

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

13 Analysis of net debt

	Note	At beginning of year £m	Cash flow £m	Change in mark to market value £m	On disposal of subsidiaries Note 17 £m	On acquisition of subsidiaries Note 16 £m	Issued on acquisition of subsidiaries Note 16 £m	Foreign exchange movements £m	Other non-cash movements £m	At end of year £m
Cash and cash equivalents	25	124.2	(24.3)	–	–	–	–	(2.6)	–	97.3
Bank overdrafts		(0.2)	(1.1)	–	–	–	–	0.1	–	(1.2)
Net cash and cash equivalents		124.0	(25.4)	–	–	–	–	(2.5)	–	96.1
Debt due within one year		(11.0)	3.6	–	–	(3.2)	(0.5)	–	–	(11.1)
Debt due after one year										
Bonds		(656.9)	–	2.3	–	–	–	–	0.7	(653.9)
Bank loans		(205.3)	22.2	–	–	–	–	5.0	–	(178.1)
		(873.2)	25.8	2.3	–	(3.2)	(0.5)	5.0	0.7	(843.1)
Finance lease obligations		(14.3)	7.3	–	7.0	–	–	–	–	–
		(887.5)	33.1	2.3	7.0	(3.2)	(0.5)	5.0	0.7	(843.1)
Effect of derivatives on bank loans		(3.5)	3.5	(2.3)	–	–	–	11.1	–	8.8
Net debt		(767.0)	11.2	–	7.0	(3.2)	(0.5)	13.6	0.7	(738.2)

Other non-cash movements in respect of bonds include the unwinding of premium of £1.0 million offset by the amortisation of issue costs of £0.3 million.

Continued

14 Analysis of movements in cash in respect of acquisitions and disposals

	Note	2006 £m	2005 £m
Acquisitions			
Cash consideration including acquisition expenses	15	260.8	80.7
Cash paid in respect of consideration deferred from prior years	32	36.5	21.5
Cash and cash equivalents acquired with subsidiaries	15	(3.9)	–
		293.4	102.2

Cash paid in respect of consideration deferred from prior years was mainly in respect of the business to business information and careers division.

During the year, the Group acquired businesses which had contributed £8.3 million to the Group's net operating cash flows, paid £0.6 million in respect of investing activities and paid £0.1 million in respect of financing activities.

	Note	2006 £m	2005 £m
Disposals			
Cash consideration including disposal costs	16	186.5	8.4
Cash consideration including disposal costs – associates		–	7.3
		186.5	15.7

During the year, the Group disposed of businesses which had contributed £11.1 million to the Group's net operating cash flows, paid £1.3 million in respect of investing activities and paid £0.4 million in respect of financing activities.

15 Summary of the effects of acquisitions

The principal acquisitions completed during the year, the percentage of voting rights acquired and the dates of acquisition were as follows:

Expressions of Culture	100% of common stock	Exhibitions and related activities	November, 2005
Primelocation.com	98.6% of ordinary shares	National newspapers and related activities	November, 2005
Profesia	100% of ordinary shares	Regional newspapers and related activities	November, 2005
Genscape	99.8% of common stock	Business to business information and careers	April, 2006
Allegran	100% of ordinary shares	National newspapers and related activities	May, 2006
Data Media and Retail	62.5% of ordinary shares	National newspapers and related activities	May, 2006
Abu Dhabi International Petroleum Exhibition and Conference	Asset purchase	Exhibitions and related activities	June, 2006
Evanta	Asset purchase	Exhibitions and related activities	June, 2006
Auto Exposure Limited	100% of ordinary shares	National newspapers and related activities	July, 2006
Interbase Limited	100% of ordinary shares	National newspapers and related activities	July, 2006
The Appointment Limited	100% of ordinary shares	National newspapers and related activities	July, 2006
Perex a.s.	100% of ordinary shares	Regional newspapers and related activities	August, 2006

The aggregate consideration for these and other businesses was £309.1 million, of which £260.8 million was paid in cash during the year, £0.5 million issued in the form of loan notes and an estimated amount of £38.9 million payable in the form of deferred consideration, depending upon trading results. This deferred consideration has been discounted back to current values in accordance with IFRS 3 Fair Values in Acquisition Accounting. In each case, the Group has used acquisition accounting to account for the purchase.

Continued

15 Summary of the effects of acquisitions continued

The impact of acquisition of businesses on net assets was:

	Note	Net book values £m	Provisional fair value adjustments £m	Provisional fair value £m
Net assets acquired:				
Tangible fixed assets	19	4.1	–	4.1
Stocks		0.3	–	0.3
Debtors and prepayments		24.2	–	24.2
Cash at bank and in hand	14	3.9	–	3.9
Current liabilities		(21.1)	–	(21.1)
Corporation tax		(1.1)	–	(1.1)
Bank loans and overdrafts	13	(3.2)	–	(3.2)
Deferred consideration	32	(4.9)	–	(4.9)
Deferred tax liabilities	33	(6.1)	(29.3)	(35.4)
				(33.2)
Goodwill	17			161.7
Intangible assets	18			180.6
Fair value of consideration				309.1
Satisfied by:				
Cash	14			260.8
Deferred consideration	32			38.9
Transfer from joint ventures and associates	20			8.9
Loan notes				0.5
				309.1

16 Summary of the effects of disposals

The principal disposals completed during the year, the proceeds received and dates of disposal were as follows:

Aberdeen Journals Limited	£116.9 m	April, 2006
Study Group International Limited	£66.7 m	September, 2006

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Continued

16 Summary of the effects of disposals continued

The impact of disposals of businesses on net assets was:

	Note	£m
Net assets disposed of:		
Goodwill	17	2.3
Intangible assets	18	8.6
Tangible fixed assets	19	28.1
Inventories		0.8
Debtors		61.7
Creditors and provisions		(77.4)
Finance lease obligations	13	(7.0)
Corporation tax		(3.9)
Deferred consideration	32	(0.8)
Deferred tax liabilities	33	(0.7)
		11.7
Profit on disposal of businesses	6	174.8
		186.5
Satisfied by:		
Cash		186.5