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Group Profile

Taylor & Francis is a leading international Group of companies publishing specialist scientific, academic and professional journals and books. The Group's publications supply the undergraduate, post-graduate, academic and industrial research and professional markets. Publications cover a range of subjects including: bioscience, business and management, construction, education, engineering, the environment, humanities, medicine and healthcare, physical sciences, psychology, reference and social and political science. Publications are available in paper-based and electronic forms.

Highlights of 2000

	% Increase	2000 £ 000	1999 £ 000
Turnover	+21	116,355	95,879
Operating profit (before exceptional items and goodwill amortisation)	+28	25,496	19,949
Operating profit Pre-tax profit (before exceptional items and goodwill amortisation)	+41	19,925	14,085
Pre-tax profit (before exceptional items and goodwill amortisation)	+30	21,362	16,404
Pre-tax profit	+50	15,791	10,540
Diluted earnings per share (before exceptional items and goodwill amortisation)	+31	16.75p	12.77p
Dividend per share	+10	3.63p	3.30p

Turnover up 21% to £116.4 million

Good organic growth in core business

Operating profit up 28%* to £25.5 million

Pre tax profit up 30%* to £21.4 million

Diluted earnings per share up 31%* to 16.75p

Dividends per share up 10% to 3.63p

International Journals Division of Scandinavian University Press acquired

Restructuring of Europa completed

Acquisition of publishing assets of the Gordon and Breach Publishing Group announced 14th February 2001

* Excludes exceptional items and goodwill amortisation

Chairman's Statement

I am delighted to report a continuation of the excellent performance of the Taylor & Francis Group which has again produced solid growth in turnover, profits and cashflow. The four acquisitions made since flotation in May 1998 have all been successfully integrated into our business and together with good organic growth from existing product lines, have contributed to the strong results for the year.

In January 2000, we completed the acquisition of the International Journals Division of Scandinavian University Press, which has provided a healthy contribution to 2000 Group turnover and profits. On 14 February 2001, we announced the acquisition of the majority of the publishing assets of the Gordon and Breach Publishing Group, providing an exciting opportunity to further enhance the turnover, profitability and reputation of the Taylor & Francis Group.

Directors and Staff

Growth and change can only be managed with the support and effort of staff and I offer my own and the Board's appreciation of the dedication and professionalism of the staff and management of Taylor & Francis in taking on and meeting the challenges that have been put before them.

Professor Harold Baum will be retiring from the main Board at the next annual general meeting, as he will have reached the age of 70 by that date. I would like to thank Professor Baum on behalf of the shareholders and staff for his excellent service and commitment to the Group over the past 18 years and wish him well in his retirement.

I am pleased to announce the appointment of Mr Nicholas Berwin, who joined the Group Board as non-executive director with effect from 12 March 2001. Nicholas will bring extensive media and financial experience to the Board and will be a valued addition to the non-executive team.

Corporate Strategy

Our strategy of growth through carefully selected earnings enhancing acquisitions and well planned organic development continues to be successful as demonstrated by these excellent results.

Central to the strategy of developing the Group's e-business has been the use of technology partners and the positioning of our operations to exploit new technology. The main objective is to maximise the potential of our intellectual property rights whilst retaining control of them. Examples of the success of this approach can already be seen. For instance during 2000, we successfully launched on the internet twenty-five Arenas, which are subject specific reference portals, and have undertaken major e-publishing initiatives with our technology partners Versaware and ebrary. All of these initiatives were achieved at minimal cost and should benefit the business in terms of enhanced revenue streams, market intelligence and publicity. Our response to technological developments remains flexible and cost effective and we will continue to cooperate with technology partners where we see suitable opportunities.

Consolidation in the global STM market continued throughout 2000 and Taylor & Francis remains well positioned to participate in the outstanding opportunities this provides.

Robert Kiernan
Chairman
2001

22 March

Chief Executive's Operating Review

Overview

2000 was a period of completing the bedding down of the previous years' acquisitions and integrating the International Journals Division of Scandinavian University Press (ScUP). During this year we have consolidated our position in our core markets and established a solid foundation and organisational structure in preparation for future growth. We have a well established structure which encourages creativity in journal and books publishing, supported by centralised services. This structure has been instrumental in the smooth integration of the acquired businesses and increases to their profitability.

The strategy to grow the business organically and through well planned earnings enhancing acquisitions has helped to increase turnover, operating profit and earnings per share.

Results

Turnover grew by 21% from £95.88 million to £116.36 million, including a full year's contribution of £5.50 million from the International Journals Division of Scandinavian University Press. Turnover in the books division increased by 15% from £59.74 million to £68.47 million and journals turnover increased by 32% from £36.14 million to £47.88 million. The underlying increase in journals turnover was 17% or £6.24 million excluding the contribution from ScUP. The US dollar to sterling exchange rate movement during the year has had a beneficial impact on turnover with the sterling value of US dollar turnover increasing by 5%. Eliminating exchange and the contribution from ScUP, the growth in books and journals was 12% each.

Operating profit before exceptional items and goodwill amortisation increased by 28%, from £19.95 million to £25.50 million, with acquisitions contributing £0.61 million to that result. Operating profit after exceptional items and goodwill amortisation increased by £5.84 million from £14.09 million to £19.93 million. Operating margins before goodwill amortisation and exceptional items increased from 20.8% to 21.9% during the period, benefiting from a full year of efficiencies principally resulting from the rationalisation of the Routledge business acquired in November 1998, as well as additional sales.

Amortisation of goodwill arising from acquisitions increased by £0.85 million from £4.53 million to £5.38 million. The increase is due to the full year impact of the two acquisitions made during 1999 together with the amortisation of goodwill arising from the acquisition of ScUP.

Exceptional items in 2000 represent the cost of integrating and reorganising Europa Publications Limited, acquired in May 1999. The Europa rationalisation was completed on time and within budget.

Net interest payable was £4.13 million, compared to £3.55 million in 1999. The increase of £0.58 million reflects additional borrowings used to finance acquisitions.

The effective rate of tax was 43.6% (1999: 48.3%) but this was distorted by goodwill amortisation and the timing on certain US expenditure. The underlying rate after adjusting for goodwill amortisation was 32.6% (1999: 33.8%).

The Board has recommended a final dividend of 2.43p per share making a total dividend for the year of 3.63p, a 10% increase on 1999 (3.30p). The final dividend will be paid on 15 June 2001 to shareholders registered on 6 April 2001.

The Group ended the year with net debt of £37.01 million, a decrease of £7.58 million compared to the position at the end of 1999 of £44.59 million. The Group generated £24.73 million cash flow from operations, an increase of £5.35 million or 28% compared to 1999. The Group spent £2.17 million (net of cash acquired) on the International Journals Division of Scandinavian University Press and raised £0.41 million in respect of the exercise of share options by management and staff during the period.

Group debtor balances increased by 13% at the end of the year of which approximately one third was due to the effect of exchange on US dollar denominated debtor balances. The balance of the increase is a function of the increase in book division turnover.

Publishing

The journals division performed very strongly with 22 new journals launched, 61 journals acquired with ScUP and renewal rates in excess of 95%, all of which have combined to produce turnover growth of 32% over 1999. After a slow start at the beginning of 2000 the books division recovered with strong second half sales reflecting the increased activity associated with the academic adoption season. During 2000 1,781 new books were published compared to 1,786 in 1999 and again a clear seasonality was evident when a comparison is made to the 747 (1999: 838) titles published up to 30th June 2000. Savings established as part of the process of integrating previous acquisitions have continued to benefit the results (in particular the contribution of a full year of

Routledge savings) and are one of the main reasons for the improved normalised operating margin which rose from 20.8% to 21.9%.

Electronic Publishing

A number of important initiatives have been taken in positioning the Group's e-business activity and these are highlighted below.

Versaware

In July 2000 the Group announced an arrangement with Versaware Inc, to digitise and make available in e-book formats the Group's entire back list of 17,000 book titles. This initiative will enable the Group to take advantage of the development of new electronic publishing platforms whilst maintaining control of its content. To date over 3,500 backlist book titles have been digitised, with the balance to be completed during 2001, and we expect to generate revenues beginning from June 2001.

ebrary

Allied to the Versaware initiative, the Group reached an agreement with ebrary to enable selected extracts of the Group's books, including individual chapters, paragraphs or lines, to be sold on a 'pay per view' basis, at rates which are set and controlled by the Group. This is another potential incremental revenue stream to Taylor & Francis in future years if and when the market responds. The project is in its very early stages and should be on line from September 2001. The service allows ebrary users the ability to view Taylor & Francis books and then pay to print or copy pages or sections, with automatic citations.

The ebrary and Versaware arrangements illustrate our strategy of using technology partners to reduce investment risk whilst creating the potential for enhanced profitability and market position.

NetLibrary

The Group has recently signed an agreement with NetLibrary to provide selected e-books to libraries. This is a tangible example of the potential income streams that can be generated by the application of the Versaware arrangement and the sale of e-books, with some revenue already being generated. During the last few months the Group has reached agreements around the world with major book retailers to sell our e-books. We continue to develop this new channel.

SARA

The Scholarly Article Research Alerting (SARA) online service to journal subscribers continues to be popular with academics and generate considerable interest, with over 140,000 subscriptions now registered, an increase of more than 100,000 since its relaunch in January 2000. This project has been beneficial in promoting Taylor & Francis and its products as well as providing a valuable and cost effective service to existing and potential journal subscribers.

Arenas

During the year the Group successfully launched 25 subject specific 'Arena' internet portals which are now operational and have attracted considerable praise from users. These Arenas are continually being developed and should prove to be a valuable resource and marketing tool for the future.

CrossRef

CrossRef, which was launched by the principal academic publishers around the world to provide active links between research papers, continues to be an important initiative.

Acquisitions

Since flotation on the London Stock Exchange in May 1998 the annualised turnover of the Group has more than trebled and acquisitions have added over 600 journals and 10,000 books to the business. Investment in acquired businesses to date has been just over £140 million and the Group's market capitalisation has risen from £130 million since flotation to over £500 million. Our successful acquisition track record has been driven by our ability to integrate businesses efficiently by applying centralised support services to the businesses acquired. Our acquisition focus further enhances the Group's strong publication base and strengthens our credibility and position within the subject areas and markets we serve.

The acquisition of the International Journals Division of Scandinavian University Press on 4th January 2000 created a base in Scandinavia, adding 61 journals and strengthening our presence in medical publishing. The investment has performed well adding £5.50 million to turnover and an operating profit of £0.61 million and was immediately earnings enhancing.

The announcement in February 2001 of the acquisition of the majority of the publishing assets of the Gordon and Breach Publishing Group, for a maximum consideration of £21.7 million, represents the fifth significant acquisition since flotation. The Gordon and Breach publications complement Taylor & Francis' existing portfolio of high quality scientific academic books and journals and will benefit from the Group's larger customer base, our publishing expertise and economies of scale.

Derivatives and Other Financial Instruments

The Group's financial instruments, other than derivatives, comprise borrowings, long-term loans, cash and liquid resources and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also enters from time to time into appropriate derivatives transactions (principally interest rate swaps and forward foreign currency contracts). The purpose of such transactions is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below.

Liquidity and interest rate risk

The Group's policy is to finance its operations by a mixture of retained profits, bank borrowings and long-term loans.

In connection with the acquisition of the Routledge business in November 1998, the Group negotiated bank-syndicated facilities consisting of a £40 million term loan facility, repayable over five years, and a £25 million revolving credit facility. Both facilities can be drawn in either sterling or US dollars or a combination thereof. During 1999 the term loan facility was increased by £10.5 million to provide finance for the acquisitions of Martin Dunitz Limited and the International Journals Division of Scandinavian University Press.

On 31 December 1999 the revolving credit facility was reduced, as scheduled, to £20 million and the term loan facility was reduced to £48.5 million by a scheduled £2 million repayment.

In February 2000 the term-loan facility was reduced further, to £48.2 million, by a voluntary cancellation of £0.3 million. Following a scheduled repayment of £9.5 million on 31 December 2000, the term loan facility now stands at £38.7 million.

In connection with the acquisition of the assets of the Gordon and Breach Publishing Group, the revolving credit facility was increased by £20 million, to £40 million, in February 2001.

At 31 December 2000 the Group's net debt was £37.01 million compared to £44.59 million at 31st December 1999. The decrease of £7.58 million mainly reflects cash generated from operations.

The Group borrows in the desired currencies at floating rates of interest and then uses interest rate swaps as appropriate to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. At the end of 2000 the interest rate swaps taken out in November 1998 matured. Currently the Group maintains a floating rate position and continues to monitor the position closely.

As regards liquidity, the directors continually review the maturity profile of the Group's borrowings in the light of acquisitions and other known events. Short term flexibility is achieved by revolving credit and overdraft facilities.

Foreign currency risk

The Group has significant long-term investments in overseas subsidiaries which operate primarily in the USA. Their revenues and expenses are denominated substantially in US dollars. In order to protect the Group's sterling balance sheet from movements in these currencies (principally US dollars) and the sterling exchange rate, the Group finances its net investment in these subsidiaries primarily by means of borrowings in their respective functional currencies.

Around 70 per cent of the Group's UK business sales of annual journal subscriptions are to customers outside of the UK. These sales are priced and invoiced in US dollars. Substantially all other sales of the UK business are denominated in sterling. The UK business, apart from servicing US dollar denominated loans and the funding of US subsidiaries, has no material US dollar requirements. The Group's policy is to substantially reduce the currency exposure on the projected net surplus of US dollar income over US dollar expenditure through forward currency contracts.

Prospects and Current Trading

The Group's strategy remains to grow through well planned organic development and earnings enhancing acquisitions in markets we know and understand. The acquisition of the Gordon and Breach business on 14 February 2001 is consistent with this strategy and is part of a continuing process of acquiring and integrating businesses which in turn will lead to enhanced earnings for the Group. This acquisition further enhances the Group's portfolio of valuable intellectual property rights, providing a basis for future organic growth. We continue to pursue earnings enhancing acquisitions that match our investment criteria in markets we know and understand.

The current year has started well and in line with our expectations. Strong journal renewal rates and good book sales combined with the efficiencies derived from integrating acquisitions should make 2001 another successful year.

Anthony R Selvey
Chief Executive

22 March 2001

Directors

Robert Kiernan (60), Non-executive Chairman+ o

Robert Kiernan joined the Board with effect from December 1998. He was previously Chairman of Routledge Publishing Holdings Limited which was acquired by Taylor & Francis in November 1998. Prior to his position with Routledge Robert was CEO of Thomson Corporation Publishing.

Anthony R Selvey FCCA, CIMgt, FinstD, (56), Chief Executive

Anthony Selvey joined Taylor & Francis in 1963. He was appointed Finance Director in 1976 after qualifying as a Certified Accountant and became Managing Director in 1983. Anthony is responsible for the overall business development of the Group.

Stephen B Neal BSc (56), Director

Stephen Neal joined the Board in 1990 bringing with him considerable experience in the publishing industry. He is responsible for all Group journal publishing activities and is Managing Director of Taylor & Francis Limited.

Anthony M Foye BA, ACA, (38), Group Finance Director and Company Secretary

Anthony Foye joined Taylor & Francis in 1987 as Group Chief Accountant after qualifying as a Chartered Accountant with Haines Watts. He joined the Board as Company Secretary in May 1987 and was appointed Finance Director in July 1994. Anthony is responsible for the Group's finance functions and is Managing Director of Taylor & Francis Publishing Services Limited.

Roger G Horton (43), Director

Roger Horton joined the Board in 1994 with over 15 years of publishing experience. Roger is responsible for all Group book publishing activities and is Managing Director of Taylor & Francis Books Limited as well as being responsible for the Group's operations in South East Asia.

David J Banister BA, PhD, MCIT, MIL, FRSA, (50), Non-executive Director

David Banister has been a Non-executive Director of Taylor & Francis Group plc since 1990. He is Professor of Transport Planning at University College London, and has authored or edited 16 books and written more than 200 papers for refereed journals and books.

Harold Baum BSc, PhD, FRSC, CChem, FIBiol, CBiol, FKC, (70), Non-executive Director+

Harold Baum joined Taylor & Francis as a Non-executive Director in 1983. From 1968 he was Professor of Biochemistry and subsequently Head of the School of Life, Basic Medical and Health Sciences at King's College London, prior to his retirement in 1996 to become Visiting Professor and Professor Emeritus.

Derek Mapp (50), Non-executive Director+ o

Derek Mapp joined the Board as Non-executive Director in January 1998. He is Executive Director of Leapfrog Day Nurseries Limited and Chairman of the East Midlands Development Agency, as well as having a number of other private business interests. Derek was formerly Managing Director of Tom Cobleigh plc.

David Wallace CBE, FRS, FREng, FRSE, FinstP, FRSA, Ceng, (55), Non-executive Director o

David Wallace was appointed as a Non-executive Director on 13 April 2000. He is Vice-Chancellor of Loughborough University, a director of The Scottish Life Assurance Company and chairs the e-science steering committee of the Office of Science and Technology.

Nicholas Berwin, MA (Hons), (43), Non-executive Director

Nicholas Berwin joined the Board on 12 March 2001. Nicholas has broad experience in strategic and financial consulting having held positions with Morgan Grenfell & Company Limited/Deutsche Morgan Grenfell and recently in his own consultancy business. Nicholas has advised the Board on financial matters since flotation in May 1998 and brings to the Board valuable additional experience.

- + denotes member of Audit Committee
- denotes member of Remuneration Committee

Advisers

Financial Adviser and Broker

Hoare Govett Limited
250 Bishopsgate
London EC2M 4AA

Principal Solicitors

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London EC2A 2HA

Auditors

Deloitte & Touche
Chartered Accountants
Columbia Centre
Market Street

Principal Bankers

National Westminster Bank plc
1 Princes Street
London
EC2R 8PB

Registrars

Capita IRG Plc
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Bracknell

Berkshire RG12 1PA

Public Relations Advisers

Financial Dynamics
Holborn Gate
26 Southampton Buildings
London WC2A 1PB

Registered Office

11 New Fetter Lane, London, EC4P 4EE

Registration

Registered in England and Wales Number 2280993

Directors Report

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31 December 2000.

Principal Activities

The Group's principal activities are the publishing and distribution of scientific, technical, medical, social science and humanities journals and books. The Group's main objective is to continue to develop these activities on a worldwide basis, in support of the academic, scientific and professional communities and for the benefit of the Group's shareholders.

Business Review

The results for the year are summarised in the consolidated profit and loss account on page 22. A review of the Group's business and future prospects is dealt with in the Chairman's Statement and the Chief Executive's Operating Review.

Dividends

Trends in publishing require the Group to invest in new technology and products; reserves need to be built up to accommodate this. Your Board is recommending a final dividend of 2.43p per share, making a total of 3.63p per share, an increase of 10% on 1999. The final dividend will be payable to shareholders registered at the close of business on 6 April 2001 and will be paid on 15 June 2001.

Directors

Details of directors who held office during the year ended 31 December 2000 and their interests in the issued share capital of the Company are set out in the Report of the Board to the Shareholders on Directors Remuneration on pages 15 to 19. Resolutions will be submitted to the Annual General Meeting in accordance with the Articles of Association for the reappointment of four Directors.

Nicholas Berwin, who has been offered and has accepted a position as Non-Executive Director with effect from 12 March 2001, retires under the provisions contained in the Articles of Association and, being eligible, offers himself for election by the shareholders. Mr R Horton, Professor D J Banister, and Mr D Mapp retire by rotation in accordance with the Articles and, being eligible, offer themselves for re-election. Brief biographical details of those Directors who are proposed for election or re-election appear on page 7. Professor H Baum, having reached the age of 70, will retire at the conclusion of the AGM in accordance with the Articles of Association. Professor Baum does not seek re-election.

Annual General Meeting

The Annual General Meeting will be held on 7 June 2001 and the notice is set out on page 50.

Charitable and Political Contributions

The Group made gifts during the year for charitable purposes of £1,316 (1999: £20,785). No political donations were made (1999: £nil).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Deloitte & Touche as auditors is to be proposed at the forthcoming Annual General Meeting.

Substantial Shareholdings

As at 22 March 2001 the Company has been notified of the following interests, other than those held by the Directors, of 3% or more of the issued share capital of the Company.

	Number of shares	% held
3i Group plc	6,315,400	7.67%
Royal Bank of Scotland Group plc	9,064,108	11.01%
Henderson Global Investors Limited and fellow subsidiaries	9,765,423	11.86%

Policy on Payment of Creditors

It is the Group's normal practice to make payments to suppliers in accordance with agreed terms, provided that the supplier has performed in accordance with the relevant terms and conditions. At 31 December 2000 and 1999 the Company had no trade creditors.

Employee Policies

The Group's employment policies are designed to provide equal opportunities irrespective of colour, ethnic or national origin, nationality, sex, religion, marital or disabled status. Full consideration is given to applications for employment, the continuing employment, training and career development of disabled persons.

During 2000 the Group expanded the opportunities for staff to own shares in the Company through a number of share option schemes and further schemes are expected to be introduced in 2001.

Every effort is made to keep staff as fully informed as possible about the operations and prospects of the Group. Information on the activities of the Group and consultation with staff are provided regularly through various management communication channels, which include bulletins, notices, press releases and through meetings and presentations by senior management.

Environmental Policy

During the year the Board set up an Environmental Policy Committee, consisting of Mr R Kiernan and Mr D J Banister, to review policies and practices surrounding environmental issues throughout the Group. The objective is to provide Group wide targets for key areas of environmental impact and to encourage initiatives to make the business more environmentally friendly. The Board has undertaken to review the environmental impact of its business periodically and update shareholders on major initiatives.

Products

The primary issue for the Group in relation to the impact of the business on the environment relates to the use of paper for our books and journals, of which 100% are now produced on acid (chlorine) free paper. The Group works with its printers throughout the world to ensure that water based biodegradable inks are used wherever possible. Targets have been set to improve the Group's environmental impact and we seek to reduce consumption of paper through, for example, electronic publishing; through reducing print runs and stock levels; through the replacement of colour wet-proofing with colour digital proofing; and through converting backlist titles to electronic form.

Operations

The preferred method of internal communication within the Group is through the intranet and email, which reduces the amount of paper used in the business. All Group offices have established recycling and waste recovery (e.g. paper, toners, etc) programmes. Energy use is subject to regular reviews with the objective of improving procedures to reduce energy consumption and to source energy efficient technology such as low energy computer display equipment. This is part of a Group wide policy of monitoring and improvement to ensure the Group moves towards reaching a compliance plus position.

Staff

On transport, staff are encouraged to use public transport. In the UK interest free loans are offered for annual season tickets for rail and bus travel. There is a limitation of 15 parking spaces in our London office (none in New York or Philadelphia) for 260 staff. Additionally, the Group provides locked storage facilities and, where possible, facilities such as showers to encourage staff to cycle to work.

By order of the Board 11 New Fetter Lane
London
EC4P 4EE

A M Foye
Secretary

22 March 2001

Corporate Governance

This section of the annual report describes how the Company has applied the Principles set out in Section 1 of the Combined Code for Corporate Governance (the Code). The Directors consider that throughout the year the Company fully complied with the provisions set out in Section 1 of that Code.

Statement of Appliance of Principles

The Code establishes fourteen Principles of Good Governance which are split into four main areas and are described in the sections below:

- ¶ Directors
- ¶ Directors Remuneration
- ¶ Relations with Shareholders
- ¶ Accountability and Audit

Directors

The Company is controlled through the Board of Directors which, at 31 December 2000, comprised four executive and five non-executive directors. Their biographies appear on page 7. Four of the non-executive Directors, Messrs Baum, Kiernan, Mapp and Wallace, are considered independent by the Board and Mr Mapp has been nominated by the Board as the Senior Independent Director.

The Chairman is mainly responsible for the running of the Board ensuring that all directors receive sufficient, relevant and timely information on financial, business and corporate issues prior to meetings. The Chief Executive's responsibilities are concerned with co-ordinating the Group's business, reports requested by the Board and implementing Group strategy. Major acquisitions and disposals require Board approval. The Board also considers environmental and employee issues and key appointments.

All directors are equally accountable for the proper stewardship of the Company's affairs. The non-executive directors have a particular responsibility for ensuring that the business strategies proposed are fully discussed and critically reviewed. This ensures the directors act in the best long-term interests of shareholders, whilst taking account of the interests of employees, customers, suppliers and the communities in which the businesses operate. The non-executive directors also test fully the operational performance of the whole Group.

All directors have full and timely access to all relevant information. Directors are also provided with the opportunity for training to ensure they are kept up to date on relevant new legislation and changing commercial risks. All directors are able to seek independent professional advice in the performance of their duties as directors if necessary.

All directors, in accordance with the Code, will submit themselves for re-election at least once every three years.

The frequency of attendance at Board meetings during the year was as follows:

	Number of meetings attended during 2000	
	Main	Other
Board Meetings		
R Kiernan (Chair)	9	--
E Ferguson (resigned 8 June 2000)	6	--
A R Selvey	9	4
S B Neal	9	3
A M Foye	9	5
R G Horton	8	4
H Baum	8	--
D J Banister	9	--
D Mapp	9	--
D Wallace (appointed 13 April 2000)	6	--

The Board has established two standing committees, the Audit Committee and the Remuneration Committee, each of which operates within defined terms of reference. The membership of each Committee and the frequency of attendance at Committee meetings during the year were as follows:

	Number of meetings attended during 2000
Audit Committee	
D Mapp (Chair)	3
H Baum	3
R Kiernan	3
Remuneration Committee	
D Wallace (Chair) (appointed 13 April 2000)	2
R Kiernan	4
D Mapp	4
E Ferguson (resigned 8 June 2000)	2

Also, a Nominations Committee was established in April 2000. The committee meets from time to time to discuss Board structure and review any nominations. The committee consists of the Group Chairman, Chief Executive and two independent non-executive directors. A quorum consists of three members.

Directors Remuneration

The Remuneration Committee, under the current chairmanship of Professor D Wallace, measures the performance of the executive directors before recommending their annual remuneration, bonus awards and awards of share options to the Board for final determination. The remuneration of the non-executive directors is recommended by Professor Wallace and also takes account of the time spent on Board matters. The final determinations are made by the Board as a whole but no director plays a part in any discussion about his or her own remuneration. The Committee consults the Chief Executive about its proposals and has access to professional advice from inside and outside the Company.

The Report of the Board to the Shareholders on Directors Remuneration is set out on pages 15 to 19 and includes details of directors incentive payments and the related performance criteria. Having considered the matter, the Board does not believe that there are any items which require shareholder approval.

Relations with Shareholders

The Company encourages two way communication with both its institutional and private investors and responds appropriately to all queries received orally or in writing. The Chief Executive, Mr A R Selvey and the Group Finance Director, Mr A M Foye, attended more than fifty meetings with analysts and institutional shareholders, the trade and financial press in the year ended 31 December 2000. All shareholders have at least twenty working days notice of the Annual General Meeting at which all directors are available for questions.

Accountability and Audit

Internal Control and Risk Management

The Board is responsible for the Group's system of internal controls and for reviewing the effectiveness of these systems. Such systems can provide only reasonable but not absolute assurance against material misstatement or loss as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Code introduced a requirement that the effectiveness of the system of internal control, including financial, operational, compliance and risk management, is reviewed by the Board at least annually. In addition, *Internal Control: Guidance for Directors on the Combined Code* (The Turnbull Report) was published in September 1999, to provide guidance to directors in respect of this requirement. The Board established the necessary procedures in 1999 and has followed this guidance since 1 January 2000.

The Board reviews the effectiveness of the systems of internal financial control and takes account of material developments through reports by the Group Finance Director, the Audit Committee and the Risk Assessment Committee and this is explained further below.

During 2000 the Group operated under an established internal control framework which can be described under five headings:

Financial reporting

The Group has a comprehensive system for reporting financial results to the Board; each operating unit prepares monthly results with a comparison against budget. The Board reviews these for the Group as a whole and determines any appropriate action. Towards the end of each financial year the operating units prepare detailed budgets for the following year which are consolidated and presented to the Board for review before being formally adopted. Forecasts are updated at least three times during the year.

Quality and integrity of personnel

One of the key requirements of an effective system of internal control is the integrity of personnel. The Group has policies on personnel selection which utilise procedures (including the follow up of references) to ensure that staff of suitable calibre and integrity are employed.

Operating unit financial controls

The executive directors have defined the financial controls and procedures with which each operating unit is required to comply. Compliance with these procedures is regularly reviewed by senior management.

Computer systems

Much of the Group's financial and management information is processed by and stored on computer systems. Accordingly, the Group has established controls and procedures over the security of data held on computer systems. Also, the Group has put in place arrangements for computer processing to continue and data to be retained in the event of the complete failure of the Group's own data processing facilities.

Risk Management

The Board during 1999 instigated a formalised internal risk assessment procedure in relation to Code Provision D2.1. As part of the process the Board identified and agreed key high level risks which affect the Group, the acceptable level of such risks and the controls and reporting procedures. The Risk Assessment Document has been communicated in an appropriate form to each of the Group's business units. This was the start of an ongoing process to identify and evaluate significant risks affecting the business. Managers throughout the Group are encouraged to notify an Executive Board member if they become aware of any major factors that may adversely affect the business either from a control view point or from factors in the wider business environment.

Any such matters are then immediately referred to the Group Finance Director who notes these into the Risk Register which is maintained at head office. All urgent issues are dealt with either immediately or referred to a standing Risk Assessment Committee consisting of the Chief Executive (Chair) and the three other Group Executive Directors. In any event the Risk Assessment Committee meets twice a year to review progress on issues identified in the Risk Register and to consider the major risk categories identified in relation to the business. In the review process the Risk Assessment Committee considers contributing factors and recommends appropriate early warning systems and actions.

Audit Committee and Auditors

The Audit Committee, comprising of three independent non-executive directors, has specific terms of reference which deal with its authority and duties and comply with the Code. It meets at least twice a year with the external auditors attending. The Committee's duties include the review of the Group's accounting policies, financial reporting procedures, audit fees (including remuneration received by auditors for non-audit work) and the Group's internal controls, including a review of the Risk Register and up to date risk assessment analysis. Most of each meeting of the Audit Committee is held between the non-executive directors and external auditors in private.

Internal Audit

The Board has considered the need to introduce a Group internal audit function but has decided that the current control mechanisms are appropriate in the context of the size and complexity of the Group. The Board continues to review this decision.

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 judgment, 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. This statement also forms part of the Chief Executive's Operating Review.

Report of the Board to the Shareholders on Directors Remuneration

The Remuneration Committee comprises three non-executive directors, as listed on page 12, under the chairmanship of Professor D Wallace.

Remuneration Policy

The Group's policy on remuneration is to provide a package of benefits, including salary and performance related bonuses, which are competitive in the market and which reward success appropriately. The Remuneration Committee considers the remuneration of the Group's executive directors and also the remuneration of certain senior employees.

The main elements of the remuneration package for executive directors are summarised below.

Basic Salary

This is reviewed annually and determined by the Board, having regard to individual performance and responsibility. External market factors are taken into account as appropriate.

Annual Performance Related Bonus Scheme

The Group operates a bonus scheme in which directors can participate. The level of potential bonus is expressed as a percentage of basic salary with Executive Directors receiving up to 20 per cent of basic salary subject to the achievement of financial targets which include turnover growth, operating profitability and earnings per share growth. The targets are set annually.

Awards under the bonus scheme are non-pensionable.

Share Incentives

The Board considers that it is in the best interests of shareholders for executive directors, senior management and other employees with the Group to have an interest in the shares of the Company. Grants of share options are, therefore, considered upon executives joining the Group and periodically thereafter by reference to their position within the Group, their performance and the status of options currently outstanding. Shares have been allocated to staff under the save as you earn scheme during the year and the Board will be allocating further shares under this scheme and the equivalent US scheme during 2001. Options were granted to certain senior staff during the year but no executive or non executive director was allocated further options in the period.

Pension Benefits

Executive directors and employees of certain UK subsidiaries are eligible to join the Taylor & Francis Limited Group Pension and Life Assurance Scheme. This is a defined benefit scheme which, subject to Inland Revenue limits and length of service, provides a pension of up to two-thirds of final salary (excluding benefits) at the age of 63. Mr A R Selvey is entitled to a pension of up to two-thirds of final salary from the age of 60.

Service Contracts

At 31 December 2000 the four executive directors had service contracts of one year's duration under which twelve months' notice must be given by the Company or by the director. The appointments of non-executive directors are at the will of the parties but are envisaged to last for three years, following which they will be reviewed annually.

Directors Interests

The directors who held office at 31 December 2000 had the following interests in the issued share capital of the Company:

	At 31 December 2000		At 31 December 1999	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
R Kiernan	184,993	356,162	254,993	356,162
A R Selvey	221,497	--	162,772	--
S B Neal	191,706	--	144,756	--
A M Foye	96,881	--	5,181	--
R G Horton	1,554	--	1,554	--
H Baum	7,000	--	7,000	--
D J Banister	1,405,772	6,578,400	1,405,772	7,078,400
D Mapp	17,016	--	17,016	--
D Wallace	500	--	--	--

In addition to the beneficial interests in shares in the Company as noted above, the executive directors of the Company (Messrs Selvey, Neal, Foye and Horton) are for the purposes of the Companies Act 1985 regarded as interested in the 562,500 Ordinary Shares which Ogier Trustee Limited as trustee of the Taylor & Francis Group 1997 Employee Benefit Trust holds. All Taylor & Francis Group employees (including executive directors) are potential beneficiaries under this trust.

On 17 January 2001 Mr D J Banister's non-beneficial interest decreased by 1,000,000 Ordinary Shares, to 5,578,400.

The figures for Mr D J Banister exclude 8,086,000 Ordinary Shares held as trustees by National Westminster Bank plc (included in the interests of Royal Bank of Scotland Group plc shown on page 9) and Mr S M A Banister, a connected party of Mr D J Banister.

None of the directors has interests in the shares of other Group companies. Set out below are the options to acquire shares in Taylor & Francis Group plc, held by the directors. No performance criteria are attached to these options.

Directors Share Options

The interests of directors in share options are as follows:

	At 31 December 1999	Exercised	Exercise price° (p)	Market price at date of exercise (p)	At 31 December 2000	Exercise period
A R Selvey	1,335,750	(350,000)	7.33	555.0	985,750	29.03.99 to 28.03.06
	58,725	(58,725)	9.53	612.5	--	18.07.00 to 17.07.07
	183,000	--	13.33	--	183,000	06.11.00 to 05.11.07
	567,000	--	13.33	--	567,000	06.11.00 to 05.11.04
	<u>2,144,475</u>	<u>(408,725)</u>			<u>1,735,750</u>	
S B Neal	588,600	(300,000)	7.33	555.0	288,600	29.03.99 to 28.03.06
	46,950	(46,950)	9.53	612.5	--	18.07.00 to 17.07.07
	191,400	--	13.33	--	191,400	06.11.00 to 05.11.07
	333,600	--	13.33	--	333,600	06.11.00 to 05.11.04
	<u>1,160,550</u>	<u>(346,950)</u>			<u>813,600</u>	
A M Foye	288,900	(288,900)	7.33	601.5	--	29.03.99 to 28.03.06
	17,550	(17,550)	7.33	612.5	--	29.03.99 to 28.03.06
	35,250	(35,250)	9.53	612.5	--	18.07.00 to 17.07.07
	31,200	--	13.33	--	31,200	06.11.00 to 05.11.07
	493,800	--	13.33	--	493,800	06.11.00 to 05.11.04
	<u>866,700</u>	<u>(341,700)</u>			<u>525,000</u>	
R G Horton	225,000	--	13.33	--	225,000	06.11.00 to 05.11.07
	112,500	--	13.33	--	112,500	06.11.00 to 05.11.04
	<u>337,500</u>	<u>--</u>			<u>337,500</u>	

No options lapsed during the year. The market price at 31 December 2000 was 532.5p and the range during the year was 512.5p to 647.5p.

No notification has been received of any change in directors share interests from 31 December 2000 to the date of this report, save as disclosed on page 16 in respect of Mr D J Banister s non-beneficial interest.

Directors Remuneration

	2000 £ 000	1999 £ 000
Fees & salaries (including benefits in kind)	627	624
Annual bonus	62	60
	<u>689</u>	<u>684</u>

Terms of the annual performance related bonus scheme are summarised on page 15.

a. Directors Emoluments

	Salary £ 000	Fees £ 000	Bonus £ 000	Benefits In kind £ 000	Total 2000 £ 000	Total 1999 £ 000
Executive Directors						
A R Selvey	182	--	22	1	205	206
S B Neal	124	--	15	1	140	142
A M Foye	115	--	14	1	130	131
R G Horton	100	--	11	1	112	106
	521	--	62	4	587	585
Non-Executive Directors						
R Kiernan	--	33	--	--	33	30
E Ferguson (resigned June 2000)	--	9	--	--	9	21
H Baum	--	16	--	--	16	16
D J Banister	--	16	--	--	16	16
D Mapp	--	16	--	--	16	16
D Wallace (appointed April 2000)	--	12	--	--	12	--
	<u>521</u>	<u>102</u>	<u>62</u>	<u>4</u>	<u>689</u>	<u>684</u>

Mr A R Selvey is the highest paid director.

The aggregate gain made by the executive directors on the exercise of share options during the year was £6,232,000, calculated by reference to the closing mid-market share price on the date of exercise.

b. Directors Pension Entitlements

The following directors have accrued entitlements under the final salary scheme described on page° 15 as follows:

	Increase in accrued pension (excluding inflation) £ 000	Accrued pension 31 December 2000 £ 000	Age at year end	Normal retirement age	Spouse/ dependant benefits
Executive Directors					
A R Selvey	20	121	56	60	67%
S B Neal	2	16	55	63	50%
A M Foye	3	23	38	63	50%
R G Horton	1	9	43	63	50%

The accrued pension shown is that which would be paid annually on retirement based on service to 31 December 2000.

Members of the scheme may take a proportion of the total pension as a lump sum payment calculated in accordance with the scheme rules. Members of the scheme also have the option to pay Additional Voluntary Contributions; neither the contributions nor the resulting benefits are included in the above table. Members can retire early subject to penalty. After retirement, the pensions of the scheme members will increase by 5% p.a.

D Wallace
Director
March 2001

Statement of Directors Responsibilities

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 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Auditors

To the Members of Taylor & Francis Group plc

We have audited the financial statements on pages 22 to 46 which have been prepared under the accounting policies set out on pages 27 and 28.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report including, as described on page 20, the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the UK Listing Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement on page 11 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the UK Listing Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all the risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We 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. 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 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.

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 2000 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Chartered Accountants and
Registered Auditors

columbia Centre
Market Street
Bracknell
Berkshire
RG12 1PA 22 March 2001

Consolidated Profit and Loss Account

For the Year Ended 31 December 2000

	Note	2000 pre exceptional items £ 000	2000 exceptional items £ 000	2000 Total £ 000	1999 Total £ 000
Turnover					
Continuing operations		110,858	--	110,858	95,879
Acquisitions		5,497	--	5,497	--
Total turnover	2	116,355	--	116,355	95,879
Operating costs before goodwill amortisation	3, 5	(90,859)	(195)	(91,054)	(77,264)
Operating profit before goodwill amortisation					
Continuing operations		24,883	(195)	24,688	18,615
Acquisitions		613	--	613	--
Total operating profit before goodwill amortisation				25,301	18,615
Goodwill amortisation	3, 11			(5,376)	(4,530)
Operating profit after goodwill amortisation					
Continuing operations				19,528	14,085
Acquisitions				397	--
Total operating profit	3			19,925	14,085
Interest receivable and similar income	6			297	277
Interest payable and similar charges	7			(4,431)	(3,822)
Profit on ordinary activities before taxation				15,791	10,540
Tax on profit on ordinary activities	8			(6,890)	(5,096)
Profit on ordinary activities after taxation				8,901	5,444
Dividends	9			(2,975)	(2,592)
Profit transferred to reserves				5,926	2,852
Earnings per ordinary share					
Diluted (normalised) (p)	10			16.75	12.77
Diluted (p)	10			10.35	6.40
Basic (p)	10			11.05	6.99

Consolidated Statement of Total Recognised Gains and Losses

For the Year Ended 31 December 2000

	2000	1999
	£ 000	£ 000
Profit attributable to shareholders	8,901	5,444
Currency translation differences on foreign currency net investments	1,069	4
Total recognised gains and losses relating to the period	<u>9,970</u>	<u>5,448</u>

Group and Company Balance Sheets

At 31 December 2000

	Note	Group		Company	
		2000 £ 000	1999 £ 000	2000 £ 000	1999 £ 000
Fixed assets					
Intangible assets	11	101,172	98,177	--	--
Tangible assets	12	3,560	4,281	--	--
Investments	13	--	--	95,928	75,173
		104,732	102,458	95,928	75,173
Current assets					
Stocks	14	25,492	24,176	--	--
Debtors	15	28,888	25,605	77,679	69,933
Investments	16	18,679	17,950	14,726	--
Cash at bank and in hand		2,433	2,898	824	6
		75,492	70,629	93,229	69,939
Creditors: amounts falling due within one year					
	17(a)	(56,150)	(55,069)	(88,074)	(48,550)
Net current assets					
		19,342	15,560	5,155	21,389
Total assets less current liabilities					
		124,074	118,018	101,083	96,562
Creditors: amounts falling due after more than one year					
Provisions for liabilities and charges	18	(343)	(58)	--	--
Deferred income	20	(30,104)	(26,502)	--	--
		63,461	56,052	70,917	61,156
Capital and reserves					
Called up share capital	21	4,118	3,958	4,118	3,958
Share premium account	22	43,884	38,119	43,884	38,119
Reserve for own shares	23	2,111	7,622	2,111	7,622
Profit and loss account	24	13,348	6,353	20,804	11,457
Equity shareholders funds					
		63,461	56,052	70,917	61,156

These financial statements were approved by the board of directors on 22 March 2001 and were signed on its behalf by:

A R Selvey
Director

R Kiernan
Director

Consolidated Cashflow Statement

For the Year Ended 31 December 2000

	Note	2000 £ 000	1999 £ 000
Net cash inflow from operating activities	Note A page° 26	24,730	19,380
Returns on investments and servicing of finance			
Interest received		268	284
Interest paid		(4,239)	(2,928)
Net cash outflow from returns on investments and servicing of finance		(3,971)	(2,644)
Taxation			
Corporation tax paid		(4,338)	(3,859)
Overseas taxes paid		(544)	(388)
Tax Paid		(4,882)	(4,247)
Capital expenditure and financial investment			
Purchase of publishing goodwill	11	(909)	(182)
Tangible fixed assets acquired	12	(1,522)	(831)
Tangible fixed assets sold		1,062	99
Net cash outflow from investing activities		(1,369)	(914)
Acquisitions			
Purchase of business/subsidiary undertakings (net of cash and overdrafts acquired)	31	(2,167)	(18,110)
Net cash outflow from acquisitions		(2,167)	(18,110)
Equity dividends paid		(2,732)	(2,414)
Net cash inflow/(outflow) before use of liquid resources and financing		9,609	(8,949)
Management of liquid resources	Note C page° 26	(729)	(1,244)
Financing			
(Net loans repaid)/net loans advanced		(8,468)	6,005
Proceeds (net) from share issues		414	3,822
Net cash (outflow)/inflow from financing		(8,054)	9,827
Increase/(decrease) in cash	Note B page° 26	826	(366)

Notes to the Consolidated Cash Flow Statement

Note A Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2000	1999
	£ 000	£ 000
Operating profit	19,925	14,085
Depreciation and other amounts written off tangible and intangible fixed assets	6,665	5,609
Increase in stocks	(1,298)	(2,149)
Increase in debtors	(2,782)	(4,029)
Increase in creditors	2,220	5,864
	<u>24,730</u>	<u>19,380</u>

The International Journals Division of Scandinavian University Press, which was acquired during the year, generated £238,000 of the Group's operating cash flow.

Note B Reconciliation of Net Cash Flow to Movement in Net Debt

	2000	1999
	£ 000	£ 000
Increase/(decrease) in cash in the period	826	(366)
Decrease/(increase) in bank loans and loan notes	8,468	(6,005)
Foreign exchange translation difference	(2,445)	(971)
Cash flow from increase in liquid resources	729	1,244
	Note C	
Movement in net debt during the period	7,578	(6,098)
Opening net debt	(44,591)	(38,493)
Closing net debt (note 29)	<u>(37,013)</u>	<u>(44,591)</u>

Note C Management of Liquid Resources

	2000	1999
	£ 000	£ 000
Cash invested in deposit accounts	(729)	(1,376)
Utilisation of tax deposit certificates	--	132
Cash flow from increase in liquid resources	<u>(729)</u>	<u>(1,244)</u>

Notes to the Accounts

For the Year Ended 31 December 2000

1 Accounting Policies

The following accounting policies have been applied consistently 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 in accordance with applicable accounting standards and under the historical cost convention. Certain comparative information has been restated to reflect consistent presentation with the current year.

Basis of Consolidation

The consolidated financial statements incorporate the accounts of the Company and all of its subsidiaries. The results of subsidiaries acquired are included in the consolidated financial statements under the acquisition method from the date of acquisition and those disposed of up to the date of disposal.

Profit of Parent Company

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 profit for the financial year amounted to £10,371,000 (1999: £9,132,000).

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value. Current asset investments are stated at the lower of cost or market value. Investments held by the Company in subsidiaries denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date.

Fixed Assets and Depreciation

Depreciation is provided by the Group to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold property	--	80 years
Leasehold property	--	remaining period of lease
Plant and machinery	--	3 to 15 years

Foreign Currencies

Monetary assets and liabilities of UK companies denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date and trading items at the approximate rate of exchange in the period in which the amounts are transacted. Exchange adjustments arising from the translation of the opening net investment in the Group's foreign subsidiaries are taken to reserves. All other exchange differences are reflected in the profit and loss account. Exchange adjustments arising on the translation of foreign currency borrowings used to fund the acquisition of foreign subsidiaries are taken to reserves to the extent that they can be matched with exchange adjustments in the relevant net equity investment.

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 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 over its estimated useful life (normally 20 years) on a straight line basis. 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.

Operating Leases

Rental charges under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension Costs

The Group operates five main pension schemes.

In the UK the Group supports four schemes. The first provides benefits based on final pensionable pay (the Final Salary Scheme) and the other three, two of which were acquired with Routledge Publishing Holdings Limited and one of which was acquired with Martin Dunitz Limited, provide benefits on the basis of contributions made. The assets of the schemes are held separately from those of the Group, being invested with insurance companies. Contributions to the Final Salary Scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the Group. Contributions to the remaining three UK schemes are charged to the profit and loss account based on actual contributions made.

In the US the Group operates a pension scheme, the benefits of which are based on contributions made. The Group charges the contributions to these schemes to the profit and loss account based on actual contributions made.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials and direct labour appropriate to the relevant stage of production. Net realisable value is based on estimated sales proceeds less all future costs to completion and all relevant marketing, selling and distribution costs.

Taxation

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 or an asset is recognised for deferred tax only to the extent that it is probable that an actual liability or benefit will crystallise, calculated at the rates at which it is expected that tax will arise or be relieved.

Financial Instruments

Derivative instruments utilised by the Group are interest rate 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.

Termination payments made or received are spread over the life of the underlying exposure in cases where the underlying exposure continues to exist. In other cases termination payments are taken to the profit and loss account.

Transactions denominated in foreign currencies are recorded at the rates ruling on the date of the transaction, unless matching forward foreign exchange contracts have been entered into, in which case the rate specified in the relevant contract is used. At the balance sheet date unhedged monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date.

2	Analysis of Turnover	2000	1999
	Geographical analysis of turnover by destination	£ 000	£ 000
	United Kingdom	25,838	22,942
	North America	48,211	40,178
	Western Europe	19,760	14,034
	Rest of the world	22,546	18,725
		<u>116,355</u>	<u>95,879</u>

The above analysis shows turnover by geographical location of the customer or agent through whom orders are placed.

		2000	1999
	Geographical analysis of turnover by origin	£ 000	£ 000
	United Kingdom	93,735	75,954
	United States of America	22,620	19,925
		<u>116,355</u>	<u>95,879</u>

	2000	1999
	£ 000	£ 000
Analysis of turnover by class of business		
Journals	47,883	36,142
Books	68,472	59,737
	116,355	95,879

The directors have not provided any additional segmental information as they believe this could be seriously prejudicial to the business.

3 Operating Profit

Net operating costs	Continuing operations 2000 £ 000	Acquisitions 2000 £ 000	Total 2000 £ 000	Total 1999 £ 000
(Increase) in stock of finished goods and work in progress	(1,297)	(1)	(1,298)	(2,149)
Raw materials and consumables	30,742	1,555	32,297	29,210
Depreciation of tangible fixed assets	1,246	43	1,289	1,079
Staff costs in total (note 4)	19,121	713	19,834	18,594
Other operating charges	36,531	2,574	39,105	29,254
Other operating income	(368)	--	(368)	(58)
Exceptional items (note 5)	195	--	195	1,334
	86,170	4,884	91,054	77,264
Amortisation of goodwill (note° 11)	5,160	216	5,376	4,530
	91,330	5,100	96,430	81,794
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating profit is stated			2000	1999
After charging:			£ 000	£ 000
Auditors remuneration:				
Audit — Group			264	245
Audit — Company			25	22
Taxation compliance — Group			178	73
			<u> </u>	<u> </u>
Depreciation and other amounts written off tangible fixed assets owned			1,289	1,079
Exceptional items (note 5)			195	1,334
Goodwill amortisation			5,376	4,530
Hire of plant and machinery: rentals payable under operating leases			310	172
Hire of other assets: rentals payable under operating leases			1,560	1,490
			<u> </u>	<u> </u>
After crediting:			2000	1999
			£ 000	£ 000
Rents receivable from property			42	58
Exchange gains			326	--
			<u> </u>	<u> </u>

The Group's auditors also acted for the Company as reporting accountants in the acquisition of the International Journals Division of Scandinavian University Press. Their fees and expenses were £66,000 for this appointment and have been capitalised as a cost of the acquisition.

4 Staff Numbers and Costs

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

	Number of employees	
	2000	1999
Management and administration	127	104
Publishing and distribution	549	483
	676	587
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons was as follows:

	2000	1999
	£ 000	£ 000
Wages and salaries	17,457	16,383
Social security costs	1,581	1,370
Other pension costs (note 28)	796	841
	19,834	18,594
	<u> </u>	<u> </u>

Disclosures on directors' remuneration, share options, pension contributions and pension entitlements required by the Companies Act 1985 are on pages 15 to 19 within the Report of the Board to the Shareholders on Directors' Remuneration and form part of these audited financial statements.

5 Exceptional Items

	2000	1999
	£ 000	£ 000
Reorganisation following the acquisition of Routledge Publishing Holdings Limited and subsidiary companies	--	1,083
Integration of Europa Publications Limited	195	251
	195	1,334
	<u> </u>	<u> </u>

The estimated tax effect of exceptional items is to reduce the overall tax charge by £65,000(1999:° £453,000).

6 Interest Receivable and Similar Income

	2000	1999
	£ 000	£ 000
Bank interest	297	277
	<u> </u>	<u> </u>

7 Interest Payable and Similar Charges

	2000 £ 000	1999 £ 000
Bank loans and loan notes	4,264	3,703
Amortisation of loan premium	167	119
	<u>4,431</u>	<u>3,822</u>

8 Tax on Profit on Ordinary Activities

	2000 £ 000	1999 £ 000
UK corporation tax at 30% (1999: 30.25%)	6,454	4,412
Deferred taxation	285	--
Overseas taxation	151	686
Adjustment relating to an earlier year	--	(2)
	<u>6,890</u>	<u>5,096</u>

The effective tax charge of 43.6% (1999: 48.4%) is distorted by goodwill amortisation for which no tax relief is available and for timing on certain US expenses. The underlying rate adjusted for goodwill amortisation would be 32.6% in 2000 and 33.8% in 1999.

9 Dividends

	2000 £ 000	1999 £ 000
Ordinary equity shares		
Interim 1.20p (1999: 1.10p) per share	996	856
Final 2.43p (1999: 2.20p) per share	1,979	1,736
	<u>2,975</u>	<u>2,592</u>

Holders of 562,500 ordinary shares of 5p each have waived their rights to receive dividends.

Basic

The basic earnings per share calculation is based on profit on ordinary activities after taxation of £8,901,000 (1999: £5,444,000). 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 an employee share ownership trust, which is 80,585,000 (1999: 77,878,000).

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 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 86,007,000 (1999: 85,032,000). 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 2000 at the share price on 31 December 2000 of £5.325, making 396,000 (1999: 825,000) ordinary shares potentially issued.

Diluted (normalised)

The diluted earnings per share (normalised) calculation is based on the diluted earnings per share calculation above except profits are adjusted for goodwill amortisation and the after tax effect of exceptional items which combine to produce an adjusted profit after tax of £14,407,000 (1999: £10,855,000).

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

	2000	1999
	No. 000	No. 000
Weighted average number of shares used in basic earnings per share calculation	80,585	77,878
Share options	5,026	5,766
Shares potentially to be issued or allotted	396	1,388
Weighted average number of shares used in diluted earnings per share calculation	<u>86,007</u>	<u>85,032</u>

11	Intangible Fixed Assets				
Group		Publishing goodwill £ 000	Goodwill on arising on acquisitions £ 000	Total £ 000	
Cost					
At 1 January 2000		762	102,488	103,250	
Additions		909	4,397	5,306	
Exchange adjustment		31	3,092	3,123	
At 31 December 2000		<u>1,702</u>	<u>109,977</u>	<u>111,679</u>	
Amortisation					
At 1 January 2000		213	4,860	5,073	
Charge for the year		80	5,296	5,376	
Exchange adjustment		3	55	58	
At 31 December 2000		<u>296</u>	<u>10,211</u>	<u>10,507</u>	
Net book value					
At 31 December 2000		<u>1,406</u>	<u>99,766</u>	<u>101,172</u>	
At 31 December 1999		<u>549</u>	<u>97,628</u>	<u>98,177</u>	
12	Tangible Fixed Assets				
Group		Freehold property £ 000	Long leasehold property £ 000	Plant & machinery £ 000	Total £ 000
Cost					
At 1 January 2000		2,231	1,273	6,924	10,428
On acquisition of business		--	--	20	20
Additions		--	--	1,522	1,522
Disposals		(2,049)	--	(1,580)	(3,629)
Exchange adjustments		--	--	232	232
At 31 December 2000		<u>182</u>	<u>1,273</u>	<u>7,118</u>	<u>8,573</u>
Depreciation					
At 1 January 2000		1,250	422	4,475	6,147
Charge for year		8	22	1,259	1,289
Disposals		(1,186)	--	(1,381)	(2,567)
Exchange adjustment		--	--	144	144
At 31 December 2000		<u>72</u>	<u>444</u>	<u>4,497</u>	<u>5,013</u>
Net book value					
At 31 December 2000		<u>110</u>	<u>829</u>	<u>2,621</u>	<u>3,560</u>
At 31 December 1999		<u>981</u>	<u>851</u>	<u>2,449</u>	<u>4,281</u>

13 Investments Held as Fixed Assets
Company

2000
£ 000

1999
£ 000

Shares in Group undertakings

Cost and net book value

At beginning of year	75,173	51,342
Exchange adjustments	1,951	--
Additions during year	18,804	23,831
At end of year	<u>95,928</u>	<u>75,173</u>

Additions during the year relate to intra group acquisitions of investments in Psychology Press Limited and Afterhurst Limited and an increased investment in Taylor & Francis (Publishers) Inc. by Taylor & Francis Group plc. These investments were funded by the settlement of intercompany balances and the issue of additional equity, respectively.

The companies in which the Company's interest is more than 10% are as follows:

Company	Country of operation and incorporation	Nature of business	Ordinary shares held
Afterhurst Limited*1	England	Distribution of books	100%
Carfax Publishing Limited*1	England	Dormant	100%
Europa Publications Limited	England	Dormant	100%
Falmer Press Limited*1	England	Dormant	100%
Martin Dunitz Limited	England	Publishing of medical books and journals	100%
Psychology Press Limited	England	Publishing of psychology books and journals	100%
Primal Pictures Limited	England	Production of film, compact disc and multimedia	16%
Routledge Publishing Holdings Limited	England	Holding company	100%
Scandinavian University Press (UK) Limited*1	England	Provision of publishing services	100%
Taylor & Francis AB*1	Sweden	Provision of publishing services	100%
Taylor & Francis AS*1	Norway	Publishing of journals	100%
Taylor & Francis Books Inc.*1*2	USA	Publishing of books	100%
Taylor & Francis Books Limited*1	England	Publishing of books	100%
Taylor & Francis Inc*1	USA	Publishing and distribution of books and journals	100%
Taylor & Francis Limited	England	Publishing and distribution of journals	100%
Taylor & Francis (Publishers) Inc.	USA	Holding company	100%
Taylor & Francis Publishing Services Limited	England	Provision of publishing services	100%
UCL Press Limited*1	England	Publishing of books	100%

In the opinion of the directors the investments in and amounts due from the Company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet. Details of other non-trading subsidiaries are available from the Company's registered office.

*1 These companies are indirect subsidiaries of Taylor & Francis Group plc.

*2 Taylor & Francis Journals Inc. was merged into Taylor & Francis Inc. during the year and Garland Publishing Inc. and Carfax Publishing Inc. were merged into Taylor & Francis Books Inc. (formerly Routledge Inc.) during the year.

14 Stocks

Group	2000 £ 000	1999 £ 000
Raw materials	543	471
Work in progress	3,584	5,957
Finished goods and goods for resale	21,365	17,748
	<u>25,492</u>	<u>24,176</u>

15 Debtors

	2000 Group £ 000	1999 Group £ 000	2000 Company £ 000	1999 Company £ 000
Trade debtors	22,454	18,125	--	--
Amounts owed by subsidiary undertakings	--	--	77,605	69,933
Other debtors	4,286	3,322	31	--
Prepayments and accrued income	2,148	4,158	43	--
	<u>28,888</u>	<u>25,605</u>	<u>77,679</u>	<u>69,933</u>

A prepayment in respect of pension costs paid in advance of £491,000 (1999: £578,000) falls due after more than one year.

16 Investments Held as Current Assets

	2000 Group £ 000	1999 Group £ 000	2000 Company £ 000	1999 Company £ 000
Short term bank deposits	<u>18,679</u>	<u>17,950</u>	<u>14,726</u>	<u>--</u>

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

	2000 Group £ 000	1999 Group £ 000	2000 Company £ 000	1999 Company £ 000
Bank loans, overdrafts and loan notes	27,959	30,033	27,508	27,476
Trade creditors	8,625	8,433	--	--
Amounts owed to subsidiary undertakings	--	--	56,638	17,794
Corporation tax	5,288	3,623	--	--
Other taxes and social security	406	274	--	--
Other creditors	5,630	4,832	--	--
Accruals	6,263	6,138	1,949	1,544
Dividends proposed	1,979	1,736	1,979	1,736
	<u>56,150</u>	<u>55,069</u>	<u>88,074</u>	<u>48,550</u>

Included in bank loans, overdrafts and loan notes are £565,000 (1999: £619,000) of loan notes payable on demand to the management vendors of Routledge Publishing Holdings Limited. These notes are normally redeemable up to 1st January 2009 and interest is payable at 0.5% below LIBOR.

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

	2000 Group £ 000	1999 Group £ 000	2000 Company £ 000	1999 Company £ 000
Bank loans	<u>30,166</u>	<u>35,406</u>	<u>30,166</u>	<u>35,406</u>

The bank loans are secured on the shares held by the Company in all material subsidiaries.

Term loans total £38.70 million of which £30.0 million was drawn and is repayable in US dollars. At the year end US dollar exchange rate, term loans total £41.99 million (1999: £44.86 million) of which £33.29 million (1999: £30.86 million) was drawn and is repayable in US dollars.

Included in loans falling due within one year is £14.75 million drawn from a £20 million revolving credit facility.

An analysis of the maturity of debt is given in note 19(a).

18 Provisions for Liabilities and Charges

Group	2000 £ 000	1999 £ 000
-------	---------------	---------------

Deferred taxation provision

The provision represents full potential deferred tax liability and comprises:

-- Accelerated capital allowances	(20)	(34)
-- Other timing differences	363	92
	343	58
	<u>343</u>	<u>58</u>

The movements during the year were as follows:

	2000 £ 000	1999 £ 000
Liability at beginning of year	58	58
Current charge (note 8)	285	--
Liability at end of year	343	58
	<u>343</u>	<u>58</u>

19 Financial Instruments

The Group's policies as regards derivatives and financial instruments are set out in the Chief Executive's Operating Review on pages 5 to 6 and the accounting policies on page 28 and form part of these audited financial statements. The Group does not trade in financial instruments.

Short term debtors and creditors have been omitted from all disclosures other than the currency profile.

19(a) Maturity Profile of Group Financial Liabilities

	2000 £ 000	1999 £ 000
Within one year or less or on demand	27,959	30,033
More than one year but not more than two years	14,098	9,659
More than two years but not more than five years	16,517	26,346
Unamortised element of loan premium	(449)	(599)
	58,125	65,439
	<u>58,125</u>	<u>65,439</u>

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

Expiry date	2000 £ 000	1999 £ 000
In one year or less	8,250	7,500
In more than two years	--	2,000
	8,250	9,500
	<u>8,250</u>	<u>9,500</u>

19(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 swaps entered into by the Group.

Financial Liabilities	Fixed rate financial liabilities				
	Total	Floating rate financial liabilities	Fixed rate financial liabilities	Weighted average interest rate	Weighted average period for which the rate is fixed
Currency	£ 000	£ 000	£ 000	%	Years
At 31 December 2000					
Sterling	25,281	25,281	--	--	--
US\$	33,293	33,293	--	--	--
Gross financial liabilities	<u>58,574</u>	<u>58,574</u>	<u>--</u>	<u>--</u>	<u>--</u>
At 31 December 1999					
Sterling	35,176	27,176	8,000	7.5	1.0
US\$	30,862	--	30,862	6.5	1.0
Gross financial liabilities	<u>66,038</u>	<u>27,176</u>	<u>38,862</u>	<u>6.7</u>	<u>1.0</u>

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

Financial Assets	Total	Floating rate financial assets	Fixed rate financial assets	Non-interest bearing assets
	£ 000	£ 000	£ 000	£ 000
At 31 December 2000				
Sterling	1,698	307	--	1,391
US\$	19,032	3,386	14,726	920
AUS\$	154	81	--	73
Singapore\$	29	--	--	29
NKR	95	92	--	3
SKR	92	87	--	5
F Franc	6	--	--	6
Euro	6	--	--	6
Gross financial assets	<u>21,112</u>	<u>3,953</u>	<u>14,726</u>	<u>2,433</u>
At 31 December 1999				
Sterling	1,877	809	803	265
US\$	18,812	5,147	11,191	2,474
AUS\$	111	--	--	111
Singapore\$	40	--	--	40
Euro	8	--	--	8
Gross financial assets	<u>20,848</u>	<u>5,956</u>	<u>11,994</u>	<u>2,898</u>

Financial assets comprise cash at bank and in hand of £2,433,000 (1999: £2,898,000) and current asset investments of £18,679,000 (1999: £17,950,000). Non-interest bearing assets are fully liquid and have no maturity period.

Interest on floating rate bank deposits is based on the relevant national inter bank rate and may be fixed in advance for up to three months. The weighted average rate and period for fixed rate deposits was 6.3% and within one month respectively (1999: 4.8% and within one month respectively).

19(c) Fair Values of Financial Assets and Liabilities

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values as at 31 December 2000 and 1999.

Based on market values, the fair values of derivative financial instruments held to manage the interest rate and currency profile were as follows:

	Carrying amount 2000 £ 000	Estimated fair value 2000 £ 000	Carrying amount 1999 £ 000	Estimated fair value 1999 £ 000
Interest rate swaps	--	--	--	391
Forward foreign exchange contracts	--	(1,271)	--	367

19(d) Hedging

As explained in the Chief Executive's Operating Review on pages 5 to 6, 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 US dollar 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 2000 and 1999 there were no other unrecognised gains or losses on instruments used for interest rate or currency hedging save as disclosed in note 19(c) above.

19(e) Currency Profile

The main functional currencies of the Group are sterling and the US dollar. After taking into account foreign currency borrowings 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.

20 Deferred Income

Group	2000 £ 000	1999 £ 000
Subscriptions received in advance	30,104	26,502

21	Share Capital		
	Group and Company	2000	1999
		£ 000	£ 000
Authorised			
	115,000,000 ordinary shares of 5p each	5,750	5,750
Allotted, called up and fully paid			
	82,358,629 ordinary shares of 5p each	4,118	3,958
	(1999: 79,164,354 of 5p each)		
		2000	1999
		£ 000	£ 000
	At 1 January	3,958	3,888
	Shares issued to Routledge Publishing Holdings Limited vendors and placing and open offer	17	20
	Options exercised	98	2
	Shares issued to Europa Publications Limited vendors	45	11
	Shares issued to Martin Dunitz Limited vendors	--	37
	At 31 December	4,118	3,958

During the year the company undertook the following significant transactions in shares:

On 14 May 2000, 450,331 ordinary 5p shares were issued at £3.775p per share to the vendors of Europa Publications Limited as part of the deferred consideration.

On 14 November 2000, 450,331 ordinary 5p shares were issued at £3.775p per share as final consideration for the acquisition of Europa Publications Limited.

On 1 December 2000, 330,875 ordinary 5p shares were issued as part of the deferred consideration for Routledge Publishing Holdings Limited at £6.38p per share.

During the period options to purchase 1,962,738 ordinary 5p shares were exercised.

As at 31 December 2000, outstanding options to subscribe for ordinary shares of 5p were as follows:

Number	Exercise price per share	Exercise dates
1,274,350	7.33p	29.03.99 to 28.03.06
1,800,900	13.33p	06.11.00 to 05.11.04
503,100	13.33p	06.11.00 to 05.11.07
246,440	427.50p	04.11.02 to 04.11.09
19,098	371.00p	05.11.02
42,366	390.00p	30.03.02 to 30.03.09
15,672	381.50p	30.06.02 to 30.06.09
15,176	615.00p	06.06.03 to 08.06.07
3,917,102		

22 Share Premium Account

	Group and Company £ 000
At 1 January 2000	38,119
Premium arising on	
-- Options exercised during period	317
-- Shares issued as deferred consideration for Europa Publications Limited	3,354
-- Shares issued as deferred consideration for Routledge Publishing Holdings Limited	2,094
At 31 December 2000	<u>43,884</u>

23 Reserve for Own Shares

	Group and Company £ 000
At 1 January 2000	7,622
Deferred consideration (900,662 ordinary shares of 5p each at £3.775) in respect of Europa Publications Limited	(3,400)
Deferred consideration shares in respect of Routledge Publishing Holdings Limited	(2,111)
At 31 December 2000	<u>2,111</u>

The balance at 31 December 2000 represents deferred consideration shares payable to the vendors of Routledge Publishing Holdings Limited if no claims are made against warranties given on the sale of that company. In accordance with the sale agreement certain warranties expired on 30th November 2000 and accordingly the Company made a payment of £2,111,000 in shares to the vendors to reflect this expiration. The balance of the deferred consideration of £2,111,000 can be paid in either cash or shares at the Company's option.

24 Reserves

Profit and loss account	Group £ 000	Company £ 000
At 1 January 2000	6,353	11,457
Profit on ordinary activities after taxation	8,901	10,371
Dividend payable	(2,975)	(2,975)
Currency translation difference on foreign currency net investments	1,069	1,951
At 31 December 2000	<u>13,348</u>	<u>20,804</u>

25 Reconciliation of Movements in Shareholders Funds

	2000	1999
	£ 000	£ 000
Profit for the year	8,901	5,444
Dividends	(2,975)	(2,592)
Retained profit for the year	5,926	2,852
Currency translation difference on foreign currency net investments	1,069	4
Proceeds of new share issues (net)	5,925	4,592
(Decrease)/increase in reserve for own shares	(5,511)	2,630
Opening shareholders funds	56,052	45,974
Closing shareholders funds	<u>63,461</u>	<u>56,052</u>

26 Commitments

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

Group	2000		1999	
	Land & buildings £ 000	Other £ 000	Land & buildings £ 000	Other £ 000
Operating leases which expire:				
-- Within one year	32	25	84	26
-- In the second to fifth years inclusive	790	118	933	123
-- Sixth year and thereafter	520	--	532	--
	<u>1,342</u>	<u>143</u>	<u>1,549</u>	<u>149</u>

The Group had no material capital commitments at 31 December 2000.

27 Contingent Liabilities

The Company has guaranteed the lease commitments of certain of its US subsidiaries which amount annually to £561,000.

As at 31 December 2000 the Group has entered into forward exchange contracts for a total of \$30,000,000 to be converted into sterling, as follows during 2001:

January 2001	\$26,000,000 @ \$1.5862
February 2001	\$2,000,000 @ \$1.5422
March 2001	\$2,000,000 @ \$1.5431

Also as at 31 December 2000 the Group has entered into forward exchange contracts for a total of £9,547,000 to be converted into US dollars during January 2001 at a rate of \$1.4665.

As explained in the accounting policies set out on page 28, in the UK the Group operates a pension scheme for eligible UK employees providing benefits based on final pensionable pay (the Final Salary Scheme). Contributions are charged to the profit and loss account so as to spread the cost of contributions over employees working lives with the Group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 30th September 1999. The assumptions which have the most significant effect on the results of the valuation are those relating to the growth rate of the fund and the rates of increase in salaries. A growth rate of 9% for the fund, a 6.5% salary increase per annum, an increase in pensions of 4.5% per annum and dividend growth of 5.5% per annum have been assumed.

The most recent actuarial valuation showed that the market value of the scheme's assets was £3,868,000 and that the actuarial value of those assets represented 108% of the benefits that had accrued to members, assuming all members leave the scheme at the valuation date with an entitlement to normal leaving service benefit.

The pension charge in the profit and loss account for the Final Salary Scheme amounted to £316,000 (1999: £542,000), which is not materially different from the regular pension cost.

The Group also operates three defined contribution schemes in the UK. Contributions during the year were £244,000 (1999: £102,000).

In the US the Group operates a pension scheme providing benefits based on the value of contributions paid. £236,000 (1999: £197,000) was paid in respect of the US defined contributions scheme.

29 Analysis of Net Debt

	At 1 January 2000 £ 000	Cash flow £ 000	Exchange movement £ 000	At 31 December 2000 £ 000
Cash at bank and in hand	2,898	(465)	--	2,433
Overdrafts	(2,557)	1,291	--	(1,266)
Net cash	341	826	--	1,167
Bank loans and loan notes	(62,882)	8,468	(2,445)	(56,859)
Current asset investments	17,950	729	--	18,679
Total (note B page 26)	<u>(44,591)</u>	<u>10,023</u>	<u>(2,445)</u>	<u>(37,013)</u>

30 Acquisition

The following table shows the book values and provisional fair values of the major categories of assets and liabilities acquired and included in the consolidated financial statements at the date of acquisition (4 January 2000). This acquisition has been accounted for by the acquisition method of accounting.

	Book and Fair value £ 000
International Journals Division of Scandinavian University Press	
Tangible fixed assets	20
Stocks	18
Debtors	501
Cash at bank and in hand	2,167
Creditors and provisions	(2,769)
Net liabilities	(63)
Goodwill	4,397
	4,334
	<hr/> <hr/>
Discharged by	
-- Cash	4,334
	<hr/> <hr/>

31 Analysis of the Net Outflow of Cash in Respect of the Purchase of the International Journals Division of Scandinavian University Press

	Total £ 000
Cash consideration	4,334
Cash acquired	(2,167)
Net flow of cash in respect of purchase of business	2,167
	<hr/> <hr/>

Group Five Year Record

	15mths 1996 £ 000	12mths 1997 £ 000	12mths 1998 £ 000	12mths 1999 £ 000	12mths 2000 £ 000
Turnover	28,658	30,064	40,220	95,879	116,355
Operating profit before exceptional items and goodwill amortisation	6,284	6,877	8,538	19,949	25,496
Exceptional items and goodwill amortisation	(29)	(26)	(1,727)	(5,864)	(5,571)
Operating profit	6,255	6,851	6,811	14,085	19,925
Profit on ordinary activities before taxation	6,923	7,152	7,156	10,540	15,791
Taxation	(2,071)	(2,541)	(2,605)	(5,096)	(6,890)
Profit on ordinary activities after taxation	4,852	4,611	4,551	5,444	8,901
Earnings per ordinary share*1					
-- basic	8.60p	8.17p	7.30p	6.99p	11.05p
-- diluted before exceptional items and goodwill amortisation	8.33p	7.74p	8.56p	12.77p	16.75p
Dividends per share (net)*1	0.87p	1.07p	3.00p	3.30p	3.63p

*1 Prior year figures have been restated for share split and bonus issue 18 May 1998.

	1996	1997	1998	1999	2000
	£ 000	£ 000	£ 000	£ 000	£ 000
Fixed assets					
Intangible assets	366	359	81,075	98,177	101,172
Tangible assets	2,228	2,382	4,418	4,281	3,560
Investments	--	88	--	--	--
	2,594	2,829	85,493	102,458	104,732
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Current assets					
Stocks	3,363	6,155	20,031	24,176	25,492
Debtors	2,810	5,532	20,279	25,605	28,888
Investments and cash at bank and in hand	15,073	9,006	17,567	20,848	21,112
	21,246	20,693	57,877	70,629	75,492
Creditors: amounts falling due within one year	(5,816)	(9,593)	(37,454)	(55,069)	(56,150)
Net current assets	15,430	11,100	20,423	15,560	19,342
Total assets less current liabilities	18,024	13,929	105,916	118,018	124,074
Creditors: amounts falling due after more than one year	--	--	(37,320)	(35,406)	(30,166)
Provisions for liabilities and charges	(142)	--	(58)	(58)	(343)
Deferred income	(10,486)	(12,597)	(22,564)	(26,502)	(30,104)
Net assets	7,396	1,332	45,974	56,052	63,461
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Taylor & Francis Group

Notice of Meeting

Notice of Meeting

Notice is hereby given that the thirteenth Annual General Meeting of Taylor & Francis Group plc will be held at 11 New Fetter Lane, London, EC4P 4EE on 7 June 2001 at 10am to transact the following business:

1. To receive and adopt the Directors Report and the audited accounts for the year ended 31st December 2000.
2. To re-appoint Deloitte & Touche as Auditors to the Company.
3. To declare a final dividend of 2.43 pence per share on the ordinary share capital.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To re-elect Mr R Horton as a Director.
6. To re-elect Professor D J Banister as a Director.
7. To re-elect Mr D Mapp as a Director.
8. To elect Mr N Berwin as a Director.

A brief biography of each director seeking re-election is on page 7 of the 2000 financial statements.

By Order of the Board

A M Foye
Secretary

Taylor & Francis Group plc
11 New Fetter Lane
London
EC4P 4EE

22 March 2001

Notes:

1. A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company. Completion and return of the proxy will not preclude a shareholder attending and voting. To be effective, forms of proxy must be received by the Company's registrars, Capita IRG Plc, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of the meeting.
2. The following documents, which are available for inspection during normal business hours at the registered office of the Company on any weekday (Saturdays and public holidays excluded), will also be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting:
 - (i) copies of service contracts of the Directors with the Company or any subsidiary;
 - (ii) the register of interests of Directors and their families in the share capital of the Company.
3. The Company pursuant to regulation 34 of the Uncertificated Securities Regulations 1995, specifies that only those registered in the Register of Members as at 5.00pm on 5 June 2001 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the Register of Members after 5.00pm on such date shall be disregarded in determining the rights of any person to attend or vote at the meeting.