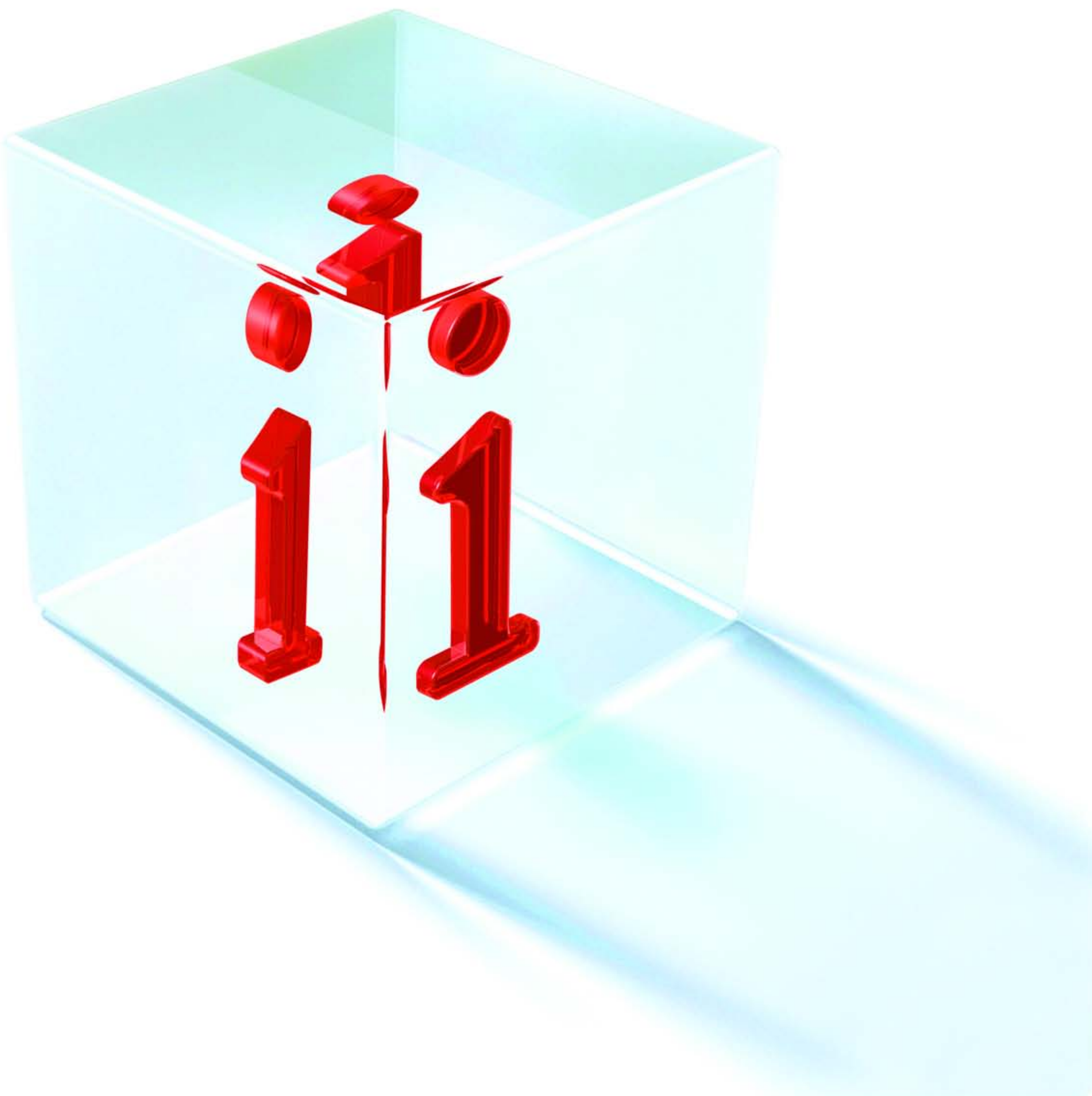
T&F Informa plc
Annual Report and Financial Statements 2004

SPECIALIST INFORMATION FOR GLOBAL MARKETS



Contents

T&F Informa plc was formed by the merger of Taylor & Francis Group plc and Informa Group plc on 10 May 2004 and is a leading international provider of specialist information to the academic, professional and business communities. The Group's products are founded on high-value content, generated for a diversity of interests ranging from the arts and humanities through social sciences to physical sciences and technology; from the professional domains of finance and the law through to commercial fields such as telecommunications, maritime, trade and energy, commodities, agriculture and food. The Group has offices in 18 countries and employs over 4,000 staff, with its major operations in the UK and the USA.

T&F Informa At A Glance

Highlights of 2004

	2004 £'000	2003 £'000	Reported growth	Constant currency growth
Turnover	**504,225**	441,676	**14%**	**19%**
Adjusted operating profit[1]	**108,343**	79,309	**37%**	**50%**
Total operating profit	**48,639**	46,170	**5%**	
Adjusted pre-tax profit[2]	**91,324**	69,937	**31%**	
Pre-tax profit	**12,384**	32,976	**(62%)**	
Adjusted diluted earnings per share[3]	**24.50p**	18.28p	**34%**	
Diluted earnings per share	**0.04p**	5.89p	**(99%)**	

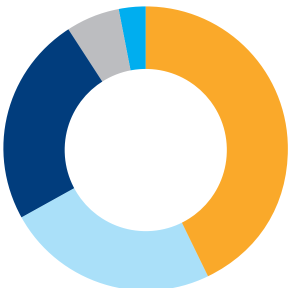
- Adjusted pre-tax profit[2] up 31% to £91.3m on turnover up 14% to £504.2m.
- Turnover and adjusted operating profit[1] grew organically[4] 5.3% and 23.5% respectively at 2003 exchange rates.
- Merger of Informa and Taylor & Francis completed – benefits coming through.
- Good contribution from recent acquisitions – including CRC Press, PJB Publications, MMS and Dekker.
- Solid platform to drive further profitable growth.
- Confident of prospects for 2005.

1 Excludes exceptional operating costs of £10.0m (2003: £11.8m) and goodwill amortisation and impairment of £49.7m (2003: £21.3m).
2 Excludes exceptional operating and non-operating items of £44.2m (2003: £15.7m) and goodwill amortisation of £34.7m (2003: £21.3m).
3 Excludes exceptional items after tax of £38.3m (2003: £13.1m) and goodwill amortisation of £34.7m (2003: £21.3m).
4 Excludes acquisitions made since 1 January 2003.

Revenue by Geographical Destination (%)

- United Kingdom – 19 (20)
- North America – 33 (31)
- Western Europe – 31 (33)
- Rest of the World – 17 (16)

Revenue by Media (%)



- Subscriptions – 43 (38)
- Events – 24 (28)
- Copy sales – 24 (24)
- Advertising – 6 (7)
- Other – 3 (3)

Revenue by Division (%)

- Academic & Scientific – 48 (45)
- Professional – 19 (20)
- Commercial – 33 (35)

T&F Informa plc Around the Globe

Group Offices

Asia
Hong Kong
India
Japan
Malaysia
Singapore
United Arab Emirates

Australia
Sydney

Europe
Austria
Belgium
Denmark
France
Germany
The Netherlands
Norway
Sweden
Switzerland

Latin America
Brazil

United Kingdom
Ashford
Basingstoke
Colchester
Hove
Lancaster
London
Oxford
Tunbridge Wells
West Byfleet
Weybridge

United States
Alpharetta, GA
Boca Raton, FL
Calabasas, CA
Memphis, TN
New York, NY
Philadelphia, PA
Seattle, WA
Washington, D.C.
Westborough, MA
White Plains, NY

Operating and Financial Review

The integration of the two groups is now largely complete and the enlarged Group has started to benefit from the revenue and cost benefits which the merger brings

Above: Peter Rigby, Chief Executive

T&F Informa traded strongly during the year ended 31 December 2004, with turnover up 14% to £504.2m from £441.7m and adjusted operating profit[1] up 37% to £108.3m from £79.3m. Adjusted pre-tax profit[2] increased 31% to £91.3m from £69.9m. Adjusted diluted earnings per share[3] increased 34%, to 24.50p from 18.28p.

These are the first full-year results of the enlarged Group, which was formed from the merger of Informa Group plc and Taylor & Francis Group plc on 10 May 2004. The results have been prepared under merger accounting principles, under which the financial statements are presented as if the two groups had been merged from 1 January 2003.

The 2004 results have been achieved during a period of considerable change, including the integration of three major acquisitions, a number of office relocations and the merger of two highly successful groups.

The Group's performance for the year was impacted by the adverse effects of exchange rate movements and, in particular, the relative weakness of the US dollar. In 2004 the Group received approximately 50% of its revenues and incurred approximately 35% of its costs in US dollars and hence exchange rate movements had an adverse effect on translated turnover and profit. Had exchange rates remained constant at their 2003 levels, reported consolidated turnover would have been £20.8m higher and operating profit £10.6m higher. In constant currency terms therefore, reported turnover would have grown by 19% and adjusted operating profit by 50%.

The Group is highly cash generative, converting 110% of its 2004 adjusted operating profit into cash (2003: 112%). Strong cash flow, particularly in the second half of the year, enabled net debt to be reduced at the year end to £302m from £356m at 30 June 2004.

Adjusted figures, which exclude exceptional items and goodwill amortisation are presented as additional performance measures:

	2004 £'000	2003 £'000
Adjusted operating profit[1]	**108,343**	79,309
Adjusted pre-tax profit[2]	**91,324**	69,937
Adjusted diluted earnings per share[3]	**24.50p**	18.28p
Adjusted operating cash flow[4]	**119,587**	88,803
Adjusted operating cash flow conversion[5]	**110%**	112%

1 Excludes exceptional operating costs of £10.0m (2003: £11.8m) and goodwill amortisation and impairment of £49.7m (2003: £21.3m).
2 Excludes exceptional operating and non-operating items of £44.2m (2003: £15.7m) and goodwill amortisation of £34.7m (2003: £21.3m).
3 Excludes exceptional items after tax of £38.3m (2003: £13.1m) and goodwill amortisation of £34.7m (2003: £21.3m).
4 Adjusted operating cash flow is measured after adjusting for exceptional items on a cash flow basis.
5 Adjusted operating cash flow conversion expresses adjusted operating cash flow as a percentage of adjusted operating profit.

MERGER HIGHLIGHTS INTRODUCTION

From the moment of the merger in May 2004, teams were brought together from across the combined organisation, each tasked with driving an aspect of integration work. Whether exploring new business opportunities or finding efficiencies that our new scale has made possible, these teams have been systematic in achieving their goals. In the process, people from across the organisation have got to know each other, to understand each other's businesses – and to find the intersections and new offerings that can be created in the expanded world of the merged Company.

The Group's three operating divisions – Academic & Scientific, Professional and Commercial – all performed well, combining organic growth with good contributions from recent acquisitions, including CRC Press, PJB Publications, MMS and Dekker. The Group saw improved trading conditions in most of its operating sectors, with particularly good growth in the Scientific, Technical & Medical (STM), Telecoms and Financial Information market segments.

The integration of the two groups is now largely complete and the enlarged Group has started to benefit from the revenue and cost benefits which the merger brings. The £9m of revenue synergies announced in September 2004 will be realised in 2005 alongside the £9m of cost savings.

In recognition of the encouraging performance in 2004 and the Group's future prospects, the Board has decided to recommend an increased final dividend of 5.33p per ordinary share, making a total dividend for the year of 8.13p.

Financial Performance

As noted above, the results covered by this review have been produced under merger accounting principles, which combine the results of the Taylor & Francis Group with those of the Informa Group as if the two groups had been merged since 1 January 2003.

During 2004 turnover grew by 14% (£62.5m) to £504.2m (2003: £441.7m), despite adverse exchange rate movements which reduced reported revenue by £20.8m (5%) compared to 2003. Dekker, acquired on 2 January 2004, contributed £24.4m in turnover. At constant exchange rates and after adjusting for acquisitions made since 1 January 2003, the organic turnover growth was 5%.

Adjusted operating profit was £108.3m in the period, up 37%, or £29.0m, over 2003 (£79.3m). Excluding the £10.6m adverse effect of exchange rate movements, this operating profit growth was 50%. Dekker contributed £7.6m to this result in its first period of ownership.

Trading was stronger across all three operating divisions compared to 2003, with acquisitions, organic growth, good subscription renewal rates and higher average delegate numbers combining to increase revenue and profitability. This growth in revenue, together with good cost control and the successful integration of acquisitions, was reflected in increased adjusted operating margins of 21.5% in 2004 compared with 18.0% in 2003. At constant exchange rates the organic growth in adjusted operating profit was 23.5%.

Total operating profit after exceptional items and goodwill amortisation increased by 5% to £48.6m from £46.2m.

The combined Group will be required to adopt International Financial Reporting Standards (IFRS) in producing its results for 2005 and beyond. The adoption of IFRS will necessitate material changes to both the bases and format of financial reports sent to shareholders. To help shareholders better understand the impact of adopting IFRS, prior to the Annual General Meeting in May 2005 the Board intends to issue a separate report showing the 2004 results prepared under IFRS.

MERGER HIGHLIGHTS NEW PUBLISHING

The markets addressed by Informa – from the maritime industry to telecoms and life sciences – have proved to be rich ground for extension of the Taylor & Francis publishing output. Senior publishers from T&F have worked with their counterparts from Informa, exploring the developments affecting these markets and the relationships which the Group has in place. Titles currently in development cover a wide range of topics including:

- An *Encyclopaedia of Systems Biology.*
- New titles in drug discovery and drug technology.
- Telecoms titles on wireless security and broadband implementation.
- Handbooks for port managers and technologists in the maritime industry.

Above: 43% of revenues are from subscription-based publications and information services.

Exceptional Operating Items

Over the last 12 months the Group has completed significant integration of acquisitions resulting in exceptional operating costs of £10.0m (2003: £11.8m). Of this total, £4.5m represented integration costs relating to the acquisitions of Cass (July 2003), SZP (October 2003), MMS (September 2003), PJB (December 2003) and Dekker (January 2004). £4.2m was incurred in respect of the relocation of the UK academic books businesses from London to Oxford, the setting up and transferring of the US books warehousing and distribution operations to Kentucky and the move of PJB from its former Richmond offices to existing Group premises in central London. £1.3m was provided in relation to the merger integration.

Goodwill Amortisation and Impairment

As a result of acquisitions made over the last two years, goodwill amortisation increased by £13.4m in 2004 to £34.7m from £21.3m.

Following the merger we have also undertaken a review of goodwill and as a result have reduced the carrying value related to certain pre-2001 acquisitions by £15m.

Merger Costs

As previously reported in September 2004, merger costs were £15.7m (2003: £nil), consisting of professional and other fees incurred in connection with the merger between Taylor & Francis Group plc and Informa Group plc on 10 May 2004.

On the merger the previous bank loan facilities of both groups were terminated and replaced by new enlarged Group facilities and unamortised loan arrangement fees of £2.4m were written off to the profit and loss account.

Net Interest

Net interest payable for 2004 increased by £7.6m to £17.0m as a result of increased bank debt used to fund recent acquisitions. Over 2003 and 2004 we have spent £311m on acquisitions, funded mainly by bank debt.

Net interest cover (based on adjusted operating profit) was a comfortable 6.4 times in 2004 (2003: 8.5 times).

Profit Before Taxation

Adjusted profit before taxation increased by 31% to £91.3m (2003: £69.9m). Profit before taxation and after exceptional items and goodwill amortisation was £12.4m (2003: £33.0m).

Taxation

Tax has been provided at an underlying rate of 26.6% (2003: 28.0%). The effective tax rate is influenced by goodwill amortisation, which in the main does not attract tax relief, and the partial deductibility of certain exceptional items and merger costs. The Group also benefited from the release of prior-year tax provisions no longer required.

Earnings Per Share

Adjusted diluted earnings per share increased 34% to 24.50p per ordinary share compared to 18.28p in 2003. Basic earnings per share were 0.04p (2003: 5.89p).

Dividend

The Board has recommended a final dividend of 5.33p per ordinary share, making a total dividend for the year of 8.13p. The final dividend will be payable on 31 May 2005 to shareholders registered as at the close of business on 29 April 2005.

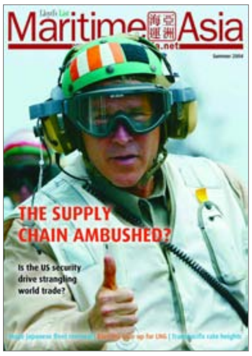
Balance Sheet

Intangible assets increased by £21.1m to £504.2m. Of this increase, £88.2m was in respect of the provisional goodwill arising on the acquisition of Dekker, offset by ongoing amortisation, impairment and the effect of exchange rate movements.

Left: The strong performance in Maritime, Trade & Transport has been boosted by trade demand from China.

Right: The Group provides high quality information in a variety of specialist fields.

74 new journals launched, including 38 new academic society publishing contracts within the Academic & Scientific division



Above: The Maritime, Trade & Transport business traded strongly in 2004 with subscription revenues improved.

Net debt increased by £42.8m, to £302.0m compared with £259.2m at 31 December 2003, reflecting £86.2m spent on acquisitions in 2004, offset by positive cash generation. Cash conversion was strong with adjusted operating cash inflow as a percentage of adjusted operating profit at 110% (2003: 112%).

On the merger the Group entered into a new five-year, £440m multi-currency syndicated bank loan facility.

Accruals and deferred income increased by £18.9m (11%) compared with 2003. Within this increase, deferred income was up 12% compared with 31 December 2003.

Divisional Performance

2004 was a transforming year for the Group. The successful merger of two complementary groups and the integration of recent acquisitions have created a business which has entered 2005 with confidence and in good financial health.

Academic & Scientific Division

	2004 £'m	2003 £'m
Turnover		
STM	**152.0**	109.5
Humanities & Social Sciences	**92.3**	87.8
	244.3	197.3
Adjusted operating profit		
STM	**43.0**	27.0
Humanities & Social Sciences	**21.3**	18.8
	64.3	45.8
Adjusted operating margin %	**26.3**	23.2

Highlights

- Turnover up 24%, adjusted operating profit up 40%. Organic growth at constant exchange rates 5% and 17%, respectively.
- 74 new journals launched, including 38 new academic society publishing contracts.
- Good performance from PJB, acquired December 2003, and Dekker, acquired January 2004.
- STM adjusted operating margin increased to 28.3% (2003: 24.7%) and HSS to 23.1% (2003: 21.3%).

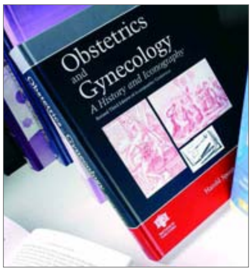
MERGER HIGHLIGHTS
NEW DISTANCE LEARNING OPPORTUNITIES

The customer groups addressed by the merged Group – from the academic sector to professional groups in high-tech industries – share the need for high-quality education and professional development. Much of this need can be met through distance learning, and the Group already has in place a substantial range of distance learning products from self-study courses on project management and employment law to Master's degree programmes delivered in partnerships with leading universities.

Expansion plans have been put in place and many new partnership discussions are underway. Short e-learning courses on topics as diverse as healthcare safety and hazard control and the balanced scorecard in information technology draw on the knowledge and published materials of Taylor & Francis, and re-present the material in e-learning form.

The combined marketing reach of the merged Group, the wealth of published material which can form a resource bank for courses, and the author access which we enjoy mean that powerful new course offerings can be constructed. To our traditional publishing skills we are adding new capabilities in e-learning and we expect the resulting output to be a strong element of our future growth.

The Academic & Scientific division had a strong year. Turnover increased by 24% to £244.3m and adjusted operating profit by 40% to £64.3m



Above: The academic books list comprises over 35,000 titles, published under the Taylor & Francis and Routledge imprints.

The Academic & Scientific division had a strong year. Turnover increased by 24% to £244.3m and adjusted operating profit by 40% to £64.3m. The division benefited from STM acquisitions including PJB (acquired December 2003) and Dekker (acquired January 2004) but was adversely affected by exchange rate movements, which reduced reported turnover by £10.8m and adjusted operating profit by £7.6m. At constant exchange rates organic turnover growth was 5% and adjusted organic operating profit growth was 17%.

The STM business saw robust turnover and profit growth both organically and from acquisitions, offset slightly by some weakness in US Life Sciences advertising and events and exchange rate movements. Turnover grew 39% to £152.0m from £109.5m. At 2003 exchange rates excluding acquisitions turnover was up by 4% and adjusted operating profit up by 16%.

We also saw good underlying turnover growth from our Humanities & Social Science lists which did not benefit from any major acquisitions, although this growth was masked by adverse exchange rate movements. Overall turnover increased by 5% and adjusted operating profit by 14%, helped by efficiencies from integrating prior acquisitions. At 2003 exchange rates turnover was up 5% and adjusted operating profit up 17%.

We have rationalised our academic publishing brands and will now use the Taylor & Francis imprint for STM publishing and the Routledge imprint for Humanities & Social Sciences publishing.

Since the merger the Academic & Scientific division has accelerated its efforts to acquire more academic society and other third-party publishing business. 2004 was a most successful year in this respect, with 38 new third-party publishing contracts signed. The division also launched or acquired 36 journal titles and discontinued 26. As a result of this activity, in 2005 the division will be publishing 1,075 journal titles.

There has been much discussion around "open access" and academic journal publishing models. Recently the Department of Trade and Industry (DTI) on behalf of the UK government has issued its response to the House of Commons Select Committee's report on scientific publishing. The DTI appears to us to have taken a pragmatic line, broadly accepting the maintenance of the current publishing system. The Group will continue to monitor the situation carefully and position itself to respond appropriately to any changes in the academic market's information requirements.

Right: The Life Sciences conference business has been broadened over the past year.

Below: The merger has allowed the events team to explore opportunities through new ranges of conferences and events.

Above: The Academic & Scientific division acquired 36 new academic society publishing contracts in 2004 and will be publishing 1,075 journal titles in 2005.

PJB had a good year despite having been adversely affected by £0.7m at the adjusted operating profit line by the relative weakness of the US dollar. PJB's core products, *Scrip*, *Pharmaprojects*, *Clinica* and *Agrow*, which between them represent some 90% of its operating profit, all performed strongly in 2004, with solid subscription volumes and high renewal rates. Almost 55% of PJB's revenues are generated by electronic products and this proportion is growing quickly as customers migrate from traditional hard-copy products.

In the Life Sciences events area, the flagship annual Drug Discovery Technology event was held in Boston in August. While it was again successful, there was some decline in attendance in 2004 compared with 2003, reflecting a general reduction in investment in drug discovery. However the establishment of spin-off events in Singapore, India and Europe is encouraging and provides a partial offset. While the drug discovery sector has become more challenging, the area of bio-processing has grown and our *Bio-Process International* magazine has moved more quickly into profit than we had expected. Taking advantage of this market strength, we have launched a *Bio-Process International* trade show and conference, which in 2004 became the largest event worldwide in the bio-manufacturing area. This event format has also been rolled out into Europe and Asia.

Following the acquisition of PJB, we have diversified our Life Sciences conference business through the launch of a pharmaceutical development series, both in the US and Europe. This series concentrates on clinical development technologies, regulatory issues and business strategies and complements the published products of PJB, particularly *Scrip* and *Pharmaprojects*.

Professional Division

	2004 £'m	2003 £'m
Turnover		
Financial Information	**60.2**	49.1
Insurance, Law & Tax	**33.1**	39.6
	93.3	88.7
Adjusted operating profit		
Financial Information	**16.3**	10.3
Insurance, Law & Tax	**5.5**	4.5
	21.8	14.8
Adjusted operating margin %	**23.3**	16.7

Highlights

- Turnover up 5%, adjusted operating profit up 47%. Organic growth at constant exchange rates 5% and 43%, respectively.
- Good performance from combination of MCM/MMS, with MMS subscriber retention rate over 65%.
- Both Financial Information and Legal conference businesses performed strongly.
- Advertising recovery in key insurance publications.

The Professional division, which consists of our US-based Financial Information business and our UK-led Professional Information business, covering Insurance, Law & Tax, performed well in 2004.

Turnover and adjusted operating profit in the Financial Information business were up 23% and 59% respectively compared with 2003. The 2004 results include the acquisitions made in 2003 of MMS and two smaller businesses – Barry Leeds and Net Decide. The reported results of the US-based business were adversely affected by exchange rate movements. At constant exchange rates the Financial Information business produced organic growth in turnover of 24% and adjusted operating profit growth of 55%. The adjusted operating margin of the Financial Information business increased to 27.1%, from 20.9%, aided by good overhead control.

MERGER HIGHLIGHTS NEW EVENTS

The depth of T&F's subject expertise and academic connections have allowed the events groups within Informa to explore the opportunities for a new range of conferences and events. Dedicated teams are in place in the UK and the US to work with T&F editors, authors and academic contacts to develop new event opportunities.

New events planned fall into three categories, with each category representing a new approach in its format, topic or target audience.

University partnerships – we are working on a range of events jointly hosted with universities. Among the topics which are in development with university partners worldwide are:

Risk assessment in nanotoxicology
Tissue engineering
Coral reef restoration

Blended academic/commercial events – these events will attract both academic and commercial delegates. Examples include:

Distributed sensor networks
Obesity and education
Renewable energy
Bollywood

Live courses and seminars – a suite of live seminars will be launched, initially in the US. Planned topics include:

Forensics
Information security

Above: The Insurance, Law & Tax business saw good performances throughout its portfolio.

Above: The iMoneynet website. iMoneynet had a good performance in 2004.

The growth of our Financial Information business was led by the acquisition of MMS and its successful integration with MCM, to create a market-leading service for the international corporate bond, sovereign fixed income and foreign exchange markets, under the new brand Informa Global Markets (IGM). In combining the two businesses and creating a single consolidated offering we successfully retained more than 65% of the MMS subscribers, exceeding our pre-acquisition expectations.

As part of this integration exercise we established a single sales team across both businesses as well as a single content authoring and contribution system. This system, known as Market Work Station, allows content to be seamlessly published across the multiple channels we utilise, including Reuters and Bloomberg, our own website and where we co-brand with other clients.

iMoneyNet, the leading provider of information for the US money fund market sector, also had a good year in 2004, despite some weaknesses in the sector. As the sector improves our new analytical products for money fund families, including browser-based applications, look to have exciting possibilities.

During 2004 the Insurance, Law & Tax business saw good performances throughout its portfolio. The largely subscription-based legal publishing business remained resilient and we saw particularly strong underlying improvement in the events-based business, which covers both legal and financial topics. This improvement, coupled with the elimination of events which had proved unprofitable or marginal in 2003, helped drive a 20% increase in adjusted operating profit, despite a reduction in revenue of 16%. The adjusted operating margin rose to 16.5% from 11.5%.

Within the Insurance, Law & Tax business, the financial services area experienced a marked rebound reflecting the return to positive trading conditions in the underlying markets after two years of cutbacks and consolidation. The recovery fed through into improved advertising income led by a 10% improvement in the flagship title *Insurance Day*.

Commercial Division

	2004 £'m	2003 £'m
Turnover		
Telecoms & Media	**37.7**	35.0
Maritime, Trade & Transport	**39.4**	37.7
Commodities	**17.2**	13.0
International Conferences	**72.3**	70.0
	166.6	155.7
Adjusted operating profit		
Telecoms & Media	**8.9**	7.9
Maritime, Trade & Transport	**4.0**	1.6
Commodities	**2.2**	1.4
International Conferences	**7.2**	7.8
	22.3	18.7
Adjusted operating margin %	**13.4**	12.0

Highlights

- Turnover up 7% and adjusted operating profit up 19%. Organic growth at constant exchange rates 6% and 25%, respectively.
- Continuing recovery in mobile telecoms sector enabling new event launches.
- Strong trading in Maritime with adjusted operating profit up by 154%.
- Commodities boosted by 2003 acquisition of Sparks.

Within the Commercial division, the Telecoms business saw strongly improving underlying trends, with confidence returning to the mobile sector as a result of the expansion of 3G services and applications. The 2004 3GSM World Congress in Cannes produced profit ahead of the previous year, although increased royalty payments under a revised agreement with our event partners largely offset the underlying gain. The increase in market activity continued into the 2005 3GSM event, which attracted a record 43,000 pre-registered attendants. The growth of this flagship event has meant that the conference has outgrown the Cannes venue and in 2006 we are relocating it to Barcelona.

The first T&F-branded event, on stress in the workplace, was held in early 2005, with plans for a range of other events, including on sustainable development, nanotechnology and eating disorders lined up for the rest of the year.

The merged organisation allows for new holistic approaches to academic and professional societies. In 2004 the merged Group won 38 new society journal publishing contracts, a record year for the academic business. Having established contacts through a journal publication, we are now in a position to offer event management capabilities, and vice versa.

Sweden provided an early example of the type of multi-product approach which is now possible.

IBC Euroforum Sweden signed a four-year agreement with the Swedish Association of Graduates in Social Science, Personnel and Public Administration, Economics and Social Work (SSR), an organisation of approximately 45,000 members. IBC Euroforum will be in charge of organising all of the Association's major meetings and education programmes.

During the negotiations, representatives from SSR and IBC Euroforum also discussed SSR's need for a journal in the field of management and leadership. Colleagues from T&F's Stockholm office joined the discussion, and plans were laid for the launch of a new journal in 2005 which will carry the potential for both subscription and advertising revenue streams.

We are well placed to benefit from improvement in the mobile telecoms market.

Above: Most of Maritime, Trade & Transport's leading publications are also delivered electronically.

There are positive signs that 2005 may prove to be another strong year for the mobile telecoms sector. As the leading international provider of information to this market sector we began to see the results of increased confidence in 2004 and this has continued into 2005. As the sector improves we are aiming to double our event output and especially concentrate in areas where 3G services are being launched or expanding quickly. Our new partnership with the leading industry trade association GSMA saw us establish a new 3G event for the Asian market which was held in Singapore last September. Alongside other 3G events for 2005 covering India, Africa, the Americas, Russia, China and the Middle East, we are well placed to benefit from improvement in the mobile telecoms market.

The Maritime, Trade & Transport business, which encompasses the leading daily newspaper *Lloyd's List*, maritime and logistics information and conferences in the transport and energy sectors, traded strongly in the year, exceeding the 2003 full-year adjusted operating profit by 154%.

Prosperity in shipping is being boosted by strong trade demand from China which has helped push up freight rates and, with oil prices also strong, this has helped to increase demand for advertising space and boosted delegate attendances at our maritime and energy events. Maritime & Transport's leading publications *Lloyd's List* and its associated maritime magazines (most of which are also delivered electronically) performed well and saw subscription revenues and renewal rates improve and advertising yields rise. Data and consultancy services are also growing in importance.

We are also developing and expanding our corporate training and distance learning programmes in the Maritime & Transport sector. As Asia becomes increasingly important as a world maritime trade centre we are expanding our regional publishing programme there and emphasising Asia-focused exhibitions and awards events, especially in the logistics area, which has proved a major success in Hong Kong. We also ran an inaugural Greek shipping awards event in Athens in 2004 which sold out, with more than 700 delegates attending. This event will be repeated in 2005 and a similar new event run for the Turkish market.

Left: Building on success in 2004, the 2005 3GSM World Congress attracted 43,000 pre-registered attendants.

MERGER HIGHLIGHTS
CROSS-MARKETING AND CROSS-SELLING

In areas where our businesses intersect – in the pharmaceutical industry, health sciences, chemistry, engineering and in telecoms, for example – our marketing teams have come together to identify opportunities to promote each other's products at little or no extra cost. Publications are displayed at conferences and seminars; web services carry banners for related products from elsewhere in the Group; advertisements are placed in sister publications; delegate lists are mined for cross-selling potential (where permission has been granted) and free samples are offered to delegates and subscribers.

The result is a growing network of new sales opportunities and a healthy increase in the reach of many of our products.

Right: Conferences and seminars provide opportunities for cross-selling the merged Group's products.

In 2004 the International Conferences business ran more than 2,000 events across a broad variety of subject areas.

Above: In 2004, the International Conferences business ran over 2,000 conferences, performing better than in 2003.

Commodities, the smallest of our sectors within the Commercial division, had a good 2004 boosted by the 2003 acquisition of Sparks, a Memphis-based information business, now renamed Informa Economics. Commodities turnover was up 32%, or £4.2m. Adjusted operating profit was up 54% (£0.8m), again due mainly to the Sparks acquisition. The Commodities business delivered a record number of events in 2004, with the average number of delegates attending reaching 67.

Our International Conferences business comprises domestic language conferences and courses in Germany, The Netherlands, Asia, Australia, Brazil, France, Sweden and Denmark. In addition, through a partnership with Expomedia Group plc, we have established joint-venture conference arrangements in Russia, Hungary, Poland and India. The Asian events operation has recently opened a satellite office in Shanghai. The International Conferences business typically has a strong second-half performance, and full-year turnover ended up 3%, with an underlying increase in overall profits offset, as expected, by costs of £1.6m (2003: £0.3m) in relation to the new products and territories including China, India, Russia, Poland and Hungary.

In 2004 the International Conferences business ran more than 2,000 events across a broad variety of subject areas. Our existing International Conference operations performed better in 2004 than in 2003, demonstrating a better climate for our conference product.

Business Integration

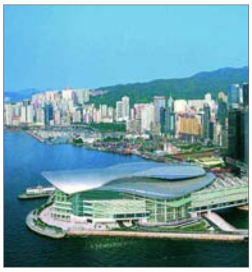
2004 saw significant premises rationalisation. In the UK, the academic book publishing business was relocated from London and consolidated with our existing journal publishing operations in Didcot, Oxfordshire. The move brings STM and Humanities & Social Science (HSS) publishing operations into one site, leading to significant management and operational efficiency. PJB was moved from its previous five offices in Richmond into one of the Group's existing offices in central London. A single Group head office was also established in central London immediately following the merger.

In the US, the acquired Dekker business was integrated into existing offices in Philadelphia and Boca Raton and two New York offices were consolidated into one. We also combined two sites in Boca Raton into one office and began consolidating three separate US book warehouse and distribution operations into a single facility in Kentucky, which we expect will yield considerable efficiencies in book order fulfilment.

In the area of operating systems, we are well advanced in our integration strategy, having completed the installation of a single Group-wide accounting system and we will shortly move to a single sales order fulfilment platform for the UK-based business, centred on our existing SAP system.

Right: The International Conferences business has established joint-venture arrangements in Russia, Hungary, Poland and India.

Above: Markets in which both T&F and Informa were previously active, such as Life Sciences, have provided opportunities for increased levels of product development.



Above: Asia is a promising market for growth of the International Conferences business.

We have also combined our two marketing databases, giving our divisions greater access to customers and the ability to target them more precisely. In addition we consolidated our UK mailing house operations into our facility in Weybridge, Surrey, thus saving on the use of third-party providers.

Merger Highlights

The merger integration process has gone smoothly and to plan. We are on track to deliver the previously reported cost savings of £9m per year and revenue synergies of £9m in 2005.

The revenue synergies are in four principal areas:

Publishing

The market sectors previously addressed by Informa, from Maritime to Telecoms to Life Sciences, have proved to be fertile ground for extending the former Taylor & Francis (T&F) publishing portfolio. Many initiatives have resulted in the creation of new titles in areas such as drug discovery, drug technology, wireless security, IT technical texts, broadband implementation and port management. In 2005 these new publications are scheduled to deliver £2m of sales.

Events

The leveraging of T&F's subject expertise and academic connections has allowed the events teams to explore opportunities through a new range of conferences and events. We have established dedicated teams in both the UK and the US to exploit these connections. The 80 new events planned for 2005 are expected to generate £2.5m of additional revenues. Initial events will cover topics such as stress in the workplace, sustainable development, nanotechnology and eating disorders.

In addition, we can now approach academic and professional societies with whom we already have established contacts to launch new journal publications or to offer event management capabilities where we had not previously offered those services. An example is in Sweden, where the newly combined T&F and Informa office has signed a four-year agreement with the Swedish Association of Graduates in Social Science, Personnel and Public Administration, Economics and Social Work (an organisation of some 45,000 members) to organise all of the association's major meetings and education programmes and also for us to publish a new journal in the field of management and leadership.

Distance Learning

All of our market sectors share the need for high quality education and professional development. Much of this can be met through distance learning, either in the form of e-learning or written courses. Prior to the merger we generated some £7m of turnover from this source and the enlarged Group's content pool facilitates expansion into topics such as self-study courses on project management and employment law and MBA programmes delivered in partnership with leading universities. The combined marketing reach of the merged Group, coupled with its wealth of published material and author access, allows us to construct brand new and powerful course offerings. We have established a dedicated e-learning team whose job it is to grow this part of the business, which we believe will be a significant element of future turnover in the medium term.

Areas where distance learning initiatives are proving particularly promising include: system biology, nanotechnology, nanotoxicology, electrical engineering, IT security, forensic science, remote sensing, occupational health and industrial hygiene.

MERGER HIGHLIGHTS OPERATIONAL EFFICIENCIES

Whilst cost reduction was not the main objective of the merger, there have also been immediate and clear opportunities to combine operations in certain areas, and to take the best available system or working practice for implementation across the enlarged Group.

IT – clear benefits and significant cost savings were soon identified in the area of information systems and technology. SAP, already implemented in Informa, was selected as the sales order processing system for the merged Group. CODA financials are being rolled out across the Group, whilst Klopotek's book production and marketing system sets the right standards for the international scale of our publishing operations. £2.5m of savings, combined with greatly enhanced performance, are making the integration of our IT systems a highly worthwhile venture.

Premises – £2.1m has been saved by ensuring full utilisation of office space across the combined Group.

Above: *Lloyd's List* saw improved renewal rates and rising advertising yields in 2004.

Cross-Marketing and Cross-Selling

We have also been working to identify business intersects between publishing and events. Where these exist, such as in pharmaceuticals, health sciences, chemistry, engineering, maritime security, counter terrorism and telecoms, marketing teams have come together to cross-promote each of their products at little or no extra cost. Publications are displayed at conferences and seminars, web services carry banners for related products, advertisements are placed in sister publications, internet links have been established, complementary products are mailed jointly and free samples are offered to delegates and subscribers. The result is a growing network of new sales opportunities and a healthy increase in the reach of many of our products. We expect to generate £4.5m of additional revenue from these efforts in 2005.

The revenue plans outlined above will develop and grow as we begin to drive the opportunities which the merger has created. Informa itself resulted from a merger in 1998 and some six years later we are still finding new opportunities. We expect the same to happen as T&F Informa grows.

Cost Savings

At the time of the merger we had identified potential annual cost savings of £4.6m resulting from the merger. As a result of more detailed analysis and the completion of integration steps we have identified a total of £9m of recurring annual savings. This £9m of identified savings is expected to come from the areas of IT (£2.5m), premises (£2.1m), print and distribution (£1.5m), finance and related areas (£1.3m) and corporate overheads (£1.6m).

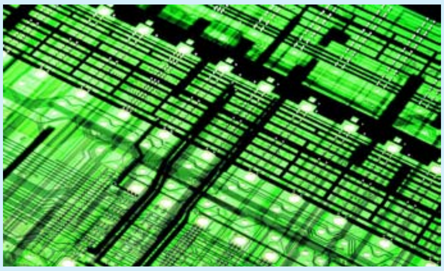
Strategy

T&F Informa is a global information provider across a broad portfolio of academic, professional and commercial market sectors. We aim, wherever possible, to be the leading provider in the niche sectors we select and to provide high value information in the many media formats our customers demand.

The subscription model is a cornerstone of our business, however we seek to maintain a well-balanced product portfolio combining a number of revenue streams with differing dynamics, including copy sales, events and the more cyclical revenue streams of advertising and sponsorship. We also look to develop new revenue streams through a combination of product development and geographical expansion.

Following the merger we will continue to look for ways to develop new products around our leading brands. We will continue to exploit the interplay between publications and events that gives our business a distinctive strength. Strong publishing brands provide our events with added market leverage, yielding greater access to important speakers and market segments.

T&F Informa has strong positions within the US market, which accounts for some 50% of revenue. These activities are currently focused on relatively few of our market sectors and we intend to develop our US presence through a combination of organic growth and well-planned acquisitions.



Finance and related – economies of scale and the rationalisation to one set of audit and advisory facilities, have saved the Company £1.3m.

Print and distribution – use of our substantial purchasing scale in print and distribution purchasing has put us on track to save £1.5m in 2005.

Corporate savings – Consolidating our head offices with associated rationalisation combined with margin improvements on our enlarged Group banking facilities to produce £1.6m savings.

The momentum seen in 2004 has been maintained into the current year and the revenue and cost synergies from the merger are coming through as expected.

Above: Our subscription-based electronic publications have enjoyed high renewal rates and look to be progressing well.

We have conference businesses in Eastern Europe, China and India and in South America (through our Brazilian operation) – markets which have higher medium- to long-term growth prospects. It is our intention to build associated publishing activities in these regions and we are already establishing a publishing presence in Beijing and in New Delhi.

The Group is well placed in electronic product delivery, with some 25% of our publishing revenues and 17% of our total revenues coming from standalone electronic publishing activities in 2004. Generally these revenues, which are subscription based, enjoy renewal rates slightly higher than for hard-copy products. Looking forward it is clear that our customers will increasingly demand information to be delivered electronically in succinct and fully searchable forms.

Current Trading and Prospects

Although it is still relatively early in the year, 2005 has started well. We are beginning to crystallise the opportunities provided by the merger and T&F Informa is well placed to grow organically and through selective acquisitions at a time where there is evidence that many of our markets are in recovery. The momentum seen in 2004 has been maintained into the current year and the revenue and cost synergies from the merger are coming through as expected. With the Group performing in line with our expectations, the Board is confident of meeting our demanding targets and delivering another good financial performance in 2005.

We are delighted with the way the two groups have come together and thank our staff for their professionalism and enthusiasm in embracing the many new opportunities the enlarged Group now enjoys.

P Rigby
Chief Executive
9 March 2005

Directors and Advisers

At 31 December 2004

David Smith

Peter Rigby

Anthony Foye

David Gilbertson

David Smith
Chairman[3] (55)
Mr David Smith was appointed Chief Executive of Taylor & Francis Group plc in April 2002. In the previous ten years he held senior management positions at the international publishing and information group Wolters Kluwer and was latterly Chief Executive of its European Education and Legal, Tax and Business divisions. Upon the merger of Taylor & Francis Group plc and Informa Group plc to form T&F Informa plc on 10 May 2004, Mr Smith was appointed the Company's Chairman and the Chairman of the Nomination Committee.

Peter Rigby
Chief Executive (49)
After qualifying as an accountant, Mr Peter Rigby joined Metal Box. In 1981 he moved into the media industry joining Book Club Associates, a joint venture between WH Smith and Doubleday. In 1983 he joined Stonehart Publications which was acquired by International Business Communications (later renamed IBC) in 1986. After two years as Finance Director of IBC, Mr Rigby was appointed Deputy Chief Executive and later its Chief Executive, leading IBC's expansion into North America, Asia and Australia. He became Chairman of Informa Group plc at the company's inception upon the merger of IBC and LLP in December 1998. Mr Rigby was appointed Chief Executive of T&F Informa plc upon the merger of Informa with Taylor & Francis on 10 May 2004.

Anthony Foye
Finance Director (42)
Mr Anthony Foye joined Taylor & Francis in 1987 as Group Chief Accountant and Company Secretary after qualifying as a Chartered Accountant. In 1994 he was appointed Finance Director of Taylor & Francis Group plc and was instrumental in the company's flotation on the London Stock Exchange in May 1998. Mr Foye was appointed Finance Director of T&F Informa plc upon the merger of Taylor & Francis with Informa on 10 May 2004.

David Gilbertson
Managing Director (48)
Mr David Gilbertson has some 25 years' experience in the information industry having held editorial and management positions with Metal Bulletin, Reuters and Reed Elsevier. He joined Lloyd's of London Press (later renamed LLP) in 1987 as Editor of Lloyd's List, joining the LLP board in 1992. Mr Gilbertson was a member of the management buy-out team which bought LLP from Lloyd's of London in 1995, becoming its Chief Executive in 1997. He took LLP to flotation on the London Stock Exchange in early 1998 and became Chief Executive of Informa Group plc upon its formation from the merger of LLP and IBC in December 1998. Mr Gilbertson was appointed Managing Director of T&F Informa plc upon the merger of Informa with Taylor & Francis on 10 May 2004.


Richard Hooper


Derek Mapp


Dr Pamela Kirby


Sean Watson

Richard Hooper
Senior Non-Executive Director[1,2,3] (65)
Mr Richard Hooper was appointed a Non-Executive Director of LLP in 1997 and became the Senior Non-Executive Director on the Informa Group plc board following the merger of LLP and IBC in 1998. Mr Hooper is currently the Deputy Chairman of the Office of Communications (Ofcom) and Chairman of its Content Board. He is also an independent assessor to the Department of Media, Culture and Sport on Public Appointments and is a member of the Environment Panel of Waste Recycling Group plc. He has previously been the Chairman of the Radio Authority, Non-Executive Chairman of Superscape plc and a Non-Executive Director of MAI/United News and Media plc. Upon the merger of Informa with Taylor & Francis, Mr Hooper was designated the Senior Non-Executive Director of T&F Informa plc and he also chairs the Remuneration Committee.

Derek Mapp
Non-Executive Director[1,2] (54)
Mr Derek Mapp joined the board of Taylor & Francis Group plc as Non-Executive Director in 1998. He is currently Non-Executive Chairman of Staffline Recruitment Group plc and a Non-Executive Director of Imagesound plc, as well as having a number of other private business interests. Mr Mapp has previously been the Executive Chairman of Leapfrog Day Nurseries Limited, the Chairman of the East Midlands Development Agency and the Managing Director of Tom Cobleigh plc. Mr Mapp was appointed as a Non-Executive Director of T&F Informa plc upon the merger of Taylor & Francis and Informa on 10 May 2004 and is Chairman of the Audit Committee.

Dr Pamela Kirby
Non-Executive Director (51)
Dr Pamela Kirby is currently Non-Executive Chairman of Oxford Immunotec Ltd and is also a Non-Executive Director of Smith & Nephew plc, Oscient Pharmaceuticals Corporation and Scynexis Inc. She was previously CEO of US-based Quintiles Transnational Corporation, a provider of product development and commercial services to the pharmaceutical and biotechnology industries. Prior to joining Quintiles, Dr Kirby held various senior positions in the pharmaceutical industry at Astra AB (now AstraZeneca plc), British Biotech plc (now Vernalis plc) and F. Hoffman-La Roche Limited. She has a PhD in Clinical Pharmacology from the University of London. Dr Kirby was appointed as a Non-Executive Director of T&F Informa plc with effect from 1 September 2004.

Sean Watson
Non-Executive Director[3] (56)
A solicitor and Senior Corporate Finance Partner at CMS Cameron McKenna, Mr Sean Watson has extensive experience in all areas of corporate law. In 2000 he was appointed as a Non-Executive Director of Informa Group plc which was renamed T&F Informa plc upon the merger of Informa with Taylor & Francis on 10 May 2004.

Don Cruickshank (not pictured)
Non-Executive Director[1,2,3] (62)
Mr Don Cruickshank joined the board of Taylor & Francis Group plc as a Non-Executive Director on 14 January 2004 and was appointed its Chairman on 1 March 2004. He was previously Chairman of the London Stock Exchange and of SMG plc. Prior to this he held a number of senior positions including Director General of the Office of Telecommunications (OFTEL) as well as Managing Director roles at both Pearson Longman plc and Virgin Group plc. Mr Cruickshank was appointed as a Non-Executive Director of T&F Informa plc upon the merger of Taylor & Francis with Informa on 10 May 2004. He resigned on 24 January 2005.

Auditors
Deloitte & Touche LLP
Chartered Accountants
Abbots House
Abbey Street
Reading
Berkshire RG1 3BD

Registrars
Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA

Stock Brokers
UBS Limited
1 Finsbury Square
London EC2M 2PP

Hoare Govett Ltd
250 Bishopsgate
London EC2M 4AA

Public Relations
Financial Dynamics
Holborn Gate
26 Southampton Buildings
London WC2A 1PB

Principal Lawyers
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Mitre House
160 Aldersgate Street
London EC1A 4DD

Ashurst
Broadwalk House
5 Appold Street
London EC2A 2HA

Registered Office
Mortimer House,
37-41 Mortimer Street,
London W1T 3JH

Registration
Registered in
England and Wales Number
3099067

1 Member of Audit Committee at 31 December 2004.
2 Member of Remuneration Committee at 31 December 2004.
3 Member of Nomination Committee at 31 December 2004.

Directors' Report

Directors' Report
The Directors present their Annual Report and the audited financial statements for the year ended 31 December 2004.

Principal Activities
T&F Informa plc and its subsidiary undertakings provide specialist information to the academic, professional and business communities through multiple distribution channels.

Business Review
On 10 May 2004 Informa Group plc merged with Taylor & Francis Group plc via a scheme of arrangement and the Company's name was changed to T&F Informa plc.

The results for the year are summarised in the Consolidated Profit and Loss Account on page 36 and the related Notes. A review of the Group's business and future prospects is set out in the Operating and Financial Review on pages 4 to 15.

Dividends
The Directors recommend that a final dividend of 5.33p per ordinary share be paid which, together with the interim dividend of 2.80p per ordinary share paid on 8 November 2004, makes a total for the year of 8.13p per ordinary share. The final dividend will be payable on 31 May 2005 to shareholders registered as at the close of business on 29 April 2005.

Directors
The interests of the Directors who held office as at 31 December 2004 in the issued share capital of the Company are set out in the Directors' Remuneration Report on pages 30 to 33.

Brief biographical details of the Directors who held office as at 31 December 2004 appear on pages 16 and 17.

Messrs D Gilbertson, R Hooper, P Rigby and S Watson served as Directors throughout the year ended 31 December 2004. In connection with the merger of Taylor & Francis Group plc and Informa Group plc, on 10 May 2004, Messrs D Cruickshank, A Foye, D Mapp and D Smith were appointed as Directors and Messrs E Barton and J Wilkinson resigned as Directors. Dr P Kirby was appointed on 1 September 2004.
Mr D Cruickshank resigned on 24 January 2005.

Resolutions will be submitted to the Annual General Meeting in accordance with the Company's Articles of Association for the re-appointment of two Directors. The Company's Articles of Association state that any Director who has been appointed by the Company's Directors since the previous Annual General Meeting or who has held office for more than 30 months since last re-elected by the Company in general meeting must retire from office but shall be eligible for re-election. Accordingly Dr P Kirby retires and, being eligible, offers herself for election by the shareholders and Mr P Rigby retires and, being eligible, offers himself for re-election.

Annual General Meeting
The Annual General Meeting will be held on 18 May 2005 and the notice will be despatched separately.

Charitable and Political Contributions
The Group made charitable donations during the year of £24,762 (2003: £10,888). No political donations were made (2003: £nil).

Supplier Payment Policy
The Company's policy, which is also applied by the Group, is to settle terms of payment with suppliers when agreeing the terms of each transaction and to abide by the agreed terms, provided that the supplier has provided the goods or services in accordance with the relevant terms and conditions. As at 31 December 2004 trade creditors of the Group were equivalent to 23 days' purchases (2003: 25 days), based on the average daily amount invoiced by suppliers during the year. The Company had no trade creditors as at 31 December 2004 and 2003.

Substantial Shareholdings

As at 9 March 2005 the Company had been notified in accordance with Sections 198 to 208 of the Companies Act 1985 of the following interests of 3% or more of the issued share capital of the Company:

	Number of shares	% held	Date Company notified
Zurich Financial Services and its group	9,217,891	3.07%	28 Feb 2005
Standard Life Investments	15,147,591	5.06%	21 Feb 2005
The Royal Bank of Scotland Group plc	10,122,608	3.38%	13 Jan 2005
FMR Corp and Fidelity International Limited and their subsidiaries	10,780,791	3.60%	3 Dec 2004
Morley Fund Management Limited (a subsidiary of Aviva PLC)	14,918,294	4.98%	20 Oct 2004
Legal & General Group plc and/or its subsidiaries	17,855,639	5.96%	5 Oct 2004
Aegon UK plc group of companies	10,490,665	3.50%	12 May 2004

Going Concern Basis

The Directors are responsible for preparing the financial statements on the going concern basis unless it is inappropriate to presume the Group will continue in business. After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Auditors

With effect from 24 October 2004 the Board appointed Deloitte & Touche LLP as auditors and KPMG Audit Plc resigned. Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board
Mortimer House
37-41 Mortimer Street
London W1T 3JH

J Thomasson
Company Secretary
9 March 2005

Corporate Governance

The Company is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003 (the Combined Code) which is appended to the Listing Rules of the Financial Services Authority and for which the Board is accountable to shareholders. Throughout the year to 31 December 2004, the Company complied with the Code provisions set out in Section 1 of the Combined Code except for the following matter.

Code Provision A2.2 specifies that upon appointment the Chairman should meet the independence criteria set out in the Code. Mr D Smith was Chief Executive of Taylor & Francis Group plc up to the date of the merger, 10 May 2004, when he was appointed Chairman of the newly merged Group, T&F Informa plc. He was appointed Chairman because the Board felt that it was important to retain the experience and continuity which Mr Smith could provide, particularly during the important period following the merger. In accordance with the provisions of the Code, major shareholders were consulted after the proposed merger had been announced on 2 March 2004 and in advance of the actual appointment. Mr D Smith also stood for re-election at the July 2004 Annual General Meeting.

The paragraphs below and, in connection with Directors' remuneration, in the Directors' Remuneration Report, explain how the Company has applied the principles set out in Section 1 of the Combined Code.

The Board
The Group is controlled through its Board of Directors. The Board's main roles are to create value for shareholders, to provide leadership of the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable those objectives to be met.

There is a schedule which sets out the matters reserved for the Board's approval and this was updated following the Company's merger in May 2004 when the composition of the Board changed considerably.

The specific responsibilities reserved for the Board include: approval of the Group's long-term objectives and commercial strategy and approving its annual operating and capital expenditure budgets; reviewing operational and financial performance; approving major acquisitions, disposals and capital projects; reviewing the Group's systems of internal controls and risk management; reviewing the environmental, health and safety policies of the Group; approving appointments and removals to the Board and of the Company Secretary and to main subsidiary companies; and approving policies relating to Directors' remuneration.

The Board has delegated the following activities to the Executive Directors: the development and recommendation of strategic plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board; implementation of the strategies and policies of the Group as determined by the Board; monitoring of the operating and financial results against plans and budgets; monitoring the performance of acquisitions and investments against plans and objectives; prioritising the allocation of capital, technical and human resources and developing and implementing risk management systems.

The Roles of the Chairman and Chief Executive
The division of responsibilities between the Chairman of the Board and the Chief Executive is clearly defined and was updated subsequent to the Company's merger in May 2004.

The Chairman leads the Board and is responsible for organising the business of the Board, setting its agenda and ensuring its effectiveness. The Chairman is also responsible for ensuring that Directors receive accurate, timely and clear information and for effective communication with shareholders. The Chairman facilitates the effective contribution of Non-Executive Directors and constructive relations between the Executive and Non-Executive Directors. During 2004 Mr Smith also oversaw the programme to identify and achieve revenue and cost synergies arising from the merger.

The Chief Executive has direct charge of the Group on a day-to-day basis and is accountable to the Board for its operational and financial performance. The Chief Executive is also primarily responsible for developing and articulating the Company's strategy and for day-to-day dealings with shareholders, particularly following the interim and year-end results announcements.

Senior Independent Director
Mr R Hooper has been designated as the Senior Independent Director throughout 2004. He is available to meet shareholders on request and to ensure that the Board is aware of any shareholder concerns not resolved through existing mechanisms for investor communication.

Directors and Directors' Independence
As of 31 December 2004 the Board comprised the Chairman, five independent Non-Executive Directors and three Executive Directors. The names of the Directors, together with their brief biographical details are given on pages 16 and 17. The periods served by each Director during 2004 are set out on page 18.

The Board includes independent Non-Executive Directors who constructively challenge and help develop proposals on strategy and bring strong, independent judgement, knowledge and experience to the Board's deliberations. The independent Directors are of sufficient calibre and number that their views carry significant weight in the Board's decision-making process.

The Board considers all of its Non-Executive Directors to be independent in character and judgement. The Board has considered the independence of Mr S Watson with particular care in view of his position as a partner at CMS Cameron McKenna, one of several legal advisers used by the Company. The Board does not consider the relationship between the Company and the law firm to be of a material nature given that the transaction values between the two entities have not exceeded 0.25% of their respective turnovers during each of the four years ended 31 December 2004. In addition Mr Watson does not lead any transaction or have any significant role in any work undertaken by the law firm on behalf of the Company.

There is an agreed procedure in place for the Directors to obtain independent professional advice, at the Group's expense, should they consider it necessary to do so in order to carry out their responsibilities.

The Chairman, Mr D Smith, does not have any other significant professional commitments or directorships outside the Group.

Professional Development
On appointment the Directors receive relevant information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board and management committees and the powers delegated to those committees, the Group's corporate governance policies and procedures and the latest financial information about the Group. This is supplemented by visits to key locations and meetings with key senior executives. On appointment Directors are also advised of their legal and other duties and obligations as a Director of a listed company.

Throughout their period in office the Directors are continually updated on the Group's business and the environment in which it operates, by written briefings and by meetings with senior executives, who are invited to attend and present at Board meetings from time to time. They are also updated on any changes to the legal and governance requirements of the Group and which affect themselves as Directors and are able to obtain training, at the Group's expense, to ensure they are kept up to date on relevant new legislation and changing commercial risks.

Performance Evaluation
The Board utilises a formal and rigorous process, led by the Chairman, for the annual evaluation of the performance of the Board, its principal committees and individual Directors, with particular attention to those who are due for re-appointment. On appointment the Directors are made aware that their performance will be subject to an evaluation.

For 2004 the evaluation has been performed with the assistance of independent professional advisers. Using a set of questions agreed in advance with the Chairman, the independent advisers conducted a series of focused interviews with each member of the Board in his or her capacity as a Director and, where applicable, as a member or Chairman of a principal committee. They also conducted interviews with the Company Secretary and a number of the Group's key managers and selected professional advisers. In addition the independent advisers reviewed the papers and minutes of Board and Committee meetings, focusing on the period subsequent to the Company's merger. The process was overseen by a Steering Committee consisting of the Chairman, the Senior Independent Director and the Company Secretary. The initial findings and recommendations of the independent advisers were presented first to the Steering Committee and then to the members of the Board. In addition, the Non-Executive Directors, led by the Senior Independent Director, met without the Chairman present to conduct a performance evaluation of the Chairman.

The Board continues to review the independent advisers' findings and recommendations with a view to implementing, where appropriate, any recommendations made to improve the overall effectiveness of the Board.

Re-election
Subject to the Company's Articles of Association, the Companies Act and satisfactory performance evaluation, Non-Executive Directors are appointed for an initial period envisaged to last three years and thereafter subject to annual review.

The Company Secretary
The Company Secretary is responsible for advising the Board on all governance matters. The Directors have access to the advice and services of the Company Secretary. Under the Company's Articles of Association and the schedule of matters reserved for Board decision, the appointment and removal of the Company Secretary is a matter for the full Board.

Information
Regular reports and papers are circulated to the Directors in a timely manner in preparation for Board and Committee meetings. These papers are supplemented by any information specifically requested by the Directors from time to time.

The Non-Executive Directors receive monthly management reports from the Chief Executive which enable them to scrutinise the Group's and management's performance against agreed objectives.

Relations with Shareholders
In fulfilment of the Chairman's obligations under the Combined Code, the Chairman provides the Board with feedback on any issues raised with him by shareholders.

In addition, the Executive Directors have frequent discussions with institutional shareholders on a range of issues affecting the Group's performance. These include meetings with the Group's largest institutional shareholders on an individual basis following the announcement of the Group's interim and annual results. In addition the Group responds to individual ad hoc requests for discussions from institutional shareholders. Following meetings held with shareholders after the interim and annual results announcements, the Board receives feedback from each of the Chief Executive, the Group's brokers and its public relations advisers on investor perceptions. External brokers' reports on the Group are also circulated to all Directors, as are quarterly reports of significant changes in the holdings of larger investors.

The Annual General Meeting (AGM), for which at least 20 working days' notice is given and where shareholders are invited to ask questions during the meeting and are able to meet with the Directors after the meeting, is normally attended by all the Directors. The number of proxy votes for, against or withheld in respect of each resolution is disclosed at the AGM and a separate resolution is proposed for each item.

The Group maintains a corporate website at www.tfinforma.com containing a wide range of information of interest to both institutional and private investors. This includes all announcements made by the Company to the London Stock Exchange as well as video recordings of the interim and annual presentations made to analysts.

Internal Control and Risk Management
The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. In accordance with the guidance set out in *Internal Control: Guidance for Directors on the Combined Code* (The Turnbull Report), the Board regularly reviews this process, which has been in place from the start of the year to the date of approval of this Report.

The Board regularly reviews the effectiveness of the Group's system of financial and non-financial internal controls, including operational and compliance controls, risk management and the Group's high-level internal control arrangements. The Board's monitoring is based principally on reviewing reports from management to consider whether significant risks have been identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has also performed an assessment for the purpose of this Annual Report. This assessment considers all significant aspects of internal control arising during the period covered by the Report including the work of internal audit.

The Directors view the careful management of risk as a key management activity and steps are being taken to embed internal control and risk management further into the operations of the Group and to deal with any areas of improvement which come to management's and the Board's attention. For example, toward the end of 2004 the Group's internal audit function was strengthened by the appointment of a new head of Business Risk Management and the appointment of a firm of independent professional advisers to augment the internal audit resource.

Board Committees
The number of scheduled full Board meetings and committee meetings attended as a member by each Director during the year was as follows:

	Scheduled Board meetings	Nomination Committee meetings	Remuneration Committee meetings	Audit Committee meetings
D Smith (appointed 10 May 2004 on merger)	5 (5)	2 (2)	–	–
P Rigby	6 (7)	–	–	–
D Gilbertson	7 (7)	–	–	–
A Foye (appointed 10 May 2004 on merger)	5 (5)	–	–	–
J Wilkinson (resigned 10 May 2004 on merger)	2 (2)	–	–	–
R Hooper	7 (7)	2 (2)	4 (4)	2 (3)
S Watson	6 (7)	2 (2)	1 (1)	1 (1)
D Mapp (appointed 10 May 2004 on merger)	5 (5)	–	3 (3)	2 (2)
P Kirby (appointed 1 Sep 2004)	2 (2)	–	–	–
D Cruickshank (appointed 10 May 2004 on merger)	5 (5)	2 (2)	3 (3)	2 (2)
E Barton (resigned 10 May 2004 on merger)	2 (2)	–	1 (1)	1 (1)

Figures in brackets indicate the maximum number of meetings in the period in which the Director was a Board member.

Nomination Committee
The Company has established a Nomination Committee whose terms of reference, which were updated by the Board in May 2004, are available on the Company's website.

From 1 January 2004 to 10 May 2004, the date of the merger, the Committee comprised Messrs R Hooper (Chairman), S Watson and E Barton; however there was no business which required the Committee to meet during that period. Following the merger the Committee was reconstituted to comprise Messrs D Smith (Chairman), R Hooper, S Watson and D Cruickshank. Mr D Cruickshank resigned on 24 January 2005.

The Nomination Committee considers the mix of skills and experience that the Board requires and seeks the appointment of Directors who meet these requirements to ensure that the Board is effective in discharging its responsibilities.

Following the merger the Nomination Committee met twice for the purpose of appointing an additional Non-Executive Director to the Board. The Committee began the process by identifying the core competencies and attributes required of the candidate to fill the role. It then engaged an independent professional search firm to seek out and identify potential candidates. A short list of candidates was agreed by the Committee and then interviewed, first by the Committee Chairman and then by the other Committee members. The Committee's recommended candidate, Dr P Kirby, then met with the rest of the Directors before being appointed by the full Board, with effect from 1 September 2004.

Remuneration Committee
Information about the Remuneration Committee is given in the Directors' Remuneration Report on page 26. The Committee's terms of reference, which were updated by the Board in May 2004, are available on the Company's website. The Committee's principal responsibilities are to:

- set, review and recommend to the Board for approval the remuneration policy and strategy with respect to the Executive Directors and the Chairman;
- set, review and approve individual remuneration packages for the Executive Directors and the Chairman including terms and conditions of employment and any changes to the packages; and
- approve the rules and launch of any Group share-based incentive schemes and grants and awards under such schemes.

Audit Committee
From 1 January 2004 to 10 May 2004, the date of the merger, the Audit Committee comprised Messrs R Hooper (Chairman), S Watson and E Barton. Following the merger the Committee was reconstituted to comprise Messrs D Mapp (Chairman), R Hooper and D Cruickshank. Mr D Cruickshank resigned on 24 January 2005.

Since being reconstituted the Committee has had at least one member possessing recent and relevant experience, as described in the Smith Report appended to the Combined Code. Mr Cruickshank is a qualified accountant and has held a number of senior positions including, until 2003, Chairman of the London Stock Exchange. Mr Mapp also has extensive experience of audit committee procedures. It will be seen from the Directors' biographical details appearing on pages 16 and 17 that the other members who served on the Committee during the year possess a wide range of high-level experience.

The Audit Committee monitors the integrity of the Group's financial statements and any formal announcements relating to the Group's performance. The Committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditors. It is responsible for ensuring that an appropriate relationship between the Group and the external auditors is maintained, including reviewing non-audit services and fees. The Committee also reviews annually the Group's system of internal controls and the process for monitoring and evaluating the risks faced by the Group. It reviews the effectiveness of the internal audit function and is responsible for approving, upon the recommendation of the Chief Executive, the appointment and termination of the head of that function.

The Committee meets with the Executive Directors and management, as well as privately with both the external and internal auditors.

In 2005 the Committee discharged its responsibilities by:

- reviewing the Group's draft financial statements and interim results statement prior to Board approval and reviewing the external auditors' detailed reports thereon;
- reviewing the Group's January pre-Close Period update prior to its release;
- reviewing the appropriateness of the Group's accounting policies;
- reviewing regularly the potential impact on the Group's financial statements of certain matters such as the adoption of International Financial Reporting Standards;
- following the merger, reviewing the appointment of the Group's external auditors leading to a recommendation, adopted by the full Board, to appoint Deloitte & Touche LLP, with effect from 24 October 2004;
- reviewing and approving the audit fee and reviewing non-audit fees payable to the Group's external auditors;
- reviewing the external auditors' plan for the audit of the Group's accounts, which included key areas of scope of work; key risks on the accounts; confirmations of auditor independence and the proposed audit fee and approving the terms of engagement for the audit;
- reviewing the Group's system of controls and its effectiveness and reviewing the Group's systems to identify and manage risks;
- reviewing and strengthening the Group's internal audit function through the appointment of a new head of Business Risk Management and the appointment of a firm of independent professional advisers to augment the internal audit resource; and
- reviewing post-acquisition reports on integration and performance of significant recent acquisitions compared to plans.

The Audit Committee also monitors the Group's whistle blowing procedures to ensure that appropriate arrangements are in place for employees to be able to raise matters of possible impropriety in confidence, with suitable subsequent follow-up action.

The Audit Committee's terms of reference, which were updated by the Board in May 2004, are available on the Company's website.

Auditor Independence and Objectivity
The Audit Committee regularly monitors the scope of the services and the non-audit services being provided to the Group by its external auditors to review the independence and objectivity of the external auditors, taking into consideration the relevant professional and regulatory requirements, so that these are not impaired by the provision of permissible non-audit services. Any activities that may be perceived to be in conflict with the role of the external auditors must be submitted to the Committee for approval prior to engagement.

Corporate Responsibility
The Group's approach to Corporate Responsibility (CR) is evolving and the Directors consider CR to be an integral part of the overall corporate governance framework.

The Group's management structure is largely decentralised and as a result individual operating businesses have their own distinct cultures and management styles. Whilst we look to establish a more centralised approach to CR policy and collation of Group-wide key performance data during 2005, we will seek to avoid developing processes and bureaucracy which provide little practical value or which fail to reflect the cultural diversity of the Group's operating businesses.

Management recognises the importance of managing CR risks, particularly reputational risk, and during 2005 plans to install a CR Steering Committee with representation across the Group. The Committee will be chaired by the Chief Executive, Mr P Rigby, and its remit will include regularly reviewing the social, environmental and ethical (SEE) risks faced by the Group.

The Company is currently in the process of recruiting a CR manager and is also a member of the Media CSR Forum, a group of 19 leading media companies who are committed to working together to further CR within the media sector.

In 2004, the Media CSR Forum engaged KPMG LLP to undertake a stakeholder consultation and analysis project. KPMG identified and consulted with more than 130 external opinion leaders from the media, the CR community, socially responsible investors, and the financial community to help identify and prioritise the CR issues relevant to the sector. This work identified five key issues for the sector as a whole: transparent and responsible editorial policies, corporate governance, integrity of information, impartial and balanced output and investing in and supporting staff. The work also identified the priority issues specific to both the publishing and exhibition/conferencing industries. During 2005, the findings and the recommendations from the project will be reviewed by the CR Steering Committee and it is anticipated that the insights will help to further develop and refine our thinking around CR, as well as provide the basis for further discussion with the Group's stakeholders.

Workplace
Our employees are critical to the success of the business. Within the competitive environment in which the Group operates recruiting talented people and developing, recognising and rewarding them are fundamental to the Group's future success. Through our Career Working Group, which was established during 2004, we are currently reviewing the structure and focus of our training and career development programmes to enhance them and to bring consistency across the recently merged Group.

The Group seeks to keep employees informed of developments within the organisation and we achieve this through a variety of channels, including meetings with and presentations by senior management. In addition, an online area has been established where staff can ask the executive management questions anonymously and responses are published on the intranet. The Informa group also conducted an annual on-line employee survey, based on the company's core values, with a response rate of around 60%. Results are fed back through the Staff Consultative Council, a representative body of staff (members of which are voted for by colleagues) which is UK based, meets quarterly and is supported by the Group Managing Director. It is intended to role out the survey process to the rest of the enlarged Group during 2005.

The Group is committed to the principle of equal opportunities, ensuring that employment terms for its employees are fair, irrespective of race, ethnic or national origin, gender, sexual orientation, religion or disabled status. Full consideration is given to applicants for employment, the continuing employment, training and career development of disabled persons.

Throughout its operations the Group is committed to a high standard of health and safety for all its employees and any other persons who could be affected by its operations. During 2004 we focused particularly on the health and safety of delegates attending our conferences and this included the development of on-line assessment tools for staff to use. Our overall approach is managed through the Executive Health & Safety Committee and there is a network of health and safety representatives within the Group.

Community
The Group respects the traditions and cultures of each country in which it operates.

The Group supports a number of charities and schemes, such as the Give As You Earn Scheme, which allows UK employees to make tax efficient charitable donations direct from the payroll. In 2004 the Group gave nearly £25,000 in charitable donations. In addition, since 2002 UK employees of the Group have helped to raise funds for various UK-based children's charities through participation in an annual fun run, led by Mr P Rigby, Chief Executive. In 2004 the event raised some £47,000 for charity and more than £77,000 has been raised since its inception.

Environment
Although the media sector is generally regarded as having a low environmental footprint compared to other industries, management recognises that the Group's businesses do have a direct impact on the environment through its products and the resulting supply chain (e.g. paper use and print and production technologies). We work with printers to use water-based biodegradable inks and with paper suppliers to use acid-free paper and paper certified by The Forest Stewardship Council wherever possible. We are also continually seeking to reduce paper consumption through increased electronic publishing, including the conversion of backlist titles to electronic format. We are also increasingly providing distance learning courses which reduce the need to travel while widening accessibility to our products.

There are a number of recycling initiatives within the organisation, currently centred mainly around paper and toner cartridge recycling. We are planning to review our business' operational use of energy and its waste generation levels during 2005, with the objective of improving procedures to reduce energy consumption and source renewable energy where possible.

UK-based employees are encouraged to use public transportation through interest-free season ticket loans.

Our Marketplace
Editorial independence is a central part of the Group's publishing business and editorial and commercial decisions are kept separate. Editorial policies are used to ensure the integrity of our products and staff are made aware of these policies through training and on-line access to them.

The Group's relationship with its suppliers and other business partners is important to its success and we seek to be fair and honest in our dealings.

The Group has established controls and procedures over the security of data held on its computer systems and staff are trained on data protection policies.

Directors' Remuneration Report

Introduction
This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 and meets the relevant requirements of the Listing Rules of the Financial Services Authority. As required by the Regulations, a resolution to approve the Report will be proposed at the Annual General Meeting.

The Regulations require the auditors to report to the Company's members on certain parts of the Directors' Remuneration Report and to state whether in their opinion those parts of the Report have been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The Report has therefore been divided into separate sections for audited and unaudited information.

Unaudited Information

Remuneration Committee
The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code. The membership of the Committee during 2004 was as follows:

R Hooper
D Mapp (appointed 17 May 2004)
D Cruickshank (appointed 17 May 2004)
E Barton (resigned 10 May 2004)
S Watson (resigned 10 May 2004)

Mr D Cruickshank resigned on 24 January 2005. Mr R Hooper served as the Chairman of the Committee throughout the period. When necessary, non-Committee members were invited to attend.

None of the members who served on the Committee during the period had any personal financial interest (other than as a shareholder of the Company), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business.

In determining the Directors' remuneration the Committee consulted Mr D Smith, Chairman, and Mr P Rigby, Chief Executive, about its proposals, although no Director played a part in any decision about his or her own remuneration. The Committee also appointed New Bridge Street Consultants to provide advice on structuring Directors' remuneration packages during 2004. New Bridge Street Consultants also provided the Company with advice on employee share incentive arrangements.

Remuneration Policy
The remuneration of the Executive Directors is designed to provide for a competitive compensation package which reflects the Company's performance against financial objectives and personal performance criteria. It rewards above-average performance and is designed to attract, motivate and retain high-calibre executives. The performance measurement of the Executive Directors and the determination of their annual remuneration packages are undertaken by the Committee.

There are five elements of the remuneration package for Executive Directors as follows:

- basic annual salary;
- benefits;
- annual bonus;
- share incentives; and
- retirement and life assurance benefits.

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related. As described further below, Executive Directors may earn annual bonus payments of up to 100% of their basic salaries, together with the benefits of participation in share incentive schemes.

Executive Directors are entitled to accept appointments outside of the Company provided that the Chairman's consent is obtained. During 2004 Mr P Rigby served as Non-Executive Chairman of Electric Word plc, for which the fees of £4,000 were paid to the Company, and as a Non-Executive Director of What Doctors Don't Tell You Ltd., for which no fees were paid.

Basic Salary
The basic salaries of the Executive Directors are reviewed by the Committee prior to the beginning of each year and upon a change of position or responsibility. In deciding appropriate levels, the Committee considers the Group as a whole and makes reference to objective research which gives current information on appropriate comparator groups of companies.

Following the Company's merger in May 2004, the remuneration packages of the Executive Directors were reviewed, including basic salaries, which were increased with effect from 1 June 2004 to reflect the additional responsibility associated with the enlarged Group. The basic salaries were again reviewed in December 2004 and, with effect from 1 January 2005, increased by 3%.

Benefits
From 1 June 2004 each of the Executive Directors receives a benefit allowance of £25,000 per annum, private medical insurance cover and in addition Messrs Rigby and Gilbertson receive permanent health insurance cover. Prior to this they each received private medical insurance cover and in addition Messrs Rigby and Gilbertson each received permanent health insurance cover and a car allowance of £24,000 per annum.

Annual Bonus
Each of the Executive Directors has the opportunity to earn a bonus of up to 100% of actual basic salary, subject to the achievement of performance criteria set by the Committee.

In respect of the year ended 31 December 2004, a bonus of up to 80% of actual basic salary could be earned based on achievement of diluted adjusted earnings per share targets and up to 20% based on achievement of personal objectives.

In respect of the bonus element related to adjusted diluted earnings per share (EPS), the target range for 2004 was from 19.5p (for which no bonus would be payable) to 22.5p or more (for which 100% of the adjusted diluted EPS element of the bonus would be payable) and pro rata on a straight line basis between those two points. The actual 2004 adjusted diluted EPS was 24.5p.

The Committee considers adjusted diluted EPS to be the most suitable measurement to determine performance and align the interests of the Executive Directors with those of the Company's shareholders since this measurement of performance can be directly influenced by the performance of the Executive Directors.

The personal objectives of the Executive Directors for 2004 covered a range of matters covering strategic, financial and operational areas. In early 2005 the Remuneration Committee assessed the achievement of the personal objectives for 2004 and determined that in each case the Executive Directors had achieved them.

For 2004 the actual bonuses payable for achievement of the targets, expressed as a percentage of basic salary, were as follows:

	Actual bonus awarded in respect of 2004		
	Adjusted diluted EPS %	Personal objectives %	Total bonus awarded %
D Smith	80	20	100
P Rigby	80	20	100
D Gilbertson	80	20	100
A Foye	80	20	100

Mr P Rigby waived his contractual right to 50% of his bonus. An equivalent sum is being paid as an additional employer pension contribution.

Share Incentives
Share Matching Plan
In 2001 the Company's shareholders approved the establishment of a Share Matching Plan under which, if invited to do so by the Remuneration Committee, eligible employees and Executive Directors could invest up to 30% of their annual cash bonuses, net of tax, in the purchase of the Company's shares, with the Company granting a matching award of the same number of shares. The matching award vests on the third anniversary of the date of grant, subject to the participant having retained the shares originally purchased with the annual bonus and the participant still being employed on the anniversary date. Awards were granted under this plan in April 2004 as shown on page 30.

Following approval at the last Annual General Meeting, the Share Matching Plan was amended to introduce a requirement for the Executive Directors to use 50% (or more as determined by the Remuneration Committee from time to time) of their annual bonuses (net of tax and any other deductions), where such bonus exceeds half of annual basic salary, to invest in the Company's shares. The award of free matching shares will now also be subject to the achievement of performance criteria set by the Committee.

The first award under the amended Share Matching Plan is expected to be made in 2005 in respect of the 2004 financial year. The performance targets will be based on the achievement of sustained growth in adjusted earnings per share over three financial years, on a sliding scale. The number of matching shares which will vest, subject to forfeiture or early exercise, for each share purchased with the participant's gross bonus (before tax, employee's National Insurance contributions and any other deduction) is expected to be as follows:

- ½ share where compound annual adjusted earnings per share growth exceeds the growth in RPI plus 5%;
- 2 shares where compound annual adjusted earnings per share growth exceeds the growth in RPI plus 12% or more; and

pro rata on a straight line basis between these two points.

Share Options
Prior to the merger, each of Taylor & Francis Group plc and Informa Group plc operated discretionary share option schemes under which annual grants of options were considered for the Executive Directors, at the discretion of the Remuneration Committee taking into account individual performance, up to a maximum of 1.5 times annual basic salary under the Informa scheme and up to one times annual basic salary under the

Directors' Remuneration Report continued

Taylor & Francis scheme. In recent years options granted under each scheme have been subject to the achievement of performance criteria based on adjusted earnings per share growth over a three-year period.

Share options granted to the Executive Directors during 2004 under the respective schemes are shown on pages 31 and 32, including the associated performance criteria. The exercise price of options granted under both schemes is equal to the market value of the Company's shares at the date of grant.

In light of changes to the accounting treatment for share options, changing market and corporate governance best practice and the views of the Company's shareholders, the Remuneration Committee is reviewing the Company's existing share incentive arrangements to ensure that they remain appropriate. Subject to the findings of this review, shareholder approval will be sought for any proposed changes to the operation of existing share incentive arrangements or for the introduction of any new arrangements in line with best practice.

Retirement and Life Assurance Benefits

The Executive Directors are entitled to receive a contribution of 25% of annual basic salary toward their retirement arrangements. Messrs D Smith and A Foye became eligible to the 25% retirement benefit entitlement on 1 June 2004, following the merger.

Mr D Smith did not participate in any Company pension scheme or receive life assurance cover and instead received payment in lieu of pension, at 10% of annual basic salary up to 1 June 2004 and 25% of annual basic salary thereafter.

Mr P Rigby receives a Company contribution of 25% of annual basic salary to his personal pension plan. He received an additional employer contribution in respect of 2004 of £199,000 (2003: £326,000) above the Company's annual contribution stated above. The Company also provides life assurance cover providing for the payment of a lump sum in the event of the insured's death in service.

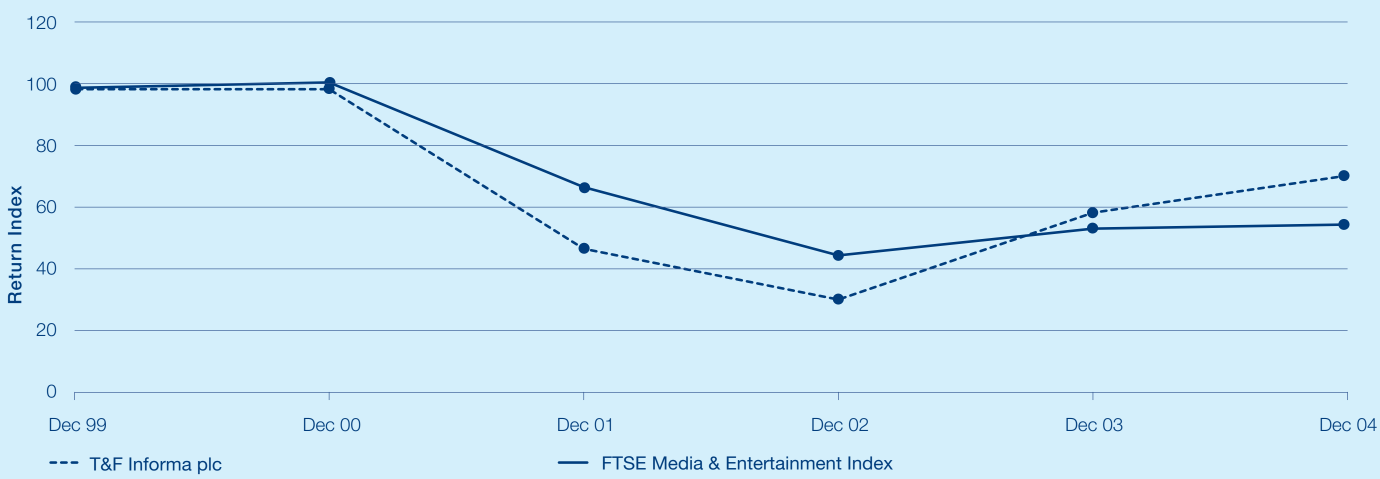
Mr D Gilbertson was a member of the Informa Final Salary Pension and Life Assurance Scheme throughout the year. This is a defined benefit scheme which provides for a pension on retirement of up to two thirds of final basic salary (excluding benefits) at the age of 60. Dependants are eligible for dependants' pension and the payment of a lump sum in the event of the member's death in service. Further details of the benefits accrued under the scheme are shown on page 32. Mr Gilbertson also has a personal money purchase pension scheme funding his pension above the earnings cap and to which the Company contributes to bring its total contribution up to the 25% of basic salary entitlement level.

Mr A Foye was a member of the Taylor & Francis Limited Group Pension and Life Assurance Scheme throughout the year. This is a defined benefit scheme which provides for a pension on retirement of up to two thirds of final basic salary (excluding benefits) at the age of 63. Dependants are eligible for dependants' pension and the payment of a lump sum in the event of the member's death in service. Further details of the benefits accrued under the scheme are shown on page 32. In addition Mr A Foye receives payments as required to bring the Company's annual contribution up to the 25% entitlement level.

Performance Graph

The graph below shows the Company's performance, measured by total shareholder return, compared with the performance of the FTSE Media and Entertainment Index, also measured by total shareholder return, in the five-year period ended 31 December 2004. The FTSE Media & Entertainment Index has been selected for this comparison because the Company is a constituent company of that index, which includes comparable peer group companies.

Five-Year Total Shareholder Return Index for FTSE Media & Entertainment Index as at 31 December 2004



Directors' Contracts
At 31 December 2004 and in accordance with the Company's policy, each of the Executive Directors had service contracts with an indefinite term under which 12 months' notice must be given by the Company or by the Director.

The dates of the Executive Directors' original contracts are shown in the table below, although the contracts have been amended from time to time by letter agreement as required to reflect changes to, for example, basic salary and benefit levels. The contracts, which include details of remuneration, will be available for inspection at the Annual General Meeting.

	Date of contract
D Smith	8 Apr 2002
P Rigby	25 Sep 1996
D Gilbertson	27 Feb 1996
A Foye	1 Jan 1998

In the event of early termination, each of the Executive Directors' contracts provide for compensation equal to basic salary, bonus, benefits allowance and pension entitlement for the notice period, except that Mr D Smith's contract provides for the payment of bonus which would have been earned to the end of the current bonus year.

Non-Executive Directors
All of the Non-Executive Directors have specific terms of appointment, terminable by one month's notice, but envisaged to be initially for three years.

The remuneration of the Non-Executive Directors is determined by the Board within the limits set by the Articles of Association. Fees are reviewed annually, including a comparison with the level of fees paid by other companies of similar size and complexity.

With effect from 10 May 2004, the date of the merger, the basic fee paid to each Non-Executive Director was increased to £35,000 per annum. The Non-Executive Directors receive further fees for additional work performed for the Company in respect of their membership of the Remuneration, Audit and Nomination Committees. The additional fees paid are at a rate of £2,000 per annum for membership of a committee and £3,000 for chairmanship of a committee.

Non-Executive Directors are not eligible to participate in any of the Company's share incentive schemes or join any Company pension scheme.

Audited Information

Aggregate Directors' Remuneration

The total amounts for Directors' remuneration were as follows:

	2004 £'000	2003 £'000
Emoluments	**2,829**	2,019
Compensation for loss of office	**491**	–
Gains on exercise of share options	**1,430**	1
Retirement contributions	**456**	551
	5,206	2,571

Directors' Emoluments and Compensation

The figures shown below in respect of Messrs D Smith, A Foye, D Mapp and D Cruickshank include amounts earned as Directors of Taylor & Francis Group plc prior to its merger with Informa:

	Basic salary/fees £'000	Bonus accrued £'000	Benefits in kind/ allowance £'000	**Total 2004 £'000**	Total 2003 £'000	Compensation for loss of office £'000
Executive Directors						
D Smith	350	350	16	**716**	336	–
P Rigby	398	199	26	**623**	353	–
D Gilbertson	366	366	26	**758**	612	–
A Foye	225	225	16	**466**	222	–
J Wilkinson (resigned 10 May 2004 on merger)	71	–	9	**80**	385	473
	1,410	1,140	93	**2,643**	1,908	473
Non-Executive Directors						
R Hooper	39	–	–	**39**	30	–
S Watson	34	–	–	**34**	25	–
D Mapp	35	–	–	**35**	26	–
P Kirby (appointed 1 Sep 2004)	12	–	–	**12**	–	–
D Cruickshank	54	–	1	**55**	–	11
E Barton (resigned 10 May 2004 on merger)	11	–	–	**11**	30	7
Aggregate emoluments	1,595	1,140	94	**2,829**	2,019	491

The fees shown above for the services of Mr R Hooper were paid to Hooper Communications, for the services of Mr S Watson to CMS Cameron McKenna and for the services of Mr E Barton to Lancedale Limited.

Aggregate emoluments disclosed above do not include any amounts in respect of the value of share options granted to or held by Directors or of matching awards made under the Company's Share Matching Scheme; details of these incentives are given below and on pages 31 and 32.

Directors' Share Interests

The Directors who held office at 31 December 2004 had the following beneficial interests in the issued share capital of the Company:

	At 31 December 2004 ordinary shares	At 31 December 2003 * ordinary shares **
D Smith	**28,050**	28,050
P Rigby	**477,341**	461,441
D Gilbertson	**502,166**	488,068
A Foye	**295,236**	91,937
R Hooper	**6,508**	6,508
S Watson	**9,250**	9,250
D Mapp	**28,926**	28,926
P Kirby	**–**	–
D Cruickshank	**–**	–

* Or date of appointment if later.

** Including interests in the issued share capital of Taylor & Francis Group plc, shown as if they had been interests in the issued share capital of the Company.

None of the Directors had any beneficial interests in the shares of other Group companies.

In addition to the beneficial interests in the shares of the Company shown above, Messrs D Smith and A Foye are, for the purposes of the Companies Act 1985, regarded as interested in 935,279 ordinary shares which Ogier Employee Benefit Trustee Limited as trustee of the Taylor & Francis Group 1997 Employee Benefit Trust holds. Certain employees (including Messrs D Smith and A Foye) of the former Taylor & Francis Group are potential beneficiaries under this trust.

The interests shown above exclude any shares awarded under the Company's Share Matching Plan; shown below.

On 13 April 2004 Messrs P Rigby and D Gilbertson were invited to and accepted participation in the Share Matching Plan in operation as of that date and the following matching awards were granted:

	At 31 December 2003	Granted during year	Vested during year	**At 31 December 2004**	Award date	Vesting date	Expiry date
P Rigby	–	15,900	–	**15,900**	13.04.04	13.04.07	13.04.14
D Gilbertson	–	14,100	–	**14,100**	13.04.04	13.04.07	13.04.14

No notification has been received of any changes in Directors' share interests from 31 December 2004 to the date of this Report.

Directors' Share Options

Set out below are the details of options to acquire shares in T&F Informa plc held by the Directors who served during the year. Upon the merger with Informa, Messrs D Smith and A Foye exchanged all of their options over shares in Taylor & Francis Group plc for options over shares in T&F Informa plc. The pre-merger details shown below for those options have been adjusted accordingly (number of options and exercise price adjusted by a factor of 1.7) and from 2004 the performance criteria for those options are in respect of T&F Informa plc's performance.

	At 31 December 2003	Granted	Lapsed	Exercised	Exercise price (p)	Market price at date of exercise (p)	**At 31 December 2004**	Exercise period
D Smith	66,666	–	–	–	375.00	–	**66,666**[4]	27.05.05 to 26.05.09
	66,666	–	–	–	375.00	–	**66,666**[5]	27.05.05 to 26.05.09
	99,415	–	–	–	251.47	–	**99,415**[4]	03.10.05 to 02.10.09
	99,415	–	–	–	251.47	–	**99,415**[5]	03.10.05 to 02.10.09
	48,782	–	–	–	304.41	–	**48,782**[6]	18.11.06 to 17.11.10
	48,782	–	–	–	304.41	–	**48,782**[7]	18.11.06 to 17.11.10
	–	95,257	–	–	341.17	–	**95,257**[8]	22.03.07 to 21.03.11
	429,726	95,257	–	–			**524,983**	
P Rigby	3,953	–	–	–	240.30	–	**3,953**	01.07.05 to 31.12.05
	3,924	–	–	–	201.50	–	**3,924**[10]	14.04.00 to 13.04.07
	93,516	–	–	–	401.00	–	**93,516**[10]	01.10.02 to 30.09.09
	52,272	–	–	–	825.00	–	**52,272**[10]	20.03.03 to 19.03.10
	81,648	–	–	–	581.00	–	**81,648**[10]	07.03.04 to 06.03.11
	111,879	–	–	–	282.67	–	**111,879**[11]	15.03.05 to 14.03.12
	–	136,234	–	–	373.00	–	**136,234**[12]	04.03.07 to 03.03.14
	347,192	136,234	–	–			**483,426**	
D Gilbertson	100,000	–	–	–	219.00	–	**100,000**[9]	21.08.01 to 20.08.08
	82,294	–	–	–	401.00	–	**82,294**[10]	01.10.02 to 30.09.09
	46,000	–	–	–	825.00	–	**46,000**[10]	20.03.03 to 19.03.10
	71,772	–	–	–	581.00	–	**71,772**[10]	07.03.04 to 06.03.11
	98,347	–	–	–	282.67	–	**98,347**[11]	15.03.05 to 14.03.12
	–	119,885	–	–	373.00	–	**119,885**[12]	04.03.07 to 03.03.14
	398,413	119,885	–	–			**518,298**	
A Foye	387,260	–	–	(387,260)	7.84	376.00	**–**	
	18,888	–	–	–	344.11	–	**18,888**[1]	26.04.04 to 25.04.11
	18,889	–	–	–	344.11	–	**18,889**[2]	26.04.04 to 25.04.11
	37,777	–	–	–	344.11	–	**37,777**[3]	26.04.04 to 25.04.11
	19,333	–	–	–	375.00	–	**19,333**[4]	27.05.05 to 26.05.09
	19,333	–	–	–	375.00	–	**19,333**[5]	27.05.05 to 26.05.09
	33,901	–	–	–	254.41	–	**33,901**[6]	30.04.06 to 29.04.10
	33,901	–	–	–	254.41	–	**33,901**[7]	30.04.06 to 29.04.10
	–	55,690	–	–	341.17	–	**55,690**[8]	22.03.07 to 21.03.11
	569,282	55,690	–	(387,260)			**237,712**	
J Wilkinson	6,887	–	(4,113)	(2,774)	240.30	370.00	**–**	
(resigned 10 May	3,924	–	–	–	201.50	–	**3,924**	
2004 on merger)[13]	16,700	–	–	–	273.05	–	**16,700**	
	20,000	–	–	–	310.50	–	**20,000**	
	46,758	–	–	–	401.00	–	**46,758**	
	27,272	–	–	–	825.00	–	**27,272**	
	42,598	–	–	–	581.00	–	**42,598**	
	58,371	–	–	–	282.67	–	**58,371**	
	–	80,428	–	–	373.00	–	**80,428**	
	222,510	80,428	4,113	(2,774)			**296,051**	

1 Options vest if diluted earnings per share growth, excluding exceptional items, goodwill amortisation and inflation (Inflation-Adjusted EPS Growth) was at least 3% per year in each of the three years ended 31 December 2003. The target having been achieved, these options have vested.
2 Options vest if Inflation-Adjusted EPS Growth was at least 10% per year in each of the three years ended 31 December 2003. The target having been achieved, these options have vested.
3 100% of options vest if Inflation-Adjusted EPS Growth was at least 17% in the year ended 31 December 2001. The target having been achieved, these options have vested.
4 Options vest if Inflation-Adjusted EPS Growth was at least 3% per year in each of the three years ended 31 December 2004. The target having been achieved, these options have vested.
5 Options vest if Inflation-Adjusted EPS Growth was at least 10% per year in each of the three years ended 31 December 2004. The target having been achieved, these options have vested.
6 Options vest if Inflation-Adjusted EPS Growth is at least 3% per year in each of the three years ending 31 December 2005.
7 Options vest if Inflation-Adjusted EPS Growth is at least 10% per year in each of the three years ending 31 December 2005.
8 Options vest if Inflation-Adjusted EPS Growth is at least 3% per year in each of the three years ending 31 December 2006.
9 100% of options vest if Inflation-Adjusted EPS Growth was at least 9% over the three year period from the year of grant. The target having been achieved, these options have vested.
10 Options vest if Inflation-Adjusted EPS Growth was at least 9% over a continuous three year period from the year of grant. The target having been achieved, these options have vested.
11 Options vest if Inflation-Adjusted EPS Growth was at least 9% over the three year period from the year of grant, subject, if necessary, to re-testing (at 12%) after four years or (at 15%) after five years. The target having been achieved, these options have vested and become exercisable from 15 March 2005.
12 Options vest if Inflation-Adjusted EPS Growth is at least 9% over the three year period from the year of grant, subject, if necessary, to re-testing (at 12%) after four years or (at 15%) after five years.
13 Upon cessation of employment in connection with the merger, all options held by Mr J Wilkinson became exercisable.

The market price of the Company's ordinary shares at 31 December 2004 was 377.50p and the range during the year was 315.75p to 404.00p. The daily average market price during the year was 362.75p.

Directors' Pension Entitlements

Two Directors are members of defined benefit pension schemes provided by the Company or its subsidiaries and have accrued entitlements under the schemes as follows:

	Accrued pension 31 December 2003 £'000	Increase in accrued pension in the year £'000	**Accrued pension 31 December 2004 £'000**
D Gilbertson	26	4	**30**
A Foye	53	28	**81**

The following table sets out the transfer values of the Directors' accrued benefits under the scheme calculated in a manner consistent with "Retirement Benefit Schemes – Transfer Values (GN11)" published by the Institute of Actuaries and the Faculty of Actuaries:

	Transfer value 31 December 2003 £'000	Contributions made by the Director £'000	Increase in transfer value in the year net of contributions £'000	**Transfer value 31 December 2004 £'000**
D Gilbertson	240	10	45	**295**
A Foye	218	–	206	**424**

The following additional information is given to comply with the requirements of the Listing Rules of the Financial Services Authority, which differ in some respects from the equivalent statutory requirements:

	Increase in accrued pension in the year in excess of inflation £'000	Transfer value of increase in year less Directors' contributions £'000
D Gilbertson	1	23
A Foye	27	138

The transfer values disclosed above do not represent a sum paid or payable to the individual Director; instead they represent a potential liability of the pension scheme.

Contributions paid by the Company directly to Directors or their nominated retirement investment vehicles in respect of their retirement benefit entitlements were as follows.

	2004 £'000	2003 £'000
D Smith	**69**	27
P Rigby	**298**	407
D Gilbertson	**72**	72
A Foye	**3**	–
J Wilkinson (resigned 10 May 2004 on merger)	**14**	45
	456	551

Mr P Rigby waived 50% of his entitlement to a bonus for 2004 (£199,000) and an equivalent sum is being paid as an employer pension contribution. Mr P Rigby directed 100% of his bonus for 2003 (£326,000) to be applied as an employer pension contribution.

Approval
This Report was approved by the Board of Directors and signed on its behalf by:

R Hooper
Director
9 March 2005

Statement of Directors' Responsibilities

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors consider that they have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- followed applicable United Kingdom accounting standards.

The Directors are responsible for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for the Group's system of internal financial controls, for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report

Independent Auditors' Report to the Members of T&F Informa plc
We have audited the financial statements of T&F Informa plc for the year ended 31 December 2004 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Accounting Policies and the related Notes numbered 1 to 33. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of 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
As described in the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the Annual Report including the Directors' Remuneration Report. Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 described as having been 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 regarding Directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the nine provisions of the July 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority 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 to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the Directors' Report and other information contained in the Annual Report for the above year as described in the contents section including the unaudited part of the Directors' Remuneration Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 described as having been 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 circumstances of the Company and the Group, 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 described as having been 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 described as having been audited.

Opinion
In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2004 and of the profit of the Group for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Reading
9 March 2005

Consolidated Profit and Loss Account

For the Year Ended 31 December 2004

	Note	2004 Before goodwill amortisation and exceptional items £'000	2004 Goodwill amortisation and exceptional items £'000	2004 Total £'000	2003 Total restated* £'000
Turnover:					
Total turnover including joint ventures		504,666	–	504,666	441,676
Less: share of joint ventures' turnover		(441)	–	(441)	–
Group turnover	2	504,225	–	504,225	441,676
Continuing operations		478,993	–	478,993	441,676
Acquisitions		25,232	–	25,232	–
Net operating costs					
Operating costs before goodwill amortisation and impairment	3,5	(395,882)	(9,963)	(405,845)	(374,196)
Goodwill amortisation	10	–	(34,741)	(34,741)	(21,310)
Goodwill impairment	5,10	–	(15,000)	(15,000)	–
Total net operating costs		(395,882)	(59,704)	(455,586)	(395,506)
Operating profit					
Continuing operations		101,123	(53,929)	47,194	46,170
Acquisitions		7,491	(5,775)	1,716	–
Operating profit		108,614	(59,704)	48,910	46,170
Share of joint ventures' operating result		(271)	–	(271)	–
Total operating profit	3	108,343	(59,704)	48,639	46,170
Merger costs	5	–	(15,703)	(15,703)	–
Loss on disposal of tangible fixed assets	5	–	(921)	(921)	–
Profit/(loss) on sale or termination of a business	5	–	3	3	(3,822)
Amounts written off investments	5,12	–	(200)	(200)	–
Net interest payable and similar charges		(17,019)	–	(17,019)	(9,372)
Bank loan facility fees expensed on merger		–	(2,415)	(2,415)	–
Total net interest cost	6	(17,019)	(2,415)	(19,434)	(9,372)
Profit on ordinary activities before taxation		91,324	(78,940)	12,384	32,976
Tax on profit on ordinary activities	7	(18,149)	5,865	(12,284)	(16,543)
Profit on ordinary activities after taxation		73,175	(73,075)	100	16,433
Minority interest – equity		26	–	26	(84)
Profit for the financial period attributable to shareholders		73,201	(73,075)	126	16,349
Dividends	8			(24,211)	(15,203)
(Loss)/profit for the financial year transferred to reserves	23			(24,085)	1,146
Earnings per ordinary share					
Basic (p)	9			0.04	5.91
Diluted (p)	9			0.04	5.89
Diluted (adjusted) (p)	5,9			24.50	18.28

*Comparative figures have been restated (see Note 29).

Note: operating profit for the year ended 31 December 2003 includes charges for exceptional items of £11,829,000 as detailed in Note 5.

Consolidated Statement of Total Recognised Gains and Losses

For the Year Ended 31 December 2004

	2004 £'000	2003 £'000
Profit for the financial period attributable to shareholders	126	16,349
Currency translation differences on foreign currency net investments	(9,817)	(3,802)
Total recognised (losses)/gains since last Annual Report	(9,691)	12,547

Group and Company Balance Sheets

At 31 December 2004

	Note	Group 2004 £'000	Group 2003 restated* £'000	Company 2004 £'000	Company 2003 restated* £'000
Fixed assets					
Intangible assets	10	**504,244**	483,185	**–**	–
Tangible assets	11	**33,400**	33,456	**612**	936
Investments	12	**10,605**	9,957	**576,295**	559,252
		548,249	526,598	**576,907**	560,188
Current assets					
Stocks	13	**42,638**	42,414	**–**	–
Debtors due within one year	14(a)	**92,102**	91,017	**569,004**	420,228
Debtors due after more than one year	14(b)	**–**	784	**–**	–
Cash at bank and in hand		**19,126**	23,586	**5,710**	5,772
		153,866	157,801	**574,714**	426,000
Creditors: amounts falling due within one year	15(a)	**(74,047)**	(70,312)	**(372,055)**	(311,921)
Net current assets		**79,819**	87,489	**202,659**	114,079
Total assets less current liabilities		**628,068**	614,087	**779,566**	674,267
Creditors: amounts falling due after more than one year	15(b)	**(306,186)**	(276,276)	**(305,721)**	(181,027)
Provisions for liabilities and charges	16	**(6,561)**	(10,903)	**(237)**	(1,915)
Accruals and deferred income	18	**(184,081)**	(165,156)	**(6,482)**	(6,987)
Minority interests – equity	19	**(53)**	(79)	**–**	–
		131,187	161,673	**467,126**	484,338
Capital and reserves					
Called up share capital	20	**29,946**	29,790	**29,946**	15,195
Share premium account	21	**187,755**	184,494	**187,755**	184,494
Reserve for own shares	21	**1,267**	1,267	**–**	–
Other reserve	21	**37,398**	37,399	**–**	–
Merger reserve	21	**34,540**	34,540	**–**	–
ESOP trust shares	21	**(3,641)**	(3,641)	**(3,641)**	(3,641)
Profit and loss account	22	**(156,078)**	(122,176)	**253,066**	288,290
Equity shareholders' funds		**131,187**	161,673	**467,126**	484,338

*Comparative figures have been restated (see Note 21).

These financial statements were approved by the Board of Directors on 9 March 2005 and were signed on its behalf by:

P Rigby
Director

A Foye
Director

Consolidated Cash Flow Statement

For the Year Ended 31 December 2004

	Note	2004 £'000	2003 £'000
Net cash inflow from operating activities	24	**88,184**	79,065
Returns on investments and servicing of finance			
Interest received		**1,117**	1,490
Interest paid		**(15,994)**	(10,773)
Net cash outflow from returns on investments and servicing of finance		**(14,877)**	(9,283)
Taxation			
Corporation tax paid		**(9,752)**	(6,965)
Overseas taxes paid		**(4,235)**	(6,220)
Net cash outflow from taxation		**(13,987)**	(13,185)
Capital expenditure and financial investment			
Purchase of publishing goodwill		**(1,665)**	(3,469)
Tangible fixed assets acquired		**(10,828)**	(5,689)
Tangible fixed assets sold		**3,220**	267
Purchase of unlisted investments (joint ventures)	12	**(1,427)**	(8,810)
Disposal of unlisted investments		**1,151**	–
Net cash outflow from capital expenditure and financial investment		**(9,549)**	(17,701)
Acquisitions and disposals			
Purchase of businesses/subsidiary undertakings (net of cash and overdrafts acquired)	33	**(86,250)**	(225,854)
Disposal of business/subsidiary undertakings		**–**	1,045
Net cash outflow from acquisitions and disposals		**(86,250)**	(224,809)
Equity dividends paid		**(18,575)**	(13,787)
Net cash outflow before use of liquid resources and financing		**(55,054)**	(199,700)
Management of liquid resources		**–**	11,988
Financing			
Repayment of loans		**(120,156)**	(66,248)
New loans		**165,218**	214,784
Repayment of capital element of finance leases		**(40)**	(54)
Issue of ordinary share capital		**–**	53,124
Issue costs		**–**	(1,553)
Proceeds from share options		**3,416**	1,009
Net cash inflow from financing		**48,438**	201,062
(Decrease)/increase in cash	25	**(6,616)**	13,350

Notes to the Financial Statements
For the Year Ended 31 December 2004

1 Accounting Policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior years, with the exception of UITF 38 ("Accounting for ESOP Trusts"), which has been adopted in the year, in dealing with items which are considered material in relation to the Group's financial statements.

Basis of Preparation
The financial statements have been prepared under merger accounting principles in relation to the merger of Informa Group plc and Taylor & Francis Group plc.

Under merger accounting the results, balance sheets and cash flows of Informa Group plc and Taylor & Francis Group plc are combined with effect from 1 January 2003. The Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash Flow Statement comparatives are restated on a combined basis and adjustments are made to achieve consistency of accounting policies.

The financial years of Informa Group plc and Taylor & Francis Group plc both ended on 31 December. T&F Informa plc's financial year ended on 31 December. These statutory accounts are for the 12 months ended 31 December 2004.

The following information is set out in Note 29:

a) analysis of the principal components of the current and prior financial year Profit and Loss Accounts and Statements of Total Recognised Gains and Losses between the parties to the merger up to the date of the merger and the merged entity after that date;
b) the Balance Sheets of each party to the merger at 30 April 2004 being the nearest practicable date to the actual date of the merger; and
c) the nature and the amount of accounting alignments made to achieve consistency in accounting policies.

Basis of Consolidation
The consolidated financial statements incorporate the accounts of the Company and all of its subsidiaries and joint ventures. The results of subsidiaries acquired or sold are included in the consolidated financial statements under the acquisition method from the date control passes. Joint ventures are accounted for in accordance with the gross equity method. The accounting treatment for the merger of Informa Group plc and Taylor & Francis Group plc is set out above under Basis of Preparation.

Turnover
Turnover represents the amount receivable excluding sales taxes, for products and services supplied to customers and is stated after deduction of trade discounts and provisions for returns and cancellations. Subscription income is deferred and recognised over the period of the subscription. Conference income is deferred and recognised when the conference is held. Income from managed events represents fees earned and is recognised when the event is held.

Intangible Fixed Assets
Publishing goodwill, comprising intellectual property rights on individual titles acquired, is valued at cost less provision for impairment and is written off on a straight line basis over estimated life, which is between 3 and 20 years.

Goodwill arising on the acquisition of subsidiary companies and businesses is calculated as the excess of the purchase consideration over the fair value of the net identifiable assets and liabilities acquired and is then written off on a straight-line basis over the estimated life, which is between 3 and 20 years. In the opinion of the Directors this is an appropriate basis given the nature of the markets and customer base served. The Board carries out a full impairment review on each acquired subsidiary or business after the first full year following its acquisition or where a change in circumstances warrants a further review.

Tangible Fixed Assets
Tangible fixed assets are recorded at cost less accumulated depreciation and provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets in equal instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold property	50-100 years
Short leasehold properties and improvements	over life of the lease
Equipment, fixtures and fittings	3-15 years

Investments
Investments held as fixed assets are stated at cost less provision for impairment in value. Investments held by the Company in subsidiaries and joint ventures denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date.

Stocks
Stocks are stated at the lower of cost and net realisable value. Deferred conference costs represent costs incurred for conferences planned to be held after the balance sheet date.

Deferred promotional expenditure
Promotional expenditure incurred during the year is matched against revenue generated by that expenditure. Deferred promotional expenditure included in the balance sheet represents promotional expenditure incurred during the year in respect of revenue which is expected to arise after the balance sheet date.

1 Accounting Policies continued

Foreign Currencies

Unhedged monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Transactions denominated in foreign currencies are recorded at the rates of exchange ruling in the period in which amounts are transacted, unless matching forward foreign exchange contracts have been entered into, in which case the rate specified in the relevant contract is used. These translation differences are dealt with in the Profit and Loss Account.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiaries at the closing rate and matched long-term foreign currency borrowings are taken directly to reserves.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the lease and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the Profit and Loss Account.

Operating lease rentals are charged to Profit and Loss Account in equal annual amounts over the lease term.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in the future has been entered into by the subsidiary or associate.

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

Pension Costs

Certain Group companies operate defined contribution pension schemes for employees. The assets of the schemes are held separately from the individual companies. The pension cost charge associated with these schemes represents contributions payable.

The Group also operates funded defined benefit schemes for employees. The expected cost of pensions of the defined benefit pension schemes is charged to the Profit and Loss Account so as to spread the cost over the service lives of employees in the schemes. Variations from regular cost are spread over the remaining service lives of current employees in the schemes.

The pension cost associated with the schemes is treated in accordance with the advice of qualified actuaries.

Financial Instruments

Derivative instruments utilised by the Group are interest rate swaps, cross currency swaps and forward foreign exchange contracts. The Group does not enter into speculative derivative contracts. All derivative instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies. Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to interest expense over the period of the contracts. Forward contracts for the purchase and or sale of foreign currencies are used to manage the Group's exposure to fluctuations in currency rates. Unrealised gains and losses on such contracts are accounted for on maturity of the contract. Where a forward currency contract no longer represents a hedge it is restated to fair value and any gain or loss is taken to the Profit and Loss Account.

Termination payments are taken to the Profit and Loss Account as incurred.

Finance Costs

Finance costs of debts are recognised in the Profit and Loss Account at a constant rate on the carrying amount over the life of the debt.

Own Shares

Own shares deducted in arriving at shareholders' funds represent the cost of the Company's ordinary shares acquired by Employee Share Option Plan (ESOP) trusts in connection with the Group's employee share schemes. The accounting policies for own shares held in ESOP trusts have been amended to conform to UITF 38.

2 Segmental Analysis

Analysis by Market Sector

	Turnover 2004 £'000	Turnover 2003 £'000	Profit before exceptional items and goodwill amortisation 2004 £'000	Profit before exceptional items and goodwill amortisation 2003 £'000
Academic & Scientific division				
Scientific, Technical & Medical	**151,978**	109,445	**42,966**	27,017
Humanities & Social Sciences	**92,334**	87,822	**21,302**	18,754
	244,312	197,267	**64,268**	45,771
Professional division				
Financial Information	**60,212**	49,130	**16,339**	10,251
Insurance, Law & Tax	**33,136**	39,570	**5,455**	4,555
	93,348	88,700	**21,794**	14,806
Commercial division				
Telecoms & Media	**37,695**	34,982	**8,882**	7,943
Maritime, Trade & Transport	**39,395**	37,737	**3,964**	1,558
Commodities	**17,181**	13,020	**2,208**	1,437
International Conferences	**72,294**	69,970	**7,227**	7,794
	166,565	155,709	**22,281**	18,732
	504,225	441,676	**108,343**	79,309
Amounts written off goodwill			**(49,741)**	(21,310)
Exceptional items			**(26,784)**	(15,651)
Total net interest cost			**(19,434)**	(9,372)
Profit on ordinary activities before taxation			**12,384**	32,976

Geographical Analysis by Location of Business

	Turnover 2004 £'000	Turnover 2003 £'000	Profit before exceptional items and goodwill amortisation 2004 £'000	Profit before exceptional items and goodwill amortisation 2003 £'000
United Kingdom	**268,241**	230,900	**65,761**	52,191
North America	**136,294**	121,747	**28,957**	14,171
Continental Europe	**75,214**	71,147	**9,327**	9,330
Rest of World	**24,476**	17,882	**4,298**	3,617
	504,225	441,676	**108,343**	79,309
Amounts written off goodwill			**(49,741)**	(21,310)
Exceptional items			**(26,784)**	(15,651)
Total net interest cost			**(19,434)**	(9,372)
Profit on ordinary activities before taxation			**12,384**	32,976

2 Segmental Analysis continued

Geographical Analysis of Turnover by Location of Customer

	2004 £'000	2003 £'000
United Kingdom	**93,851**	89,235
North America	**167,460**	134,565
Continental Europe	**157,439**	146,694
Rest of the World	**85,475**	71,182
	504,225	441,676

Geographical Analysis of Net Assets by Location of Business

	2004 £'000	2003 £'000
United Kingdom	**219,385**	248,745
North America	**206,758**	163,440
Continental Europe	**4,010**	4,461
Rest of the World	**3,020**	4,232
	(301,986)	(259,205)
	131,187	161,673

Analysis of Net Assets by Class of Business

	2004 £'000	2003 £'000
Academic	**318,151**	276,156
Professional	**68,357**	80,392
Commercial	**46,667**	64,330
Central	**(301,988)**	(259,205)
	131,187	161,673

3 Operating Profit

3 (a) Net Operating Costs

	Continuing operations 2004 £'000	Acquisitions 2004 £'000	Total 2004 £'000	Total 2003 £'000
Increase in stock of finished goods and work in progress	**(977)**	**(65)**	**(1,042)**	(2,635)
Raw materials and consumables	**154,225**	**4,421**	**158,646**	162,745
Depreciation and other amounts written off tangible and intangible fixed assets	**53,943**	**4,616**	**58,559**	29,996
Staff costs in total (Note 4)	**146,969**	**3,676**	**150,645**	133,307
Other operating charges (including exceptional items (Note 5))	**77,910**	**10,868**	**88,778**	72,093
	432,070	**23,516**	**455,586**	395,506

The acquisition of Dekker represents the only material acquisition in the year. The impact on operating costs is shown above.

3 (b) Operating Profit is Stated After Charging/(Crediting)

	2004 £'000	2003 £'000
Depreciation and other amounts written off tangible fixed assets owned	**8,787**	8,656
Depreciation of assets under finance leases	**31**	30
Exceptional operating items (Note 5)	**9,963**	11,829
Profit of sale on tangible fixed assets	**(92)**	(25)
Amounts written off intangible fixed assets (Note 10)	**49,741**	21,310
Rentals payable under operating leases – other	**696**	400
Rentals payable under operating leases – land and buildings	**11,255**	12,057
Auditors' fees	**1,297**	2,331
Exchange gains	**(2,391)**	(3,966)

3 Operating Profit continued

Auditors' Fees

	2004 £'000	2003 £'000
Deloitte & Touche LLP auditors' remuneration:		
Audit – Group	**520**	330
Audit – Company	**25**	–
Taxation compliance and advisory – Group	**189**	272
Other – Group and Company	**105**	144
	839	746
KPMG Audit Plc auditors' remuneration:		
Audit – Group	**–**	494
Audit – Company	**–**	6
Taxation compliance and advisory – Group	**398**	511
Other – Group and Company	**60**	574
	458	1,585
	1,297	2,331

Included within KPMG (other) in 2003 was £554,000 paid to KPMG Audit Plc in respect of Group restructuring.

Additional Fees Paid to Auditors Not Charged to Operating Profit

	2004 £'000	2003 £'000
Deloitte & Touche LLP:		
Assistance with acquisitions	**187**	326
Merger costs	**400**	–
	587	326
KPMG Audit Plc:		
Assistance with acquisitions	**–**	856
Merger costs	**699**	–
	699	856
	1,286	1,182

During the year KPMG Audit Plc resigned as auditor of T&F Informa plc and was replaced by Deloitte & Touche LLP.

4 Staff Numbers and Costs

The monthly average number of persons employed by the Group (including Directors) during the period, analysed by category, was as follows:

	Number of employees	
	2004	2003
Academic & Scientific division	**1,627**	1,137
Professional division	**884**	780
Commercial division	**1,489**	1,458
	4,000	3,375

The aggregate payroll costs of these people were as follows:

	2004 £'000	2003 £'000
Wages and salaries	**126,985**	111,370
Social security costs	**14,194**	12,183
Pension costs (Note 31)	**5,004**	3,879
Redundancy costs	**4,462**	5,875
	150,645	133,307

Disclosures on Directors' remuneration, share options, pension contributions and pension entitlements are provided in the element of the Directors' Remuneration Report described as audited on pages 29 to 33.

5 Exceptional Items

	2004 £'000	2003 £'000
Exceptional operating costs	**9,963**	11,829
Goodwill impairment (Note 10)	**15,000**	–
Exceptional items charged to operating profit	**24,963**	11,829
Merger costs	**15,703**	–
Loss on disposal of tangible fixed assets	**921**	–
(Profit)/loss on sale or termination of a business	**(3)**	3,822
Amounts written off investments (Note 12)	**200**	–
Bank loan facility fees expensed on merger	**2,415**	–
	44,199	15,651
Tax on operating exceptional items	**(2,486)**	(2,576)
Tax on non-operating exceptional items	**(3,379)**	–
	38,334	13,075

Operating costs for the year ended 31 December 2004 are stated after charging exceptional items of £24,963,000 (2003: £11,829,000), consisting of impairment of £15,000,000 to goodwill, costs of re-organising book publishing operations in the UK and US of £4,200,000, redundancy costs of £3,657,000, property move costs of £762,000 and other costs of re-organisation of £1,344,000.

The 2003 charge of £11,829,000 consists of costs of re-organising academic publishing operations in the US of £1,705,000, costs associated with attempted acquisitions of £1,581,000, the write-off of bank loan facility fees of £874,000 and business restructuring costs of £7,669,000.

6 Net Interest Payable and Similar Charges

	2004 £'000	2003 £'000
Bank interest receivable	**(1,117)**	(1,395)
Bank and loan interest payable	**17,661**	10,007
Amortisation of loan premium	**472**	759
Bank loan facility fees expensed on merger*	**2,415**	–
Finance lease charges	**3**	1
	19,434	9,372

* Certain bank facilities available to Taylor & Francis Group plc and Informa Group plc expired on the merger. The unamortised element of the related fees has been written off.

7 Tax on Profit on Ordinary Activities

The tax charge comprises:

Current tax	2004 £'000	2003 £'000
UK corporation tax at 30% (2003: 30%)	**6,990**	10,551
Foreign tax	**8,979**	4,661
Adjustments in respect of prior years	**(6,964)**	(856)
Total current tax	**9,005**	14,356
Deferred tax (Note 17)	**3,279**	2,187
Total tax on profit on ordinary activities	**12,284**	16,543

7 Tax on Profit on Ordinary Activities continued

The current effective tax rate of 73% (2003: 44%) is higher (2003: higher) than that resulting from applying the standard rate of corporation tax in the UK of 30% (2003: 30%). The difference is explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation (as restated)	**12,384**	32,976
Tax on Group profit on ordinary activities at standard UK corporation tax rate	**3,715**	9,893
Effects of:		
Expenses not deductible for tax purposes	**5,949**	2,648
Movement in short-term timing differences	**(2,944)**	(613)
Higher tax rates on overseas earnings	**1,422**	935
Depreciation and amortisation in excess of capital allowances	**5,918**	1,892
Utilisation of tax losses	**116**	(1,744)
Unrecognised tax (charges)/credits in respect of overseas losses	**(802)**	84
Exceptional items	**2,595**	2,119
Prior-year adjustments	**(6,964)**	(858)
Group current tax charge for the year	**9,005**	14,356

8 Dividends

Ordinary equity shares	2004 £'000	2003 £'000
Interim		
Taylor & Francis (0.9p per share)*	**–**	1,359
Informa (2.66p per share)	**–**	3,651
T&F Informa (2.8p per share)	**8,342**	–
Final**		
Taylor & Francis (1.9p per share)*	**–**	2,755
Informa (4.94p per share)	**–**	7,438
T&F Informa (5.33p per share)	**15,869**	–
	24,211	15,203

* As adjusted to take account of the transfer of shares in Taylor & Francis Group plc to T&F Informa plc on the merger of Taylor & Francis Group plc with Informa Group plc (dividend per share adjusted by a factor of 1.7).

** This dividend was paid under a scheme of arrangement instead of as a final dividend.

Holders of 1,739,339 ordinary shares of 10p each have waived their rights to receive dividends.

9 Earnings per Share

Basic

The basic earnings per share calculations are based on a profit on ordinary activities after taxation and minority interests of £126,000 (2003: £16,349,000). This profit on ordinary activities after taxation is then divided by the weighted average number of shares in issue less those non-vested shares held by employee share ownership trusts, which is 296,971,000 (2003: 276,493,000).

Diluted

The diluted earnings per share calculation is based on the basic earnings per share calculation above except that the weighted average number of shares includes all dilutive options granted by the balance sheet date as if those options had been exercised on the first day of the accounting period or the date of the grant, if later, giving a weighted average of 298,757,000 (2003: 277,604,000). In accordance with FRS 14 the weighted average number of shares includes the estimated maximum number of shares payable to the vendors of Routledge Publishing Holdings Limited assuming that there are no claims for compensation by the Group that will reduce this deferred consideration and assuming that the Company does not exercise its option to pay the balance of deferred consideration in cash. The deferred consideration shares are also assumed for the purposes of this calculation to have been issued on 1 January 2004 at the closing mid-market share price on 31 December 2004 of 377.5p, making 336,000 (2003: 423,000) ordinary shares that could potentially be issued.

9 Earnings per Share continued

Diluted (Adjusted)

The diluted adjusted earnings per share calculation has been made to allow shareholders to gain a better understanding of the trading performance of the Group. It is based on the diluted earnings per share calculation above except that profits are adjusted for goodwill amortisation and the after tax effect of exceptional items as follows:

	2004 £'000	2003 £'000
Profit on ordinary activities after taxation attributable to shareholders	**126**	16,349
Goodwill amortisation (Note 10)	**34,741**	21,310
Operating exceptional items after tax (Note 5)	**22,477**	9,253
Non-operating exceptional items after tax (Note 5)	**15,857**	3,822
Adjusted profit on ordinary activities after taxation	**73,201**	50,734

The table below sets out the adjustments in respect of diluted potential ordinary shares:

	2004 No. '000	2003 No. '000
Weighted average number of shares used in basic earnings per share calculation	**296,971**	276,493
Share options	**1,450**	688
Shares potentially to be issued or allotted	**336**	423
Weighted average number of shares used in diluted earnings per share calculation	**298,757**	277,604

10 Intangible Fixed Assets

Group	Publishing goodwill £'000	Goodwill arising on acquisitions £'000	Total goodwill £'000
Cost			
At 1 January 2004	5,886	554,673	560,559
Additions	1,665	88,180	89,845
Exchange adjustment	(134)	(22,328)	(22,462)
At 31 December 2004	7,417	620,525	627,942
Amortisation			
At 1 January 2004	(816)	(76,558)	(77,374)
Charge for the year	(371)	(34,370)	(34,741)
Goodwill impairment*	–	(15,000)	(15,000)
Exchange adjustment	28	3,389	3,417
At 31 December 2004	(1,159)	(122,539)	(123,698)
Net book value			
At 31 December 2004	6,258	497,986	504,244
At 31 December 2003	5,070	478,115	483,185

* Impairment charge has been calculated based on future projected cash flows discounted at a rate of 12.3%, which represents the Group's weighted average cost of capital plus a suitable premium for risk.

11 Tangible Fixed Assets

Group	Freehold land and buildings £'000	Leasehold land and buildings £'000	Equipment, fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2004	8,783	4,820	58,326	71,929
Arising from acquisitions	–	–	2,041	2,041
Additions	–	180	11,331	11,511
Disposals	(1,944)	(997)	(11,968)	(14,909)
Revaluation*	1,132	–	–	1,132
Exchange adjustment	–	(149)	(1,468)	(1,617)
At 31 December 2004	7,971	3,854	58,262	70,087
Depreciation				
At 1 January 2004	(1,122)	(2,012)	(35,339)	(38,473)
Arising from acquisitions	–	–	(1,400)	(1,400)
Charge for year	(116)	(319)	(8,383)	(8,818)
Disposals	213	638	10,009	10,860
Exchange adjustment	–	75	1,069	1,144
At 31 December 2004	(1,025)	(1,618)	(34,044)	(36,687)
Net book value				
At 31 December 2004	6,946	2,236	24,218	33,400
At 31 December 2003	7,661	2,808	22,987	33,456

* Freehold property acquired on the acquisition of PJB Publications limited was revalued in the year to reflect market value at the time of acquisition (Note 33).

The net book value of assets held under finance leases and hire purchase contracts included in tangible fixed assets in the Group was £49,000 (2003: £83,000). The depreciation charge on these assets in the year was £31,000 (2003: £30,000).

Of the £11,511,000 additions to tangible fixed assets, £10,828,000 represents cash paid, £26,000 represents additions via finance leases and £657,000 has been accrued for.

Company	Leasehold land and buildings £'000	Equipment, fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2004	254	2,838	3,092
Additions	–	86	86
At 31 December 2004	254	2,924	3,178
Depreciation			
At 1 January 2004	(124)	(2,032)	(2,156)
Charge for year	(11)	(399)	(410)
At 31 December 2004	(135)	(2,431)	(2,566)
Net book value			
At 31 December 2004	119	493	612
At 31 December 2003	130	806	936

12 Investments Held as Fixed Assets

Group	ESOP trust shares £'000	Investment in joint ventures £'000	Other investments £'000	Total £'000
At 1 January 2004 (as previously stated)	3,641	–	9,957	13,598
Prior-year adjustment (Note 21)	(3,641)	–	–	(3,641)
As restated	–	–	9,957	9,957
Additions	–	1,999	–	1,999
Disposals	–	–	(1,151)	(1,151)
Provision for impairment (Note 5)	–	–	(200)	(200)
At 31 December 2004	–	1,999	8,606	10,605

Investment in joint venture additions of £1,999,000 represent the investments made in joint ventures of £2,270,000 net of the Group's share of their assets and results of £(271,000).

A sum of £629,000 has been paid for a 50% share in Alcaron Barreta Y Associados SA with £550,000 accrued for deferred consideration. A sum of £576,000 has been invested (£293,000 prepaid in 2003) to start up joint ventures with Expomedia Group plc in Russia, Poland and Hungary. A sum of £515,000 has been paid for a 50% share in Falconbury Limited.

The Group's share of the joint ventures' results for the year comprises a profit of £109,000 in Alcaron Barreta Y Associados SA, a loss of £330,000 in Eastern Europe and losses of £50,000 in Falconbury.

Company	ESOP trust shares £'000	Shares in subsidiary undertakings £'000	Other investments £'000	Total £'000
At 1 January 2004 (as previously stated)	3,641	556,468	2,784	562,893
Prior-year adjustment (Note 21)	(3,641)	–	–	(3,641)
As restated	–	556,468	2,784	559,252
Additions	–	17,043	–	17,043
At 31 December 2004	–	573,511	2,784	576,295

The listing below shows the principal subsidiary undertakings as at 31 December 2004. A full list of the subsidiaries will be included in the Company's annual return:

Company	Country of registration and operation	Principal activity	Ordinary shares held
Taylor & Francis Books Ltd	England	Publishing	100%
Taylor & Francis Ltd	England	Publishing	100%
Taylor & Francis Books Inc	USA	Publishing	100%
Taylor & Francis Inc	USA	Publishing	100%
Taylor & Francis Publishing Services Ltd	England	Provision of publishing services	100%
Psychology Press Ltd	England	Publishing	100%
Taylor & Francis Group Ltd	England	Holding company	100%
Afterhurst Ltd	England	Publishing	100%
Bios Scientific Publishers Ltd	England	Publishing	100%
Parthenon Publishing Group Ltd	England	Publishing	100%
Taylor & Francis AS	Norway	Publishing	100%
Taylor & Francis AB	Sweden	Provision of publishing services	100%
UCL Press Ltd	England	Publishing	100%
Agra Informa Limited	England	Conference organisation and publishing	100%
Euroform BV	Netherlands	Conference organisation and publishing	100%
Euroform Deutschland GmbH	Germany	Conference organisation and publishing	100%
IBC Asia (S) Pts Limited	Singapore	Conference organisation and publishing	100%
Informa USA Inc	USA	Conference organisation and publishing	100%
T&F Informa UK Limited[1]	England	Conference organisation and publishing	100%
Informa QUEST Limited	England	Qualifying employee share trust	100%
Informa Limited	England	Holding company	100%
MMS Group Holding Limited	England	Holding company	100%
PJB Publications Limited	England	Publishing	100%

1 Name changed from Informa UK Limited on 4 January 2005.

Of the above, Informa Limited, MMS Group Holdings Limited, PJB Publications Limited, Informa QUEST Limited and Taylor & Francis Group Ltd are directly owned by T&F Informa plc.

13 Stocks

Group	2004 £'000	2003 £'000
Raw materials	**1,266**	881
Work in progress	**5,985**	5,761
Finished goods and goods for resale	**28,222**	29,309
Conference costs in advance	**7,165**	6,463
	42,638	42,414

14 (a) Debtors Due Within One Year

	2004 Group £'000	2003 Group £'000	2004 Company £'000	2003 Company £'000
Trade debtors	**69,855**	65,808	**–**	–
Amounts owed by subsidiary undertakings	**–**	–	**564,381**	418,796
Other debtors	**12,979**	13,300	**4,303**	1,427
Prepayments and accrued income	**8,854**	11,179	**320**	5
Deferred taxation (Note 17)	**414**	730	**–**	–
	92,102	91,017	**569,004**	420,228

14 (b) Debtors Due After More Than One Year

	2004 Group £'000	2003 Group £'000	2004 Company £'000	2003 Company £'000
Deferred taxation (Note 17)	**–**	784	**–**	–

15 (a) Creditors: Amounts Falling Due Within One Year

	2004 Group £'000	2003 Group £'000	2004 Company £'000	2003 Company £'000
Overdrafts	**4,001**	1,845	**–**	–
Bank loans (secured)	**5,156**	4,201	**5,156**	–
Loan notes	**6,189**	455	**5,774**	–
Net obligations under finance leases	**29**	40	**–**	–
Deferred consideration	**463**	915	**–**	–
Trade creditors	**11,634**	12,761	**–**	–
Amounts owed to subsidiary undertakings	**–**	–	**345,055**	299,490
Corporation tax	**18,790**	23,595	**–**	779
Other taxes and social security	**3,630**	4,094	**–**	–
Other creditors	**8,286**	12,213	**201**	4,172
Dividends proposed	**15,869**	10,193	**15,869**	7,480
	74,047	70,312	**372,055**	311,921

15 (b) Creditors: Amounts Falling Due After More Than One Year

	2004 Group £'000	2003 Group £'000	2004 Company £'000	2003 Company £'000
Bank loans (secured)	**305,721**	270,353	**305,721**	175,253
Loan notes	**–**	5,877	**–**	5,774
Deferred consideration payable for purchase of subsidiary undertakings and businesses	**448**	26	**–**	–
Net obligations under finance leases	**17**	20	**–**	–
	306,186	276,276	**305,721**	181,027

The bank loans are secured on the shares held in all material subsidiaries by the Company. An analysis of the maturity of debt is given in Note 30(a).

16 Provisions for Liabilities and Charges

	Group				Company
	Property lease £'000	Deferred tax £'000	Restructuring £'000	Group total £'000	property lease £'000
1 January 2004	2,749	3,900	4,254	10,903	1,915
Provided in year	–	2,001	–	2,001	–
Utilised in year	(2,089)	–	(4,254)	(6,343)	(1,678)
At 31 December 2004	660	5,901	–	6,561	237

The property lease provision represents the estimated excess of rent payable on surplus property leases and dilapidation provisions where they exist, less rent received via sub leases. These liabilities fall due within one year.

17 Deferred Tax

Group	**2004 £'000**	2003 £'000
Deferred tax liability	**5,901**	3,900
Deferred tax asset	**414**	1,514

The movements during the year were as follows:

Group	Asset £'000	Liability £'000
At 1 January 2004	1,514	(3,900)
Current-year charge (Note 7)	(462)	(2,001)
Prior-year charge (Note 7)	(816)	–
Reclassification of overseas corporation tax	178	–
At 31 December 2004	414	(5,901)

The deferred tax asset consists of the following amounts:	**2004 £'000**	2003 £'000
Depreciation in excess of capital allowances	**106**	198
Short-term timing differences	**308**	1,316
	414	1,514

The deferred tax liability consists of the following amounts:		
Difference between accumulated depreciation/amortisation and tax depreciation	**7,240**	4,412
Tax losses	**(1,339)**	(512)
Undiscounted deferred tax liability	**5,901**	3,900

At 31 December 2004, in addition to the deferred tax balances recognised above, the Group had unrecognised deferred tax assets of £12,243,000 (2002: £16,037,000) in relation to allowable tax losses. These assets have not been recognised in the financial statements as in the opinion of the Directors there is insufficient evidence that they will be recoverable. These assets may become recoverable if trading entities to which the tax losses relate realise taxable profits. Deferred tax assets recognised relate mainly to tax deductible expenses for which relief has yet to be obtained. It is considered more likely than not that there will be suitable taxable profits from which the future reversal of these underlying timing differences can be deducted.

18 Accruals and Deferred Income

	2004 Group £'000	2003 Group £'000	**2004 Company £'000**	2003 Company £'000
Subscriptions and conference fees received in advance	**124,361**	110,896	**–**	–
Accruals	**59,720**	54,260	**6,482**	6,987
	184,081	165,156	**6,482**	6,987

19 Minority Interest

The Group's minority interest in 2004 and 2003 was composed entirely of equity interests and represents the minority shares of Euroforum HandelsZeitung Konferenz AG and Agra CEAS.

20 Share Capital

Group	2004 £'000	2003* £'000
Authorised		
500,000,000 (2003: 500,000,000) ordinary shares of 10p each*	**50,000**	50,000

* During 2004 an additional 320 million ordinary shares of 10p each were authorised on the merger of Informa Group plc and Taylor & Francis Group plc. Under merger accounting methodology these have been included in the 2003 comparative total.

Allotted, called up and fully paid	2004 £'000	2003* £'000
299,462,868 ordinary shares of 10p each (2003: 297,899,996 of 10p each)	**29,946**	29,790

	2004 £'000	2003 £'000
At 1 January restated	**29,790**	27,390
Options exercised	**156**	49
Issue of share capital	**–**	2,351
At 31 December	**29,946**	29,790

Company	2004 £'000	2003* £'000
Authorised		
500,000,000 (2003: 180,000,000) ordinary shares of 10p each*	**50,000**	18,000

*During 2004 an additional 320 million ordinary shares of 10p each were authorised on the merger of Informa Group plc and Taylor & Francis Group plc.

Allotted, called up and fully paid	2004 £'000	2003* £'000
299,462,868 ordinary shares of 10p each (2003: 151,944,860 of 10p each)	**29,946**	15,195

	2004 £'000	2003 £'000
At 1 January	**15,195**	12,824
Options exercised	**117**	20
Issue of share capital	**14,634**	2,351
At 31 December	**29,946**	15,195

Movements in Called Up Share Capital
During the year the Company issued 1,562,872 ordinary shares of 10p for a consideration of £3,416,000 with a nominal value of £156,000 as a result of the exercise of share options.

On 10 May 2004, the Company issued 146.3 million ordinary shares with a nominal value of £14.6 million and a fair value of £511 million to Taylor & Francis Group plc shareholders under the terms of the merger between the company and Taylor & Francis Group plc, which was approved by shareholders with effect from 10 May 2004 (Note 29).

20 Share Capital continued

Share Options

As at 31 December 2004, outstanding options to subscribe for ordinary shares of 10p were as follows:

Number	Exercise price per share (p)	Exercise period
14,400	10.94	25.04.00 to 24.05.07
11,680	10.94	07.05.00 to 06.05.07
1,600	18.75	01.10.00 to 30.09.07
225,000	219.00	21.08.01 to 20.08.08
67,611	201.50	14.04.00 to 13.04.07
110,220	273.05	21.04.01 to 20.04.08
96,258	241.02	01.10.01 to 30.09.08
1,851	310.50	23.04.02 to 22.04.09
253,152	401.00	01.10.02 to 30.09.09
125,544	825.00	20.03.03 to 19.03.10
1,316,000	632.50	25.04.03 to 24.04.10
132,500	753.30	02.11.03 to 01.11.10
218,018	581.00	07.03.04 to 06.03.11
125,000	548.00	15.03.05 to 14.03.07
1,189,097	282.67	15.03.05 to 14.03.12
336,547	373.00	04.03.07 to 03.04.14
27,049	369.70	15.09.07 to 14.09.14
78,573	310.50	23.04.02 to 22.04.09
272,605	240.30	01.07.05 to 31.12.05
10,138	559.00	01.07.05 to 31.12.05
122,987	240.30	01.07.07 to 31.12.07
53,939	251.47	04.11.02 to 03.11.06
405,844	344.11	26.04.04 to 25.04.08
79,998	300.00	01.11.04 to 31.10.08
27,379	282.21	01.01.05 to 30.06.05
27,443	327.94	05.12.04 to 04.12.08
542,657	364.11	26.04.05 to 25.04.09
238,664	375.00	27.05.05 to 26.05.09
198,830	251.47	03.10.05 to 02.10.09
25,471	276.62	01.01.06 to 30.06.06
802,185	254.41	30.04.06 to 29.04.06
65,401	244.11	01.08.05
20,507	261.17	10.07.06 to 09.07.10
16,079	296.18	01.01.07 to 30.06.07
97,564	304.41	18.11.06 to 17.11.10
1,086,441	341.17	22.03.07 to 21.03.11
8,424,232		

The above options will be satisfied by the issue of new shares in the Company excluding 1,739,339 shares already in issue. Share options held by Directors as at 31 December 2004 are disclosed in the Directors' Remuneration Report on pages 32 and 33.

21 Reserves

Group	Share capital £'000	Share premium £'000	Reserve for own shares £'000	Other reserves £'000	Merger reserve £'000	ESOP trust shares £'000	Profit and loss account £'000	Group total £'000
Informa Group plc (as restated*)	15,195	184,494	–	37,399	–	(3,641)	(159,647)	73,800
T&F Group plc	4,293	44,842	1,267	–	–	–	39,265	89,667
Merger accounting	10,302	(44,842)	–	–	34,540	–	–	–
Merger accounting policy alignments (Note 29)	–	–	–	–	–	–	(1,794)	(1,794)
At 1 January 2004	29,790	184,494	1,267	37,399	34,540	(3,641)	(122,176)	161,673
Profit and loss account movements (Note 22)	–	–	–	–	–	–	(33,902)	(33,902)
Premium arising on options exercised during period	156	3,261	–	(1)	–	–	–	3,416
At 31 December 2004	29,946	187,755	1,267	37,398	34,540	(3,641)	(156,078)	131,187

21 Reserves continued

Company	Share premium £'000	ESOP trust shares £'000
At 1 January 2004* (as restated)	184,494	(3,641)
Premium arising on options exercised during period	3,261	–
At 31 December 2004	187,755	(3,641)

* UITF 38 "Accounting for ESOP Trusts" has been adopted during the current year. The cost of the shares is now shown as a reduction to shareholders' funds rather than as a fixed-asset investment. As a result of the adoption of UITF 38, the Group and Company's net assets have been reduced by £3,641,000 at 31 December 2003 and 2004. The adoption had no impact on the Group's or the Company's results.

The balance of Reserve for Own Shares at 31 December 2004 represents deferred consideration payable to the vendors of Routledge Publishing Holdings Limited if no claims are made against warranties given on the sale of that company. The balance is payable on 30 November 2005 and can be paid in either cash or shares at the Company's option.

As at 31 December 2004 the Informa Employee Share Trust held 632,775 (2003: 632,775) ordinary shares in the Company at a cost of £3,641,000 (2003: £3,641,000) (market value £2,028,000), Informa Quest Ltd held 171,285 (2003: 185,591) ordinary shares at a book cost of £nil (2003: £nil) (market value £646,000) and the Taylor & Francis Group Employee Benefit Trust held 935,279 (2003: 935,279) ordinary shares at a book cost of £nil (2003: £nil) (market value £3,530,678). These shares have not yet been allocated to individuals and accordingly, dividends on these shares have been waived.

At 31 December 2004 the Group held 0.6% (2003: 0.6%) of its own called up share capital through the above holdings.

22 Profit and Loss Account

	2004 Group £'000	2003 Group restated £'000	**2004 Company £'000**	2003 Company restated £'000
At 1 January restated (Note 29)	**(122,176)**	(119,520)	**288,290**	207,958
Profit on ordinary activities after taxation	**126**	16,349	**(11,013)**	91,421
Share of joint ventures	**–**	–	**–**	–
Dividend payable	**(24,211)**	(15,203)	**(24,211)**	(11,089)
Currency translation difference on foreign currency net investments	**(9,817)**	(3,802)	**–**	–
At 31 December 2004	**(156,078)**	(122,176)	**253,066**	288,290

Included in the Profit and Loss Account of the Company at 31 December 2004 are non-distributable reserves of £203,344,000, (2003: £203,344,000).

As permitted by Section 230 of the Companies Act 1985, the Profit and Loss Account of the parent Company is not presented as part of these accounts. The parent company's loss, before the payment of dividends for the financial year, amounted to £11,013,000 (2003: profit of £91,421,000).

In accordance with the transitional provisions of FRS 17 "Retirement Benefits", the following additional reconciliation is provided showing Group Profit and Loss Account reserves if FRS 17 were to be adopted in full:

	2004 Group £'000	2003 Group £'000
Profit and Loss Account excluding pension liability	**(156,078)**	(122,176)
Pension liability, net of deferred tax (Note 32)	**(15,775)**	(12,669)
Profit and Loss Account after deducting pension liability	**(171,853)**	(134,845)

23 Reconciliation of Movements in Consolidated Equity Shareholders' Funds

	2004 £'000	2003 restated £'000
Profit for the year	126	16,349
Dividends	(24,211)	(15,203)
Retained (loss)/profit for the year	(24,085)	1,146
Currency translation difference on foreign currency net investments	(9,817)	(3,802)
Proceeds of new share issues (net)	3,416	64,330
	(30,486)	61,674
Opening equity shareholders' funds	161,673	103,640
Prior-year adjustment; reclassification of investment in ESOP shares (Note 21)	–	(3,641)
Closing equity shareholders' funds	131,187	161,673

24 Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2004 £'000	2003 £'000
Operating profit	48,639	46,170
Merger costs	(15,703)	–
Depreciation and amortisation	58,559	29,966
Profit on sale of tangible fixed assets	(92)	(25)
Decrease/(increase) in stocks	2,377	(670)
Decrease in debtors	1,474	4,641
Decrease in creditors	(7,070)	(1,017)
Net cash inflow from operating activities	88,184	79,065

25 Reconciliation of Net Cash Flow to Movement in Net Debt

	2004 £'000	2003 £'000
(Decrease)/increase in cash net of overdrafts in the year	(6,616)	13,350
Increase in bank loans and loan notes	(45,022)	(148,482)
Cash flow from decrease in deposit accounts	–	(11,988)
Change in net debt resulting from cash flows	(51,638)	(147,120)
Foreign exchange translation difference	11,297	6,515
Non-cash movements	(2,441)	(114)
Increase in net debt during the year	(42,782)	(140,719)
Opening net debt	(259,205)	(118,486)
Closing net debt (Note 26)	(301,987)	(259,205)

26 Analysis of Net Debt

	At 1 January 2004 £'000	Non-cash items £'000	Cash flow £'000	Exchange movement £'000	At 31 December 2004 £'000
Cash at bank and in hand	**23,586**	–	(4,460)	–	**19,126**
Overdrafts	**(1,845)**	–	(2,156)	–	**(4,001)**
Net cash	**21,741**	–	(6,616)	–	**15,125**
Bank loans due in less than one year	**(4,201)**	(5,156)	4,201	–	**(5,156)**
Loan notes due in less than one year	**(455)**	(5,877)	143	–	**(6,189)**
Bank loans due in more than one year	**(270,353)**	2,741	(49,406)	11,297	**(305,721)**
Loan notes due in more than one year	**(5,877)**	5,877	–	–	**–**
Finance leases due in less than one year	**(40)**	(29)	40	–	**(29)**
Finance leases due in more than one year	**(20)**	3	–	–	**(17)**
Total (Note 25)	**(259,205)**	(2,441)	(51,638)	11,297	**(301,987)**

Non-cash items represent an addition of £26,000 to tangible fixed assets held under finance leases and a write-off of bank loan facility fees of £2,415,000.

27 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2004		2003	
Group	**Land and buildings £'000**	**Other £'000**	Land and buildings £'000	Other £'000
Operating leases which expire:				
– Within one year	**244**	**427**	2,473	432
– Within two to five years	**3,088**	**418**	3,749	478
– After five years	**6,881**	**–**	5,704	5
	10,213	**845**	11,926	915

The Group had capital commitments at 31 December 2004 of £2,118,000 (2003: £711,000).

28 Contingent Liabilities

The Company has guaranteed the overdrafts of certain of its UK subsidiaries, up to a combined maximum of £18,988,000 million, (2003: £3,000,000).

The Company has also guaranteed £329,000 of loan notes outstanding and issued by its indirectly held subsidiary, Taylor & Francis Books Limited.

As at 31 December 2004, the Company had entered into forward exchange contracts to be converted into sterling as follows during 2005:

February 2005 $35.0 million @ $1.766488
€15.0 million @ €1.44664

As at 31 December 2003 the Company had entered into forward exchange contracts to be converted into sterling, as follows during 2004:

January 2004 $30.0 million @ $1.584
February 2004 $10.0 million @ €1.550

29 Merger Accounting

On 10 May 2004 Taylor and Francis Group plc and Informa Group plc merged to form T&F Informa plc.

(i) Accounting Policy Alignment
Certain adjustments have been made and reflected in the results of the Group, to align the accounting policies previously adopted by Informa Group plc and Taylor & Francis Group plc. The adjustments are in respect of the treatment of deferred costs and the re-translation of deferred income.

Previously deferred costs have now been written off, resulting in a reduction in other debtors of £1,066,000 at 31 December 2003 and an increase in other operating costs before goodwill amortisation of £555,000 for the year ended 31 December 2003. An amount of £511,000 was treated as if never capitalised and therefore expensed to the Profit and Loss Account prior to 1 January 2003.

Deferred income held in foreign currencies, which was previously re-translated at year end, has been recorded at the historic rate. This resulted in an increase in deferred income at 31 December 2003 of £728,000 and an increase in deferred income at 31 December 2004 of £1,400,000. The impact on the balance sheet at 1 January 2003 was not material.

(ii) Analysis of Consolidated Profit and Loss Account for the 12 Months Ended 31 December 2004

	Informa 4 months ended 30 April 2004 £'000	Taylor & Francis 4 months ended 30 April 2004 £'000	T&F Informa 8 months ended 31 December 2004 £'000	Accounting policy alignments £'000	Total 12 months ended 31 December 2004 £'000
Turnover					
Continuing operations	102,720	47,072	329,201	–	478,993
Acquisitions	–	7,749	17,483	–	25,232
Total turnover	102,720	54,821	346,684	–	504,225
Operating costs	(90,171)	(50,483)	(290,697)	728	(430,623)
Operating exceptional items	(50)	(678)	(24,235)	–	(24,963)
Group operating profit					
Continuing operations	12,499	4,037	29,930	728	47,194
Acquisitions and share of joint ventures	–	(377)	1,822	–	1,445
Total operating profit	12,499	3,660	31,752	728	48,639
Merger expenses	–	–	(15,703)	–	(15,703)
Other non-operating exceptionals	–	–	(3,533)	–	(3,533)
Net interest payable	(3,583)	(2,154)	(11,282)	–	(17,019)
Profit on ordinary activities before taxation	8,916	1,506	1,234	728	12,384
Tax on profit on ordinary activities	(4,235)	(1,528)	(6,521)	–	(12,284)
Profit on ordinary activities after taxation	4,681	(22)	(5,287)	728	100
Minority interests – equity	10	–	16	–	26
	4,691	(22)	(5,271)	728	126

29 Merger Accounting continued

(iii) Analysis of Consolidated Profit and Loss Account for the 12 Months Ended 31 December 2003

	Informa 12 months ended 31 December 2003 £'000	Taylor & Francis 12 months ended 30 April 2003 £'000	Accounting policy alignments and changes £'000	Total 12 months ended 31 December 2003 £'000
Turnover				
Continuing operations	267,997	173,679	–	441,676
Acquisitions	–	–	–	–
Total turnover	267,997	173,679	–	441,676
Operating costs	(242,049)	(140,345)	(1,283)	(383,677)
Operating exceptional items	(8,543)	(3,286)	–	(11,829)
Group operating profit				
Continuing operations	17,405	30,048	(1,283)	46,170
Acquisitions	–	–	–	–
Total operating profit	17,405	30,048	(1,283)	46,170
Non-operating exceptional items	(3,822)	–	–	(3,822)
Net interest payable	(5,847)	(3,525)	–	(9,372)
Profit on ordinary activities before taxation	7,736	26,523	(1,283)	32,976
Tax on profit on ordinary activities	(6,793)	(9,750)	–	(16,543)
Profit on ordinary activities after taxation	943	16,773	(1,283)	16,433
Minority interests – equity	(84)	–	–	(84)
Profit for the year attributable to shareholders	859	16,773	(1,283)	16,349

Accounting policy alignments reflect the write-off of deferred costs of £555,000 and reversing the foreign exchange gain on the re-translation of deferred income of £728,000.

(iv) Analysis of Statement of Total Recognised Gains and Losses

	12 months ended 31 December 2004 £'000	12 months ended 31 December 2003 restated £'000
Profit attributable to shareholders		
– Informa to 30 April 2004	**4,691**	304
– Taylor & Francis to 30 April 2004	**(22)**	16,045
– T&F Informa Group from 30 April 2004	**(4,543)**	–
	126	16,349
Currency translation differences on foreign currency net investments and borrowings		
– Informa to 30 April 2004	**503**	(2,358)
– Taylor & Francis to 30 April 2004	**(3,017)**	(1,444)
– T&F Informa Group from 30 April 2004	**(7,303)**	–
	(9,817)	(3,802)
Total recognised gains and losses	**(9,691)**	12,547

29 Merger Accounting continued

(v) Analysis of Consolidated Balance Sheet at 30 April 2004

	Informa £'000	Taylor & Francis £'000	Accounting policy alignment £'000	T&F Informa Group £'000
Fixed assets				
Intangible assets	299,093	255,088	–	554,181
Tangible assets	25,579	7,769	–	33,348
Investments	3,253	5,564	–	8,817
	327,925	268,421	–	596,346
Current assets				
Stocks	7,206	39,361	–	46,567
Debtors	59,424	34,593	(1,066)	92,951
Cash at bank and in hand	9,296	1,943	–	11,239
	75,926	75,897	(1,066)	150,757
Creditors: amounts falling due within one year				
Loans and overdrafts	(3,039)	(6,376)	–	(9,415)
Other creditors	(38,633)	(17,120)	–	(55,753)
	(41,672)	(23,496)	–	(65,168)
Net current assets	34,254	52,401	(1,066)	85,589
Total assets less current liabilities	362,179	320,822	(1,066)	681,935
Creditors: amounts falling due after more than one year				
Loans and overdrafts	(178,924)	(159,633)	–	(338,557)
Other creditors	(10,072)	500	–	(9,572)
	(188,996)	(159,133)	–	(348,129)
Provision for liabilities and charges	(2,055)	–	–	(2,055)
Accruals and deferred income	(92,067)	(73,896)	728	(165,235)
Minority interests	(69)	–	–	(69)
Net assets	78,992	87,793	(338)	166,447

30 Financial Instruments

Treasury Policy

The Board sets the Group's treasury policy to ensure that it has adequate financial resources to develop the Group's businesses and to manage the currency and interest risks to which the Group is exposed. The Group's activities expose it mainly to the financial risks of changes in foreign currency exchange rates and changes in interest rates. The Group mainly uses foreign exchange forward and spot contracts and interest rate swap contracts to hedge these exposures. All external hedging is performed by the Group Treasury Function. Group Treasury acts as a service centre operating under the clearly defined regulation of the Board. The Group does not use derivative financial instruments for speculative purposes.

Funding and deposit management

The Group primarily borrows at short-term variable rates under its multi-currency revolving credit facilities. On the merger in May 2004 the Group entered into a new five-year £440 million multi-currency term loan and revolving credit facility. The existing facilities of both Taylor & Francis and Informa were cancelled at the same time. In addition, during 2001, the Group raised USD50 million on the US private placement market, due in seven equal annual instalments from 2005 to 2011. Short-term flexibility is also achieved through the use of overdraft facilities and cash pooling arrangements are in place in GBP, EUR and USD to maximise the interest receivable on surplus working capital. The Group monitors the distribution of its cash assets, borrowings and facilities so as to control exposure to the relative performance of any particular territory, currency or institution.

Cash Flows

Historically and for the foreseeable future the Group has been and will continue to be in a net borrowing position. The Group's policy is to fulfil its borrowing requirements by borrowing in the currencies in which it operates and generates surplus cash inflows, principally GBP, USD and EUR; thereby providing a natural hedge against future surplus cash inflows in those currencies as well as spreading the Group's interest rate profile across a number of currencies.

For so long as the Group is in a net borrowing position, in order to maintain the spread of the Group's interest rate profile and to retain a degree of flexibility, minimum levels of USD and EUR denominated debt will be maintained. Accordingly surplus foreign currency denominated cash inflows will be used first to repay outstanding borrowings in those currencies, up to the pre-determined minimum foreign currency denominated debt levels. Thereafter the minimum foreign currency denominated debt levels will be maintained by selling, for GBP, up to USD75 million of the Group's consolidated USD denominated sales and up to EUR25 million of its consolidated EUR denominated annual sales, once the receipt of the associated USD and EUR cash inflows can be forecast with reasonable certainty.

30 Financial Instruments continued

Balance Sheet
Allied to the Group's above policy on the hedging of surplus foreign currency cash inflows, the Group will usually seek to finance its net investment in its principal overseas subsidiaries by borrowing in those subsidiaries' functional currencies. This policy will have the effect of protecting the Group's consolidated balance sheet from movements in those currencies to the extent that the associated net assets exceed the net foreign currency borrowings.

Interest Rates
The Group seeks to minimise its exposure to fluctuations in interest rates by using interest rate swaps to hedge up to 75% of the Group's forecast interest payments over the unexpired period of its existing loan instruments, based on forecast net debt levels by currency during that period. This policy provides a level of certainty of future interest costs which in turn assists the predictability of achieving interest-based loan covenants.

As permitted by FRS 13, short-term debtors and creditors have been omitted from the following disclosures other than the currency profile.

30 (a) Maturity Profile of Group Financial Liabilities

	2004 £'000	2003 £'000
Within one year or less or on demand	**14,452**	6,361
In more than one year but not more than two years	**5,484**	51,334
More than two years but not more than five years	**294,012**	212,743
In more than five years	**10,340**	15,901
	324,288	286,339
Unamortised element of loan premium	**(2,200)**	(2,686)
	322,088	283,653

The Group had the following committed undrawn borrowing facilities at 31 December:

Expiry date	2004 £'000	2003 £'000
In one year or less	**18,987**	3,367
In more than one year but not more than two years	**–**	–
In more than two years	**155,112**	108,927
	174,099	112,294

30 Financial Instruments continued

30 (b) Interest Rate Profile

The following interest rate and currency profile of the Group's financial liabilities and assets is after taking into account any interest rate and cross-currency swaps entered into by the Group.

Financial Liabilities

	2004				2003			
	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
GBP	(83,262)	(93,198)	–	(176,460)	(73,443)	(73,466)	–	(146,909)
USD	(23,829)	(71,619)	–	(95,448)	(67,215)	(15,622)	–	(82,837)
EUR	(41,928)	117	(448)	(42,259)	(49,974)	4,183	(26)	(45,817)
Other European currencies	–	(179)	–	(179)	–	(177)	–	(177)
Other worldwide currencies	(9,942)	–	–	(9,942)	(10,594)	(5)	–	(10,599)
	(158,961)	(164,879)	(448)	(324,288)	(201,226)	(85,087)	(26)	(286,339)
Of which:								
Gross borrowings				(323,267)				(285,417)
Derivative financial instruments				(556)				(876)
Other financial liabilities				(465)				(46)
				(324,288)				(286,339)

Interest on floating-rate liabilities is based on the relevant national inter-bank rates.

Financial Assets

	2004			2003		
	Floating rate £'000	Non-interest bearing £'000	Total £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
GBP	7,961	239	8,200	8,757	509	9,266
USD	6,160	411	6,571	9,191	1,247	10,438
EUR	1,475	63	1,538	1,053	732	1,785
Other European currencies	504	234	738	544	95	639
Other worldwide currencies	795	11,889	12,684	827	10,588	11,415
	16,895	12,836	29,731	20,372	13,171	33,543
Of which:						
Cash and deposits			19,126			23,586
Other financial investments			10,605			9,957
			29,731			33,543

Interest on floating-rate bank deposits is based on the relevant national inter-bank rate and may be fixed in advance for up to one month. There were no fixed-rate deposits as at 31 December 2004 or 2003.

30 Financial Instruments continued

The interest rate profile of fixed-rate financial liabilities and the weighted average maturity period of interest-free financial liabilities are analysed below:

	2004			2003		
	Weighted average interest rate %	Weighted average period for which the rate is fixed Years	Weighted average years to maturity for non-interest bearing liabilities Years	Weighted average interest rate %	Weighted average period for which the rate is fixed Years	Weighted average years to maturity for non-interest bearing liabilities Years
GBP – Taylor & Francis	–	–	–	5.2	1.9	–
Informa	–	–	–	4.9	4.2	–
T&F Informa	5.2	3.4	–	–	–	–
USD – Taylor & Francis	–	–	–	3.0	1.9	–
Informa	–	–	–	3.0	2.7	–
T&F Informa	3.6	2.4	–	–	–	–
EUR – Taylor & Francis	–	–	–	–	–	–
Informa	–	–	–	3.7	2.8	1.0
T&F Informa	3.6	2.3	3.0	–	–	–
JPY – Taylor & Francis	–	–	–	–	–	–
Informa	–	–	–	1.9	2.4	–
T&F Informa	1.9	1.3	–	–	–	–
Gross financial liabilities						
Taylor & Francis	–	–	–	4.2	1.9	–
Informa	–	–	–	3.8	3.2	1.0
T&F Informa	4.3	2.8	3.0	–	–	–

30 (c) Fair Values of Financial Assets and Liabilities

The fair value is defined as the amount at which a financial instrument could be exchanged in an arm's-length transaction between informed and willing parties and is calculated by reference to market rates discounted to current value.

The fair value of these financial instruments was:

Primary Financial Instruments Held or Issued to Finance the Group's Operations

	2004		2003	
	Book value £'000	Estimated fair value £'000	Book value £'000	Estimated fair value £'000
Bank loans and overdrafts (inc. current portion of long-term borrowings)	(9,157)	(9,157)	(6,046)	(6,046)
Loan notes due in less than one year	(6,189)	(6,189)	(455)	(455)
Long-term borrowings	(305,721)	(305,721)	(276,230)	(276,230)
Cash deposits	19,126	19,126	23,856	23,856
Other financial assets	10,605	10,605	9,958	9,958
Other financial liabilities	(466)	(410)	(46)	(18)
Unamortised loan premium	2,200	–	2,686	–

Derivative Financial Instruments Held to Manage the Interest Rate Profile

	2004		2003	
	Carrying amount £'000	Estimated fair value £'000	Carrying amount £'000	Estimated fair value £'000
Interest rate swaps	(556)	(3,007)	(877)	(2,651)
Forward exchange contracts and similar instruments	–	1,503	–	3,577

The carrying value of primary financial instruments approximates to fair value due to the short maturity of the instruments or because they bear interest at rates approximate to the market. The book value of fixed asset investments approximates to the fair value, being the estimated sale proceeds.

30 Financial Instruments continued

Forward foreign exchange contracts mature in less than one year at both year ends. The movement on fair values of interest rate swaps are summarised in the table below:

	Gains £'000	Losses £'000	Total net £'000
Unrecognised gains/(losses) on hedges at 1 January 2004	38	(1,812)	(1,774)
Losses arising in previous years that were recognised in 2004	–	(215)	(215)
Revaluations from losses to gains	104	222	326
Gains/(losses) arising in previous years that were not recognised in 2004	142	(1,375)	(1,233)
Revaluations of gains/(losses) arising in previous years that were not recognised in 2004	100	146	246
Transfers from losses to gains	656	(760)	(104)
Gains/(losses) arising in 2004 that were not recognised in 2004	480	(1,840)	(1,360)
Unrecognised gains/(losses) on hedges at 31 December 2004	1,378	(3,829)	(2,451)
Gains/(losses) expected to be recognised in 2005	147	(42)	105
Gains/(losses) expected to be recognised in 2006 or later	1,231	(3,787)	(2,556)

30(d) Hedging

As explained above, the Group's policy is to hedge the following exposures:

- interest rate risk – using interest swaps as appropriate; and
- currency exposures on the projected net surplus USD and EUR income – using forward foreign currency contracts.

Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised. As at 31 December 2004 and 2003 there were no other unrecognised gains or losses on instruments used for interest rate or currency hedging save as disclosed in Note 30 (c) above.

30(e) Currency Profile

Net Foreign Currency Monetary Assets/(Liabilities)

	GBP £'000	USD £'000	EUR £'000	Other £'000	Total £'000
GBP	–	3,902	2,686	458	7,046
USD	(301)	–	763	40,007	40,469
EUR	–	–	–	–	–
Other	15	357	–	25	397
	(286)	4,259	3,449	40,490	47,912

The main functional currencies of the Group are GBP, USD and EUR. After taking into account foreign currency borrowings of £147,380,000 (2003: £139,404,000) used to hedge against net investments in foreign subsidiaries, the remaining monetary assets and liabilities are in the same currency as the functional currency of the operations involved.

31 Pension Schemes

As explained in the accounting policies set out on page 40, in the UK the Group operates pension schemes for qualifying UK employees providing benefits based on final pensionable pay (the "Schemes"). The assets of the Schemes are held in separate trustee administered funds. Contributions to the Schemes are charged to the Profit and Loss Account so as to spread the cost of contributions over employees' working lives with the Group. Contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method to reflect the fact that the Schemes are closed to new entrants.

The most recent actuarial valuation of the Informa Final Salary Scheme was at 31 March 2002 and does not take into account the impact of any changes in asset value since that date. Any such impact will be reflected in the next valuation. Employees who are members contribute 10% of pensionable pay; the Group's contribution over the year was 18.9% of pensionable pay. The market value of the scheme's assets as at 31 March 2002 was £16,944,000, which represented 76% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The assumptions adopted are:

Rate of return on investments after retirement	5.5% pa
Rate of return on investments before retirement	6.5% pa
Rate of increase in pensions in payment	2.7% pa
Rate of increase in salaries	4.2% pa

The most recent actuarial valuation of the Taylor & Francis Group Pension and Life Assurance Scheme was at 30 September 2002 and does not take into account the impact of any changes in asset values since that date. Any such impact will be reflected in the next valuation. Employees who are members contribute 3% of pensionable pay; the Group's contribution over the year was 33.6% of pensionable pay. The market value of the scheme's assets as at 30 September 2002 was £4,271,000, which represented 63% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The assumptions adopted are:

Rate of return on investments	9.0% pa
Rate of increase in pensions in payment	4.5% pa
Rate of increase in salaries	6.5% pa
Rate of dividend growth	5.0% pa

The pension charge for the schemes for the period was £1,755,000 (2003: £1,258,000). This included £622,000 in respect of the amortisation of the Schemes' deficits over the average remaining service lifetimes of active members.

The Group also operates a number of defined contribution schemes. Contributions during the year under these schemes were £3,249,000, (2003: £2,621,000).

32 Additional FRS 17 Retirement Benefit Disclosures

A full valuation of the Taylor & Francis Group Pension and Life Assurance Scheme was undertaken as at 30 September 2002 and updated to 31 December 2004 by a qualified independent actuary. A full valuation of the Informa Final Salary Scheme was carried out at 31 March 2002 and updated to 31 December 2004 by a qualified independent actuary. The major assumptions used by the actuaries were as follows:

	At 31 December 2004	At 31 December 2003	At 31 December 2002
Rate of increase in salaries			
Taylor & Francis	**4.40% pa**	3.75% pa	3.30% pa
Informa	**4.40% pa**	4.20% pa	3.90% pa
Limited price indexation pension increases			
Taylor & Francis	**2.90% pa**	2.75% pa	2.30% pa
Informa	**2.90% pa**	2.70% pa	2.40% pa
Discount rate			
Taylor & Francis	**5.30% pa**	5.40% pa	5.75% pa
Informa	**5.30% pa**	5.30% pa	5.50% pa
Inflation assumption			
Taylor & Francis	**2.90% pa**	2.75% pa	2.30% pa
Informa	**2.90% pa**	2.70% pa	2.40% pa

The assets of the Taylor & Francis Group Pension and Life Assurance Scheme are held in managed funds and cash funds operated by Henderson Investment Managers. The assets of the Informa Final Salary Scheme are held in managed funds and cash funds operated by Skandia Investment Management. The fair value of the assets held and the expected rates of return assumed are as follows:

	Expected rate of return year commencing 31 December 2004 %	**Fair value at 31 December 2004 £'000**	Expected rate of return year commencing 31 December 2003 %	Fair value at 31 December 2003 £'000	Expected rate of return year commencing 31 December 2002 %	Fair value 31 December 2002 £'000
Equities and property						
Taylor & Francis	**7.00**	**3,212**	7.80	2,938	7.50	2,620
Informa	**7.00**	**17,216**	7.00	14,707	7.00	11,275
Bonds						
Taylor & Francis	**5.00**	**306**	5.10	347	4.75	346
Informa	**5.00**	**2,460**	5.00	2,029	5.00	2,522
Cash						
Taylor & Francis	**4.00**	**1,581**	3.75	1,408	4.00	1,472
Informa	**4.00**	**820**	4.00	1,253	4.00	777
		25,595		22,682		19,012
T&F Informa Group						
Total market value of assets		**25,595**		22,682		19,012
Present value of liabilities		**(48,130)**		(40,781)		(33,039)
Deficit in the Schemes		**(22,535)**		(18,099)		(14,027)
Related deferred tax assets		**6,761**		5,430		4,208
Net pension liability		**(15,774)**		(12,669)		(9,819)

32 Additional FRS 17 Retirement Benefit Disclosures continued

Analysis of Amount Chargeable to Operating Profit if FRS 17 Were to be Adopted:

	Year ended 31 December 2004 £'000	Year ended 31 December 2003 £'000	Year ended 31 December 2002 £'000
Analysis of the amount charged to operating profit			
Current service cost	**1,493**	1,201	1,220
Past service cost	**–**	165	234
Total operating charge	**1,493**	1,366	1,454
Analysis of the amount debited to other finance income			
Expected return on pension Scheme assets	**1,508**	1,251	1,623
Interest cost on pension Scheme liabilities	**(2,246)**	(1,843)	(1,638)
Net finance cost	**(738)**	(592)	(15)
Analysis of amount recognised in the consolidated statement of recognised gains and losses			
Actual return less expected return on Scheme assets	**74**	1,397	(5,658)
Experience (loss)/gain	**(118)**	225	147
Change in actuarial assumptions	**(3,929)**	(5,181)	(3,401)
Actuarial loss	**(3,973)**	(3,559)	(8,912)
Movement in deficit during the year			
Deficit in Scheme at beginning of year	**(18,099)**	(14,027)	(5,194)
Current service cost	**(1,493)**	(1,201)	(1,220)
Past service cost	**–**	(165)	(234)
Contributions	**1,768**	1,445	1,548
Other finance (costs)/income	**(738)**	(592)	(15)
Actuarial loss	**(3,973)**	(3,559)	(8,912)
Deficit in Scheme at end of year	**(22,535)**	(18,099)	(14,027)

History of experience gains and losses

	Year ended 31 December 2004	Year ended 31 December 2003	Year ended 31 December 2002
Difference between the expected and actual return on Scheme assets			
Amount (£'000)	**74**	1,397	(5,658)
Percentage of Scheme assets	**0.3%**	6.2%	29.8%
Experience gain and losses on Scheme liabilities			
Amount (£'000)	**(118)**	225	147
Percentage of present value of Scheme liabilities	**0.2%**	0.6%	0.4%
Total amount recognised in STRGL			
Amount (£'000)	**(3,973)**	(3,559)	(8,912)
Percentage of present value of Schemes' liabilities	**8.3%**	8.7%	27.0%

33 Acquisitions

The following tables show the book values and adjustments made to arrive at the fair values of the major categories of assets and liabilities acquired and included in the consolidated financial statements at the respective dates of acquisition. The acquisitions have been accounted for by the acquisition method of accounting.

Cash outflow in respect of acquisitions was £86,250,000 (net of £213,000 net cash acquired), including £1,029,000 of deferred consideration brought forward.

Current- and Prior-Year Acquisitions

	Cash paid £'000	Deferred consideration provided and accruals (used) £'000	Balance sheet fair value adjustments £'000	Goodwill additions £'000
Current-year acquisitions:				
Dekker	78,597	–	9,557	88,154
Other	700	516	(316)	900
Prior-year acquisitions:				
Barry Leeds	–	–	47	47
MMS	–	–	30	30
PJB	–	–	(984)	(984)
Cass	350	–	(140)	210
SZP	–	–	(193)	(193)
Prior year	5,787	(5,371)	(400)	16
	85,434	(4,855)	7,601	88,180
Less: cash in acquisitions opening balance sheet	(213)			
Add: cash paid on deferred consideration brought forward	1,029			
	86,250			

(1) Dekker

Business acquired on 2 January 2004	Book value £'000	Fair value adjustments £'000	Fair value £'000
Fixed assets	1,328	(580)	748
Stocks	7,204	(4,603)	2,601
Debtors	3,984	(1,876)	2,108
Deferred income	(9,477)	–	(9,477)
Creditors and provisions	(1,997)	(3,540)	(5,537)
Net assets	1,042	(10,599)	(9,557)
Provisional goodwill*			88,154
Discharged by cash			78,597

* Dekker goodwill remains provisional pending the resolution of a dispute with the vendor over the valuation of the acquisition balance sheet, which is currently the subject of arbitration.

Fair value adjustments have been made to account for obsolete stock, doubtful debts and to recognise previously unrecorded liabilities.

During the post-acquisition period Dekker contributed £24,428,000 to Group turnover and £6,058,000 to profit after tax. The acquisition occurred on 2 January 2004, hence there are no material pre-acquisition results to be disclosed.

Dekker contributed £2,414,000 to the Group's net operating cash flows, paid £nil in respect of interest, paid £nil in respect of taxation and utilised £106,000 for capital expenditure. Costs of £1,843,000 have been incurred integrating Dekker into the Group.

33 Acquisitions continued

(2) Other

Other businesses acquired	Book value £'000	Fair value adjustments £'000	Accounting policy alignments £'000	Fair value £'000
Fixed assets	51	(6)	–	45
Stocks	–	–	–	–
Debtors	428	–	–	428
Cash at bank and in hand	213	–	–	213
Creditors and provisions	(370)	–	–	(370)
Net assets	322	(6)	–	316
Provisional goodwill				900
				1,216
Discharged by cash				700
Deferred consideration				516
				1,216

Fair value adjustments have been made to write off obsolete tangible fixed assets.

During the post-acquisition period ended 31 December 2004 other acquisitions contributed £805,000 to Group turnover and a loss of £121,000 to profit after tax.

Other acquisitions had no material effect on cash flows.

Prior-Year Acquisitions

In addition to the goodwill arising on the acquisitions noted above, the following adjustments have been made to provisional goodwill relating to acquisitions made in the prior year. In 2004 costs of £5,787,000 have been paid, of which £5,371,000 was accrued for in 2003.

Barry Leeds

An increase of £47,000 has been recorded in goodwill arising from the acquisition of Barry Leeds. The increase in goodwill relates to an under-accrual in the acquisition balance sheet. The total goodwill recorded for Barry Leeds at 31 December 2004 is £1,185,000.

MMS

An increase of £30,000 has been recorded in the goodwill arising from the acquisition of MMS. The increase in goodwill relates to provision releases of £308,000, an onerous contract provision of £281,000 and credit notes issued of £57,000. The total goodwill recorded for MMS at 31 December 2004 is £26,246,000.

PJB

A decrease of £984,000 has been recorded in the goodwill arising from the acquisition of PJB. The decrease in goodwill relates to the revaluation of freehold property owned by PJB of £1,132,000, write-down of goodwill in the acquired balance sheet of £400,000, fixed-asset write-downs of £152,000 and other adjustments of £404,000. The total goodwill recorded for PJB is now £124,413,000.

Cass

The goodwill arising on the acquisition of Cass in 2003 has been reduced by £140,000 following finalisation of provisional fair value adjustments. In addition the goodwill has also been increased by £350,000 following an additional consideration payment accrued during 2004. The revised total goodwill on the Cass acquisition is £10,630,000.

SZP

The goodwill arising on the acquisition of SZP in 2003 has been reduced by £193,000 to a total of £11,591,000 following finalisation of provisional fair value adjustments.

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