

Notes to the accounts

1 Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The accounts are prepared on a going concern basis. The Group has implemented 'FRS 18: Accounting Policies'. The Group has reviewed all its accounting policies and this has resulted in a restatement of the Group's net assets at 31 December 2000 as disclosed in notes 15 and 26. The Group has also followed the transitional disclosures required for 'FRS 17: Retirement Benefits' where closing balance sheet information is given in note 22.

Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 31 December. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Goodwill and publishing rights

Purchased goodwill (both positive and negative) arising on consolidation of acquisitions (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) before 1 January 1998, when 'FRS 10: Goodwill and intangible assets' was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit and loss on disposal.

Purchased goodwill arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised.

Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life which, in the case of all acquisitions to date, is estimated to be 20 years.

Impairment reviews are carried out in accordance with FRS10 to ensure that goodwill is not carried at above its recoverable amount. Any amortisation or impairment write-downs are charged to the profit and loss account.

On the subsequent disposal or termination of a business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

No value is attributed to publishing rights acquired.

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for impairment, if any.

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 subscription returns and cancellations. Subscription income is deferred and recognised over the period of the subscription.

Currency translation

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Group

Trading results denominated in foreign currencies are translated at the average monthly exchange rate. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on retranslation of opening net assets of overseas subsidiary undertakings is taken directly to reserves. Differences on foreign currency borrowings, which are used to finance or provide a hedge against Group equity investments in foreign enterprises, are taken directly to reserves so far as they offset the exchange differences on the net investment in these enterprises. The exchange differences arising on the retranslation of the profit and loss account at the year end rate are taken to reserves. All other translation differences are taken to the profit and loss account.

Financial instruments

The Group uses interest rate and currency swaps to manage its exposure to interest rate and currency fluctuations. These instruments are accounted for as hedges where designated as hedges at the inception of contracts. The swaps are not revalued to fair value or shown in the Group balance sheet at the year end but are disclosed in the fair value table in note 33. Interest differentials are recognised by accruing the net interest receivable or payable. Gains or losses arising on hedging instruments which are cancelled due to the termination of underlying exposure are taken to the profit and loss account immediately. Finance costs associated with debt issuance are charged to the profit and loss account over the life of the instruments.

Depreciation and amortisation

The cost of tangible fixed assets less their estimated residual value is depreciated on a straight line basis over their estimated useful lives as follows:

	Annual rate
Freehold buildings	2%
Long and short leasehold properties and property improvements	Over life of lease
Plant and machinery	12.5%
Equipment, fixtures and fittings	10% – 33.3%
Motor vehicles	20% – 25%

Freehold and long and short leasehold properties and property improvements are carried at cost less depreciation and provisions for impairment in value. Freehold land is not depreciated.

1 Accounting policies continued

Fixed assets acquired on the acquisition of a subsidiary undertaking are included at the original cost less depreciation to the acquired business except to the extent that their fair value is considered to be different in which case the accumulated depreciation is adjusted accordingly.

During the year the Group invested in SAP which the Group have determined has a useful life of 7 years. As a result the depreciation rates for computer systems now vary from 3 to 7 years.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Conference costs in advance represent costs incurred for conferences held or originally 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 expenditure incurred during the year in respect of revenue which is expected to arise after the balance sheet date.

Deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Leased assets

Assets held under finance leases are capitalised with the corresponding obligation to pay future rentals being included in creditors. A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. The assets are valued at the equivalent purchase price and are depreciated over the shorter of their estimated useful lives or the unexpired portion of the lease. The excess of the lease payments over the value of the lease obligations is treated as a finance charge and is allocated to accounting periods over the duration of the lease to approximate to a constant periodic rate of charge on the remaining balance.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

Certain subsidiaries operate pension schemes for employees which are defined contribution schemes. 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 a funded defined benefit scheme for employees. The expected cost of pensions of the defined benefit pension scheme is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme. Variations from regular cost are spread over the remaining service lives of current employees in the schemes. The pension cost associated with this scheme is addressed in accordance with the advice of qualified actuaries.

Under the terms of 'FRS 17: Retirement Benefits' the Group is required to adopt alternative accounting for its defined benefit scheme by the year ended 31 December 2003. In accordance with the transitional arrangement additional balance sheet disclosures are required for year ended 31 December 2001.

Investment in own shares

Where trusts have been established to hold funds or shares to satisfy the future exercise of options these have been included within the Company and consolidated accounts of the Group, as detailed in note 15.

2 Analysis of operating activities

	Acquisitions		Continuing operations	Continuing operations
	2001	2001	Total	Total
	£000	£000	£000	£000
Turnover	290,466	32,387	322,853	296,992
Cost of sales	(136,270)	(7,437)	(143,707)	(134,512)
Gross profit	154,196	24,950	179,146	162,480
Administrative expenses	(133,985)	(21,317)	(155,302)	(121,569)
Operating profit	20,211	3,633	23,844	40,911

3 Segmental analysis

Underlying operating profit in the segmental analyses excludes the amortisation of goodwill and the loss on disposal of subsidiary undertaking.

Analysis by market sector	Turnover	2000 £000	Underlying operating profit	2000 £000	Profit before interest	2000 £000
	2001 £000		2001 £000		2001 £000	
Finance and Insurance	82,621	53,235	10,347	8,047	6,487	6,456
Telecoms and Media	73,866	74,693	10,910	18,195	7,458	17,136
Law and Tax	54,328	56,526	5,283	6,905	2,744	6,250
Maritime, Trade and Transport	52,484	55,278	4,531	7,282	2,079	5,867
Life Sciences	26,515	19,724	3,846	2,574	2,607	2,467
Commodities and Energy	31,880	32,064	3,717	4,190	2,227	3,163
Other	1,159	5,472	(543)	(382)	(596)	(428)
	322,853	296,992	38,091	46,811	23,006	40,911

Analysis by geographical location of business	Turnover	2000 £000	Underlying operating profit	2000 £000	Profit before interest	2000 £000
	2001 £000		2001 £000		2001 £000	
United Kingdom	163,399	179,697	19,888	27,008	12,254	25,362
Continental Europe	79,240	70,155	8,119	10,730	4,417	8,169
United States	63,222	27,922	9,381	5,351	6,427	3,922
Asia Pacific	12,195	13,978	946	2,894	377	2,630
Other	4,797	5,240	(243)	828	(469)	828
	322,853	296,992	38,091	46,811	23,006	40,911

Turnover by geographical location of customer	2001 £000	2000 £000
	United Kingdom	80,508
Continental Europe	134,158	122,620
United States	76,507	40,001
Asia Pacific	21,757	18,961
Other	9,923	7,704
	322,853	296,992

The Group interest expense is arranged centrally and is not attributable to individual markets or geographical locations. Trading between segments is not significant.

Capital employed – At 31 December Analysis by market sector	(As restated)	
	2001 £000	2000 £000
Finance and Insurance	41,597	18,782
Telecoms and Media	37,189	26,351
Law and Tax	27,352	19,943
Maritime, Trade and Transport	26,424	19,503
Life Sciences	13,349	6,959
Commodities and Energy	16,050	11,313
Other	584	961
	162,545	103,812

Capital employed – At 31 December Analysis by geographical location	(As restated)	
	2001 £000	2000 £000
United Kingdom	82,265	63,398
Continental Europe	39,894	24,752
United States	31,830	9,851
Asia Pacific	6,140	4,932
Other	2,416	879
	162,545	103,812

Reconciliation of capital employed	(As restated)	
	2001 £000	2000 £000
Capital employed	162,545	103,812
Net borrowings	(118,832)	(111,381)
Unallocated net liabilities	(8,958)	(7,127)
Net assets/(liabilities) before minority interest	34,755	(14,696)

4 Loss on disposal of subsidiary undertaking

The loss on disposal of subsidiary undertaking represents the amounts due from the purchaser of a subsidiary sold in April 2000 which is unlikely to be received.

5 Net interest payable and other charges

	2001 £000	2000 £000
Interest payable on bank loans and overdrafts	(9,771)	(6,640)
Loss on early resettlement of debt	–	(739)
Finance lease charges	(10)	(6)
	(9,781)	(7,385)
Other interest receivable	1,804	255
	(7,977)	(7,130)

6 Profit on ordinary activities before tax

Is stated after charging	2001 £000	2000 £000
Depreciation and amortisation		
Depreciation on owned assets	5,746	4,269
Depreciation on assets under finance leases	52	35
Amortisation of goodwill and impairment	14,247	5,900
Loss on sale of tangible fixed assets	17	27
Auditors' remuneration		
Audit services	597	377
Other fees paid to the auditors and their associates	614	399
Operating leases:		
Plant and machinery	179	107
Other	6,382	4,246
Exchange (gains)/losses	(16)	117

Included in the fees paid to auditors is £6,000 (2000: £6,000) in respect of the audit of the company.

In addition to other fees paid to the auditors, £138,000 (2000: £52,000) was paid relating to assistance with acquisitions and has been included in goodwill.

Fees of £425,000 paid to the auditors relating to the Group restructuring necessary to implement SAP have been included in fixed assets.

7 Remuneration of Directors (including pension contributions paid on their behalf)

	2001 £000	2000 £000
Salaries and benefits in kind	804	775
Performance-related emoluments	–	691
Aggregate emoluments	804	1,466
Payments to third parties for services of Directors	70	72
Pension contributions to money purchase schemes	190	173
Gain on exercise of share options	–	87
	2001 £000	2000 £000
Highest paid Director	334	639

Total emoluments of the highest paid Director include performance-related elements of £nil (2000: £287,000).

The performance-related elements are set by the Remuneration and Nominations Committee in recognition of the Director's performance in the year. Pension contributions to money purchase pension scheme of the highest paid Director were £79,000 (2000: £72,000). Gains on exercise of share options of the highest paid Director were £nil (2000: £87,000).

Further details of Directors' emoluments including pension contributions are given on page 43, and of share options on page 40.

8 Staff costs

	2001	2000
	£000	£000
Wages and salaries	94,549	82,607
Social security costs	10,427	8,958
Redundancy costs	3,637	287
Pension costs	3,024	2,460
	111,637	94,312

The average number of employees of the Group during the year was:

By market sector	2001	2000
	number	number
Telecoms and Media	527	466
Maritime, Trade and Transport	493	520
Finance and Insurance	745	498
Law and Tax	482	507
Commodities and Energy	343	351
Biomedical and Pharmaceutical	199	139
Other	156	152
	2,945	2,633

9 Tax on profit on ordinary activities

	2001	2000
	£000	£000
United Kingdom corporation tax at 30% (2000: 30%)	5,562	6,935
Less: double taxation relief	(216)	(595)
	5,346	6,340
Overseas tax	4,139	6,060
	9,485	12,400

The underlying worldwide tax rate, after removing the effect of goodwill and the loss on disposal of subsidiary, for the Group is 31% (2000: 31%).

10 Results of Informa Group plc

Of the profit for the financial year, £20,375,000 (2000: £212,349,000) before the payment of dividends is dealt with in the accounts of the Company. Pursuant to section 230 of the Companies Act 1985 the Company's own profit and loss account is not included in these accounts.

11 Dividends

	2001	2000
	£000	£000
Interim dividend 2.66 pence per share (2000: 2.53 pence)	3,886	2,981
Proposed final dividend 4.94 pence per share (2000: 5.07 pence)	6,317	5,982
Waiver of dividend by share trusts	(19)	(41)
	10,184	8,922

12 Earnings and adjusted earnings per share

In order to show results from operating activities on a comparable basis, an adjusted earnings per share has been calculated which excludes amortisation of goodwill and loss on disposal of subsidiary.

	2001	2000
	£000	£000
Profit for the financial year – basic and diluted earnings	5,448	21,207
Adjustments:		
Amortisation of goodwill and impairment	14,247	5,900
Loss on disposal of subsidiary	838	–
Adjusted earnings	20,533	27,107
Weighted average number of equity shares – for basic and adjusted earnings	125,174,819	116,996,711
Effect of dilutive share options	1,110,519	1,897,334
Weighted average number of equity shares – for diluted earnings	126,285,338	118,894,045
	2001	2000
Basic earnings per equity share	4.35p	18.13p
Diluted earnings per equity share	4.31p	17.84p
Adjusted earnings per equity share	16.40p	23.17p

13 Intangible fixed assets – goodwill

Group	£000
Cost:	
At 1 January 2001	140,110
Exchange differences	(637)
Additions	58,277
Disposals	(427)
At 31 December 2001	197,323
Amortisation:	
At 1 January 2001	8,944
Exchange differences	(216)
Charge for year	14,247
Disposals	(48)
At 31 December 2001	22,927
Net book value:	
At 31 December 2001	174,396
At 31 December 2000	131,166

Goodwill arising on acquisitions since 1 January 1998 has been capitalised as an intangible asset in accordance with FRS10 and will be amortised over its estimated useful life, which in the case of all acquisitions to date is 20 years. Details of the acquisitions in 2001 are given in notes 30 and 31 and details of disposals are given in note 32 to the accounts. The charge for the year includes £4,288,000 for impairment on Opleiding en Ontwikkeling ('O&O').

14 Tangible fixed assets

Group	Land and freehold buildings £000	Long leasehold property £000	Short leasehold property £000	Plant and machinery £000	Equipment, fixtures and fittings £000	Motor vehicles £000	Total £000
Cost:							
At 1 January 2001	3,779	–	1,209	201	25,347	957	31,493
Exchange differences	(36)	–	(2)	–	(219)	(8)	(265)
New subsidiaries	–	1,388	–	–	4,732	–	6,120
Additions	–	–	585	–	15,062	151	15,798
Disposals	–	(32)	(68)	–	(3,211)	(109)	(3,420)
At 31 December 2001	3,743	1,356	1,724	201	41,711	991	49,726
Depreciation:							
At 1 January 2001	102	–	338	107	14,472	379	15,398
Exchange differences	(1)	–	(1)	–	(14)	(5)	(21)
New subsidiaries	–	444	–	–	2,929	–	3,373
Charge for year	52	126	122	23	5,293	182	5,798
Disposals	–	(5)	–	–	(3,024)	(85)	(3,114)
At 31 December 2001	153	565	459	130	19,656	471	21,434
Net book value:							
At 31 December 2001	3,590	791	1,265	71	22,055	520	28,292
At 31 December 2000	3,677	–	871	94	10,875	578	16,095

Depreciable assets at cost total £47,902,000 at 31 December 2001 (2000: £29,656,000).

The net book value of assets held under finance leases and hire purchase contracts included in tangible fixed assets in the Group was £207,000 (2000: £207,000). The depreciation charge on these assets in the year was £52,000 (2000: £35,000).

Company	Short leasehold property £000	Equipment, fixtures and fittings £000	Motor vehicles £000	Total £000
Cost:				
At 1 January 2001	38	2,295	179	2,512
Additions	1	399	–	400
At 31 December 2001	39	2,694	179	2,912
Depreciation:				
At 1 January 2001	12	588	25	625
Charge for year	8	536	36	580
At 31 December 2001	20	1,124	61	1,205
Net book value:				
At 31 December 2001	19	1,570	118	1,707
At 31 December 2000	26	1,707	154	1,887

The net book value of assets held under finance leases and hire purchase contracts included in tangible fixed assets in the Company was £118,000 (2000: £148,000). The depreciation charge on these assets in the year was £36,000 (2000: £31,000).

15 Investments

Group	Investment in own shares			Other investments	Total
	IENT £000	QUEST £000	Total £000	£000	£000
Cost:					
At 1 January 2001	2,241	725	2,966	468	3,434
Adjustment to opening balances	–	(725)	(725)	–	(725)
1 January 2001 restated	2,241	–	2,241	468	2,709
Additions	1,400	–	1,400	–	1,400
At 31 December 2001	3,641	–	3,641	468	4,109

The Informa Employee Share Trust ('IENT') holds shares to satisfy the future exercise of executive options and these are held in trust until such time as they may be transferred to the executives in accordance with the conditions outlined in the Directors' Report on page 44. The trustees have waived the right to receive dividends. All professional fees relating to the establishment of the trust and the loss arising from the difference between cost and the option price have been charged to the profit and loss account. During the year IEST purchased a further 227,257 of the Company's shares on the market at an average cost of 609p each. The Trust held 632,775 shares at 31 December 2001 (2000: 405,518 shares). The market value of the holding stood at £1,689,509 at 31 December 2001 (2000: £2,433,108). The shares held are under option at 401p, 825p and 581p as detailed in note 24.

Informa QUEST Limited, a subsidiary of Informa Group plc, holds shares to satisfy the future exercise of SAYE share options and its purchases are funded by subsidiaries of the Group. Upon adoption of 'FRS 18: Accounting Policies' the Group has changed its accounting treatment for ESOP Trusts (QUEST) as set out in note 26.

Company	Investment in own shares	Shares in subsidiary undertakings	Total
	£000	£000	£000
Cost:			
At 1 January 2001	2,241	871,179	873,420
Additions	1,400	21,959	23,359
Disposals	–	(552,315)	(552,315)
At 31 December 2001	3,641	340,823	344,464

During the year Informa Limited redeemed 433,180,000 of £1 redeemable preference shares held by the company and redeemed a prior year capital contribution of £119,135,000. The company also acquired shares in Informa USA Inc of £21,959,000 which was used to fund the acquisition of Eaton Massachusetts Business Trust (trading as BioTechniques) as disclosed in note 30.

The investment in own shares is held by the Informa Employee Share Trust, as detailed above.

The listing below shows the principal subsidiary undertakings at 31 December 2001. All of these companies are included in the consolidated financial statements and are wholly owned within the Group. Except where indicated they are incorporated in England. The Group also controls the Informa Employee Share Trust, an independently administered employee share ownership plan.

Name of subsidiary	Nature of business
Agra Europe (London) Limited	Publication of agricultural and intelligence bulletins
Euroforum BV (Incorporated in the Netherlands)	Conference organisation and publishing
Euroforum Deutschland GmbH (Incorporated in Germany)	Conference organisation and publishing
IBC Asia Limited	Conference organisation
Informa USA Inc. (Incorporated in USA)	Conference organisation and publishing
International Insider Publishing Company Limited	Provision of screen based information for the capital markets
Informa UK Limited	Conference organisation and publishing
Informa QUEST Limited	Qualifying employee share trust
Informa Limited	Holding company

Of the above, only Informa Limited and Informa QUEST Limited are directly owned by Informa Group plc.

16 Stocks and work in progress

	2001 £000	Group 2000 £000	2001 £000	Company 2000 £000
Conference costs in advance	5,292	6,567	-	-
Marketing and publication stocks	1,266	1,081	-	-
	6,558	7,648	-	-

17 Debtors

	2001 £000	Group 2000 £000	2001 £000	Company 2000 £000
Falling due within one year:				
Trade debtors	41,935	52,941	-	-
Other debtors	5,145	4,729	289	1,289
Prepayments and accrued income	14,044	11,263	2,724	1,982
Deferred consideration receivable on sale of subsidiary undertakings	150	270	-	-
Owed by Group undertakings	-	-	227,418	97,143
Dividend receivable	-	-	-	20,000
Corporation tax receivable	-	-	494	-
	61,274	69,203	230,925	120,414
Falling due after more than one year:				
Deferred consideration receivable on sale of subsidiary undertakings	-	540	-	-
	61,274	69,743	230,925	120,414

18 Creditors: amounts falling due within one year

		2001 £000	Group (As restated) 2000 £000	2001 £000	Company 2000 £000
Bank overdrafts	19	3,815	2,986	16	97
Short term bank loans	19	2,500	6,392	-	3,000
Net obligations under finance leases		90	60	68	50
Trade creditors		10,951	11,193	-	-
Corporation tax payable		8,958	7,127	-	-
Other taxes and social security costs		3,327	6,019	-	1,367
Deferred income and payments received on account		51,038	52,108	-	-
Other creditors and accruals		35,331	38,208	5,908	4,707
Owed to Group undertakings		-	-	94,853	586,562
Deferred consideration payable for purchase of subsidiary undertakings and businesses		3,982	4,821	-	-
Proposed dividend		6,317	5,951	6,317	5,951
		126,309	134,865	107,162	601,734

19 Bank loans and overdrafts

	note	2001 £000	Group 2000 £000	2001 £000	Company 2000 £000
Bank loans and overdrafts:					
Payments due after five years		35,268	–	35,268	–
Payments due between two and five years		80,913	104,546	80,913	104,546
Payments due between one and two years		–	–	–	–
		116,181	104,546	116,181	104,546
Payments due within one year	18	6,315	9,378	16	3,097
		122,496	113,924	116,197	107,643
		2001 £000	Group 2000 £000	2001 £000	Company 2000 £000
These are secured as follows:					
Amounts falling due within one year:					
Secured by guarantees from certain subsidiary companies		6,315	9,378	16	3,097
Amounts falling due after more than one year:					
Secured by guarantees from certain subsidiary companies		116,181	104,546	116,181	104,546
		122,496	113,924	116,197	107,643

In 2000 the Group arranged a £200m multi-currency revolving facility which will expire in December 2005. There are no reductions on the facility until June 2004. In 2001 the Group raised US\$50,000,000 on the US private placement market. The 7.35% Guaranteed Senior Unsecured Notes are due 15 August 2011. Other facilities are due to be repaid in 2002. Rates of interest are determined by current market rates. Further details of borrowings and financial liabilities are given in note 33.

20 Creditors: amounts falling due after more than one year – other creditors

	2001 £000	Group 2000 £000	2001 £000	Company 2000 £000
Deferred consideration payable for purchase of subsidiary undertakings and businesses	224	4,909	–	–
Net obligations under finance leases	59	110	–	63
Other long term creditors	728	–	–	–
	1,011	5,019	–	63

Obligations under finance leases are due between two and four years.

21 Provisions for liabilities and charges

Property lease	Group £000
At 1 January 2001	674
Provided in year	375
Utilised in year	(574)
At 31 December 2001	475

The property lease provision represents the excess of rent payable by the Group on surplus property leases, less rent received via sub-leases, and dilapidation provisions where these exist.

22 Pensions

The Group operates, for their employees, a number of defined contribution schemes and a defined benefit scheme designed to provide benefits based on final pensionable salary. Details of these are given below. The assets of all schemes are held separately from those of Group companies.

A pension cost charge of £1,833,000 (2000: £1,067,000) represents contributions payable on all defined contribution schemes held by the combined Group.

The total pension cost for the funded defined benefit pension scheme was £1,191,000 (2000: £1,393,000). The pension cost is assessed on the basis of triennial valuations in accordance with the advice of an independent qualified actuary, using the attained age method. The latest formal actuarial valuation of the scheme was at 1 April 1999. The market value of the scheme's assets at that date was £13,569,773. The funding level of the scheme on a discounted cashflow valuation basis was 83% at the date of the valuation. This deficiency is to be made good by additional contributions spread forward over future working lifetimes. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. It was assumed that the real rate of return on investments would be 2% above index-linked gilt real yield per annum and that salary increases would average 4% per annum and that present and future pensions would increase in line with price inflation at 2.5% per annum. The Group contributed during 2001 at an average rate of 13.7% of the contributory earnings of members and employees contributed at an average rate of 5%. From 1 January 2002 the employee's contribution increased to 6% and the Group's contribution increased to 15.9% following a valuation recommended by the Actuary for the scheme. The next formal actuarial valuation of this scheme is due to be carried out as at 1 April 2002.

The actuarial valuation of the scheme was updated to 31 December 2001 by a qualified actuary, using a set of assumptions consistent with those required under FRS17.

The major assumptions used by the actuary were:

	31 December 2001
Rate of increase in pensionable salaries	4.10%
Rate of increase in pensions in payment	2.60%
Discount rate	6.00%
Inflation assumption	2.60%

The Company's share of the net pension liability which would be recognised in the Company's balance sheet as at 31 December 2001 if FRS17 had been adopted in full would be as follows:

	31 December 2001 £000
Total market value of assets	16,148
Present value of liabilities	(20,791)
Deficit in the scheme	(4,643)
Deficit recognised by company	(4,643)
Related deferred tax asset	1,393
Net pension liability	(3,250)

23 Minority interest

The minority interest is composed entirely of equity interests and represents the minority shares of the Switzerland business and MCM Asia Pacific, a subsidiary of MCM Group Inc.

24 Called up share capital

	2001	2000
	£000	£000
Authorised:		
160,000,000 ordinary shares of 10p each	16,000	15,500
Allotted, called up and fully paid:		
127,868,727 ordinary shares of 10p each	12,787	11,800

Shares with nominal value £74,000 (2000: £63,000) are held by Informa QUEST Limited and the Informa Employee Share Trust.

Movements in share capital

During the year the Company issued 131,211 shares with a nominal value of £13,000 as a result of the exercise of share options. The share premium arising on this was £289,000. In addition, during the year the Company issued 9,732,705 shares with a nominal value of £973,000 in a combined vendor and cash placing. The share premium arising on this, net of costs of £624,000, was £52,906,000.

Informa has share option schemes under which options have been granted to certain Informa employees.

At 31 December 2001 the following options to Informa employees and Directors were outstanding:

Executive Share Options

Number of ordinary shares (options)	Date of grant	Price per share	Period of exercise
22,400	Dec 96	0.639p	Dec 99 to Dec 06
43,200	Apr 97	10.94p	Apr 00 to Apr 07
58,400	May 97	10.94p	May 00 to May 07
159,767	Apr 97	201.5p	Apr 00 to Apr 07
4,000	Sep 97	18.75p	Sep 00 to Sep 07
3,200	Oct 97	18.75p	Oct 00 to Oct 07
3,200	Jan 98	18.75p	Jan 01 to Jan 08
197,060	Apr 98	273.05p	Apr 01 to Apr 08
625,000	Aug 98	219p	Aug 01 to Aug 08
185,805	Oct 98	241.02p	Oct 01 to Sep 08
120,996	Apr 99	310.5p	Apr 02 to Apr 09
291,364 (259,974 owned by the Informa Employee Share Trust)	Oct 99	401p	Oct 02 to Sep 09
145,544 (All owned by the Informa Employee Share Trust)	Mar 00	825p	Mar 03 to Mar 10
1,783,500	Apr 00	632.5p	Apr 03 to Apr 10
187,000	Nov 00	753.3p	Nov 03 to Nov 10
259,257 (227,257 owned by the Informa Employee Share Trust)	Mar 01	581p	Mar 04 to Mar 11
4,089,693			

SAYE Share Options

Number of ordinary shares (options)	Date of grant	Price per share	Period of exercise
29,897	May 98	270p	Jul 01 to Dec 01
90,322	May 98	270p	Jul 03 to Dec 03
187,922	Oct 98	194p	Nov 01 to Apr 02
77,906	Apr 00	559p	Jul 03 to Dec 03
21,844	Apr 00	559p	Jul 05 to Dec 05
407,891			

25 Reconciliations of movements in shareholders' funds

	2001 £000	Group (As restated) 2000 £000	2001 £000	Company 2000 £000
Profit for the financial year	5,448	21,207	20,375	212,349
Dividends	(10,184)	(8,922)	(10,184)	(8,922)
Other recognised gains relating to the year	17	1,156	-	-
New Capital subscribed in Informa	54,182	1,618	54,182	3,824
Net additions to shareholders' funds	49,463	15,059	64,373	207,251
Opening shareholders' funds	(14,914)	(29,003)	289,385	82,134
Prior year adjustment	-	(970)	-	-
Closing shareholders' funds	34,549	(14,914)	353,758	289,385

Of the new capital subscribed in the Group, £302,000 was for cash on the exercise of options. The Company received a further £53,879,000, net of costs in a combined vendor and cash placing.

26 Reserves

Group	note	Share premium account £000	Special reserve £000	Other reserve £000	Profit and loss account £000
At 1 January 2001		66,933	2	37,398	(130,077)
Adjustment to opening balances		2,206	-	-	(3,176)
1 January 2001 restated		69,139	2	37,398	(133,253)
Exchange differences		-	-	-	17
Retained loss for the year		-	-	-	(4,736)
Issue of share capital	24	53,195	-	-	-
At 31 December 2001		122,334	2	37,398	(137,972)

Upon adoption of FRS18: Accounting Policies, the Group has changed the accounting treatment for the ESOP trust (QUEST) and has restated the comparative figures in the Balance Sheet at 31 December 2000. This restatement had the effect of reducing the Group's investments at that date by £725,000, increasing the share premium by £2,206,000, other creditors by £245,000 and reducing the profit and loss reserve by £3,176,000. The net result is a reduction in net assets at 31 December 2000 of £970,000. This change in treatment had no impact on either the current and prior year's Profit and Loss Account or Statement of Total Recognised Gains and Losses.

The aggregate amount of goodwill written off against Group reserves in respect of acquisitions prior to 1 January 1998, when 'FRS 10: Goodwill and intangible assets' was adopted, amounts to £41,298,000 (2000: £41,298,000).

Company	Share premium account £000	Special reserve £000	Profit and loss account £000
At 1 January 2001	69,139	2	208,444
Retained profit for the year	-	-	10,191
Issue of share capital	53,195	-	-
At 31 December 2001	122,334	2	218,635

Included in the profit and loss account of the Company at 31 December 2001 are undistributable reserves of £203,344,000 (2000:£203,344,000).

27 Contingent liabilities and financial commitments

Group

The Group had no contingent liabilities at 31 December 2001 other than those referred to in note 30 (31 December 2000:£nil). Annual commitments in respect of operating losses are as follows:

	Land and buildings £000	2001 Other £000	Land and buildings £000	2000 Other £000
Leases which expire:				
Within one year	347	54	195	20
Between two and five years	1,742	530	1,044	143
After five years	4,117	402	3,193	–
	6,206	986	4,432	163
Group			2001 £000	2000 £000
Outstanding contracts placed			250	197

Company

At 31 December 2001 the company was committed to making annual payments of £nil on leases of land and buildings expiring within one year (2000: £60,000) and £634,000 on leases of land and buildings expiring after more than five years (2000: £615,000). The Company had no contingent liabilities at 31 December 2001 (2000: £nil).

28 Reconciliation of operating profit to net cash inflow from operating activities

Group	2001 £000	2000 £000
Operating profit	23,844	40,911
Depreciation charges	5,798	4,304
Amortisation of goodwill	14,247	5,900
Loss on sale of tangible fixed assets	17	27
Decrease/(increase) in stocks	1,197	(1,356)
Decrease/(increase) in debtors	16,336	(20,549)
(Decrease)/increase in creditors	(20,279)	17,274
Other operating items	(84)	(37)
Net cash inflow from operating activities	41,076	46,474

29 Analysis of changes in net debt

Group	2001 At 1 Jan £000	Cash flow £000	Exchange movement £000	2001 At 31 Dec £000
Cash at bank and in hand	3,047	1,057	(2)	4,102
Overdrafts	(2,986)	(829)	–	(3,815)
	61	228	(2)	287
Bank loans due in less than one year	(6,392)	3,892	–	(2,500)
Loan notes due in less than one year	(75)	(363)	–	(438)
Bank loans due after one year	(104,546)	(12,351)	716	(116,181)
Loan notes due after one year	(429)	429	–	–
Total	(111,381)	(8,165)	714	(118,832)

The loan notes are due as deferred consideration on the purchase of MRC.
This debt is included in the deferred consideration creditor in note 18, and £66,000 was paid during the year.

30 Purchase of subsidiary undertakings

	Current year acquisitions £000	Prior year acquisitions £000	2001 £000	2000 £000
Net assets assumed:				
Intangible fixed assets	39	–	39	–
Tangible fixed assets	3,994	–	3,994	192
Deferred income provision	(2,097)	–	(2,097)	(1,516)
Net other current assets	868	–	868	792
Net cash balances acquired	2,395	–	2,395	1,052
	5,199	–	5,199	520
Fair value adjustments	(6,332)	(336)	(6,668)	(668)
	(1,133)	(336)	(1,469)	(148)
Goodwill	60,960	(2,954)	58,006	28,850
Accrued acquisition related expenses	–	–	–	(519)
Total consideration payable	59,827	(3,290)	56,537	28,183
Movement on provision for deferred consideration	(327)	3,373	3,046	(7,241)
Satisfied by cash	59,500	83	59,583	20,942
Less: cash acquired	(2,395)	(134)	(2,529)	(1,052)
Net cash consideration	57,105	(51)	57,054	19,890
Deferred consideration paid	–	2,337	2,337	1,747
Exchange movements since date of acquisition	(59)	–	(59)	–
Cash paid on purchase of subsidiary undertakings	57,046	2,286	59,332	21,637

The acquisitions were Broadcast Press Hilversham (BHP) BV, MCM Group Inc ('MCM'), Eaton Massachusetts Business Trust ('Eaton' trading as BioTechniques), Evandale Holdings Limited and Promar CEAS International Limited.

30 Purchase of subsidiary undertakings continued

Significant current year acquisitions are:

	At time of acquisition	Accounting policy alignment	Revaluations	Other fair value adjustments	Fair value to the Group
MCM					
Tangible fixed assets (i)	3,873	–	(1,229)	–	2,644
Debtors (ii)	8,056	(699)	–	–	7,357
Cash	1,547	–	–	–	1,547
Creditor due in less than one year (iii)	(10,087)	–	–	(2,863)	(12,950)
	3,389	(699)	(1,229)	(2,863)	(1,402)
Eaton					
Tangible fixed assets	28	–	–	–	28
Debtors	1,121	–	–	–	1,121
Cash	834	–	–	–	834
Creditor due in less than one year (iv)	(55)	(59)	–	(1,290)	(1,404)
	1,928	(59)	–	(1,290)	579
Other current year acquisitions					
Intangible fixed assets	39	(39)	–	–	–
Tangible fixed assets	93	–	(18)	–	75
Debtors	161	(6)	–	(117)	38
Cash	14	–	–	–	14
Creditor due in less than one year	(425)	–	–	(12)	(437)
	(118)	(45)	(18)	(129)	(310)

(i) Website development costs written down to their fair value.

(ii) Additional bad debt provision to align with Group policy.

(iii) Accrual for retention agreements and other sundry creditors not reflected at the date of acquisition.

(iv) Other adjustments to accrue for additional liabilities not reflected at the date of acquisition.

	MCM £000	Eaton £000	Other £000	Total £000
Fair value of net assets acquired (as above)	(1,402)	579	(310)	(1,133)
Goodwill	32,620	21,836	6,504	60,960
Total consideration payable	31,218	22,415	6,194	59,827
Movement on provision for deferred consideration	–	–	(327)	(327)
Satisfied by cash	31,218	22,415	5,867	59,500
Less: cash acquired	(1,547)	(834)	(14)	(2,395)
Net cash consideration	29,671	21,581	5,853	57,105
Exchange movements since date of acquisition	169	(228)	–	(59)
Cash paid on purchase of subsidiary undertakings	29,840	21,353	5,853	57,046

31 Purchase of businesses

	Current year acquisitions £000	Prior year acquisitions £000	2001 £000	2000 £000
Net assets/(liabilities) assumed :				
Deferred income provision	–	(58)	(58)	(223)
Fair value adjustments	(48)	(35)	(83)	(689)
Goodwill	178	93	271	9,324
Total consideration payable	130	–	130	8,412
Prior year acquisition related expenses paid	–	–	–	1,376
Movement on provision for deferred consideration	–	–	–	94
Satisfied by cash	130	–	130	9,882
Deferred consideration paid in respect of prior year acquisitions	–	–	–	276
Cash paid re fair value adjustments	–	–	–	392
Cash paid on purchase of businesses	130	–	130	10,550

The acquisition in the year was the purchase of the Pensions International newsletter. The fair value adjustment was to set up a deferred income liability in accordance with Group policy.

The goodwill adjustment relating to prior year acquisitions is in relation to the acquisition of titles from IIR Limited. This adjustment of £93,000 related to the correction of pre-acquisition fair value assumptions.

32 Disposal of subsidiary undertakings and businesses

During the year the Group disposed of its holding Neil Stewart Associates for £350,000 neither a profit nor a loss was made on disposal.

As stated in note 4 the Group has made a provision for a receivable from the purchaser of a subsidiary sold in the prior year of £838,000.

33 Financial Risk Management

Treasury Policy

The Board set 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 policy is not to enter into speculative transactions.

Group Treasury acts as a service centre operating under the clearly defined regulation of the Board.

Funding and deposit management: The Group primarily borrows at short term variable rates under its syndicated loan facility. During the year, the Group raised US\$50,000,000 on the US private placement market. The 7.35% Guaranteed Senior Unsecured Notes due 15 August 2011, are diversifying and consolidating funding outside the bank market. The US dollars received have been swapped into floating GB sterling, US dollar and Euro loans and have been used to reduce the borrowings under the Group's syndicated loan facility. In order to minimise interest costs, foreign currency borrowings are utilised to the extent that they can be hedged internally to the Group. Cash pooling arrangements have been made in sterling, Euros and US dollars 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.

Currency risk management: Foreign currency borrowings are effectively hedged against foreign currency investments. The Group does not hedge its forward currency transaction exposure. The revenue and expenditure of the Group's business units is generally matched in the local currency, limiting such exposure.

Interest rate risk management: The Group policy allows the fixing of that proportion of debt that is deemed to be sufficiently certain in the long term. At the balance sheet date, £70,190,000 of debt is fixed under interest rate swap agreements lasting up to June 2006. The gains or losses on these derivative instruments are taken as and when they occur and yielded a profit of £130,000 in the year (2000: profit £165,000) which is dealt with as a component of interest payable.

Short-term debtors and creditors that meet the definition of a financial asset or liability under FRS13 have been excluded from all numerical disclosures in this note except for the the analysis of net currency exposure.

i) Fair values of financial instruments used for risk management

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. Where market values are not available, fair values have been calculated by discounting cash flows at prevailing interest rates.

The fair value of financial instruments at 31 December 2001 was:

	2001 Book value £000	2001 Fair value £000	2000 Book value £000	2000 Fair value £000
Primary financial instruments held or issued to finance the Group's operations				
Overdrafts	(3,815)	(3,815)	(2,986)	(2,986)
Short-term borrowings and current portion of long-term borrowings	(2,938)	(2,938)	(6,467)	(6,467)
Long-term borrowings	(116,181)	(116,181)	(104,975)	(104,975)
Cash deposits	4,102	4,102	3,047	3,047
Other financial assets	468	468	1,008	1,008
Other financial liabilities	(284)	(254)	(4,590)	(3,844)
Derivative financial instruments held to manage the interest rate profile				
Interest rate swaps and similar instruments	(782)	(1,041)	(212)	138
Forward rate agreements and similar instruments	-	(46)	-	-

Included in the above borrowings is £438,000 of loan notes (2000: £504,000).

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 market. The book value of fixed asset investments approximates to the fair value, being the estimated sale proceeds.

33 Financial Risk Management continued**ii) Interest rate exposure of financial assets and liabilities**

The interest rate exposure of the financial assets and liabilities of the Group as at 31 December 2001 was:

	Financial assets				Financial liabilities			Net financial assets/ (liabilities) Total £000
	Floating rate £000	Non-interest bearing £000	Total £000	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000	
Sterling	649	31	680	(33,052)	(28,483)	–	(61,535)	(60,855)
US Dollar	1,150	37	1,187	(6,910)	(530)	–	(7,440)	(6,253)
Euro and Eurozone currencies	287	228	515	(34,008)	(20,700)	(225)	(54,933)	(54,418)
Other European currencies	396	17	413	–	(43)	–	(43)	370
Other worldwide currencies	592	1,183	1,775	–	(49)	–	(49)	1,726
	3,074	1,496	4,570	(73,970)	(49,805)	(225)	(124,000)	(119,430)
Of which:								
Cash and deposits			4,102				–	4,102
Gross borrowings			–				(122,934)	(122,934)
Derivative financial instruments			–				(782)	(782)
Other financial assets			468				–	468
Other financial liabilities			–				(284)	(284)
			4,570				(124,000)	(119,430)

Floating rate financial assets attract interest based on relevant national LIBID equivalents. Cash deposits include deposits on money market at daily and monthly rates. The period until maturity for cash balances on which no interest is received fluctuates daily reflecting working capital requirements. The non-interest bearing financial assets also comprise fixed asset investments, of which the Group does not currently intend to dispose, and debtors, for which the cash is due to be received by 2003. There are no financial assets attracting a fixed rate of interest.

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

	2001			2000		
	Weighted average interest rate of fixed rate liabilities %	Weighted average years for which rate is fixed years	Weighted average years to maturity for non-interest liabilities years	Weighted average interest rate of fixed rate liabilities %	Weighted average years for which rate is fixed years	Weighted average years to maturity for non-interest liabilities years
Sterling	5.44	3.36	–	4.45	3.13	–
US Dollar	3.76	2.79	–	–	–	–
Euro	4.04	1.35	3.00	3.11	1.50	5
Weighted average	4.64	2.39	3.00	3.12	1.51	5

The floating rate borrowings bear interest at relevant national LIBOR equivalents.

33 Financial Risk Management continued

iii) Currency exposure of financial assets and liabilities

The table below shows the net unhedged monetary assets and liabilities of Group companies at 31 December 2001 that are not denominated in their functional currency and therefore give rise to exchange gains and losses in the profit and loss account.

Net foreign currency monetary assets/(liabilities)					2001 £000						2000 £000
	Sterling	US Dollar	Euro	Other	Total	Sterling	US Dollar	Euro	Other	Total	
Functional currency of Group operation											
Sterling	–	(91)	31	39	(21)	–	1,701	(6)	523	2,218	
US Dollar	(48)	–	20	337	309	–	–	–	–	–	
Euro	(3,927)	392	–	–	(3,535)	(2,700)	(886)	–	–	(3,586)	
Other	54	911	–	50	1,015	75	1,069	–	–	1,144	
	(3,921)	1,212	51	426	(2,232)	(2,625)	1,884	(6)	523	(224)	

iv) Maturity of financial liabilities

The maturity profile of the Group's financial liabilities at 31 December 2001 was as follows:

	2001 £000	2000 £000
In one year or less, or on demand	(6,986)	(9,453)
In more than one year but not more than two years	(109)	(3,037)
In more than two years but not more than five years	(81,637)	(106,740)
In more than five years	(35,268)	–
	(124,000)	(119,230)

v) Borrowing facilities

The Group has various borrowing facilities available to it.

The undrawn committed facilities available at 31 December 2001 in respect of which all conditions precedent had been met at that date were as follows:

	2001 £000	2000 £000
Expiring in one year or less	2,500	14,426
Expiring in more than one year but not more than two years	–	–
Expiring in more than two years	119,087	95,454
	121,587	109,880