the security market."

Building

NO. 1

- READ BY 100,000 PROFESSIONALS THROUGHOUT THE BUILDING INDUSTRY
- PPA BUSINESS MAGAZINE OF THE YEAR IN 1999 AND 2002
- BEST EDITED WEEKLY BUSINESS MAGAZINE IN 1999, 2001 AND 2003 – BRITISH SOCIETY OF MAGAZINE EDITORS

> Best read magazine in its market according to independent research
> Highest number of subscribers in building press
> Organises The Building Awards – the biggest and most prestigious event in the industry calendar

PROPERTY PRODUCTS AT UBM: PR NEWSWIRE - REAL ESTATE NEWSLINE ... CMP INFORMATION - BARBOUR IND corus

English Partnerships

The British Land Company PLC

Hays Montrose

Jones Lang LaSalle

BUILDING'S SALES TEAM HAS UNRIVALLED EXPERIENCE

and expertise in helping advertisers make the most of their budgets. They have the ingenuity to help clients plan their campaigns and communicate their messages most effectively.

EX ... CMP ASIA - FURNITURE CHINA 2004 ... UAP - DALTONS WEEKLY... CMP INFORMATION - CABINET MAKER

IN 2003 UBM'S PERFORMANCE STARTED TO BEAR THE FRUITS OF THE HARD WORK OF RECENT YEARS, BOTH FROM A MAJOR RE-ENGINEERING OF THE BUSINESS WHICH HAS DRIVEN OPERATING EFFICIENCIES AND FROM THE SUCCESSES OF AN INCREASED PROGRAMME OF INVESTMENT.

Towards the end of 2003 there were increasing indications of an improvement in the economic climate in UBM's major markets, all of which enabled UBM to deliver a significant increase in earnings in 2003. Group operating profit* increased by 53.2 per cent to £99.4 million (2002: £64.9 million). Adjusted** earnings per share increased by 45.5 per cent to 24.0p (2002: 16.5p).

The board is recommending a final dividend of 5.7p (2002: 4.0p) bringing the total dividend for the year to 9.0p (2002: 7.0p), an increase of 28.6 per cent reflecting the excellent performance achieved in 2003 and the directors' confidence in the long-term outlook for the business. This is in line with our progressive dividend policy and, if approved at the AGM, will be paid on 28 May to shareholders on the register at 12 March.

I noted last year that "we invest steadily and patiently, both organically and by judicious acquisition, to create major value for shareholders." In 2003 we have been able to deliver against these objectives with a more than doubling of the level of investment in organic initiatives to £45 million (2002: £21 million) and with related revenue increasing from £16 million to £41 million. £130 million was invested in strategically and financially attractive acquisitions. These contributed £3 million to 2003 operating profit and are on plan for 2004. Despite this level of investment our balance sheet is still strong – at 31 December 2003 UBM was net cash positive to the tune of £46 million.

By way of reinforcing our commitment to patience, I would also like to congratulate PR Newswire, which in March 2004 celebrated its 50th anniversary. In its history PR Newswire has transmitted millions of news releases on behalf of tens of thousands of organisations around the world, covering stories from the meltdown at Three Mile Island to Comcast's dramatic bid for Disney.

In terms of the make up of UBM's board, Fields Wicker-Miurin announced that after six years as a director she will stand down with effect from our 2004 AGM on 6 May. Fields' previous and current roles include finance director of the London Stock Exchange and chair of the DTI's Investment Committee, and she has brought all of her experience and more to bear during her time with UBM. We much appreciate her active contribution and stewardship, and wish her much good fortune in the future.

In closing, I would like to express the board's appreciation and gratitude for all the hard work carried out by UBM's employees during 2003. In the difficult environment of recent years our employees have creatively demonstrated their in-depth knowledge of the issues confronting our customers' businesses and in so doing have helped to sustain and develop long-term relationships with our customers.

It is nice to feel some economic rays of warmth on our backs again.

Geoff Unwin
Chairman
26 February 2004

* Throughout the Chairman's Review, Chief Executive's Review, Operating Review and Financial Review, 'profit' or 'operating profit' refers to operating profit before amortisation of intangible assets and exceptional items.

** See note 11 on page 52.



"Our employees have CREATIVELY DEMONSTRATED *their in-depth knowledge of the issues confronting our customers' businesses..."*




AFTER THREE VERY CHALLENGING YEARS IT IS PLEASING TO BE ABLE TO REPORT A STRONG RECOVERY IN UNITED'S TRADING PERFORMANCE.

THIS RECOVERY HAS COME ABOUT IN LARGE MEASURE BECAUSE OF THE SUCCESSFUL IMPLEMENTATION OF A CONSISTENT STRATEGY OVER THE LAST THREE YEARS.

The strategy called for a focus on core business information markets such as technology, healthcare, construction and automotive, an increase in the level of investment in these markets to improve our product offerings and a fundamental restructuring of our business model to deliver an improved service to our clients and better returns for our shareholders. Market share and yield gains, the early success of our investment programme and the big improvement in margins testify to the success of the strategy and, in particular, the rewards of implementing it rigorously.

The strategy should pay off handsomely as economic circumstances improve because our companies aim to secure a higher proportion of their customers' media, marketing and research spend with more compelling product offerings, improved servicing and better value for money. With a more efficient cost base a greater proportion of these incremental revenues will flow through to the bottom line. Further, we are now seeing revenue improvements in a number of core markets; healthcare in the US is growing steadily, technology is turning up after three years of decline and demand for news distribution and market research is growing slowly but surely.

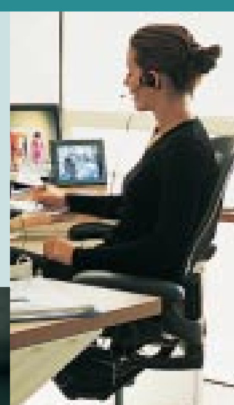
Tight financial disciplines have ensured that our cash flow has been optimised with 119 per cent of profits converted into cash. We had net cash balances of £46 million at the year end after funding acquisitions totalling £130 million. This financial strength provides an important competitive advantage as we look to build our core businesses through increased investment in organic initiatives and acquisitions. Including our net debt capacity, we have up to £500 million to invest but remain determined to do so only against appropriately testing financial criteria and only for businesses which fit with our core activities, where our market knowledge and efficient operating base help us to maximise returns and integrate smoothly the acquired business within United.

Our challenge in 2004 and into the future will be to maintain our tight operating and financial disciplines and at the same time to continue to invest boldly to build our businesses and to strengthen their product offerings and market coverage. After an uneven start in the on-line world we now have much valuable experience of what works and how best to make it work. We have successfully extended our range of products in key markets from the core publishing and events business to education, training, on-line services, research and strategic consultancy. Not all of these services are yet in all of our markets, but it is our ambition to become the provider of choice for all of these services in all of our markets over the coming years.

People have been the key to our success over the last year and people are the key to delivering our ambitious strategic and operational goals this year and beyond. The truly awful trading conditions in some of our markets during the last few years has tested us all but left us vastly more experienced and determined, and better managers and professionals. Our customers and shareholders will both benefit from this rite of passage. The executive directors would like to thank each and every one of our employees for their outstanding performance and also to thank our non-executive directors and long-term shareholders for their staunch support and wise counsel.

Clive Hollick
Chief Executive
26 February 2004

"Our goal is to recruit, motivate and develop OUTSTANDING PEOPLE *from a range of backgrounds who work together to achieve common business objectives. Diversity expresses itself in many different ways – in age, gender, race, culture, sexual orientation, education, physical ability, personality, experiences and approach to work. We aim to maximise everybody's potential by harnessing these differences and creating an entrepreneurial environment in which all are valued, where our talents are fully utilised and organisational goals achieved."*



"THESE EXCELLENT RESULTS HAVE BEEN ACHIEVED THROUGH A COMBINATION OF GRADUALLY IMPROVING REVENUES AND SIGNIFICANT OPERATING MARGIN GAINS. WHERE CHANGED, KEY MARKET SHARES AND YIELDS HAVE IMPROVED. INCREASED INVESTMENT IN NEW PRODUCTS AND IN CAREFULLY TARGETED ACQUISITIONS IS MAKING A GROWING CONTRIBUTION TO REVENUE AND PROFIT."

– CLIVE HOLLICK

Full Year 2003

	Group Turnover Twelve months to 31 December (£m)				Group Operating Profit** Twelve months to 31 December (£m)			
	2003	2002	Change (%)	Underlying (%)*	**2003**	2002	Change (%)	Underlying (%)*
CMP Media	**210.5**	238.2	(11.6)	(5.4)	**14.8**	(6.8)	317.6	384.4
CMP Asia	**44.4**	51.1	(13.1)	9.9	**12.6**	13.7	(8.0)	20.3
CMPi	**135.0**	127.6	5.8	(9.6)	**25.3**	10.1	150.5	130.1
UAP	**58.1**	58.1	0.0	(0.5)	**14.0**	12.7	10.2	12.4
Professional Media	**448.0**	475.0	(5.7)	(4.4)	**66.7**	29.7	124.6	128.7
News Distribution	**94.8**	105.4	(10.1)	(3.4)	**13.4**	17.3	(22.5)	(9.3)
Market Research	**203.9**	213.0	(4.3)	0.5	**19.3**	17.9	7.8	30.5
Total	**746.7**	793.4	(5.9)	(3.0)	**99.4**	64.9	53.2	67.4

* Underlying: adjusted for the estimated effects of acquisitions, foreign exchange, SARS and biennial events

** Before amortisation of intangible assets and exceptional items

Underlying turnover was down by 3.0 per cent or £22.5 million – after adjusting for the effects of acquisitions, foreign exchange, SARS and biennials. 2003 turnover was boosted by £21.7 million of acquisition turnover and reduced by approximately £9 million due to the effects of SARS. The weakness of the US dollar has a direct translation impact upon consolidation – with two thirds of UBM turnover reported locally in US dollars, consolidated turnover was reduced by £38.8 million as a result of foreign exchange impacts.

The average rate of $:£ exchange in 2003 was 1.64 (2002: 1.51). A 1 cent movement in the US dollar against sterling is approximately equivalent to a movement in operating profit of around £400,000.

Second Half of 2003

	Group Turnover Six months to 31 December (£m)				Group Operating Profit** Six months to 31 December (£m)			
	2003	2002	Change (%)	Underlying (%)*	**2003**	2002	Change (%)	Underlying (%)*
CMP Media	**108.7**	108.3	0.4	6.5	**9.9**	0.5	–	–
CMP Asia	**30.4**	25.6	18.8	15.8	**13.3**	6.0	121.7	78.2
CMPi	**76.3**	58.7	30.0	(4.1)	**14.6**	3.8	284.2	256.3
UAP	**28.6**	28.6	0.0	(1.0)	**5.1**	5.8	(12.1)	1.4
Professional Media	**244.0**	221.2	10.3	3.6	**42.9**	16.1	166.5	156.6
News Distribution	**46.8**	47.9	(2.3)	5.2	**5.4**	5.0	10.0	64.9
Market Research	**111.9**	111.5	0.4	5.3	**9.1**	6.4	42.2	171.5
Total	**402.7**	380.6	5.8	4.3	**57.4**	27.5	109.1	143.8

PROFESSIONAL MEDIA

The turnround in Professional Media's performance in the second half of the year was a major driver of the improvement in the group's performance, with turnover up 10.3 per cent – despite the weakness of the US dollar – and operating profit up by 166.5 per cent. Professional Media turnover was down 5.7 per cent for the full year with operating profit up by 124.6 per cent.

CMP Media returned to operating profit in 2003. It achieved significant improvements in operating efficiencies and in the second half overall revenues were up to the levels of the prior year. In the second half, high tech dollar revenues from continuing business regained 2002 levels, while healthcare dollar revenues – which on a pro-forma basis now account for approximately 20 per cent of divisional revenues – rose 42 per cent. Many of our core healthcare markets grew strongly, with market leading positions in Psychiatry, Oncology and General Consulting – positions which were strengthened by the 2003 acquisition of The Oncology Group and Cliggott Publishing. CMP Media's market leading technology titles drove an overall increase in yields, up 4 per cent in 2003. Organic investments performed well, generating over £10 million of turnover and £3 million of operating profit.

CMP Asia has seen an impressive post-SARS recovery. Following the SARS related cancellation of one of the major shows in the first half, turnover in the second half increased by 18.8 per cent on the prior year. Underlying second half operating profit was up 78.2 per cent on 2002 – after stripping out the SARS related £3.8 million insurance receipt. Further good progress was achieved in launching new shows, in expanding into mainland China, and with the continuing success of the KSS business in Japan – acquired in late 2001.

CMP Information operating profit more than doubled in 2003. Despite an underlying decline in turnover – stripping out acquisitions – significant improvements in operating efficiency helped to drive operating profit from £10.1 million in 2002 to £25.3 million in 2003, representing an overall operating margin of 18.7 per cent (7.9 per cent in 2002). CMPi again increased its investment in organic project initiatives. In 2003 CMPi strengthened its leadership position in the UK construction and design market with £81 million of acquisitions – including The Builder Group and Barbour Index. Integration is proceeding well and these businesses are on track to deliver £9 million of operating profit in 2004.

United Advertising Publications delivered strong operating profit growth of 10.2 per cent on flat turnover, driving operating margins to 24.1 per cent (21.9 per cent in 2002). Following several years of investment, Auto Exchange – the UK's leading free pick up weekly motoring advertising magazine – is now firmly into operating profit. Exchange & Mart with Auto Exchange successfully developed cross selling initiatives and gave UAP a stronger competitive position nationally. Online extensions of the Daltons Weekly brand are showing good progress. These extensions and the acquisition of This Caring Business added further depth to the range of products targeted at small and medium sized businesses.

PR NEWSWIRE – NEWS DISTRIBUTION

Following year on year declines in each of the first three quarters of 2003, the fourth quarter saw US wire volumes begin to recover with 43,400 wire messages compared to 42,300 in the fourth quarter of 2002.

The volume of discretionary releases is growing, with new product announcements up approximately 9 per cent on 2002. US wire yields increased by 1 per cent over 2002. Full year margins were down to 14.1 per cent (2002: 16.4 per cent) due to restructuring costs of over £2 million and to the increased commitment to organic investment and geographic expansion.

The much smaller markets outside of the US remained both competitive and loss making (a £2.7 million loss) and the challenge for 2004 is to drive the European business into profit.

NOP WORLD – MARKET RESEARCH

In 2003 NOP World increased operating profit by 7.8 per cent to £19.3 million (2002: £17.9 million) on flat underlying turnover. Turnover grew in the second half despite the weakness of the US dollar. Our syndicated and continuous businesses such as AFI and MRI delivered strong performances and the healthcare business is recovering.

A major restructuring programme is underway to improve margins, to focus the business around its core sector strengths – automotive, healthcare, financial, business & technology and consumer & retail – and introduce global account management. Despite the expensing of costs associated with this major restructuring and an increased level of organic investment, operating margins rose to 9.5 per cent (2002: 8.4 per cent).

NOP World is already achieving a good performance from Eurisko – this acquisition gives NOP a leading position in the Italian market, provides a platform to export its products throughout Europe and in "Sinottica" secures a major new syndicated product which complements NOP World's sector strengths.

FIXED ASSET INVESTMENTS

UBM holds investments in **five**, ITN, SIS, SDN, Paperloop and The Press Association. **Five** turnover grew by 6.2 per cent to £259.9 million (2002: £244.7 million) and it turned a 2002 operating loss of £4.8 million into a 2003 operating profit of £8.5 million. Its audience share held firm at 6.6 per cent (2002: 6.5 per cent) and its share of advertising revenue increased from 7.5 per cent to 8.1 per cent.

Income from investments of £3.9 million includes dividends received from SIS, The Press Association and ITN.

Malcolm Wall
Chief Operating Officer
26 February 2004

UBM SPENT £130 MILLION ON ACQUISITIONS IN 2003. THESE ARE EXPECTED TO DELIVER AT LEAST £13 MILLION OF OPERATING PROFIT IN 2004. FOR THE THIRD YEAR RUNNING, OPERATING CASH CONVERSION OF 100% OR MORE WAS ACHIEVED.

Cash Flow

Operating cash flow was £117.9 million compared to operating profit before amortisation and exceptionals of £99.4 million. This generated a cash conversion rate of 118.6 per cent, exceeding the target of 100 per cent and after achieving 140.2 per cent in 2002. The publishing businesses all produced strong cash performances, with the average being 125 per cent. PRN's cash performance, despite its reduction in profits, continued to be strong at 178 per cent, whilst NOP achieved 93 per cent.

Capital expenditure for the year was £6.9 million. This is well below our depreciation charge of £25.3 million. We expect these numbers to converge in future years.

Debtor management again improved. The majority of the divisions reduced their debtor days. RoperASW and several of the publishing divisions achieved notable improvements.

The financial performance of **five** improved with operating profits of £8.5 million being achieved. Our current expectation is that **five** will be cash positive in 2004.

Cash benefited from the exchange impact on our net US dollar borrowings by £13.0 million. We also received a tax cash inflow of £8.4 million. Outflows in relation to property provisions and restructuring were £23.1 million.

Balance Sheet

Our balance sheet remains in a strong position. Despite spending £129.9 million on acquisitions our closing net cash was £46.5 million.

We have £173 million of fixed asset investments, the most important of which is our investment in five, which has a book value of £129.4 million. We have a number of other assets, including our holdings in The Press Association, SIS, SDN and ITN. We intend to realise the value of these investments for shareholders at the appropriate time.

The group's tax creditor of £308.5 million represents a prudent assessment of the potential tax liability for prior years across different geographies, including amounts relating to the group's £3.2 billion of disposals in 2000. This liability has been consistently classified as a short term creditor in line with accounting convention. We do not currently expect the cash outflow in 2004 in respect of this creditor to exceed £15 million.

Investment Performance

We spent £129.9 million on acquisitions across several of the divisions. CMPi acquired Aprovia UK which included Builder Group and the Barbour Index, Kenrick Place Media and the remaining 50 per cent of Property Media. The consideration totalled £90 million. CMP acquired The Oncology Group and Cliggott Publishing for £23.1 million and NOP acquired Eurisko for £24.1 million. UAP acquired This Caring Business for £1.7 million. Given our post-tax cost of capital is estimated to be 8 per cent, we expect these acquisitions to produce at least £13 million of operating profit in 2004.

Further analysis is given in note 29 on page 69.

The performance of Allison-Fisher has exceeded plan and will result in an earn-out payout of approximately $10 million in 2004. This liability has been recognised in the 2003 accounts (see note 29 on page 69). KSS, our Japanese acquisition, is also performing ahead of plan. Our six 2003 acquisitions are to date performing in line or ahead of expectations.

The performance of our organic investments has improved. In 2003 they contributed £40.6 million to revenue and made a loss of £4.1 million. Our publishing investments have already broken into profit and, although we continue to make losses in respect of our PRN and NOP organic investments, we are confident that their profit performance will improve in 2004.

Impairment

We have reviewed the carrying value of our intangible assets (including goodwill) in light of current trading conditions and expectations and consider that no additional provision for impairment is required in the current year. In 2002, an impairment of £114.2 million was recorded.

Pensions

At 31 December 2003 the aggregate deficit had reduced to £83.9 million from £90.9 million.

The FRS 17 interest charge was £5.5 million in line with our expectations. In 2004 we expect the charge to reduce to between £4.0 million and £4.5 million. We have agreed with the Trustees to increase our funding of UK defined benefit schemes in 2004 to £11.8 million from £3.8 million in 2003.

Treasury and Finance

The central treasury function is principally concerned with managing internal and external funding requirements, the monitoring of working capital and management of key financial market risks. Its activities are carried out in accordance with policies approved by the board and are subject to regular review and audit. Contracts are entered into with approved counter parties and not on a speculative basis.

The group borrows and invests centrally on behalf of its subsidiaries with the aim of maximising liquidity, security, flexibility and price competitiveness. In 2003 no new debt was issued.

The group has four fixed rate borrowings. There is a $250 million 7.25 per cent bond redeemable in July 2004, a $250 million 7.75 per cent bond redeemable in July 2009 and a $125 million 8.04 per cent private placement redeemable in September 2004. Of the $625 million in issue, $375 million will mature in 2004 and it is planned this will be repaid from surplus cash. In addition there is a $400 million convertible bond for which details on redemption and conversion can be found at note 21. Further details on bond repurchases and credit linked notes used to reduce the cost of carry on long-term debt can be found at note 22.

The group retains a £500 million revolving credit facility provided by a syndicate of relationship banks (maturity August 2006). The drawn margin on this facility is 45 basis points, there are no net asset or gearing covenants and the interest cover covenant (ratio of operating profits to net interest paid) is 3 times. The facility was drawn to the value of £21.1 million at the end of 2003 with this sum being repaid early in 2004.

Foreign currency transaction exposures are covered as they arise using forward foreign exchange contracts. There are no material contracts outstanding at the end of 2003. We do not hedge profit or balance sheet translation as they are accounting rather than cash exposures. However, foreign currency borrowings are used where appropriate to provide an economic hedge against investment in overseas territories.

Our long term credit rating is investment grade with a Standard & Poor's rating of BBB and Moody's Baa2 with a stable outlook.

Going Concern

Having reviewed the group's liquid resources, borrowing facilities and cash flow forecast, the directors believe that the group has adequate resources to continue as a going concern for the foreseeable future.

Nigel Wilson
Chief Financial Officer
26 February 2004

Board of Directors

GEOFF UNWIN
Chairman

Geoff Unwin was appointed to the board as a non-executive director in 1996, and became chairman in November 2002. He was previously chief executive officer of Cap Gemini Ernst & Young, one of the largest management and IT consulting firms in the world, and remains a non-voting member of the board of that company. He is also chairman of Halma plc, a leading safety and environmental technology group; Trigenix Ltd, a mobile phone software developer; and Liberata plc, a provider of business outsourcing services. He is a member of the advisory boards of Palamon Capital Partners and Hartwell plc. Aged 61. (3)

CLIVE HOLLICK
Group Chief Executive

Clive Hollick was appointed to the board as group chief executive in 1996 following the merger with MAI plc. Prior to that he was group managing director of MAI plc, having joined the board of that company in 1974. He is a non-executive director of Diageo plc and Honeywell International Inc. and is also chairman of the South Bank Centre. Previous board appointments include directorships of Hambros Bank Limited (1973-1996), National Bus Company (1984-1991), Logica plc (1987-1992), British Aerospace Plc (1992-1997) and TRW Inc (1999-2002). Aged 58.

NIGEL WILSON
Chief Financial Officer

Nigel Wilson was appointed to the board as chief financial officer in 2001. Prior to that he was group finance director of Viridian Group plc from 1996 to 2000, and became managing director of Viridian Capital in 2000. Previous appointments include group finance director at Waste Management International plc, head of corporate finance and group commercial director of Dixons Group plc, managing director of Stanhope Properties plc and a consultant at McKinsey. Aged 47.

MALCOLM WALL
Chief Operating Officer

Malcolm Wall joined the group in 1992 and subsequently became chief executive of United Broadcasting and Entertainment, responsible for all the group's television businesses until their sale in 2000. He became chief operating officer of UBM in November 2000, with responsibility for overseeing operations across all the group's businesses, and was appointed to the board on 1 January 2001. He is also a non-executive director of Channel 5 Television Group Limited. Aged 47.

CHARLES GREGSON
Executive Director

Appointed to the board in 1996, Charles Gregson is responsible for PR Newswire as well as the group's UK specialist publications business, UAP, and the group's investments. He joined MAI plc in 1974 as group solicitor and became a director of that company in 1984. He is chairman of ICAP plc, and deputy chairman of Provident Financial plc. Aged 56.

JOHN BOTTS
Non-Executive Director

Appointed to the board in 1997, John Botts is chairman of Botts & Company Limited, a London based funds management and investment company which concentrates on private equity investing in Europe. Other directorships include Euromoney Institutional Investor plc and Amerindo Internet Fund plc. He is the senior independent director. Aged 63. (2) (3)

FIELDS WICKER-MIURIN
Non-Executive Director

Appointed to the board in 1998, Fields Wicker-Miurin is executive director of Leaders' Quest, an international business that works with leaders from all sectors of business and society to build leadership skills. She was previously chief operating officer of Vesta Group Limited and finance director of the London Stock Exchange. She is also a non-executive director of Savills plc, the Royal London Group and Carnegie, a Nordic investment bank. She serves on the Nasdaq Technology Advisory Council and is chair of the DTI's Investment Committee. Aged 45. (2)

CHRIS POWELL
Non-Executive Director

Appointed to the board in 1996, Chris Powell was a non-executive director of MAI plc from 1995. He has been chief executive and chairman of BMP DDB, one of Britain's largest advertising agencies, of which he was co-founder, and is a past president of the Institute of Practitioners in Advertising. He is chairman of Nesta (National Endowment for Science, Technology and the Arts). He is chairman of the remuneration committee. Aged 60. (1) (3)

JONATHAN NEWCOMB
Non-Executive Director

Jonathan Newcomb was appointed to the board in 2001. He was chairman and CEO of Simon & Schuster, one of the world's largest book publishers, from 1994 until 2002, having been president and chief operating officer from 1991. In February 2002 he joined the New York based private equity firm of Leeds Weld & Co. as a principal. Previous employment included McGraw Hill (where he was responsible for Standard & Poor's and Data Resources) and Dun & Bradstreet. He is also a director of HSBC North America. Aged 57. (1) (2)

ADAIR TURNER
Non-Executive Director

Appointed to the board in 2000, Adair Turner was previously director general of the Confederation of British Industry and prior to that a director of McKinsey & Co. He is vice-chairman of Merrill Lynch Europe and a visiting professor at the London School of Economics. In December 2002 he was appointed by the Government to chair an independent commission on pensions. He is chairman of the audit committee. Aged 48. (1) (2)

(1) Member of the remuneration committee
(2) Member of the audit committee
(3) Member of the nomination committee





"I would like to express the BOARD'S APPRECIATION and GRATITUDE

for all the hard work carried out by UBM's employees during 2003. Our employees have helped sustain and develop our long-term relationships with our customers."

– Geoff Unwin



Directors' Remuneration Report

This report sets out the policy and disclosures on directors' remuneration in accordance with the requirements of the Companies Act 1985 (the "Act") as amended by the Directors' Remuneration Report Regulations 2002. Disclosure relating to remuneration policy, long term incentive arrangements, total shareholder return and non-executive directors' remuneration policy is not subject to audit. Disclosure relating to individual directors' remuneration on page 28, pensions information on pages 28 to 29 and directors' interests in share options and other long term incentive schemes on pages 30 to 32 has been audited by Ernst & Young LLP.

REMUNERATION COMMITTEE

Responsibility for the overall structure of remuneration lies with the board, which has delegated to the remuneration committee responsibility for formulating and recommending policy on executive remuneration. Within the terms of the agreed policy, the committee approves the specific components of remuneration packages of all executive directors and the chairman. It also reviews the general remuneration framework of senior executives and makes awards under the company's option and incentive plans. All committee members are independent non-executive directors. Membership of the committee was reviewed during 2003 in the light of recommendations made by the Higgs Report, which have since been incorporated into the new combined code on corporate governance which applies to accounting periods starting on or after 1 November 2003. Since 1 August 2003 the committee has been chaired by Chris Powell and its other members are Jonathan Newcomb and Adair Turner. Prior to that date the committee was chaired by John Botts, and during 2003 Geoff Unwin and Fields Wicker-Miurin also served on the committee. Geoff Unwin continues to attend committee meetings by invitation, except when matters relating to his own remuneration are discussed. The committee's terms of reference have been amended and can be viewed on the company's website; copies may also be obtained from the company secretary.

As the majority of the group's business is outside the UK, the company competes in the international market place to recruit and retain executives of the highest quality and with the appropriate mix of skills and experience. As part of the committee's remit it periodically reviews the company's remuneration policy relative to that of other companies with which it competes for talent, and benchmarks the remuneration packages of executive directors against their peers. The committee appointed a firm of external advisers, New Bridge Street Consultants, to assist it in this process and in formulating its proposals on performance-related remuneration. The committee also receives advice internally from the legal and personnel director, Jane Stables, and the company secretary, Anne Siddell, who is secretary to the committee. The chief executive assists the committee in formulating performance conditions for executives reporting to him, and attends meetings by invitation except where matters relating to his own remuneration are discussed.

The remuneration committee met on six occasions during 2003. With the exception of one meeting, which Jonathan Newcomb was unable to attend, there was full attendance by all directors at all meetings.

REMUNERATION POLICY

For 2004, the committee's policy is to ensure that a significant element of each executive director's remuneration package is linked to key measures of corporate and personal performance which support the company's commitment to shareholder value and long term growth. Base salary is expected to comprise less than 50 per cent of the total remuneration that may be earned. The policy also aims to further align the interests of executive directors with those of shareholders by encouraging investment in the company's shares. During 2003 the committee reviewed its overall remuneration strategy, with specific reference to the performance related elements, and as a result has introduced a new deferred bonus plan which is described in more detail below.

The committee does not currently anticipate any significant change in its policy in future years.

Executive Directors' remuneration

Executive directors' remuneration comprises base salary and benefits, pension provision and an annual bonus based on a combination of personal and corporate annual performance measures. Executive directors also participate in the company's executive share option scheme.

Base salary for each director is determined annually with effect from 1 January. The company regularly participates in executive remuneration surveys that provide information on the practice of major public companies to measure the competitiveness of the directors' base salaries as well as variable remuneration. In addition to measurement against competitive market data, factors such as inflation, the individual's responsibilities, the company's performance and the salary policy throughout the group as a whole are taken into account when determining base salary levels. Base salaries for executive directors were increased by 3 per cent with effect from 1 January 2004, the first increase that has been made since 1 January 2001.

Executive directors are eligible for an annual bonus dependent on the achievement of stretching performance measures which customarily include a combination of factors recognising both relevant company performance and individual objectives. These measures are reviewed annually and new objectives set by the committee at the start of each financial year. Targets for the year ended 31 December 2003 included earnings per share, operating profits, cash conversion and development activity. Specific weightings are attached to each objective. The part of the bonus payable in cash is normally capped at 60 per cent of base salary, with the full cash bonus becoming payable only if all targets are substantially exceeded. The individual may be invited to invest his cash bonus in the company's Senior Executive Equity Participation Plan, details of which can be found below.

Following its review of performance related remuneration the committee has introduced a share element to the annual bonus plan, known as the Medium Term Incentive Plan ("MTIP"). During 2003 this afforded directors the opportunity to earn up to a further 40 per cent of base salary in the form of shares in the company. Awards for each director under the MTIP are linked to his objectives for the annual cash bonus but require more stretching performance to achieve the maximum award. Performance is measured over the company's financial year and awards will take the form of nil cost options over the company's shares, the number to be calculated using the average share price for the month preceding the start of that financial year. Thus the first awards, to be made in March 2004, will be based on the company's results for the 2003 financial year with the number of options granted being calculated by reference to the average share price during December 2002. Awards made in March 2004 will vest as to 50 per cent in January 2006 and the balance in January 2007, provided the director remains in the group's employment. Awards will also vest if employment ceases due to redundancy, disability, injury, death or retirement at or after contractual retirement age. Only purchased shares may be used to fulfill awards under the MTIP.

Long term incentive plans

The company's long term incentive plans are designed to incentivise management and to align their interests with those of shareholders by supporting the company's commitment to long term growth. Performance conditions are designed to be appropriately challenging. A summary of the company's plans is set out below.

Executive share options

It is the company's policy to award executive directors executive share options to reward past performance and to incentivise future performance. Such awards are currently made under the United Business Media 2000 Executive Share Option Scheme (the "2000 Scheme") which was established, with shareholder approval, in April 2000.

Options are granted at market value and awards are generally made on a phased basis. The committee determines the appropriate level of each grant having regard to corporate objectives, market forces and individual circumstances. During 2003 awards made to executive directors had an aggregate acquisition price, based on the market value of the company's shares at the time of grant, of less than 1 times salary.

The exercise of options under the 2000 Scheme is subject to a performance condition which requires growth in earnings per share to exceed the increase in the UK Retail Price Index by an average of 3 per cent per annum over the measurement period. If this condition is met, options with a face value equal to 0.75 times salary will vest. In order for the whole award to vest, growth in earnings per share must exceed the increase in the UK Retail Price Index by an average of 5 per cent per annum. A sliding scale applies between these two figures. In respect of options granted prior to 2004, these performance conditions are measured over a period of three to six years from the date of grant, with a fixed start date. No re-testing is permitted after six years from the date of grant.

The committee considers that a performance condition based on long term earnings per share growth is an appropriate means of incentivising directors and that the targeted growth levels of between 3 per cent and 5 per cent above inflation are appropriately stretching. As and when options are due to vest, the committee determines whether the performance conditions have been met, based on calculations which have been reviewed by the company's auditors. The condition was not met for awards made in 2000 which were due to vest in 2003, and will be re-tested in 2004 from the same fixed start point.

The committee has recently reviewed its policy on re-testing of performance conditions and has decided to remove the re-testing provisions for future option grants. Accordingly, options granted after February 2004 will lapse if the performance condition has not been met after three years from the date of grant.

Senior Executive Equity Participation Plan

The United Business Media 2000 Senior Executive Equity Participation Plan ("SEEPP") was established with shareholder approval in April 2000. The committee reviews the issuing of invitations to prospective participants annually; there is no automatic entitlement to participate. Under the SEEPP, selected senior executives (including executive directors) may waive part or all of their annual bonus and receive an interest in shares in the company ("bonus shares") to the equivalent value. The executive may also be granted a right to acquire shares ("matching shares") in the company equal in value to the gross amount of the bonus foregone at a nominal price. A matching share award will normally be exercisable in full between the fourth and tenth anniversaries of its grant, but only to the extent that the attached bonus shares are still held on the fourth anniversary of the date of grant. One third of a matching share award may only be exercised if growth in earnings per share exceeds inflation (measured by reference to the UK Retail Price Index) by 3 per cent per annum over the period of four years commencing with the year of grant; a further one third requires such growth in earnings per share to exceed inflation by 5 per cent per annum; the remaining one third requires no performance condition. No re-testing of performance conditions is permitted. These conditions are in accordance with the committee's policy as outlined above.

The performance condition has not been met for awards made in 2000 and consequently two thirds of the matching options under these awards are expected to lapse in March 2004.

Other long term incentive arrangements

Clive Hollick and Charles Gregson also hold outstanding awards under executive option and other incentive plans previously operated by the company which have now closed. Executive directors are also entitled to participate in the Sharesave scheme, under which eligible employees around the group may acquire options over ordinary shares of the company at a discount of up to 20 per cent of their market price, using the proceeds of a related SAYE contract.

Further details of these plans, and of the outstanding awards held by executive directors including an explanation of performance conditions, are set out on pages 30 to 32.

External appointments of executive directors

It is recognised that by holding the office of a non-executive director of another company, an executive director may gain valuable knowledge and experience that can benefit the company. The policy therefore provides for executive directors to accept not more than two outside corporate directorships, subject to board approval which may be given or withheld at the board's discretion.

Clive Hollick and Charles Gregson each hold external directorships and are entitled to retain the fees earned. During 2003, Clive Hollick earned £50,000 from Diageo plc and US $56,048 plus deferred stock with a value of US $31,667 and 3,000 restricted shares of common stock in Honeywell International Inc. in respect of his directorships of these companies; Charles Gregson earned £40,000 in respect of his directorship of Provident Financial plc.

Directors' Remuneration Report

Policy on executive directors' service contracts and termination payments

It is the company's policy that all executive directors should have service contracts that are terminable on no more than one year's notice and that contracts should not have a fixed term. Contracts provide for automatic termination on retirement at age 60. All directors are subject to re-election by shareholders every 3 years.

The dates on which each executive director's current service contract commenced are as follows:-

Clive Hollick 31 October 2001

Charles Gregson 31 December 2001

Malcolm Wall 24 November 2000

Nigel Wilson 6 July 2001

The description on page 28 sets out the calculation of Clive Hollick's pension entitlement, if his service were terminated by the company following a change of control. If Clive Hollick or Charles Gregson's employment were terminated other than for cause (summary dismissal), they would be entitled to a payment, calculated by reference to their unexpired period of notice, of up to one year's salary, benefits and 50 per cent of average bonus over the preceding three years (excluding any special bonus). Under Malcolm Wall and Nigel Wilson's contracts, any payment on early termination would be by reference to the unexpired period of notice, subject to a duty to mitigate.

Non-executive directors' remuneration

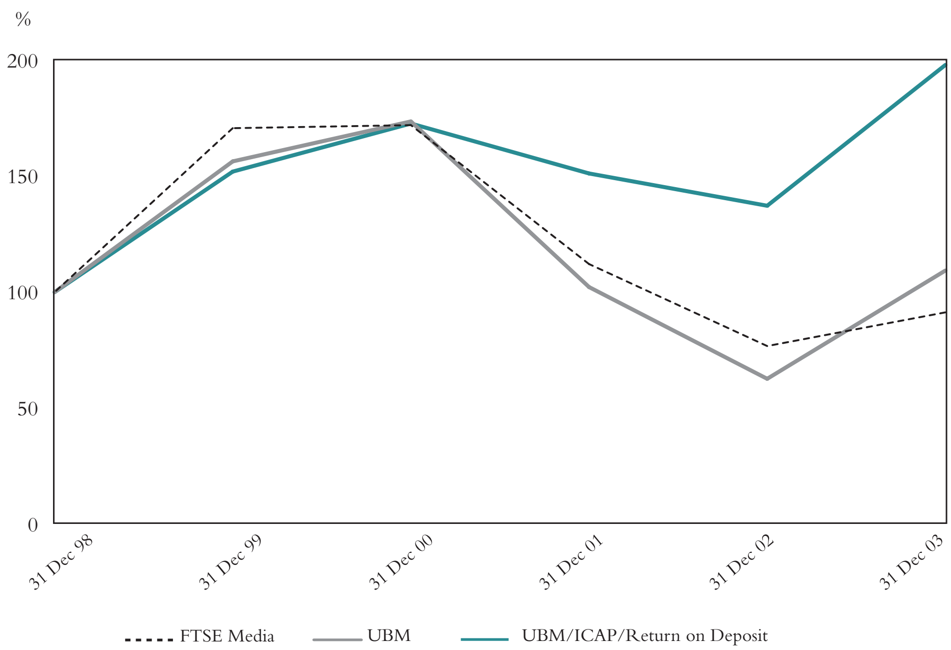
The fees of the non-executive directors are considered and approved by the board as a whole, having regard to current market practice. In order to align the interests of the chairman and non-executive directors more closely with those of shareholders, part of their fees are paid in the form of ordinary shares. All non-executive directors with the exception of the chairman receive a fee of £25,000 per annum which is paid in cash. A further £10,000 per annum is provisionally allocated in the form of ordinary shares in the company. The directors will become entitled to receive these shares when they leave the board, subject to certain conditions. The directors' fees include membership of board committees; an additional payment is made to the chairmen of the remuneration and audit committees respectively. This payment was increased from £5,000 to £10,000 per annum during 2003. John Botts, as senior independent director, receives a fee of £45,000 per annum, of which £10,000 is provisionally allocated in the form of shares as described above.

Geoff Unwin's contract, which was entered into on 5 November 2002, is terminable by either party on not less than twelve months' notice. He was last re-elected to the board in 2003. He receives a fee of £100,000 per annum paid in cash and a further £100,000 per annum is provisionally allocated in the form of ordinary shares in the company as described above. Geoff Unwin's contract contains no provision for payment of compensation on early termination. The other non-executive directors do not have service contracts with the company; each has a notice period of 6 months. Their terms of appointment contain no provision for payment of compensation on early termination. Non-executive directors are not entitled to participate in the company's share option or pension schemes. Each director's appointment (including that of the chairman) is reviewed every 3 years. Set out below are the dates of each non-executive director's original letter of appointment and the year in which he or she was last re-elected by shareholders.

Director	Date of appointment letter	Date of last re-election
John Botts	31 July 1997	2001
Jonathan Newcomb	18 July 2001	2002
Chris Powell	2 April 1996	2002
Adair Turner	1 January 2000	2003
Fields Wicker-Miurin	19 January 1998	2001

Directors' Remuneration Report

TOTAL SHAREHOLDER RETURN



The graph above shows UBM's total shareholder return performance over the last five years since 31 December 1998 as compared to the FTSE Media Index, which has been chosen as UBM is a constituent of that index. The graph reflects two major restructuring events which sought to capture the shareholder value which had been created over many years; these were the demerger of Garban (now ICAP), which took place in November 1998, and the return of a £1.25bn special dividend in April 2001 following the disposal of UBM's three ITV licences to Granada Media for £1.75bn. In accordance with the requirements of the Act, the "UBM" line assumes that the benefits received by shareholders from these two events were reinvested in UBM's shares; it shows a 9.3 per cent increase in shareholder return compared to an 8.7 per cent decline in the FTSE Media Index. The "UBM/ICAP/Return on deposit" line reflects the share price performance of ICAP and the return on deposit from the special dividend and shows an increase of 97.8 per cent in shareholder return.

Directors' Remuneration Report

DIRECTORS' REMUNERATION

The following sections of this report have been audited.

TABLE OF INDIVIDUAL DIRECTORS' REMUNERATION

Directors	Position	Basic salary £	Fees £	Benefits £	Bonus £	MTIP £	Total for 2003 £	Total for 2002 £	Employer's pension conts (Money Purchase) £
Clive Hollick	Chief Executive	668,367		17,850	359,250	267,347	**1,312,814**	686,217	
Charles Gregson	Director	292,633		13,633	193,125	123,600	**622,991**	445,226	
Malcolm Wall	Director	325,000		30,129	136,500	53,300	**544,929**	405,208	30,750
Nigel Wilson	Director	310,000		41,380	158,100	124,000	**633,480**	391,461	34,063
Geoff Unwin	Non-Executive Chairman		200,000				**200,000**	64,685	
John Botts	Non-Executive Director		43,750				**43,750**	40,000	
Jonathan Newcomb	Non-Executive Director		35,000				**35,000**	35,000	
Chris Powell	Non-Executive Director		39,167				**39,167**	35,000	
Adair Turner	Non-Executive Director		43,750				**43,750**	35,795	
Fields Wicker-Miurin	Non-Executive Director		35,000				**35,000**	35,000	
Total emoluments		1,596,000	396,667	102,992	846,975	568,247	**3,510,881**	2,173,592	64,813

Note:

1. Benefits are non-pensionable car and cash allowances. Benefits for Malcolm Wall and Nigel Wilson include allowances paid in relation to pension commitments.
2. Directors may be invited to sacrifice part or all of their cash bonus to the United SEEPP.
3. The MTIP column shows the cash value of bonuses earned under this deferred bonus plan in respect of 2003. These cash values have been converted into ordinary shares at a price of 290.8 pence, which was the average market value of these shares during December 2002, and executive directors will be awarded nil cost options over these shares in March 2004.
4. The company receives a contribution of £93,617 from ICAP plc in consideration for making available the services of Charles Gregson as chairman of that company. Charles Gregson's remuneration shown above is net of that contribution.
5. Non-executive directors' fees include an element which is payable in the form of ordinary shares, as described on page 26. The table above reflects the cash value of shares on the date on which they are provisionally allocated. The cash element of Chris Powell's fee is paid to BMP DDB Limited, while that of John Botts is paid to Botts & Company Limited.

Pension entitlement

Clive Hollick and Charles Gregson are members of the United Pension Plan which is an approved defined benefit scheme. The company meets the full cost of the benefits. Normal retirement age is 60. The pension entitlement is two thirds of Final Pensionable Salary, which is the annual average of the best three consecutive Pensionable Salaries in the last ten years.

Under Clive Hollick's service contract, bonuses are not pensionable. If he remains in office until normal retirement age of 60 (20 May 2005) he will receive his already earned pension entitlement of £726,000 per annum. If he retires earlier this entitlement will be reduced pro rata on a sliding scale. The pension would normally also be subject to a discount if drawn prior to normal retirement date. If Clive Hollick's service were terminated by the company following a change of control he would be entitled to receive the pension of £726,000 per annum, reduced to reflect completed service plus his one year's notice period.

Under the terms of Charles Gregson's service contract, the definition of Pensionable Salary includes annual bonus up to 50 per cent of base salary; this is a longstanding term of his service contract. If Charles Gregson's service were terminated by the company without his consent he would be entitled to an immediate pension calculated as a proportion of his pension entitlement at age 60, based on his Final Pensionable Salary at the date of termination.

As members of the United Pension Plan, Clive Hollick and Charles Gregson receive increases on their pensions in payment of 5 per cent per annum or RPI, if less, for all pensionable service. The widow's pension for the two executive directors is two thirds of their pension.

The company contributes to personal pension plans for Malcolm Wall and Nigel Wilson.

The following tables show the pension figures required to be disclosed by both the Act (Table 1) and the current UKLA listing rules (Table 2) which have not, as yet, been withdrawn.

Table 1 shows accrued pension entitlements at 31 December 2003 for Clive Hollick and Charles Gregson with the increase in pension accrued during the year together with prior year and current year end transfer values. These transfer values represent the amount that would have been payable assuming the director left service at the year end.

Details of the contributions paid by the company during the year to personal pension plans in respect of the other executive directors are also shown. Payments in excess of Inland Revenue maximum limits are paid as benefits in kind and shown as such in the remuneration table above.

Table 1

Name	Current age	Accrued pension 31.12.2003 £000 pa	Increase in accrued pension during the year ended 31.12.2003 £000 pa	Transfer value 31.12.2002 £000	Transfer value 31.12.2003 £000	Increase in transfer value for year ended 31.12.2003 £000
Clive Hollick	58	672	39	10,065	11,244	1,179
Charles Gregson	56	359	3	4,935	5,335	400

Name	Normal retirement age	Pension contribution	Company pension contribution during the year £000
Malcolm Wall	60	15% of basic salary	49
Nigel Wilson	60	20% of basic salary	62

Table 2

Name	Current age	Accrued pension 31.12.2003 £000 pa	Increase in accrued pension during year ended 31.12.2003 in excess of inflation £000 pa	Transfer value at 31.12.2003 of increase in excess of inflation £000
Clive Hollick	58	672	28	461
Charles Gregson	56	359	(3)	(49)

Directors' interests in shares

The interests of the directors in ordinary shares (all of which are beneficial) are shown as at 1 January 2003, and at 31 December 2003.

Director	Ordinary shares at 1.1.2003	Ordinary shares at 31.12.2003	SEEPP Bonus shares at 1.1.2003	SEEPP Bonus shares at 31.12.2003
Clive Hollick	499,882	703,794	238,804	–
Charles Gregson	305,186	420,694	32,270	–
Malcolm Wall	12,427	12,427	–	–
Nigel Wilson	19,449	19,449	–	29,898
John Botts	7,209	10,637*	–	–
Jonathan Newcomb	3,104	6,532*	–	–
Chris Powell	7,889	11,317*	–	–
Adair Turner	5,232	8,660*	–	–
Geoff Unwin	9,168	39,789*	–	–
Fields Wicker-Miurin	5,462	8,890*	–	–

* Interests of non-executive directors include provisional allocations of shares by way of remuneration as described on page 26.

As at 31 December 2003 the Trustees of the United Business Media Share Ownership Trust and the Qualifying Employee Share Trust held 1,194,044 ordinary shares (2002: 1,482,768) and 329,484 B shares (2002: 529,530) and options over 623,593 ordinary shares (2002: 1,332,707) and 397,094 B shares (2002: 1,165,572). Under paragraph 2 of Schedule 13 to the Companies Act 1985 the executive directors are deemed to be interested in these shares and options.

The minimum price of ordinary shares during the year was 193.5 pence and the maximum price was 515.0 pence.

Directors' interests in share options

	Date of grant	Options held at 1.1.03	Exercised/ lapsed during 2003	Options held at 31.12.03	Exercise period from	Exercise period to	Exercise price (p)	Market price at date of exercise	Total gain on exercise
Clive Hollick									
MAI Executive Schemes	28.10.93	28,800	28,800	0	28.10.96	28.10.03	363.281	480.00	£33,615
	13.10.94	44,800	–	44,800	13.10.97	13.10.04	374.219		
MAI Sharesave Scheme	20.10.95	1,950	1,950	0	01.12.02	01.06.03	400.000		
1994 Executive Scheme	16.09.96	153,455	–	153,455	16.09.99	16.09.06	686.000		
2000 Scheme	18.12.00	152,500	–	152,500	18.12.03	18.12.10	843.000		
	18.12.00	152,500	–	152,500	18.12.04	18.12.10	843.000		
	08.05.01	152,500	–	152,500	08.05.04	08.05.11	724.800		
	08.05.01	152,500	–	152,500	08.05.05	08.05.11	724.800		
	19.12.01	150,000	–	150,000	19.12.04	19.12.11	529.000		
	19.12.01	150,000	–	150,000	19.12.05	19.12.11	529.000		
	22.08.02	250,000	–	250,000	22.08.05	22.08.12	277.200		
	22.08.02	250,000	–	250,000	22.08.06	22.08.12	277.200		
	09.04.03	–	–	120,000	09.04.06	09.04.13	247.250		
United SAYE Scheme	01.11.96	1,464	–	1,464	01.02.04	01.08.04	532.600		
	31.10.97	616	–	616	01.02.05	01.08.05	632.700		
	20.04.01	1,382	1,382	0	01.06.06	01.12.06	488.300		
	15.04.02	790	790	0	01.06.05	01.12.05	480.600		
	10.04.03	–	–	5,880	01.06.06	01.12.06	160.480		
Charles Gregson									
MAI Executive Schemes	28.10.93	28,800	28,800	0	28.10.96	28.10.03	363.281	431.17	£19,552
	13.10.94	44,800	–	44,800	13.10.97	13.10.04	374.219		
1994 Executive Scheme	16.09.96	69,252	–	69,252	16.09.99	16.09.06	686.000		
2000 Scheme	18.12.00	52,500	–	52,500	18.12.03	18.12.10	843.000		
	18.12.00	52,500	–	52,500	18.12.04	18.12.10	843.000		
	08.05.01	52,500	–	52,500	08.05.04	08.05.11	724.800		
	08.05.01	52,500	–	52,500	08.05.05	08.05.11	724.800		
	19.12.01	75,000	–	75,000	19.12.04	19.12.11	529.000		
	19.12.01	75,000	–	75,000	19.12.05	19.12.11	529.000		
	22.08.02	125,000	–	125,000	22.08.05	22.08.12	277.200		
	22.08.02	125,000	–	125,000	22.08.06	22.08.12	277.200		
	09.04.03	–	–	120,000	09.04.06	09.04.13	247.250		
United SAYE Scheme	15.12.98	655	–	655	01.02.04	01.08.04	514.800		
	15.04.02	2,754	2,754	0	01.06.07	01.12.07	480.600		
	10.04.03	–	–	8,187	01.06.08	01.12.08	160.480		
Malcolm Wall									
2000 Scheme	18.12.00	76,000	–	76,000	18.12.03	18.12.10	843.000		
	18.12.00	76,000	–	76,000	18.12.04	18.12.10	843.000		
	08.05.01	76,000	–	76,000	08.05.04	08.05.11	724.800		
	08.05.01	76,000	–	76,000	08.05.05	08.05.11	724.800		
	19.12.01	75,000	–	75,000	19.12.04	19.12.11	529.000		
	19.12.01	75,000	–	75,000	19.12.05	19.12.11	529.000		
	22.08.02	125,000	–	125,000	22.08.05	22.08.12	277.200		
	22.08.02	125,000	–	125,000	22.08.06	22.08.12	277.200		
	09.04.03	–	–	120,000	09.04.06	09.04.13	247.250		
United SAYE Scheme	20.04.01	1,587	–	1,587	01.06.04	01.12.04	488.300		
Nigel Wilson									
2000 Scheme	08.08.01	104,000	–	104,000	08.08.04	08.08.11	595.700		
	08.08.01	104,000	–	104,000	08.08.05	08.08.11	595.700		
	19.12.01	75,000	–	75,000	19.12.04	19.12.11	529.000		
	19.12.01	75,000	–	75,000	19.12.05	19.12.11	529.000		
	22.08.02	125,000	–	125,000	22.08.05	22.08.12	277.200		
	22.08.02	125,000	–	125,000	22.08.06	22.08.12	277.200		
	09.04.03	–	–	120,000	09.04.06	09.04.13	247.250		
United SAYE Scheme	10.04.03	–	–	11,060	01.06.10	01.12.10	160.480		

Directors' interests in share options (continued)

Options granted under the 2000 Scheme are subject to the performance conditions as described on page 25. Options granted to Clive Hollick and Charles Gregson under the United 1994 Executive Scheme are subject to a performance condition which requires EPS growth to exceed the increase in the UK Retail Price Index by an average of 2 per cent per annum over a three year period. At the time of setting up the 1994 Executive Scheme this performance measure was in line with existing market practice. The performance condition has been met in respect of all outstanding options held by these executive directors under the United 1994 Executive Scheme, which are consequently fully vested. All options were granted at market value and for no consideration.

Options granted to Clive Hollick and Charles Gregson under the MAI Executive Schemes are not subject to any performance conditions; at the time these schemes were established it was not customary to require performance conditions. All options were granted at market value of the corresponding MAI shares at the date of grant and were converted into options over shares in the company upon the merger of the company and MAI in 1996. No consideration was payable for the grant of options under these schemes.

Options granted under the MAI Sharesave scheme and United SAYE scheme are not subject to performance conditions as these are all-employee schemes.

There have been no variations in the terms and conditions of scheme interests during the year.

Long term incentive plan

	Shares allocated at 01.01.03	Shares lapsed during 2003	Shares vested during 2003	Value of award at date of grant	Shares allocated at 31.12.03
Clive Hollick	75,435	75,435	–	£648,900	–
Charles Gregson	43,594	43,594	–	£375,000	–
Malcolm Wall	29,063	29,063	–	£254,645	–

Awards under the LTIP were made in the form of a provisional allocation of shares which become receivable on or after the third anniversary of the allocation date, subject to the performance condition being met. This condition requires the group's total shareholder return (i.e. share price movement and dividends paid), when compared with that of FTSE 100 companies over the three year period, to place the group in at least 50th position within the FTSE 100. The last awards under the LTIP were made in 2000. The performance condition was not met in relation to these awards, which consequently lapsed on 3 March 2003. No further awards will be made.

Senior Executive Equity Participation Plan

	B shares/ options at 01.01.03+	Ordinary shares/ options at 01.01.03+	Ordinary shares/ options granted in 2003	B shares/ options exercised in 2003	Ordinary shares/ options exercised in 2003	B shares/ options at 31.12.03+	Ordinary shares/ options at 31.12.03+	Exercisable from	Expiry date	Market value†	Gain on exercise
Clive Hollick	36,728	48,414*	–	36,728	24,207	0	24,207*	16.09.00	29.06.07	n/a	£195,708
	20,117	26,516*	–	0	0	20,117	26,516	17.03.01	29.06.07	£114,450	n/a
	34,038	44,868*	–	0	0	34,038	44,868	18.03.02	29.06.07	£193,656	n/a
	390,200	257,176**	–	390,200	257,176	0	0	30.09.00	29.06.07	n/a	£1,623,046
	49,514	32,634‡	–	49,514	32,634	0	0	03.12.99	29.06.10	n/a	£236,543
	33,354	43,966*	–	0	0	33,354	43,966	03.03.04	29.06.10	£189,764	n/a
Charles Gregson	13,417	17,686*	–	13,417	8,843	0	8,843*	16.09.00	26.06.07	n/a	£62,628
	4,994	6,582*	–	0	0	4,994	6,582	17.03.01	29.06.07	£28,411	n/a
	15,152	19,972*	–	0	0	15,152	19,972	18.03.02	29.06.07	£86,204	n/a
	9,398	12,388*	–	0	0	9,398	12,388	08.03.03	29.06.07	£53,469	n/a
	24,757	48,587‡	–	24,757	48,587	0	0	03.12.99	29.06.10	n/a	£192,647
	2,335	3,076*	–	0	0	2,335	3,076	03.03.04	29.06.10	£13,280	n/a
	–	23,850*	–	–	0	–	23,850	08.05.05	08.05.11	£58,611	n/a
	–	5,500*	–	–	0	–	5,500	16.04.06	16.04.12	£13,516	n/a
	–	–	121,836*	–	0	–	121,836	11.04.07	11.04.13	£299,412	n/a
Nigel Wilson	–	–	59,796*	–	0	–	59,796	11.04.07	11.04.13	£146,949	n/a

Awards becoming exercisable on or after 3 March 2004 were granted under the 2000 SEEPP, which is described on page 25. Awards becoming exercisable prior to 3 March 2004 were granted under the 1996 SEEPP, which operates in a similar manner to the 2000 SEEPP, except that the matching awards are subject to a longer vesting period (up to seven years) but no performance conditions are attached. At the time the 1996 SEEPP was established, it was not customary to attach performance conditions to matching awards.

Notes:

* The directors gave up cash bonuses that would otherwise have been receivable by them in order to receive awards under the SEEPP. For Clive Hollick and Charles Gregson, the bonus was paid to each individual's funded unapproved retirement benefit scheme ("FURBS") and used by the FURBS Trustees to purchase shares from the SEEPP Trustees at full market value. A matching award was granted over an equal number of shares. The table shows the total bonus shares and matching awards. The bonus shares are included in the directors' beneficial interest in shares shown on page 29; the amount used to purchase the bonus shares was included in the director's reported remuneration for the year in which the award was made.

** This award comprises 222,487 bonus options and 36,489 matching awards granted to Clive Hollick in exchange for options previously held under the Meridian Broadcasting Executive Share Option Scheme.

‡ These options were granted in exchange for options previously held under the MAI 1989 Purchase Only Share Option Scheme, the rights to which were waived by Clive Hollick and Charles Gregson.

\+ The SEEPP bonus shares/options and matching awards were adjusted to reflect the capital reorganisation which took place on 23 April 2001, whereby every shareholder received 44 B shares and 29 new ordinary shares in place of every 44 ordinary shares previously held.

† The market value of the matching awards is calculated at 491.5 pence per ordinary share, the closing mid-market price on 31 December 2003, and 245 pence per B share.

Changes in directors' interests since 31 December 2003

On 13 February 2004, Charles Gregson exercised 1,464 options maturing under the United SAYE scheme at an exercise price of 532.6 pence per share. There were no other changes to the interests of directors in UBM shares nor in options over UBM shares between 31 December 2003 and 26 February 2004.

This report was approved by the board and signed on its behalf by Chris Powell.

26 February 2004

Corporate Governance Statement

Combined Code Compliance

Throughout 2003 the company complied fully with the provisions of Section 1 of the Combined Code on corporate governance which is appended to the Listing Rules of the Financial Services Authority and was in place during the year. Following publication of the Higgs Report in January 2003 the directors reviewed the structure and processes of the board and its committees and implemented a number of changes. As a result of the Higgs Report the Financial Services Authority introduced a new Combined Code (the "Revised Code") which came into effect for financial periods commencing on or after 1 November 2003. The company already complies with many provisions of the Revised Code and continues to review its governance procedures in light of that code.

The Board

The board has overall responsibility to shareholders for the management of the group. The primary function of the board is to set the group's strategy and to oversee the effective implementation of that strategy. A formal schedule of matters to be considered by the board is in place and is reviewed annually. This includes matters such as annual budget, investment strategy, dividend policy, substantial property transactions and approval of the annual report. There is an established agenda of items to be considered at board meetings covering the group's finances, operations, management, strategy and development. The board also receives presentations from executive directors and from divisional management and other senior executives on specific issues. The chairman meets separately with the chief executive on a regular basis and other informal meetings and discussions take place between directors as appropriate. The board receives monthly written reports from the chief executive, chief financial officer and chief operating officer as well as management accounts and other financial information. The board met formally on nine occasions during 2003; all meetings were fully attended.

The board is assisted in fulfilling its responsibilities by three principal committees, the audit, remuneration and nomination committees. Details of the activities of the audit committee are set out below while those of the remuneration committee are set out in the remuneration report on pages 24 to 32. The nomination committee is chaired by Geoff Unwin and its other members are John Botts and Chris Powell. Clive Hollick previously served on the committee and stepped down during the year following a review of membership. The committee meets as required to review the structure, size and composition of the board and to oversee the recruitment of new board members, both executive and non-executive.

The terms of reference for all committees were reviewed and updated during the year. These may be viewed on the company's website and copies can be obtained from the company secretary, who acts as secretary to all three committees.

Directors

There are ten board members in total, comprising the chairman (part-time), chief executive, three other executives and five non-executive directors. Prior to his appointment as chairman, Geoff Unwin was an independent non-executive director of the company. The roles of chairman and chief executive are separate, and John Botts is the senior independent non-executive director. The board believes that a strong presence of non-executive directors is a key aspect of effective corporate governance. The board assesses and periodically reviews the independence of its non-executive directors; all are considered to be independent. Adair Turner is a vice-chairman of Merrill Lynch Europe; this role is unconnected with any services provided to the company by Merrill Lynch. Biographies of all the directors currently in office are set out on page 22 and illustrate their range of experience.

Under the company's articles of association, at each annual general meeting any director then in office who has been appointed by the board since the previous annual general meeting and any director who at the date of the notice convening the meeting had held office for more than thirty months since he was last appointed or re-appointed by the company in general meeting shall retire from office but is eligible for re-appointment. Non-executive directors' appointments are reviewed every three years.

The chairman is responsible for overseeing the operation of the board but takes no part in the day to day running of the business. In addition to his chairmanship of the company, Geoff Unwin is chairman of Trigenix Limited. During 2003 he assumed the chairmanship of Halma plc, of which he was previously a director, and of Liberata plc; he was also appointed to the advisory board of Hartwell plc.

Directors have the opportunity to discuss matters relating to the effectiveness of the board in individual discussions with the chairman. These discussions form part of the process of individual assessment of directors. A process of board evaluation has also been initiated whereby the board evaluates its performance and that of its committees. This involves the completion of a detailed questionnaire and commentary to be made by each director on a confidential basis, the results being co-ordinated and reported back to the board by the company secretary.

All directors have access to the advice and services of the company secretary, who has primary responsibility for keeping directors informed of general developments which may be of relevance to their responsibilities, including matters of corporate governance. All directors are offered the opportunity to further their professional development by means of attendance at seminars and briefings. On appointment, all non-executive directors have discussions with the chairman and chief executive as well as briefings from senior management on matters relating to the group's businesses and procedures. Non-executive directors are encouraged to meet members of senior management on an individual basis and to visit the group's operations.

All board members also participate in the group's annual management conference which takes place over several days, is attended by senior divisional and head office executives and affords a valuable opportunity for discussion of the group's strategy and its businesses.

Relations with shareholders

The company's shareholders are kept informed about the activities and progress of the group primarily by means of the annual and interim reports, and by the publication of updated trading information prior to the start of each close period and at the annual general meeting. Performance indicators for CMP Media are also published on a monthly basis. Financial and other information about the company is published on its website, which has links to the websites of other businesses in the group.

The company maintains an ongoing dialogue with its major institutional shareholders by means of meetings and presentations as appropriate. These are generally undertaken by the chief executive, chief financial officer, chief operating officer and director of communications and attended as appropriate by the chairman or senior independent director. The chairman is responsible for ensuring that the views of shareholders are communicated to other directors. Feedback from investor meetings is provided to all directors, as are analysts' and brokers' reports. An independent survey of investor opinion is also carried out periodically by the company's external Investor Relations consultants and the results circulated to all directors.

Consultation is undertaken with bodies representing shareholders' interests on matters which the company considers appropriate. All shareholders are welcome at the annual general meeting where they have the opportunity to ask questions of all the directors, including the chairman, as well as the chairmen of the audit and remuneration committees.

Corporate Governance Statement

Internal control

The board is responsible for maintaining the effectiveness of the group's system of internal controls and for reviewing the effectiveness of such systems. The system is intended to enable the group to identify and manage the risks inherent in its business and accordingly can provide only reasonable and not absolute assurance against material misstatement or loss.

A formal process is in place for identifying, evaluating and managing the key financial, operating and compliance risks faced by the group. This process, which was in place throughout 2003 and continues in force, accords with the Turnbull guidance issued in September 1999 and is reviewed annually by the board. The process, which is undertaken at a divisional level, aims to identify and evaluate risks which are specific to each of the group's businesses. The results are co-ordinated by the internal audit department, reviewed centrally by senior management and considered by the audit committee, which in turn reports to the board. The process established for the group includes the following:-

- All staff are required to comply with a formal system of delegated authorities which is in place for all divisions and head office.
- Further guidance on group policies and procedures is set out in various manuals including the financial policies and procedures manual, group policy manual and employee handbooks.
- An anti malpractice policy is in place throughout the group which provides a mechanism for confidential reporting by staff of possible concerns about financial or other matters.
- Treasury operations and taxation matters are considered by the finance committee, a management committee which operates within specified delegated authorities and reports to the board. Meetings are customarily attended by the chief executive, chief financial officer, deputy CFO, company secretary, head of taxation and head of treasury.
- The group has a comprehensive financial reporting system, based on an annual budget approved by the board with monthly trading results, balance sheets and cashflow statements recorded against corresponding figures for the budget and the previous year.
- The chief executive and chief financial officer are responsible for certifying the company's annual financial statements, which process is supported by certification as to individual businesses from divisional CEOs and finance directors. This process is further underpinned by a disclosure committee, chaired by the company secretary, which reviews the information contained in the company's financial statements and results presentations, and the method by which such information is gathered and evaluated by senior management.
- Established procedures are in place for the evaluation of potential acquisitions and their integration into the group, including the provision of detailed business plans and monitoring of post acquisition performance against such plans.
- The internal audit department undertakes periodic reviews of individual businesses to assess their control status and makes recommendations to the audit committee. The work of the internal audit department is prioritised to concentrate on the areas of greatest risk as identified through the group risk management process. The audit committee oversees the role and structure of the internal audit department and makes recommendations to management.

The audit committee

The audit committee is chaired by Adair Turner and its other members are John Botts, Jonathan Newcomb and Fields Wicker-Miurin, all of whom are independent non-executive directors. Geoff Unwin was previously a member of the committee and stepped down during the year as a result of a review of committee membership following publication of the Smith Guidance appended to the Revised Code, which recommended that the chairman of the company should not serve on the audit committee. The committee meets at least four times a year; it met four times during 2003 and all meetings were fully attended. The company secretary is secretary to the committee and others invited to attend committee meetings include the chief financial officer, deputy CFO, head of internal audit, head of taxation and external auditors. The committee also meets at least once a year with external auditors without management present.

The committee operates within written terms of reference. Its responsibilities include the following:-

- Review of the interim and annual financial statements and other formal announcements relating to financial performance.
- Review of the adequacy of the group's internal control and risk management processes, and the company's disclosure on internal controls and procedures.
- The appointment, remuneration and oversight of the external auditor, including monitoring the auditor's independence and objectivity and the effectiveness of the audit process.
- Review of the internal audit programme, ensuring that the internal audit function is adequately resourced and has appropriate standing within the company and generally monitoring its effectiveness.
- Ensure that procedures are in place to deal with complaints regarding accounting or audit matters.

To assist in ensuring auditor objectivity and independence, the audit committee has established a formal procedure regarding the undertaking of non-audit services by the external auditor, which prohibits the provision of such services in specified areas, including financial due diligence on potential acquisitions and financial systems consultancy. Appointment of the external auditor for other non-audit services may only be made with the prior approval of the audit committee. Approval for projects with anticipated fees not exceeding specified limits is delegated to the chief financial officer or deputy CFO and is reported to the committee.

Independent Auditors' Report to the Members of United Business Media plc

We have audited the group's financial statements for the year ended 31 December 2003 which comprise the Group Profit and Loss Account, Group Balance Sheet, Company Balance Sheet, Group Cash Flow Statement, Statement of Group Total Recognised Gains and Losses, Reconciliation of Movements in Group Shareholders' Funds and the related notes 1 to 33. These financial statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 or the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report, unaudited part of the Directors' Remuneration Report, Chairman's Review, Operating Review, Financial Review and Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 and the part of the Directors' Remuneration Report to be audited. 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 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 and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2003 and the loss of the group for the year then ended; and the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London
26 February 2004

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 December 2003.

Activities, business review and development

During 2003 the group's principal activities were in the areas of market research, news distribution and professional media. The current activities of the group are shown on pages 2 to 3. The financial and operating reviews on pages 18 to 21 contain details of the performance of the group and its divisions during the year, and give an indication of future developments.

Results for the year and dividends

The results for the year are set out in the group profit and loss account on page 38. After accounting for dividends totalling £30.6 million (including the proposed dividend of £30.2 million and an accrued LIBOR related B share dividend of £0.4 million), the balance to be transferred from reserves is £72.0 million. The directors recommend a final dividend of 5.7 pence per share for the year ended 31 December 2003 to be paid on 28 May 2004 to those shareholders on the register on 12 March 2004. An interim dividend of 3.3 pence per share was paid on 23 October 2003, making a total for the year of 9.0 pence (2002: 7.0 pence).

A dividend of 6.59 pence per B share will be paid on 26 April 2004 to holders of B shares on the register on 19 March 2004.

Directors and their interests

Biographical details of the directors in office as at 26 February 2004 are set out on page 22. The following directors held office during the year:

Geoff Unwin, Clive Hollick, John Botts, Charles Gregson, Jonathan Newcomb, Chris Powell, Adair Turner, Malcolm Wall, Fields Wicker-Miurin and Nigel Wilson.

John Botts, Malcolm Wall and Fields Wicker-Miurin will retire from the board in accordance with the company's articles of association at the annual general meeting. Fields Wicker-Miurin, who has served as a non-executive director for 6 years, will not stand for re-election. John Botts and Malcolm Wall, being eligible to do so, will stand for re-election. Malcolm Wall has a service contract which may be terminated by either party on 12 months' notice. John Botts does not have a service contract and is considered by the company to be independent.

The interests of the directors in office at 31 December 2003 in the shares of the company and its subsidiary undertakings are set out in the remuneration report on pages 24 to 32.

No director had a material interest in any contract, other than a service contract, with the company or any subsidiary at any time during the year.

Changes in share capital

The issued share capital of the company at 1 January 2003 was 335,615,353 ordinary shares of 25 pence each, and 7,546,387 B shares of 8 23/44th pence each. The ordinary shares and B shares are listed on the London Stock Exchange.

During the year 310,800 ordinary shares were issued in connection with the exercise of options under the company's share option schemes. Pursuant to the authority given at the annual general meeting held on 15 May 2003, 100,000 ordinary shares were repurchased at £2.93 per share and cancelled under the provisions of the Companies Act. The company also repurchased a further 1,333,568 B shares with a nominal value of £0.1 million for consideration of £3.3 million and cancelled them under the provisions of the Companies Act.

The issued share capital of the company at 31 December 2003 was 335,826,153 ordinary shares of 25 pence each and 6,212,819 B shares of 8 23/44th pence each.

At the annual general meeting held on 15 May 2003, shareholders authorised the company to purchase up to 33,561,535 ordinary shares and up to 7,546,387 B shares. These authorities were still valid at 31 December 2003 and will expire at the conclusion of the annual general meeting to be held on 6 May 2004. Resolutions to renew them will be put to shareholders at that meeting.

Employee involvement

Effective communication with employees remains a key theme. Employees are kept informed of relevant issues through a variety of means, including formal and informal consultation procedures. Much use is also made of the group's intranet and websites to communicate information to employees. The chief executive and chief operating officer have made themselves available for a series of conversations, presentations and web casts with employees around the group.

The importance of a diverse workforce is recognised and championed at board level by Charles Gregson, an executive director. Considerable progress has again been made in 2003 in ensuring the company continues to recognise and value the diversity of its employees. The Diversity Statement set out on page 17 has been developed and is being communicated to all staff.

Diversity training for all employees has been rolled out across the businesses in the UK and the US to update them on both issues of specific company importance and current best practice. The innovative approach has involved the use of custom-designed workbooks for UK employees and face to face and web-based training in the US. Leadership development and effective management training also continued to have a high priority during 2003.

Selection of new and promoted employees is determined on their aptitude, skills and ability to do the job. Should an employee become disabled during employment, efforts are made to enable them to continue their career where possible, including appropriate retraining.

The company became a corporate partner of the Work Foundation in 2003. Together with the company's continued membership of Opportunity Now, this has enabled the company to share ideas and good practice with other employers of choice to the mutual benefit of employees and the business. 2003 also saw the launch of new parental leave arrangements and continued progress in the area of flexible working, as well as a new childcare voucher scheme in the UK. These arrangements have been shown to support employees in balancing their contribution to the business with their other responsibilities as parents and carers. Policies in these areas, in general, exceed statutory requirements and help the group to retain and motivate employees.

The company continues to encourage employee share ownership by means of its UK and International Sharesave schemes. Resolutions to renew these schemes will be put forward for shareholder approval at the company's 2004 annual general meeting.

Report of the Directors

Corporate social responsibility

The company considers that corporate social responsibility is closely linked to effective corporate governance, and is integral to its businesses. UBM is committed to fair treatment of all stakeholders, responsible employment policies and support for the communities in which its businesses operate.

The board annually conducts a detailed group risk mapping process which is described in more detail on page 34. This process assists companies within the group in identifying and assessing the risks attaching to the failure to implement appropriate social, ethical and environmental policies.

A statement of business principles has been approved by the board and can be viewed on the company's website. All employees are expected to act in accordance with those principles. During 2003 a steering group was formed comprising representatives from the board, head office and all divisions; this group is responsible for developing a set of corporate values for the group as a whole, taking into account the views of employees. The company believes that this initiative will assist in further developing awareness of the importance of corporate social responsibility within the group.

Community involvement is encouraged at group and divisional level through payroll giving and matched funding schemes, as well as employee volunteer programmes. Just one example of the latter is the Inner London Schools Campaign operated by businessdynamics, a charity which the group sponsors. In addition to a financial contribution from UBM, staff give their time to support the businessdynamics objectives of bringing business to life for students and young people and providing them with access to skills and information to equip them for the world of work.

The company considers that there are aspects of corporate social responsibility which have particular implications for the media sector as a whole. Together with other leading media organisations the company has established an industry wide group known as the Media CSR Forum, which aims to raise the standards of corporate social responsibility within the sector and to define the particular impacts and responsibilities of media companies. The forum published its key issues document in February 2004 and welcomes further discussion with stakeholders on that document and the issues raised.

The group does not operate in an area of high environmental risk. Its principal environmental impact arises from energy consumption, which the company continues to monitor and to set reduction targets where practicable. There are continuing programmes in place to increase awareness of energy consumption issues among the group's employees and to encourage reductions in energy usage where practicable. The group also seeks to reduce the impact of paper usage by increasing use of online publications and electronic data collection, and waste recycling programmes.

As the company continues to develop its policies on corporate social responsibility it intends to publish further information about this on its website.

Statement of directors' responsibilities for the financial statements

The directors are required by the Companies Act to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that in preparing the financial statements for the year ended 31 December 2003 the group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are also published on the United Business Media website; the maintenance and integrity of the website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and the dissemination of financial statements may differ from legislation in other jurisdictions.

Donations

In 2003 the group donated £204,000 to charitable organisations (2002: £232,000). The group made no political donations during 2003 (2002: nil). At the annual general meeting held on 15 May 2003 shareholders approved a resolution allowing the company to make EU political donations and expenditure as defined in the Companies Act totalling in aggregate up to £100,000. No such expenditure or donations were made during the year. A similar resolution will be proposed at this year's annual general meeting.

Substantial shareholdings

As at 26 February 2004 the company had been notified of the following interests of 3 per cent or more in its issued ordinary share capital:-

FMR Corp.	15.23
Schroders PLC	8.58
Barclays plc	5.96
Legal & General Group	3.11
Threadneedle Investments	3.02

Creditor payment policy

In view of the diversity of its businesses the group does not offer or operate a uniform timetable for payment of suppliers. Each operating company is responsible for agreeing with its own suppliers the terms and conditions on which it will transact business with them, including payment terms. The group's policy is to pay suppliers in accordance with these agreed terms. The company has no trade creditors.

Annual general meeting

The annual general meeting of the company will be held on 6 May 2004. The notice of meeting and a description of the business to be transacted is contained in the accompanying document.

Auditors

Ernst & Young LLP have indicated their willingness to continue in office and a resolution for their re-appointment and on their remuneration will be proposed at the annual general meeting.

By order of the board

Anne Siddell
Secretary
26 February 2004

Registered office:
Ludgate House
245 Blackfriars Road
London
SE1 9UY

Group Profit and Loss Account

for the year ended 31 December 2003

Notes		Before exceptional items 2003 £m	Exceptional items (note 6) 2003 £m	Total 2003 £m	Before exceptional items 2002 £m	Exceptional items (note 6) 2002 £m	Total 2002 £m
	Turnover – group and share of joint ventures						
	Continuing operations	748.6	–	748.6	819.2	–	819.2
1	Less: share of joint ventures' turnover	(23.6)	–	(23.6)	(25.8)	–	(25.8)
		725.0	–	725.0	793.4	–	793.4
	Acquisitions	21.7	–	21.7	–	–	–
1	**Group turnover**	746.7	–	746.7	793.4	–	793.4
	Group operating loss						
	Continuing operations	(27.8)	–	(27.8)	(83.0)	(144.2)	(227.2)
	Acquisitions	(1.3)	–	(1.3)	–	–	–
3	Group operating loss	(29.1)	–	(29.1)	(83.0)	(144.2)	(227.2)
5	Share of operating profit in joint ventures and associates						
	Continuing operations	2.9	–	2.9	1.6	–	1.6
	Acquisitions	–	–	–	–	–	–
		2.9	–	2.9	1.6	–	1.6
4	Income from other fixed asset investments	3.9	–	3.9	10.4	–	10.4
1	**Total operating loss**	(22.3)	–	(22.3)	(71.0)	(144.2)	(215.2)
6	Loss on sale and closure of businesses						
	Discontinued operations	–	–	–	–	(14.0)	(14.0)
	Loss on ordinary activities before interest	(22.3)	–	(22.3)	(71.0)	(158.2)	(229.2)
7	Net interest income	9.4	–	9.4	10.1	–	10.1
31	Other finance expense	(5.5)	–	(5.5)	(2.1)	–	(2.1)
2	**Loss on ordinary activities before tax**	(18.4)	–	(18.4)	(63.0)	(158.2)	(221.2)
8	Tax on loss on ordinary activities	(22.7)	–	(22.7)	(16.0)	–	(16.0)
	Loss on ordinary activities after tax	(41.1)	–	(41.1)	(79.0)	(158.2)	(237.2)
	Equity minority interests	(0.3)	–	(0.3)	(1.8)	–	(1.8)
	Loss for the financial year	(41.4)	–	(41.4)	(80.8)	(158.2)	(239.0)
10	Dividends – equity			(30.2)			(23.6)
	– non-equity			(0.4)			(0.6)
				(30.6)			(24.2)
25	**Retained loss for the financial year**			(72.0)			(263.2)
	Earnings/(loss) per share						
11	– adjusted			24.0p			16.5p
11	– basic			(12.5)p			(71.8)p
11	– diluted			(12.5)p			(71.8)p

Balance Sheets

at 31 December 2003

Notes		Group 2003 £m	Group 2002 £m	Company 2003 £m	Company 2002 £m
	Fixed assets				
12	Intangible assets	**430.8**	442.7	**–**	–
13	Tangible assets	**54.5**	67.3	**–**	–
14	Investments in subsidiary undertakings	**–**	–	**3,373.4**	3,543.9
	Investments in joint ventures:				
	– share of gross assets	**16.7**	17.2	**–**	–
	– share of gross liabilities	**(5.5)**	(4.4)	**–**	–
14	Investments in joint ventures	**11.2**	12.8	**–**	–
14	Investments in associated undertakings	**0.2**	0.2	**–**	–
14	Other investments	**173.0**	169.5	**–**	–
		669.7	692.5	**3,373.4**	3,543.9
	Current assets				
15	Stocks	**20.4**	16.6	**–**	–
16	Debtors	**158.5**	163.3	**118.3**	102.3
17	Investments	**–**	1.5	**–**	–
17	Short term liquid funds	**425.2**	594.8	**–**	–
	Cash at bank and in hand	**185.9**	96.7	**0.2**	–
		790.0	872.9	**118.5**	102.3
18	**Creditors:** amounts falling due within one year	**(1,076.6)**	(605.9)	**(246.6)**	(34.5)
	Net current (liabilities)/assets	**(286.6)**	267.0	**(128.1)**	67.8
	Total assets less current liabilities	**383.1**	959.5	**3,245.3**	3,611.7
	Creditors: amounts falling due after more than one year				
19	Bank and other loans	**(101.9)**	(338.5)	**(138.2)**	(385.5)
20	Other creditors	**(5.4)**	(13.3)	**(1,680.1)**	(2,398.5)
21	Convertible debt	**–**	(245.0)	**–**	–
		(107.3)	(596.8)	**(1,818.3)**	(2,784.0)
23	**Provisions for liabilities and charges**	**(63.1)**	(58.5)	**–**	–
	Net assets excluding pension liability	**212.7**	304.2	**1,427.0**	827.7
31	**Pension liability**	**(83.9)**	(90.9)	**–**	–
	Net assets including pension liability	**128.8**	213.3	**1,427.0**	827.7
	Capital and reserves				
24	Called up share capital	**84.5**	84.5	**84.5**	84.5
25	Share premium account	**309.4**	308.5	**309.4**	308.5
25	Merger reserve	**31.3**	31.3	**–**	–
25	Other reserves	**167.9**	167.8	**126.2**	126.1
25	Profit and loss account	**(465.3)**	(380.8)	**906.9**	308.6
	Shareholders' funds (including non-equity interests)	**127.8**	211.3	**1,427.0**	827.7
	Equity minority interests	**1.0**	2.0	**–**	–
	Capital employed	**128.8**	213.3	**1,427.0**	827.7
	Equity shareholders' funds	**127.3**	210.7	**1,426.5**	827.1
	Non-equity shareholders' funds	**0.5**	0.6	**0.5**	0.6
	Shareholders' funds	**127.8**	211.3	**1,427.0**	827.7

These financial statements were approved by a duly appointed and authorised committee of the Board of Directors on 26 February 2004 and were signed on its behalf by:

Geoff Unwin Director
Clive Hollick Director

Group Cash Flow Statement

for the year ended 31 December 2003

Notes		2003 £m	2002 £m
27	**Net cash inflow from operating activities**	**84.6**	55.5
	Dividends received from joint ventures and associated undertakings	**2.1**	0.9
	Returns on investments and servicing of finance		
	Interest received	**20.5**	33.5
	Interest paid	**(18.2)**	(29.1)
	Dividends paid to minority shareholders	**(1.3)**	(1.9)
	Dividends paid to non-equity shareholders	**(0.6)**	(0.9)
	Income from other fixed asset investments	**5.4**	13.6
	Net cash inflow from returns on investments and servicing of finance	**5.8**	15.2
	Taxation		
	UK corporation tax received	**8.9**	3.4
	Overseas tax (paid)/received	**(0.5)**	11.9
	Taxation received	**8.4**	15.3
	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	**(6.9)**	(10.9)
	Proceeds from sale of tangible fixed assets	**–**	1.0
	Purchase of other intangible assets	**–**	(0.3)
	Proceeds from sale of investments	**10.3**	–
	Increase in investments	**(5.4)**	(11.9)
	Net cash outflow from capital expenditure and financial investment	**(2.0)**	(22.1)
	Acquisitions and disposals		
	Purchase of subsidiary undertakings and businesses	**(138.3)**	(1.3)
	Net cash acquired with subsidiary undertakings and businesses	**8.4**	–
	Investments in joint ventures and associated undertakings	**–**	(0.1)
	Costs incurred on the sale and closure of operations	**–**	(19.0)
	Net cash outflow from acquisitions and disposals	**(129.9)**	(20.4)
	Equity dividends paid to shareholders	**(24.4)**	(13.5)
	Net cash (outflow)/inflow before use of liquid resources and financing	**(55.4)**	30.9
	Management of liquid resources		
	Sale/(purchase) of current asset investments	**134.9**	(42.4)
	(Increase)/decrease in short term deposits	**(103.3)**	264.4
	Net cash inflow from management of liquid resources	**31.6**	222.0
	Financing		
	Proceeds from issue of ordinary share capital	**1.0**	2.9
	Return of capital to shareholders (including costs)	**(3.6)**	(7.4)
	Repurchase of bond	**–**	(164.0)
	Increase/(decrease) in bank loans	**21.1**	(47.8)
	Repayment of loan stock	**(1.2)**	(23.6)
	Net cash inflow/(outflow) from financing	**17.3**	(239.9)
	(Decrease)/increase in cash in the year	**(6.5)**	13.0

Reconciliation of net cash flow to movement in net cash

	2003 £m	2002 £m
(Decrease)/increase in cash in the year	**(6.5)**	13.0
Cash (inflow)/outflow from (increase)/decrease in debt	**(19.9)**	235.4
Cash inflow from decrease in liquid resources	**(31.6)**	(222.0)
Changes in net cash resulting from cash flows	**(58.0)**	26.4
Other non-cash movements	**(2.0)**	(6.2)
Translation difference	**13.0**	24.0
Movement in net cash in year	**(47.0)**	44.2
Opening net cash	**93.5**	49.3
Closing net cash	**46.5**	93.5

Liquid resources include term deposits and government and corporate securities.

Statement of Group Total Recognised Gains and Losses

for the year ended 31 December 2003

	2003 £m	2002 £m
Loss for the financial year	**(41.4)**	(239.0)
Currency translation differences on foreign currency net investments:		
Group	**(20.4)**	(32.5)
Joint ventures	**(0.1)**	(0.9)
Actuarial gain/(loss) recognised in the pension schemes	**11.6**	(50.6)
Other recognised losses for the year	**(8.9)**	(84.0)
Total recognised losses for the year	**(50.3)**	(323.0)
Prior year adjustment – Implementation of FRS 17 (see note 25)	**–**	(48.9)
Total gains and losses recognised since last annual report	**(50.3)**	(371.9)

The historical cost result is not materially different from the reported loss in either year.

Reconciliation of Movements in Group Shareholders' Funds

for the year ended 31 December 2003

	2003 £m	2002 £m
Opening shareholders' funds as reported	**211.3**	611.9
Prior year adjustment – Implementation of FRS 17 (see note 25)	**–**	(48.9)
Opening shareholders' funds – restated	**211.3**	563.0
Loss for the financial year	**(41.4)**	(239.0)
Equity dividends	**(30.2)**	(23.6)
Non-equity dividends on B shares (see note 10)	**(0.4)**	(0.6)
	139.3	299.8
Other recognised losses relating to the year	**(8.9)**	(84.0)
New share capital subscribed	**1.0**	2.9
Return of capital to shareholders (see note 24)	**(3.6)**	(7.4)
Closing shareholders' funds	**127.8**	211.3

Group Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a basis consistent with prior years, except for minor restatements, as disclosed.

Consolidation

The financial statements include the financial statements of the company and all its subsidiaries, made up to 31 December, or within one week of that date, together with the group's share of the results for the year and of the book values of the net assets and attributable goodwill of joint ventures and associates. The results of subsidiaries and joint ventures and associates acquired or sold during the year are included from or to the effective date of acquisition or disposal.

Turnover

Turnover, which is stated net of trade discounts, VAT and other sales related taxes, is recognised as follows:

Publishing: advertising revenue is recognised on issue of the publication.

Exhibitions: revenue is recognised when the show has been completed. Deposits received in advance are recorded as deferred income in the balance sheet.

Market research: revenue is recognised on a completed contract basis. Work in progress amounts are recorded in the balance sheet at cost. Syndicated revenues are recognised on completion and any subsequent sales are recognised as they arise. Consulting revenues are recognised on a time incurred basis.

News distribution: revenue is recognised on message delivery.

Goodwill and intangible fixed assets

Purchased goodwill is capitalised as an intangible asset and amortised on a straight-line basis over its estimated useful life, which the directors view as being a period generally between six and twenty years based on the nature, age and stability of the industry in which the business operates. Where a business is sold, or where goodwill is considered to have been impaired, the net book value of goodwill or the amount of impaired goodwill, as applicable, is charged through the profit and loss account as part of the profit or loss on disposal or through operating profit in the year of impairment.

Impairment reviews are carried out at the end of the first full financial year after acquisition and on the occurrence of any event or change in circumstances indicating that there may have been a decline in the carrying value or change in useful life.

Other intangible assets are stated at cost and comprise certain product rights including licences and related costs, which are amortised over the shorter of their useful lives or the licence period; and publishing rights and titles and purchased internet domain names and websites, which are amortised on a straight line basis over their estimated useful lives, not exceeding two years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets except freehold land. Depreciation rates are calculated so that assets are written down to residual value in equal annual instalments over their expected useful lives, which are as follows:

Freehold buildings and long leasehold property	10-70 years
Short leasehold property	Term of lease
General plant, machinery and equipment	5-20 years
Computer equipment	3 years
Motor vehicles	3-5 years

Software costs are written off as incurred, except for purchases from third parties in respect of major systems. In such cases, the costs are written off over the expected useful life of the asset, not exceeding five years from the date of implementation of the software.

Stocks

Stocks and work in progress are valued on the first in first out basis at the lower of cost and net realisable value. Cost comprises materials, direct labour and a proportion of attributable production and other overheads.

Operating leases

Operating lease rentals are charged to the profit and loss account as they arise.

Group Accounting Policies

Investments

Listed and unlisted investments are stated at the lower of cost and market value or directors' valuation. Investments in subsidiaries included in the company's balance sheet are stated at cost or nominal value of shares issued where merger relief is taken, less any provision for impairment. Investments in companies where the group both has a participating interest and exercises significant influence over the entity's financial and operating policies (through board representation and participation in financial and operating policy decisions) are included as associates under the equity method of accounting. Similarly, investments in companies where the group holds a long-term interest that arises as a result of a contractual arrangement and is jointly controlled by the group and other ventures are included as joint ventures under the gross equity method of accounting. The figures included in the financial statements are based on audited accounts, adjusted where necessary by reference to management accounts for the period up to 31 December. Where the accounting policies of associates and/or joint ventures do not conform in all material respects to those of the group, adjustments are made on consolidation.

Deferred tax

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for taxable gains arising from the revaluation (and similar fair value adjustments) of fixed assets that have been rolled over into replacement assets, only to the extent that there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the balance sheet. The trading results of foreign subsidiary undertakings are translated into sterling at an average of the exchange rates ruling for the year. Differences arising on the retranslation of investments, including goodwill, in foreign subsidiary undertakings and related net foreign currency borrowings, and from the translation of the results of those undertakings at average rate, are taken to reserves, and are reported in the statement of total recognised gains and losses. All other exchange differences are taken to the profit and loss account.

Pension costs

The group sponsors a number of defined benefit schemes and defined contribution schemes. The group adopted FRS 17 "Retirement Benefits" in the year ended 31 December 2002 financial statements. For the defined contribution schemes, the profit and loss charge represents the contributions payable to the scheme during the accounting period. The assets of the defined benefit pension schemes are measured at their market value at the balance sheet date and the liabilities of those schemes are measured using the projected unit method. The discount rate used is the current rate of return on a AA corporate bond of equivalent term and currency to the liabilities. The extent to which the schemes' assets exceed/fall short of their liabilities is shown as a surplus/deficit in the balance sheet to the extent that a surplus is recoverable by the group or that a deficit represents an obligation of the group.

The following is charged to operating profit:

- the increase in the present value of pension scheme liabilities arising from employee service in the current period;
- the increase in the present value of pension scheme liabilities as a result of benefit improvements over the period during which such improvements vest;
- gains and losses arising on settlements/curtailments.

A credit in respect of the expected return on the schemes' assets and a charge in respect of the increase during the period in the present value of the schemes' liabilities because the benefits are one period closer to settlement, are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Group Accounting Policies

Financial instruments

The group currently uses several types of financial instruments as part of an overall risk management strategy. It does not enter into financial instruments for speculative purposes. The accounting treatment adopted depends upon the risk that is being hedged. Interest rate risk associated with net debt is managed centrally by using fixed rate borrowings and financial instruments such as interest rate swaps. Interest differentials under interest rate swaps, forward rate agreements, caps and collars are recognised by adjustment of the underlying interest receivable or payable over the term of the agreement and as such are accrued to the profit and loss account on a time apportioned basis. To mitigate the effect of currency translation risks relating to foreign currency denominated net assets, the group uses foreign currency borrowings where appropriate to provide an economic hedge. Gains and losses arising on overseas net assets and the financial instruments used to hedge the associated currency risks are taken to reserves and are reported in the statement of total recognised gains and losses (see "Foreign currencies" above). Currency transaction risks on monetary assets and liabilities and forecast trading flows of the group are hedged in all material respects as they arise, generally using forward foreign exchange contracts. Any gains or losses arising on such arrangements are deferred and recognised in operating profit or as adjustments to carrying amount when the hedged transaction has itself been reflected in the group's financial statements upon maturity of the contract. The forward premium or discount for these contracts is not accounted for as interest but as part of the hedge achieved. If underlying forecast flows do not materialise as envisaged, the hedges are either reversed or swapped forward to a future financing period. The adjusting hedges are then accounted for through the profit and loss account to match the revised underlying exposure being hedged. Currency options may be purchased to hedge forecast trading flows. These are accounted for in the same manner as the forward foreign exchange contracts above except that the premium paid is deferred to the point of exercise or lapse of the option. Further information on the accounting policy for financial instruments can be found in note 22.

International Financial Reporting Standards

The Council of the European Union announced in June 2002 that listed companies would adopt International Financial Reporting Standards (IFRS), formerly known as International Accounting Standards, from 1 January 2005. The adoption of IFRS will be first reflected in the group's financial statements for the half year ending 30 June 2005 and the year ending 31 December 2005.

In 2003 we commenced the process of investigating the differences between UK GAAP and IFRS in order to assess the impact the conversion to IFRS will have on our financial position, results of operations and cash flows, our internal and external financial reporting, our accounting systems and procedures, treasury issues (such as debt covenants and risk management), our day-to-day business, and the training and education of our workforce. This assessment has resulted in a preliminary plan for conversion. We expect to finalise the conversion during 2004 to ensure the group will be ready to meet the conversion deadline and to present clearly the effects of this transition.

It is a complex task to assess the differences between current accounting policies and IFRS, not least since many of the IFRS are themselves in the course of revision. It is clear that a number of accounting policies and some presentational aspects of the financial statements will change. The transition to IFRS could have a material impact on the Group's financial position and reported results, however it is not possible to quantify the impact at this time. For UBM, the most important areas of impact from IFRS adoption are expected to be:

- amortisation and impairment of goodwill and intangible assets;
- joint ventures and associates;
- pensions and post-retirement benefits;
- share-based payments; and
- disclosure and presentation of financial instruments.

1. Business analysis

	Group 2003 £m	Group share of joint ventures 2003 £m	As restated Group 2002 £m	As restated Group share of joint ventures 2002 £m
Turnover by division				
Continuing operations:				
CMP Media	208.0	8.2	238.2	9.0
CMP Asia	44.4	3.5	51.1	3.6
CMP Information	117.2	1.6	127.6	4.5
United Advertising Publications	57.8	–	58.1	–
Professional media	427.4	13.3	475.0	17.1
News distribution	94.8	10.3	105.4	8.7
Market research	202.8	–	213.0	–
Continuing operations	725.0	23.6	793.4	25.8
Acquisitions:				
CMP Media	2.5	–	–	–
CMP Information	17.8	–	–	–
United Advertising Publications	0.3	–	–	–
Professional media	20.6	–	–	–
Market research	1.1	–	–	–
Acquisitions	21.7	–	–	–
	746.7	23.6	793.4	25.8
Turnover by geographic market				
United Kingdom	225.7	1.6	216.6	4.5
North America	450.1	17.7	502.2	17.0
Europe and Middle East	31.5	0.8	28.1	0.7
Pacific	39.4	3.5	46.5	3.6
	746.7	23.6	793.4	25.8

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

	2003 £m	As restated 2002 £m
Net operating assets/(liabilities) by division		
CMP Media	144.6	171.4
CMP Asia	(4.0)	7.9
CMP Information	78.9	40.8
United Advertising Publications	6.5	5.2
Professional media	226.0	225.3
News distribution	12.1	34.2
Market research	69.0	59.8
	307.1	319.3
by geographic market		
United Kingdom	70.0	27.9
North America	226.3	282.1
Europe and Middle East	16.4	2.2
Pacific	(5.6)	7.1
	307.1	319.3
Reconciliation of net operating assets to net assets		
Net operating assets	307.1	319.3
Investments	609.6	778.7
Corporation tax	(308.5)	(277.4)
Net borrowings	(376.0)	(502.5)
Proposed dividend	(19.5)	(13.9)
Pension liability	(83.9)	(90.9)
Net assets	128.8	213.3

The amounts shown against "CMP Media" and "CMP Information" for 2002 in the tables above have been restated to reflect the intra-group transfer of CMP Europe.

1. Business analysis (continued)	Group 2003 £m	Group share of joint ventures 2003 £m	Subtotal 2003 £m	Exceptional items 2003 £m	Total 2003 £m
Operating profit before amortisation of intangible assets by division*					
Continuing operations:					
CMP Media	13.9	0.7	14.6	–	14.6
CMP Asia	12.1	0.5	12.6	–	12.6
CMP Information	22.8	0.1	22.9	–	22.9
United Advertising Publications	13.9	–	13.9	–	13.9
Professional media	62.7	1.3	64.0	–	64.0
News distribution	10.2	3.2	13.4	–	13.4
Market research	19.1	–	19.1	–	19.1
Continuing operations	92.0	4.5	96.5	–	96.5
Acquisitions:					
CMP Media	0.2	–	0.2	–	0.2
CMP Information	2.4	–	2.4	–	2.4
United Advertising Publications	0.1	–	0.1	–	0.1
Professional media	2.7	–	2.7	–	2.7
Market research	0.2	–	0.2	–	0.2
Acquisitions	2.9	–	2.9	–	2.9
Operating profit before amortisation of intangible assets*	94.9	4.5	99.4	–	99.4
Amortisation of intangible assets	(120.1)	(1.6)	(121.7)	–	(121.7)
Operating profit/(loss) by division*					
Continuing operations:					
CMP Media	(38.2)	0.1	(38.1)	–	(38.1)
CMP Asia	(1.4)	0.5	(0.9)	–	(0.9)
CMP Information	(3.1)	0.1	(3.0)	–	(3.0)
United Advertising Publications	13.2	–	13.2	–	13.2
Professional media	(29.5)	0.7	(28.8)	–	(28.8)
News distribution	0.7	2.2	2.9	–	2.9
Market research	4.9	–	4.9	–	4.9
Continuing operations	(23.9)	2.9	(21.0)	–	(21.0)
Acquisitions:					
CMP Media	(0.2)	–	(0.2)	–	(0.2)
CMP Information	(1.2)	–	(1.2)	–	(1.2)
United Advertising Publications	0.1	–	0.1	–	0.1
Professional media	(1.3)	–	(1.3)	–	(1.3)
Market research	–	–	–	–	–
Acquisitions	(1.3)	–	(1.3)	–	(1.3)
Operating (loss)/profit*	(25.2)	2.9	(22.3)	–	(22.3)
Non-operating exceptional items					–
Net interest and other financial income					3.9
Loss on ordinary activities before tax					(18.4)
Operating (loss)/profit by geographic market*					
United Kingdom	(6.1)	0.6	(5.5)	–	(5.5)
North America	(25.7)	2.8	(22.9)	–	(22.9)
Europe and Middle East	9.8	(0.9)	8.9	–	8.9
Pacific	(3.2)	0.4	(2.8)	–	(2.8)
Operating (loss)/profit*	(25.2)	2.9	(22.3)	–	(22.3)
Non-operating exceptional items					–
Net interest and other financial income					3.9
Loss on ordinary activities before tax					(18.4)

* Includes income from other fixed asset investments

1. Business analysis (continued)

	As restated Group 2002 £m	Group share of joint ventures 2002 £m	As restated Subtotal 2002 £m	Exceptional items 2002 £m	As restated Total 2002 £m
Operating profit before amortisation of intangible assets by division*					
Continuing operations:					
CMP Media	(7.3)	0.5	(6.8)	(11.3)	(18.1)
CMP Asia	13.6	0.1	13.7	(0.7)	13.0
CMP Information	9.9	0.2	10.1	(5.8)	4.3
United Advertising Publications	12.7	–	12.7	(0.8)	11.9
Professional media	28.9	0.8	29.7	(18.6)	11.1
News distribution	14.3	3.0	17.3	(4.1)	13.2
Market research	17.9	–	17.9	(7.3)	10.6
Continuing operations	61.1	3.8	64.9	(30.0)	34.9
Acquisitions:					
CMP Media	–	–	–	–	–
CMP Information	–	–	–	–	–
United Advertising Publications	–	–	–	–	–
Professional media	–	–	–	–	–
Market research	–	–	–	–	–
Acquisitions	–	–	–	–	–
Operating profit before amortisation of intangible assets*	61.1	3.8	64.9	(30.0)	34.9
Amortisation of intangible assets	(133.7)	(2.2)	(135.9)	(114.2)	(250.1)
Operating (loss)/profit by division*					
Continuing operations:					
CMP Media	(71.3)	(0.7)	(72.0)	(71.3)	(143.3)
CMP Asia	(0.5)	–	(0.5)	(0.7)	(1.2)
CMP Information	(17.5)	0.2	(17.3)	(5.8)	(23.1)
United Advertising Publications	11.7	–	11.7	(0.8)	10.9
Professional media	(77.6)	(0.5)	(78.1)	(78.6)	(156.7)
News distribution	8.9	2.1	11.0	(21.3)	(10.3)
Market research	(3.9)	–	(3.9)	(44.3)	(48.2)
Continuing operations	(72.6)	1.6	(71.0)	(144.2)	(215.2)
Acquisitions:					
CMP Media	–	–	–	–	–
CMP Information	–	–	–	–	–
United Advertising Publications	–	–	–	–	–
Professional media	–	–	–	–	–
Market research	–	–	–	–	–
Acquisitions	–	–	–	–	–
Operating (loss)/profit*	(72.6)	1.6	(71.0)	(144.2)	(215.2)
Non-operating exceptional items					(14.0)
Net interest and other financial income					8.0
Loss on ordinary activities before tax					(221.2)
Operating (loss)/profit by geographic market*					
United Kingdom	(27.6)	0.5	(27.1)	(24.6)	(51.7)
North America	(54.5)	1.9	(52.6)	(112.4)	(165.0)
Europe and Middle East	12.5	(0.8)	11.7	(7.2)	4.5
Pacific	(3.0)	–	(3.0)	–	(3.0)
Operating (loss)/profit*	(72.6)	1.6	(71.0)	(144.2)	(215.2)
Non-operating exceptional items (see below)					(14.0)
Net interest and other financial income					8.0
Loss on ordinary activities before tax					(221.2)

* Includes income from other fixed asset investments

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

	2003 £m	2002 £m
Operating profit before amortisation of intangible assets and exceptional items	**99.4**	64.9
Amortisation of intangible assets		
– Group	**(120.1)**	(133.7)
– Joint ventures and associates	**(1.6)**	(2.2)
Exceptional items charged to operating profit (see note 6)		
– Impairment of goodwill	**–**	(114.2)
– Restructuring costs	**–**	(30.0)
Total operating loss	**(22.3)**	(215.2)
Net interest income	**9.4**	10.1
Other finance expense	**(5.5)**	(2.1)
Exceptional items charged to loss before tax (see note 6)	**–**	(14.0)
Loss before tax	**(18.4)**	(221.2)

3. Cost of sales and operating expenses

	Before exceptional items Continuing 2003 £m	Before exceptional items Acquisitions 2003 £m	Before exceptional items Total 2003 £m	Exceptional items 2003 £m	Total 2003 £m
Cost of sales	**(275.4)**	**(4.5)**	**(279.9)**	**–**	**(279.9)**
Distribution costs	**(158.9)**	**(4.2)**	**(163.1)**	**–**	**(163.1)**
Administrative expenses	**(330.0)**	**(14.4)**	**(344.4)**	**–**	**(344.4)**
Other operating income	**11.5**	**0.1**	**11.6**	**–**	**11.6**
	(752.8)	**(23.0)**	**(775.8)**	**–**	**(775.8)**

	Before exceptional items Continuing 2002 £m	Before exceptional items Acquisitions 2002 £m	Before exceptional items Total 2002 £m	Exceptional items 2002 £m	Total 2002 £m
Cost of sales	(282.2)	–	(282.2)	–	(282.2)
Distribution costs	(200.8)	–	(200.8)	–	(200.8)
Administrative expenses	(409.6)	–	(409.6)	(144.2)	(553.8)
Other operating income	16.2	–	16.2	–	16.2
	(876.4)	–	(876.4)	(144.2)	(1,020.6)

	Before exceptional items Continuing 2003 £m	Before exceptional items Acquisitions 2003 £m	Before exceptional items Total 2003 £m	Exceptional items 2003 £m	Total 2003 £m
Included within operating profit:					
Operating lease charges					
– hire of plant, machinery and vehicles	**(1.5)**	**–**	**(1.5)**	**–**	**(1.5)**
– property	**(24.4)**	**(0.4)**	**(24.8)**	**–**	**(24.8)**
Auditors' remuneration – as auditors (company £10,000)	**(0.7)**	**–**	**(0.7)**	**–**	**(0.7)**
Redundancy and restructuring costs (net of curtailment)	**(7.7)**	**–**	**(7.7)**	**–**	**(7.7)**

3. Cost of sales and operating expenses (continued)	Before exceptional items Continuing 2002 £m	Before exceptional items Acquisitions 2002 £m	Before exceptional items Total 2002 £m	Exceptional items 2002 £m	Total 2002 £m
Included within operating profit:					
Operating lease charges					
– hire of plant, machinery and vehicles	(2.5)	–	(2.5)	–	(2.5)
– property	(33.8)	–	(33.8)	–	(33.8)
Auditors' remuneration – as auditors (company £10,000)	(0.6)	–	(0.6)	–	(0.6)
Redundancy and restructuring costs (net of curtailment)	(8.5)	–	(8.5)	(30.0)	(38.5)

Non-audit fees paid to Ernst & Young LLP in 2003 totalled £0.4 million (2002: £0.1 million). The fees paid in both 2003 and 2002 related principally to taxation services.

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

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

4. Income from other fixed asset investments	**2003 £m**	2002 £m
Income from unlisted investments	**3.9**	10.4

5. Share of operating profit in joint ventures and associates	**2003 £m**	2002 £m
Joint ventures and associates within continuing operations	**4.5**	3.8
Amortisation of goodwill	**(1.6)**	(2.2)
	2.9	1.6

6. Exceptional items

	2003 £m	2002 £m
Charged to operating loss:		
Continuing operations:		
Other restructuring costs (note (a))	–	(30.0)
Goodwill impairment (note (b))	–	(114.2)
Total charged to operating loss (continuing operations)	–	(144.2)
Charged to loss before tax;		
Payments relating to prior year disposals (note (c))	–	(14.0)
Total charged after operating loss	–	(14.0)
Total charged to loss on ordinary activities before tax	–	(158.2)
Tax on exceptional items	–	–

(a) Other restructuring costs in 2002 relate to additional provisions for vacant properties.

(b) In 2002, in accordance with the requirements of FRS11 "Impairment of fixed assets and goodwill", the directors considered the carrying value of the group's purchased goodwill, and, in the light of market conditions, made a provision for impairment. In determining the amount of the impairment, which was calculated on a net realisable value basis, the directors considered a number of factors, including the current and prospective revenues, earnings and cash flows from the businesses.

(c) In 2002, UBM settled an outstanding claim relating to the planned merger with Carlton Communications plc in 2000 and the subsequent sale of the group's television business. The exceptional cost of this claim to the group, net of associated receipts, amounted to £14.0 million.

7. Net interest income/(expense)

	2003 £m	2002 £m
Interest receivable	**25.8**	36.6
Interest payable – on bank loans and overdrafts	**(1.0)**	(1.9)
– on other loans	**(15.4)**	(24.6)
Group	**9.4**	10.1
Share of joint ventures	–	–
Share of associates	–	–
	9.4	10.1

Interest receivable includes £8.9 million (2002: £8.8 million) of interest receivable from Channel 5 Television Group Limited in respect of shareholder loans.

8. Tax on loss on ordinary activities

	2003 £m	2002 £m
a) Analysis of tax charge for the year:		
UK corporation tax at 30.0% (2002: 30.0%)	**15.9**	(0.5)
Overseas corporation tax	**5.4**	15.3
Tax relating to share of profit of joint ventures	**1.4**	1.2
	22.7	16.0

	2003 £m	2002 £m
b) Factors affecting tax charge for the year:		
Loss on ordinary activities before tax	**(18.4)**	(221.2)
Loss on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 30%	**(5.5)**	(66.4)
Effect of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	**35.2**	94.9
Tax effect of items not recognised in consolidated financial statements	**(5.4)**	(8.0)
Reversal of timing differences	**0.5**	(1.2)
Higher tax rates on overseas earnings	**0.4**	(3.7)
Other	**(2.5)**	0.4
Tax on loss on ordinary activities	**22.7**	16.0

c) Factors that may affect future tax:

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

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

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

As permitted by Section 230 of the Companies Act 1985, the company's profit and loss account has not been presented. A profit for the financial year of £632.5 million (2002: loss of £(123.9) million) has been included within the group results and dealt with in the financial statements of the company.

10. Dividends

	2003 £m	2002 £m
Equity dividends		
Ordinary shares:		
Interim of 3.3 p (2002: 3.0 p)	**11.0**	10.1
Proposed final of 5.7p (2002 4.0 p)	**19.2**	13.5
Non-equity dividends – B shares (see note 24)	**0.4**	0.6
	30.6	24.2

Non-equity dividends relate to the accrual for the LIBOR linked dividend on 6,212,819 (2002: 7,546,387) B shares remaining in issue (see note 24).

11. Earnings/(loss) per share

	2003 Earnings/(loss) £m	2003 Weighted average number of shares million	2003 Earnings/(loss) per share pence	2002 Earnings/(loss) £m	2002 Weighted average number of shares million	2002 Earnings/(loss) per share pence
Adjusted earnings per share	**80.3**	**334.2**	**24.0**	55.1	333.8	16.5
Adjustment in respect of B share dividends	**(0.4)**	**–**	**(0.1)**	(0.6)	–	(0.2)
	79.9	**334.2**	**23.9**	54.5	333.8	16.3
Adjustment in respect of amortisation of intangible assets	**(121.7)**	**–**	**(36.4)**	(135.9)	–	(40.7)
Adjustment in respect of exceptional items	**–**	**–**	**–**	(158.2)	–	(47.4)
Basic and diluted loss per share	**(41.8)**	**334.2**	**(12.5)**	(239.6)	333.8	(71.8)

Adjusted earnings per share, is presented as the directors consider that this is a meaningful measure of the performance of the group. For diluted earnings per share, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The group has two categories of dilutive potential ordinary shares: those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the year and shares attributable to convertible debt. No adjustment has been made for the dilutive impact in 2003 as this would decrease reported loss per share. The impact of dilutive securities in 2003 would be to decrease the loss by £3.7 million for convertible debt (2002: £4.1 million) and to increase weighted average shares by 2.6 million shares for employee share options (2002: 0.7 million) and 47.8 million shares for convertible debt (2002: 47.8 million).

The weighted average number of shares excludes ordinary shares held by the ESOP and the QUEST (see note 14).

12. Intangible fixed assets

	Goodwill £m	Other intangible assets £m	Total £m
Cost			
At 1 January 2003	1,623.8	17.2	1,641.0
Currency translation	(114.7)	(0.4)	(115.1)
Additions	137.3	–	137.3
Disposals	(2.9)	–	(2.9)
Transfers from joint ventures	1.1	–	1.1
At 31 December 2003	**1,644.6**	**16.8**	**1,661.4**
Amortisation			
At 1 January 2003	1,182.3	16.0	1,198.3
Currency translation	(85.2)	(0.4)	(85.6)
Charge for the year	118.9	1.2	120.1
Disposals	(2.6)	–	(2.6)
Transfers from joint ventures	0.4	–	0.4
At 31 December 2003	**1,213.8**	**16.8**	**1,230.6**
Net book amount			
At 31 December 2003	**430.8**	**–**	**430.8**
At 31 December 2002	441.5	1.2	442.7

13. Tangible fixed assets

	Land and buildings £m	Plant, machinery and vehicles £m	Total £m
Group			
Cost			
At 1 January 2003	70.6	131.6	202.2
Currency translation	(4.5)	(5.1)	(9.6)
On acquisition of subsidiary undertakings and businesses	5.9	3.8	9.7
Additions	–	6.9	6.9
Disposals	(1.0)	(8.6)	(9.6)
At 31 December 2003	**71.0**	**128.6**	**199.6**
Depreciation			
At 1 January 2003	30.4	104.5	134.9
Currency translation	(1.6)	(4.2)	(5.8)
Charge for the year	3.2	22.1	25.3
Disposals	(1.0)	(8.3)	(9.3)
At 31 December 2003	**31.0**	**114.1**	**145.1**
Net book amount			
At 31 December 2003	**40.0**	**14.5**	**54.5**
At 31 December 2002	40.2	27.1	67.3

	2003 £m	2002 £m
Land and buildings at net book amount comprise:		
Freehold	**20.4**	15.7
Long leasehold	**0.5**	1.3
Short leasehold	**19.1**	23.2
	40.0	40.2

14. Fixed asset investments

	Unlisted £m	Goodwill £m	Total £m
Group			
(a) Joint ventures			
Cost			
At 1 January 2003	3.6	13.3	16.9
Currency translation	0.5	(0.5)	–
Additions	0.3	–	0.3
Transfers to subsidiaries	(0.8)	(1.1)	(1.9)
Disposals	(0.1)	–	(0.1)
Dividends	(2.1)	–	(2.1)
Share of profits less losses	3.1	–	3.1
At 31 December 2003	**4.5**	**11.7**	**16.2**
Amortisation			
At 1 January 2003	–	4.1	4.1
Currency translation	–	(0.3)	(0.3)
Transfers to subsidiaries	–	(0.4)	(0.4)
Charge for the year	–	1.6	1.6
At 31 December 2003	**–**	**5.0**	**5.0**
Net book amount			
At 31 December 2003	**4.5**	**6.7**	**11.2**
At 31 December 2002	3.6	9.2	12.8

	Unlisted £m	Goodwill £m	Total £m
Group			
(b) Associated undertakings			
Cost			
At 1 January 2003 and **31 December 2003**	**0.2**	**–**	**0.2**
Net book amount			
At 1 January 2003 and **31 December 2003**	**0.2**	**–**	**0.2**

There are no listed joint ventures or associates.

14. Fixed asset investments (continued)

	Listed investments £m	Loans to unlisted £m	Unlisted investments £m	Total unlisted £m	Investment in own shares £m	Total £m
(c) Investments: other						
At 1 January 2003	0.2	210.9	(45.7)	165.4	4.1	169.5
Currency translation	–	–	(1.2)	(1.2)	–	(1.2)
Additions	–	10.3	0.9	11.2	–	11.2
Return of investment	–	–	(1.5)	(1.5)	–	(1.5)
Disposals	–	(3.2)	(1.8)	(5.0)	–	(5.0)
At 31 December 2003	**0.2**	**218.0**	**(49.3)**	**168.9**	**4.1**	**173.0**

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

The market value of other listed investments at 31 December 2003 was £1.1 million (2002: £1.0 million). The group also holds investments in its own shares through the ESOP and QUEST. The market value of own shares held in the ESOP and QUEST at 31 December 2003 was £6.7 million (2002: £5.6 million) and the nominal value was £0.3 million (2002: £0.4 million).

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

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

Significant investments

The unaudited financial statements of Channel 5 Television Group Limited for the year ended 31 December 2003 show aggregate capital and reserves of £(509.1) million (2002: £(495.2) million) and a loss for the financial year of £(13.9) million (2002: £(27.2) million).

Employee Share Ownership Plan

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

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

14. Fixed asset investments (continued)

Qualifying Employee Share Trust

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

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

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

		Options over United shares 2003	Options over United shares 2002	**Number of United shares 2003**	Number of United shares 2002
At 31 December the holdings of the United ESOP and the QUEST were as follows:					
United ESOP	– Ordinary shares	**623,593**	1,332,707	**953,322**	1,239,276
	– B shares	**397,094**	1,165,572	**329,484**	529,530
QUEST	– Ordinary shares	**–**	–	**240,722**	243,492

The market value of United shares at 31 December was 491.5p (2002: 290.0p) per share.

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

		Number of shares over which options were outstanding 2003	2002
As at 31 December the maximum aggregate liabilities of the United ESOP and the QUEST were as follows:			
SEEPP – bonus options	– Ordinary shares	**255,762**	602,976
	– B shares	**125,841**	672,857
SEEPP – matching options	– Ordinary shares	**357,588**	370,613
	– B shares	**255,710**	491,641
Harlow Butler Share Bonus Plan		**6,743**	6,743
LTIP		**–**	339,675
Senior executive allocations		**12,000**	12,000
MAI Sharesave Scheme		**–**	16,672
United SAYE Scheme		**2,398,812**	834,426

14. Fixed asset investments (continued)

	Shares in group companies £m	Loans to group companies £m	Total £m
Company			
Investments: subsidiary undertakings			
Cost			
At 1 January 2003	3,004.9	814.0	3,818.9
Net additions to loans	–	216.0	216.0
At 31 December 2003 – Cost	**3,004.9**	**1,030.0**	**4,034.9**
Provision against investments			
At 1 January 2003	(275.0)	–	(275.0)
Charged in year	(386.5)	–	(386.5)
At 31 December 2003 – Provision	**(661.5)**	**–**	**(661.5)**
Net book amount			
At 31 December 2003	**2,343.4**	**1,030.0**	**3,373.4**
At 31 December 2002	2,729.9	814.0	3,543.9

The provision against investment arises as a result of the directors' review of the carrying value of the company's investments in subsidiary undertakings.

15. Stocks

	2003 £m	2002 £m
Group		
Raw materials and consumables – paper stocks	**1.1**	0.7
Work in progress:		
– short term market research contracts	**17.6**	14.1
Finished goods and goods for resale	**1.7**	1.8
	20.4	16.6

16. Debtors

	Group 2003 £m	Group 2002 £m	Company 2003 £m	Company 2002 £m
Amounts falling due within one year:				
Trade debtors	**115.0**	107.2	**–**	–
Other debtors	**11.4**	13.8	**–**	–
Prepayments and accrued income	**29.8**	40.0	**1.5**	1.6
Group relief receivable	**–**	–	**116.8**	100.7
Pension prepayments – defined contribution schemes	**2.3**	2.3	**–**	–
	158.5	163.3	**118.3**	102.3

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

17. Current asset investments

	Investments 2003 £m	Short term liquid funds 2003 £m	Total 2003 £m	Investments 2002 £m	Short term liquid funds 2002 £m	Total 2002 £m
Group						
Listed investments	–	425.2	425.2	–	594.8	594.8
Unlisted investments	–	–	–	1.5	–	1.5
	–	425.2	425.2	1.5	594.8	596.3

18. Creditors: amounts falling due within one year

	Group 2003 £m	Group 2002 £m	Company 2003 £m	Company 2002 £m
Unsecured bank overdrafts	2.7	0.2	–	–
Bank and other loans (see note 19)	238.9	15.8	213.9	5.9
2.375% senior convertible bonds (see note 21)	221.1	–	–	–
Trade creditors	47.3	38.8	–	–
Other creditors	41.1	55.0	–	–
Deferred consideration	5.4	–	–	–
Corporation tax	308.5	277.4	–	–
Other taxes and social security	13.4	21.3	–	–
Accruals and deferred income	178.7	183.5	13.2	14.7
Proposed dividends – group	19.5	13.9	19.5	13.9
	1,076.6	605.9	246.6	34.5

Bank and other loans include a US dollar private placement of £69.8 million which is repayable in September 2004 (2002: £77.6 million).

19. Bank and other loans due after more than one year

	Group 2003 £m	Group 2002 £m	Company 2003 £m	Company 2002 £m
Other loans	101.9	338.5	138.2	385.5

Other loans include US dollar fixed rate financial liabilities of $424.3 million (2002: $424.3 million), (sterling equivalent 2003: £235.3 million; 2002: £260.9 million) of senior unsecured loan notes (stated net of $75.7 million (2003: $42.3 million; 2002: £47.0 million) of repurchases made by wholly owned subsidiary and issue costs). The notes were issued in two tranches $250 million (£139.6 million) 7.25% notes due July 2004 and $250million (£139.6 million) 7.75% notes due 2009 (stated at par value). In 2003, bank and other loans less than one year (see note 18) includes £133.4 million of these notes (stated net of $10.7 million (£5.9 million) of the repurchases made by a wholly owned subsidiary and net of issue costs).

The notes repurchased are held by a wholly owned subsidiary and have not been cancelled. Accordingly, these continue to be shown as amounts owing in the company balance sheet.

Borrowing facilities

In addition the group has a 5-year stand-by £500 million syndicated bank credit facility. At 31 December 2003 there was £21.1 million borrowed under this facility (2002: £nil). All conditions precedent to the committed borrowing facilities were met at 31 December 2003 and the facility incurs commitment fees of 0.2% per annum.

20. Other creditors due after more than one year

	Group 2003 £m	Group 2002 £m	Company 2003 £m	Company 2002 £m
Amounts owed to group companies	–	–	1,680.1	2,398.5
Other creditors	5.4	13.3	–	–
	5.4	13.3	1,680.1	2,398.5

21. Convertible debt

	Group 2003 £m	Group 2002 £m	Company 2003 £m	Company 2002 £m
2.375% senior convertible bonds (see below)	–	245.0	–	–

United Business Media (Jersey) Limited, a wholly owned subsidiary of the company, has in issue a 5 year $400 million 2.375% fixed convertible bond with a coupon payable semi annually. The bonds are convertible into Preference Shares of United Business Media (Jersey) Ltd at any time up to the seventh calendar day before the date fixed for redemption, 19 December 2006. The Preference Shares will, in turn, be exchangeable immediately for a total of 47.8 million Ordinary Shares in the company.

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

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

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

Convertible bondholders may put the bond back to United Business Media (Jersey) Limited for par on 19 December 2004.

In line with accounting convention, the convertible debt has been classified in creditors falling due within one year (£221.1 million) on the grounds that the earliest possible date for redemption is 19 December 2004.

22. Financial instruments

Objectives, policies and procedures

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

(a) Financial liabilities

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

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

22. Financial instruments (continued)

(a) Financial liabilities (continued)

Currency	Total 2002 £m	Floating rate financial liabilities 2002 £m	Fixed rate financial liabilities 2002 £m	Financial liabilities on which no interest is paid 2002 £m	Fixed rate liabilities Weighted average interest rate 2002 %	Fixed rate liabilities Weighted average period for which rate is fixed 2002 Years
Sterling	41.5	8.8	7.6	25.1	5.0	2.0
US dollar	629.6	276.4	307.1	46.1	3.4	3.5
Euro	–	–	–	–	–	–
Other currencies	0.2	0.2	–	–	–	–
Total	671.3	285.4	314.7	71.2		

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

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

Maturity Group	Debt 2002 £m	Other financial liabilities 2002 £m	Total 2002 £m
Within one year, or on demand	16.0	14.4	30.4
Between one and two years	470.4	21.4	491.8
Between two and five years	–	18.2	18.2
Over five years	113.1	17.8	130.9
Total	599.5	71.8	671.3
Finance charges allocated to future periods			
Unamortised issue costs	8.1	–	8.1

Non-equity B shares of £0.5 million (2002: £0.6 million) have been excluded from the above tables as they have no fixed maturity date.

In 2002, the effect of the group's interest rate swaps was to classify as floating rate in the above table all £81.0 million of the outstanding £133.4 million 2004 fixed rate US loan notes. This debt has been swapped into six month US dollar LIBOR plus an average of 2.3% to the maturity date of the debt.

Other floating rate financial liabilities comprise of borrowings which bear interest at rates based on the LIBOR minus a margin for each relevant currency for periods between one and six months; and non-equity shares which pay a dividend equal to 75% of 12 month sterling LIBOR.

Other financial liabilities include £5.4 million of other creditors falling due after more than one year (2002: £13.3 million) and £63.1 million of provisions (2002: £58.5 million) with an average maturity of 2.7 years.

22. Financial instruments (continued)

(b) Financial assets

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

Currency	Total 2003 £m	Cash at bank and deposits 2003 £m	Other financial assets 2003 £m	Floating rate 2003 £m	Fixed rate 2003 £m	Non interest bearing Total 2003 £m
Sterling	**344.0**	**82.4**	**261.6**	**20.2**	**170.0**	**153.7**
US dollar	**431.0**	**98.9**	**332.1**	**346.7**	**68.1**	**16.2**
Euro	**2.8**	**2.8**	**–**	**2.1**	**–**	**0.7**
Other currencies	**2.2**	**1.8**	**0.4**	**1.1**	**–**	**1.2**
Total	**780.0**	**185.9**	**594.1**	**370.1**	**238.1**	**171.8**

Currency	Total 2002 £m	Cash at bank and deposits 2002 £m	Other financial assets 2002 £m	Floating rate 2002 £m	Fixed rate 2002 £m	Non interest bearing Total 2002 £m
Sterling	397.2	59.0	338.2	200.5	50.0	147.2
US dollar	455.8	33.3	422.5	361.6	75.8	18.4
Euro	1.7	1.7	–	1.5	–	0.2
Other currencies	3.7	2.7	1.0	2.2	–	1.5
Total	858.4	96.7	761.7	565.8	125.8	167.3

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

In 2002, the group purchased US$205 million of credit linked notes from a number of counterparties, these notes having similar maturities to the US dollar loan notes. The notes pay interest at an average rate of LIBOR plus 267 basis points per annum. $120 million of these variable flows have then been swapped into fixed rate flows of between 6.86% and 8.1% per annum as a hedge against the 7.25% and 7.75% per annum fixed coupon payments on the US dollar loan notes.

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

- a bankruptcy of the company;
- if the group is required by any of its lenders to accelerate repayment of borrowings;
- if the group fails to make payment under any of its borrowings;
- if the group restructures any of its borrowings in order to avoid default;
- if any of its borrowings are repudiated, disaffirmed or rejected or subject to any moratorium.

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

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

Currency	Fixed rate financial assets Weighted average interest rate 2003 %	2002 %	Fixed rate financial assets Weighted average period for which rate is fixed 2003 Years	2002 Years
Sterling	**4.0**	5.0	**0.6**	1.0
US dollar	**7.4**	7.4	**3.1**	4.1

The effect of the group's swaps was to classify £170 million of floating rate cash in the above tables as fixed rate at an average rate of 4.0% and £67.0 million of floating rate credit linked notes in the above tables to fixed rate at an average of 7.4%.

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

22. Financial instruments (continued)

(c) Fair values of financial assets and financial liabilities

The following tables provide a comparison by category of the carrying amounts and the fair values of the group's financial assets and financial liabilities at 31 December 2003 and 31 December 2002. The fair value of US dollar private placements (included in long-term borrowings) was calculated by discounting expected future cash flows at risk adjusted interest rates. Market values obtained from third parties have been used to determine the fair value of interest rate swaps, credit linked notes, forward foreign exchange contracts, the fixed rate convertible bonds and the US dollar senior loan. The fair value of cash at bank and deposits approximates to their book value due to their short maturity. Listed investments are valued at market value. For all other financial assets and liabilities the carrying amount has been used.

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

	Book value 2002 £m	Fair value 2002 £m
Primary financial instruments held or issued to finance the group's operations:		
Financial liabilities:		
– Short-term borrowings (up to two years)	(241.4)	(256.7)
– Long-term borrowings (over two years)	(358.1)	(366.8)
– Other financial liabilities	(71.8)	(90.3)
Financial assets:		
– Cash at bank and deposits	96.7	96.7
– Other financial assets	761.7	767.2
Derivative financial instruments held to manage the interest rate profile:		
Interest rate swaps		
– assets	6.2	16.8
– liabilities	–	–

22. Financial instruments (continued)

(d) Hedges

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

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

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

	Unrecognised gains £m	Unrecognised losses £m	Total net gains £m
Unrecognised gains and losses on hedges at 1 January 2002	13.0	(8.9)	4.1
Arising in previous years included in 2002 income	11.8	(8.9)	2.9
Gains and losses not included in 2002 income			
Arising before 1 January 2002	1.2	–	1.2
Arising in 2002	9.4	–	9.4
Gains and losses on hedges at 31 December 2002	10.6	–	10.6
Of which			
Gains and losses expected to be included in 2003 income	10.6	–	10.6
Gains and losses expected to be included in 2004 income or later	–	–	–

22. Financial instruments (continued)

(e) Currency exposures

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

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

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

31 December 2002 Functional currency of group operation	Net foreign currency monetary assets/(liabilities) Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Sterling	–	0.1	1.3	(0.1)	1.3
US dollar	0.3	–	1.4	–	1.7
Euro	(0.1)	0.6	–	–	0.5
Other currencies	–	–	–	–	–
Total	0.2	0.7	2.7	(0.1)	3.5

23. Other provisions for liabilities and charges

	Property £m	Former financial services £m	Total £m
Group			
At 1 January 2003	55.3	3.2	58.5
On acquisition of subsidiary undertakings and businesses	4.3	–	4.3
Transfer of property accruals	23.4	–	23.4
Utilised in the year	(22.5)	(0.6)	(23.1)
At 31 December 2003	60.5	2.6	63.1

Liabilities on property

The group has lease obligations in respect of the continuing costs of vacant property, the quantification of which depends upon the ability to exit the leases early or sublet the properties, and for dilapidations on certain leasehold properties which are dependent principally on actual reinstatement costs on expiry of the leases. The provision in respect of these obligations at 31 December 2003 has been determined following external professional advice and will be utilised over the period of the leases in question, which range from 1 to 15 years.

During the year, balances relating to vacant property previously held within accruals were transferred to provisions.

23. Other provisions for liabilities and charges (continued)

Liabilities arising from former financial services activities

A subsidiary of the group was formerly engaged in the selling of personal pensions prior to 1996. As a result of the industry-wide review into pension misselling by the Personal Investment Authority, the group is exposed to actual and potential future claims by investors in respect of policies found to have been missold. Although work continues to progress with respect to the identification and review of all pension policies sold, the number and amount of such claims can not be finally determined until all potential compensation costs have been agreed. The amount of the provisions at 31 December 2003 has been determined on the basis of independent financial advice.

Deferred tax

The amount of provided and unprovided deferred tax asset is as follows:

	2003 Provided £m	2003 Unprovided £m	2002 Provided £m	2002 Unprovided £m
Group				
Accelerated capital allowances	–	(4.4)	–	(7.1)
Other timing differences	–	(79.7)	–	(85.0)
	–	(84.1)	–	(92.1)
Company				
Other timing differences	–	–	–	(6.3)

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

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

24. Called up share capital

	2003 £m	2002 £m
Authorised		
486,851,630 (2002: 486,851,630) Ordinary shares of 25 pence each	121.7	121.7
375,417,690 (2002: 375,417,690) B shares of 8 and 23/44 pence each	32.0	32.0
	153.7	153.7

	Ordinary shares Number	B shares Number
Allotted and fully paid		
In issue at 1 January 2003	335,615,353	7,546,387
Ordinary shares repurchased and cancelled	(100,000)	–
B shares purchased by the company	–	(1,333,568)
Allotted in respect of share option schemes and other entitlements	310,800	–
In issue at 31 December 2003	**335,826,153**	**6,212,819**

24. Called up share capital (continued)

	Ordinary shares £m	B shares £m	Total £m
Allotted and fully paid			
In issue at 1 January 2003	83.9	0.6	84.5
Ordinary shares repurchased and cancelled	–	–	–
B shares purchased by the company	–	(0.1)	(0.1)
Allotted in respect of share option schemes and other entitlements	0.1	–	0.1
In issue at 31 December 2003	**84.0**	**0.5**	**84.5**

On 27 June 2003, the company repurchased and cancelled 100,000 ordinary shares at £2.93 per share.

The return of capital to shareholders undertaken in 2001, took the form of a subdivision and consolidation of the existing United ordinary shares. On 23 April 2001, each of the existing 507,901,885 ordinary shares of 25 pence then in issue were sub-divided into one share of 8 23/44 pence (B Shares) and one share of 16 21/44 pence and immediately following such sub-division every issued share of 16 21/44 pence was sub-divided into 29 shares of 25/44 pence. Every 44 shares of 25/44 pence each resulting from such sub-division were then consolidated into one ordinary share of 25 pence. The subdivision created a class of B shares with a total value of approximately £1.25 billion. UK shareholders had the option to sell these shares for 245 pence per share, to receive a single dividend of 245 pence per share, or to retain the B shares and receive a continuing dividend linked to LIBOR. During the year ended 31 December 2003, 1,333,568 B shares were purchased by the company for consideration of £3.3 million. Cumulatively to 31 December 2003, 369,204,871 B shares have been purchased by the company for consideration of £904.6 million. At 31 December 2003, 6,212,819 B shares remain in issue.

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

B Shares

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

25. Share premium account and reserves

	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m	Total £m
Group						
At 1 January 2003	308.5	31.3	42.8	125.0	(380.8)	126.8
Retained loss for the year	–	–	–	–	(72.0)	(72.0)
Actuarial gain on pension scheme	–	–	–	–	11.6	11.6
Premium on shares issued, net of costs	0.9	–	–	–	–	0.9
Ordinary shares repurchased and cancelled	–	–	–	–	(0.3)	(0.3)
B shares purchased by the company*	–	–	0.1	–	(3.3)	(3.2)
Currency translation	–	–	–	–	(20.5)	(20.5)
At 31 December 2003	**309.4**	**31.3**	**42.9**	**125.0**	**(465.3)**	**43.3**

* Return of capital to shareholders in respect of B shares purchased by the company includes costs of £nil (2002: £0.2 million).

The total group reserves at 31 December 2003 include £(23.2) million (2002: £4.2 million) in respect of joint ventures and £(23.2) million (2002: £(28.9) million) in respect of associated undertakings, of which £(12.0) million (2002: £(13.6) million) has been dealt with in the profit and loss account and £(11.2) million (2002: £(11.1) million) of exchange has been dealt with in reserves, in line with SSAP 20.

The profit and loss reserves excluding the pension liability (see note 31) totalled £(381.4) million at 31 December 2003 (£(289.9) million at December 2002).

The prior year adjustment of £48.9 million shown in the comparatives in the Statement of Group Total Recognised Gains and Losses on page 41 relates to the implementation of FRS 17 "Retirement Benefits". In 2002 the adjustment included a decrease in opening reserves at 1 January 2001 of £3.9 million, an adjustment to reduce the loss for the year ended 31 December 2001 by £4.0 million and an adjustment to amounts recognised in the statement of total recognised gains and losses for the year-ended 31 December 2001 of £49.0 million, representing the actuarial loss for that year.

25. Share premium account and reserves (continued)

	Share premium account £m	Capital redemption reserve £m	Other reserves £m	Profit and loss account £m	Total £m
Company					
At 1 January 2003	308.5	42.8	83.3	308.6	743.2
Retained profit for the year	–	–	–	601.9	601.9
Premium on shares issued	0.9	–	–	–	0.9
Ordinary shares repurchased and cancelled	–	–	–	(0.3)	(0.3)
Return of capital to shareholders*	–	0.1	–	(3.3)	(3.2)
At 31 December 2003	**309.4**	**42.9**	**83.3**	**906.9**	**1,342.5**
Non-distributable	309.4	42.9	83.3	–	435.6
Distributable	–	–	–	906.9	906.9

* Return of capital to shareholders includes costs of £nil (2002: £0.2 million).

The company received £1.0 million (2002: £2.9 million) on the issue of shares in respect of the exercise of options awarded under various share option plans, of which £1.0 million (2002: £2.9 million) is payable by employees to the group for the issue of these shares.

The net amount of foreign currency losses on foreign exchange borrowings less deposits offset in the reserves of the group was a gain of £13.0 million (2002: gain of £24.0 million) and in the company was £nil (2002: £nil) respectively.

26. Commitments and contingent liabilities

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

Group	Land and buildings 2003 £m	Land and buildings 2002 £m	Other 2003 £m	Other 2002 £m
Operating leases which expire				
Within one year	**1.4**	1.5	**0.5**	1.9
Two to five years	**9.8**	6.3	**0.2**	0.4
After five years	**21.2**	23.2	**–**	–
	32.4	31.0	**0.7**	2.3

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

Company	Land and buildings 2003 £m	Land and buildings 2002 £m	Other 2003 £m	Other 2002 £m
Operating leases which expire				
After five years	**4.9**	4.9	**–**	–

Capital expenditure contracted for but not provided in the financial statements amounts to £0.2 million (2002: £0.2 million).

The company acts as guarantor over a net overdraft facility of £70 million and a foreign exchange line of £50 million that are available to subsidiary undertakings. The company also acts as guarantor over the fixed interest payable on interest rate swaps taken out by a subsidiary undertaking. The company also acts as guarantor over the convertible bonds disclosed in note 21.

27. Reconciliation of operating loss to cash inflow from operating activities

	Total 2003 £m	Total 2002 £m
Operating loss	**(22.3)**	(215.2)
Depreciation charges	**25.3**	23.2
Amortisation of intangible assets – group	**120.1**	247.9
Share of results of joint ventures	**(2.9)**	(1.6)
Income from fixed asset investments	**(3.9)**	(10.4)
Profit on sale of fixed asset investments	**(4.3)**	–
Loss on sale of tangible fixed assets	**0.3**	0.4
Payments against provisions	**(23.1)**	(14.9)
Increase in stocks	**(1.4)**	(0.7)
Decrease in debtors	**12.3**	44.3
Decrease in creditors	**(11.9)**	(29.4)
Payments against restructuring and other exceptional costs	**–**	(20.2)
Other non-cash items including movements on provisions	**(3.6)**	32.1
Cash inflow from operating activities	**84.6**	55.5

The effect of exceptional items on cash inflow from operating activities was an outflow of £nil (2002: £30.0 million).

28. Analysis of movement in net cash

	At 1 January 2003 £m	Cash flow £m	Other non-cash movements £m	Exchange movements £m	At 31 December 2003 £m
Cash at bank and in hand	96.7				**185.9**
Overdrafts	(0.2)				**(2.7)**
	96.5				**183.2**
Less deposits treated as liquid resources	(75.4)				**(169.5)**
	21.1	(6.5)	–	(0.9)	**13.7**
Debt due after one year	(583.5)	470.8	(0.7)	11.5	**(101.9)**
Debt due within one year	(15.8)	(490.7)	(1.3)	47.8	**(460.0)**
	(578.2)	(26.4)	(2.0)	58.4	**(548.2)**
Deposits included in cash	75.4	103.3	–	(9.2)	**169.5**
Current asset investments	596.3	(134.9)	–	(36.2)	**425.2**
Total	93.5	(58.0)	(2.0)	13.0	**46.5**

Cash deposits held in respect of letters of credit included in cash above amounted to £6.1 million.

29. Purchase of subsidiary undertakings and businesses

	Total £m
Gross cost of acquisitions in the year	**144.6**
Cash at acquisition	**(8.4)**
Cost of acquisitions	**136.2**
Adjustments to goodwill in respect of prior year acquisitions	**(6.3)**
Cash paid in the year net of cash acquired (including £nil relating to joint ventures)	**129.9**
Gross cost of acquisition represents:	
Goodwill	**137.3**
Fixed assets	**9.7**
Net current assets	**5.1**
Provisions for liabilities and charges	**(4.3)**
Pension liability	**(3.2)**
	144.6

On 22 April 2003, the 50 per cent shareholding in Property Media Limited not already owned by the group was acquired for £3.1 million cash.
On 14 May 2003, Kenrick Place Media Limited was acquired for £1.7 million in cash.
On 22 July 2003, Aprovia UK was acquired for £86.6 million in cash including £1.3 million of costs. Aprovia UK owns The Builder Group, a UK construction publisher and event organiser and Barbour Index, an information services provider to professionals in the UK construction and health and safety sectors.
On 19 August 2003, This Caring Business was acquired for £1.8 million in cash, including £0.1 million of costs.
On 3 November 2003, The Oncology Group and Cliggott Publishing were acquired for $37.8 million in cash, including $0.3 million of costs.
On 18 December 2003, Eurisko was acquired for €33 million in cash.

All of the above purchases have been accounted for as acquisitions and goodwill is being amortised over ten years.

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

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group:

	Book value of net assets on acquisition £m	Revaluations £m	Alignment of accounting policies £m	Fair value of assets/ (liabilities) acquired £m
Acquisitions:				
Fixed assets				
– Tangible fixed assets	11.9	(1.8)	(0.4)	**9.7**
– Investments	0.7	(0.7)	–	**–**
Current assets/(liabilities):				
– Cash	8.4	–	–	**8.4**
– Stocks	3.3	–	–	**3.3**
– Debtors and other current assets	22.0	(1.6)	(0.7)	**19.7**
– Creditors falling due within one year	(26.2)	–	(0.1)	**(26.3)**
Creditors falling due after more than one year				
– Provisions for liabilities and charges	–	(4.3)	–	**(4.3)**
– Pension liability	–	–	(3.2)	**(3.2)**
	20.1	(8.4)	(4.4)	**7.3**

The adjustments for accounting policies are principally to align capitalisation, amortisation and revenue recognition policies with those of the group. Revaluations principally represent adjustments to state assets of the acquired business at their recoverable amounts and to reflect liabilities not previously recognised.

The audited financial statements of Aprovia UK for the year ended 31 December 2002 show a loss after tax of £4.9 million. Profit after tax for the period from 1 January 2003 to the date of acquisition was £4.8 million. The audited financial statements of Eurisko for the year ended 31 December 2002 show profit after tax of €2.0 million. Profit after tax for the period from 1 January 2003 to the date of acquisition was €1.5 million. The unaudited financial statements of The Oncology Group and Cliggott Publishing for the year ended 31 December 2002 show a loss after tax of $0.1 million. Profit after tax for the period from 1 January 2003 to the date of acquisition was $2.5 million.

30. Particulars of employees

	2003 Number	As restated 2002 Number
The average number of persons employed in the group, including directors, during the year was as follows:		
Location		
United Kingdom	2,431	2,388
North America	2,933	3,376
Europe and Middle East	80	89
Pacific	327	309
	5,771	6,162
Category		
CMP Media	1,434	1,662
CMP Asia	332	322
CMP Information	879	917
United Advertising Publications	731	724
Professional media	3,376	3,625
News distribution	854	889
Market research	1,541	1,648
	5,771	6,162

The amounts shown against "CMP Media" and "CMP Information" for 2002 in the tables above have been restated to reflect the intra-group transfer of CMP Europe.

	2003 £m	2002 £m
Staff costs, including directors' emoluments, were:		
Wages and salaries	231.8	254.5
Social security costs	28.3	32.6
Other pension costs	11.3	13.4
	271.4	300.5

	2003 £m	2002 £m
Directors' emoluments		
Fees	0.4	0.4
Remuneration and benefits in kind	1.7	1.6
Compensation for loss of office	–	0.1
Bonuses	0.8	0.3
MTIP	0.6	–
Contributions to defined contribution pension schemes	0.1	0.1
	3.6	2.5

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

31. Pensions

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

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

	UK Schemes			US Schemes		
	2003 %	2002 %	2001 %	**2003 %**	2002 %	2001 %
Discount rate	**5.50**	5.60	6.00	**6.25**	6.75	7.25
Inflation assumption	**2.50**	2.50	2.75	**2.50**	2.50	n/a
Rate of increase in salaries	**4.00**	4.00	4.75	**4.00**	4.00	6.00
Rate of increase in pensions in payment on post April 1997 pension	**2.50**	2.50	2.75	**n/a**	n/a	n/a

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

UK Schemes	**2003 £m**	**Expected return on assets %**	2002 £m	Expected return on assets %	2001 £m	Expected return on assets %
Equities	**168.5**	**6.3**	151.4	6.0	182.0	6.5
Bonds	**167.2**	**5.0**	131.1	4.7	143.0	5.5
Insurance policies	**5.7**	**5.5**	5.0	5.6	4.9	6.0
Cash	**0.9**	**3.75**	2.5	4.0	2.0	4.0
Total	**342.3**		290.0		331.9	

US Schemes	**2003 £m**	**Expected return on assets %**	2002 £m	Expected return on assets %	2001 £m	Expected return on assets %
Equities	**12.6**	**8.75**	8.5	8.0	11.0	8.0
Bonds	**8.1**	**6.08**	5.8	6.8	7.0	7.0
Insurance policies	**–**	**n/a**	–	n/a	–	n/a
Cash	**–**	**n/a**	–	n/a	–	n/a
Total	**20.7**		14.3		18.0	

The following amounts at 31 December 2003 were measured in accordance with the requirements of FRS 17:

	UK Schemes			US Schemes		
	2003 £m	2002 £m	2001 £m	**2003 £m**	2002 £m	2001 £m
Total market value of assets	**342.3**	290.0	331.9	**20.7**	14.3	18.0
Present value of scheme liabilities	**(415.4)**	(370.6)	(363.9)	**(27.0)**	(24.6)	(27.0)
Deficit in the scheme	**(73.1)**	(80.6)	(32.0)	**(6.3)**	(10.3)	(9.0)
Irrecoverable surplus	**(4.5)**	–	–	**–**	–	–
Deficit	**(77.6)**	(80.6)	(32.0)	**(6.3)**	(10.3)	(9.0)
Related deferred tax liability/(asset)*	**–**	–	–	**–**	–	–
Net pension liability	**(77.6)**	(80.6)	(32.0)	**(6.3)**	(10.3)	(9.0)

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

31. Pensions (continued)

Analysis of amount charged to operating loss in respect of defined benefit schemes	UK Schemes 2003 £m	UK Schemes 2002 £m	US Schemes 2003 £m	US Schemes 2002 £m
Current service cost	**3.0**	2.0	**2.6**	3.8
Past service cost (gross)	**–**	0.2	**–**	(0.6)
	3.0	2.2	**2.6**	3.2
Curtailments/settlements (gross)	**–**	(0.7)	**–**	–
Total operating charge	**3.0**	1.5	**2.6**	3.2

Movement in deficit during the year	UK Schemes 2003 £m	UK Schemes 2002 £m	US Schemes 2003 £m	US Schemes 2002 £m
Deficit in the scheme at beginning of the year	**(80.6)**	(32.0)	**(10.3)**	(9.0)
Movement in year:				
Acquisition	**(3.2)**	–	**–**	–
Current service cost	**(3.0)**	(2.0)	**(2.6)**	(3.8)
Contributions	**4.4**	3.1	**5.3**	3.7
Past service costs	**–**	(0.2)	**–**	0.6
Settlement/curtailments	**–**	0.7	**–**	–
Other finance expense	**(5.1)**	(1.8)	**(0.4)**	(0.3)
Actuarial gain/(loss) before deduction of irrecoverable surplus	**14.4**	(48.4)	**1.7**	(2.2)
Effect of currency translation	**–**	–	**–**	0.7
Deficit in scheme at end of year	**(73.1)**	(80.6)	**(6.3)**	(10.3)

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

Analysis of amount charged to other finance expense	UK Schemes 2003 £m	UK Schemes 2002 £m	US Schemes 2003 £m	US Schemes 2002 £m
Expected return on pension scheme assets	**16.1**	19.4	**1.3**	1.3
Interest on pension scheme liabilities	**(21.2)**	(21.2)	**(1.7)**	(1.6)
Net return	**(5.1)**	(1.8)	**(0.4)**	(0.3)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)	UK Schemes 2003 £m	UK Schemes 2002 £m	US Schemes 2003 £m	US Schemes 2002 £m
Actual return less expected return on pension scheme assets	**24.7**	(48.4)	**2.6**	(2.6)
Experience gains and losses arising on the scheme liabilities	**1.9**	9.8	**(0.2)**	–
Changes in assumptions underlying the present value of the scheme liabilities	**(16.7)**	(9.8)	**(0.7)**	0.4
Amount recognised in the STRGL	**9.9**	(48.4)	**1.7**	(2.2)

31. Pensions (continued)

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

In 2003, the pension schemes included in the FRS 17 calculations were the United Pension Plan, the United Magazines Final Salary Scheme, the defined benefit section of the United Group Pension Scheme, The Builder Group Pension Scheme, the CMP Media LLC Cash Balance Retirement Plan, the United News Executive Pension Scheme, the Audits and Surveys Worldwide Account Balance Plan and the CMP Post Retirement Medical Plan. Four of these plans were included for the first time in 2003 – The United News Executive Pension Scheme which has a surplus that has been deemed irrecoverable under FRS 17, the Audits and Surveys Worldwide Account Balance Plan and the CMP Post Retirement Medical Plan, which have deficits of £0.7m and £0.5m respectively and The Builder Group Pension Scheme, acquired as part of Aprovia UK.

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

The group is making additional contributions to eliminate MFR deficits in the UK. Contributions in the UK defined benefit schemes are being reviewed following the results of new valuations and are expected to increase to £11.8 million (2003: £3.8 million) per annum from 2004. Contributions to the US defined benefit plan are expected to be £4.0 million in 2004 (2003: £5.5 million).

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

Defined contribution schemes	2003 £m	2002 £m
– UK	**2.6**	2.0
– US	**3.1**	3.2
Total for the year	**5.7**	5.2

32. Related party transactions

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

Transactions with related parties	Nature of relationship	Nature of transactions	Balances due to the group at 31 December 2003 £m	Value of transactions 2003 £m	Balances due to the group at 31 December 2002 £m	Value of transactions 2002 £m
Asia Pacific Leather Fair	Subsidiary < 90%	Loans and Management fees	**1.4**	**1.5**	(1.3)	1.8
Canada Newswire Ltd	Joint Venture	Newswire Service	**0.7**	**1.5**	0.4	0.5
Channel 5 Television Group Limited	Fixed Asset Investment	Loans and interest receivable	**204.0**	**8.8**	193.5	8.9
SDN Limited	Fixed Asset Investment	Loans and interest receivable	**13.3**	**0.1**	13.2	0.3

Merrill Lynch are one of the company's stockbrokers and also provide treasury services. Adair Turner, a non-executive director of UBM, is a vice chairman of Merrill Lynch Europe. For additional information refer to the Corporate Governance Statement on page 33.

33. Share options

At 31 December 2003 options granted over the company's ordinary shares of 25 pence under employee share option schemes were outstanding as detailed below. At 31 December 2003 the market price of the company's ordinary shares was 491.5p.

Date of grant	Number of shares	Exercise price (p)	Exercise dates From	To
United UK Executive Schemes				
24/09/1996	4,300	692.5	24/09/1999	24/09/2006
26/03/1997	15,600	754.5	26/03/2000	26/03/2007
25/09/1997	7,894	760.0	25/09/2000	25/09/2007
14/12/1998	93,920	511.0	14/12/2001	14/12/2008
16/09/1999	4,940	607.0	16/09/2002	16/09/2009
03/03/2000	113,526	867.2	03/03/2003	03/03/2010
08/05/2001	133,953	724.8	08/05/2004	08/05/2011
08/08/2001	10,072	595.7	08/08/2004	08/08/2011
08/03/2002	156,780	574.0	08/03/2005	08/03/2012
09/04/2003	261,498	247.3	09/04/2006	09/04/2013
United International Executive Schemes				
27/04/1994	10,000	607.8	27/04/1997	27/04/2004
04/04/1995	10,000	482.5	04/04/1998	04/04/2005
19/04/1996	35,000	658.5	19/04/1999	19/04/2006
05/06/1996	58,448	702.5	05/06/1999	05/06/2006
16/09/1996	222,707	686.0	16/09/1999	16/09/2006
24/09/1996	205,700	669.5	24/09/1999	24/09/2006
26/03/1997	57,200	731.5	26/03/2000	26/03/2007
25/09/1997	37,106	742.0	25/09/2000	25/09/2007
14/12/1998	991,950	511.0	14/12/2001	14/12/2008
16/09/1999	19,060	607.0	16/09/2002	16/09/2009
03/03/2000	673,997	867.2	03/03/2003	03/03/2010
09/05/2000	55,465	753.0	09/05/2003	09/05/2010
18/12/2000	2,119,100	843.0	18/12/2003	18/12/2010
18/12/2000	481,000	843.0	18/12/2004	18/12/2010
08/05/2001	1,720,797	724.8	08/05/2004	08/05/2011
08/05/2001	731,000	724.8	08/05/2004	08/05/2011
08/08/2001	103,928	595.7	08/08/2004	08/08/2011
08/08/2001	104,000	595.7	08/08/2005	08/08/2011
19/12/2001	1,150,000	529.0	19/12/2004	19/12/2011
19/12/2001	1,150,000	529.0	19/12/2005	19/12/2011
08/03/2002	2,298,220	574.0	08/03/2005	08/03/2012
22/08/2002	1,585,000	277.2	22/08/2005	22/08/2012
22/08/2002	1,585,000	277.2	22/08/2006	22/08/2012
09/04/2003	2,702,502	247.3	09/04/2006	09/04/2013
MAI 1991 Executive Scheme				
13/10/1994	126,080	374.2	13/10/1997	13/10/2004
18/10/1995	54,400	490.6	18/10/1998	18/10/2005
United SAYE Schemes				
01/11/1996	12,738	532.6	01/02/2000	01/08/2004
31/10/1997	1,662	632.7	01/02/2001	01/08/2005
15/12/1998	50,626	514.8	01/02/2002	01/08/2006
17/09/1999	23,752	497.0	01/12/2002	01/06/2007
20/04/2001	141,048	488.3	01/12/2004	01/12/2008
15/04/2002	71,363	480.6	01/06/2005	01/12/2009
10/04/2003	2,097,623	160.5	01/06/2006	01/12/2010
United International Sharesave Plan*				
04/01/1999	13,017	514.8*	01/02/2002	01/08/2004
30/09/1999	11,186	497.0*	01/12/2002	01/06/2005
20/04/2001	79,633	488.3*	01/12/2004	01/12/2004
26/04/2002	66,928	480.6*	01/06/2005	01/12/2007
10/04/2003	1,026,088	160.5*	01/06/2006	01/12/2008

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

33. Share options (continued)

	United Executive Schemes*	United SAYE Schemes	MAI Executive Schemes	MAI SAYE Schemes	United International Schemes
The movement in shares under option during the year was as follows:					
Shares under option at 1 January 2003	20,214,406	834,426	333,440	16,672	488,331
Granted during the year	3,096,000	2,169,211	–	–	1,034,515
Exercised during the year	(218,000)	(2,770)	(92,800)	–	–
Expired, cancelled or lapsed	(4,182,743)	(602,055)	(60,160)	(16,672)	(325,994)
Balance at 31 December 2003	**18,909,663**	**2,398,812**	**180,480**	**–**	**1,196,852**

* Including the Blenheim scheme.

Five Year Financial Summary

	2003 £m	2002 £m	2001 £m	2000 £m	1999 £m
Profit and loss account					
Turnover	**746.7**	793.4	932.5	1,975.0	2,171.3
Profit* after interest	**103.3**	72.9	95.9	195.7	252.1
Amortisation of intangible assets	**(121.7)**	(135.9)	(137.6)	(186.6)	(244.4)
(Loss)/profit before tax	**(18.4)**	(221.2)	(537.2)	2,093.2	(42.3)
Earnings/(loss) per share					
Adjusted	**24.0p**	16.5p	17.9p	27.4p	36.9p
Basic	**(12.5)p**	(71.8)p	(146.5)p	365.7p	(21.2)p
Ordinary dividends	**9.0p**	7.0p	12.0p	22.2p	22.2p

* Before amortisation of intangible assets and exceptional items

Financial Calendar

Record date for 2003 final dividend	12 March 2004
Annual General Meeting	6 May 2004
Final dividend payment date	28 May 2004
Announcement of interim results	29 July 2004
Interim dividend payment date	October 2004

Principal Group Subsidiaries

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those subsidiary undertakings the results or financial position of which, in the opinion of the directors, principally affect the figures of the group.

	Country of incorporation and operation	Percentage interest and voting rights at 31 December 2003
Professional Media		
CMP Asia Ltd	Hong Kong	100
CMP Europe Ltd	Great Britain	100
CMP Information Ltd	Great Britain	100
CMPi Group Ltd (formerly Aprovia (UK) Ltd)	Great Britain	100
CMP Media, LLC	USA	100
Expoconsult B.V.	Netherlands	100
United Advertising Publications plc	Great Britain	100
United Entertainment Media, Inc.	USA	100
News Distribution		
PR Newswire Association, Inc.	USA	100
PR Newswire Europe Ltd	Great Britain	100
Market Research		
Allison-Fisher International LLC	USA	100
Market Measures/ Cozint L.P	USA	100
Eurisko S.p.A	Italy	100
Mediamark Research, Inc.	USA	100
NOP Research Group Ltd	Great Britain	100
NOP World Strategic Marketing L.P	USA	100
RoperASW LLC	USA	100
Head Office		
United Business Media Finance, Inc.	USA	100
United Business Media Group Ltd	Great Britain	100
United Business Media (Jersey) Ltd	Jersey	100
United Finance Ltd	Great Britain	100

All companies stated as being incorporated in Great Britain are registered in England and Wales. None of the above subsidiaries are held directly by the company, with the exception of United Business Media (Jersey) Ltd.

A full list of group subsidiaries will be appended to the next annual return.

Shareholder Information

Registered office and registered number

Ludgate House
245 Blackfriars Road
London
SE1 9UY

Registered Number 152298

Registrars

All enquiries regarding shareholder administration including dividends, lost share certificates or changes of address should be communicated in writing, quoting United Business Media's company reference number 0239 to the following address:-

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA

Tel: 0870 600 3970

Shareholders can also view their shareholdings online by registering at www.shareview.co.uk.

Investor relations and general enquiries

For all investor relations and general enquiries about the company, please contact our group communications department at the registered office as shown above or telephone 020 7921 5000.

Requests for further copies of our annual report and accounts can be made via our website www.unitedbusinessmedia.com - or by telephoning the company secretary's office on the number given above.

Capital Gains Tax

The market value of United Business Media plc's shares on 31 March 1982 was 165 pence. The adjusted market value for shares acquired prior to 31 March 1982 which participated in the rights issues of November 1983 and June 1993 is 232.5 pence. The market quotations of the company's ordinary shares and ICAP plc (previously Garban plc) ordinary shares for 17 November 1998, being the first day of dealing following ICAP's demerger from the company were as follows:-

United Business Media plc ordinary shares of 25 pence – 638 pence

ICAP plc ordinary shares of 50 pence – 217 pence

The market values of United Business Media plc's ordinary shares of 25 pence and B shares on 23 April 2001 following the capital reorganisation were as follows:-

Ordinary shares of 25 pence – 693 pence

B shares – 245 pence

Share Listings

The ordinary and B shares are listed on The London Stock Exchange. The symbols are, respectively UBM and UBMb.

The company's ordinary shares are traded in the USA on the NASDAQ in the form of ADRs. ADRs are issued by the Bank of New York which acts as the depositary. Voting rights as a shareholder are exercised through the depositary. The NASDAQ symbol for United Business Media's ADRs is UNEWY.

Shareholder profile as at 31 December 2003

Holdings	No. of holders	Percentage of holders	No. of shares	Percentage of issued capital
1 – 1,000	9,300	70.51	3,349,018	1.00
1,001 – 5,000	2,807	21.28	5,663,304	1.69
5,001 – 50,000	675	5.12	10,829,972	3.22
50,001 – 1,000,000	355	2.69	83,716,810	24.93
Over 1,000,000	53	0.4	232,267,049	69.16
	13,190	100.00	335,826,153	100.00

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