

**GUARDIAN NEWSPAPERS LIMITED**

**REPORT AND ACCOUNTS 1996**



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**Directors**

James Charles Markwick  
Caroline Anne Marland  
Paul John Naismith  
Fiona Morris  
David Huw Owen  
Alan Charles Rusbridger  
Carolyn McCall  
Stella Elizabeth Beaumont  
Georgina Clare Henry

**Secretary**

Paul John Naismith

**Registered Auditors**

Coopers & Lybrand  
Chartered Accountants  
Abacus Court  
6 Minshull Street  
Manchester M1 3ED

**Solicitors**

Lovell White Durrant  
21 Holborn Viaduct  
London EC1A 2DY

**Bankers**

National Westminster Bank PLC  
City Office  
55 King Street  
Manchester M60 2DB

**Registered Office**

164 Deansgate  
Manchester M60 2RR

## **REPORT OF THE DIRECTORS**

### **for the year ended 31st March 1996**

#### **1. Business review**

The loss for the year is set out in the profit and loss account on page 6. The board does not envisage any major changes in the company's activities in the foreseeable future. The directors do not recommend payment of a dividend.

#### **2. Activity**

The principal activity of the company is the publication of newspapers.

The trading assets and liabilities of the company are dealt with in the books of and controlled by the holding company.

#### **3. Employee involvement**

There is regular contact between management and employees' representatives so as to ensure that employees are provided with information on matters of concern to them as employees and are aware of the financial and economic factors affecting the performance of the company and so that their views can be taken into account when making decisions which are likely to affect their interests.

#### **4. Employment of disabled persons**

The policy for the employment of the disabled is that full and fair consideration should be given to their aptitudes and abilities.

#### **5. Tangible fixed assets**

The market value of freehold and leasehold property is estimated by the directors to be £3,486,000 greater than its balance sheet value of £4,319,000.

#### **6. Directors**

The directors of the company at 31st March 1996 are as listed on page 2.

The following, who were directors on 2nd April 1995, resigned during the year. Mr I.W. Wright on 30th September 1995, Mr H.J. Roche on 21st November 1995, Mr I.S. Ashcroft and Mr D.I.A. Brook on 28th March 1996 and Mr P.J. Preston on 29th March 1996.

The following were appointed as directors during the year, Ms C. McCall on 13th June 1995, Ms S.E. Beaumont and Ms G.C. Henry on 14th November 1995.

Mr A. Jaspan was appointed as a director on 13th June 1995 and resigned on 29th March 1996.

All other directors served throughout the year.

According to the Register kept under section 325 of the Companies Act 1985, no director had any interest in the shares of the company, the company's holding company or a subsidiary of the company's holding company, either at the beginning or end of the year. As permitted by statutory instrument the Register does not include any shareholdings by directors who are also directors of the holding company.

No director had any interest in contracts made by the company.

**REPORT OF THE DIRECTORS (continued)**  
**for the year ended 31st March 1996**

**7. Directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st March 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**BY ORDER OF THE BOARD**

A handwritten signature in dark ink, appearing to read 'P.J. Naismith', written in a cursive style.

**P.J. Naismith**  
**Secretary**  
**26th September 1996**

## **REPORT OF THE AUDITORS**

**to the members of  
Guardian Newspapers Limited**

We have audited the financial statements on pages 6 to 14.

### **Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

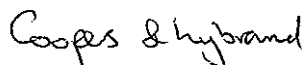
### **Basis of opinion**

We conducted our audit in accordance with 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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements 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 the company's affairs at 31st March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**  
**Chartered Accountants and Registered Auditors**  
**Manchester**  
**26th September 1996**

## Guardian Newspapers Limited

**PROFIT & LOSS ACCOUNT**  
**for the year ended 31st March 1996**

	Note	1996 £000	1995 £000
All continuing operations			
Turnover	1	135,548	131,717
Operating costs:			
Raw materials and consumables		30,741	25,222
Other external charges		16,424	16,462
Staff costs	2	35,792	35,141
Depreciation on tangible fixed assets		3,523	3,333
Other operating charges		62,315	59,280
Operating loss	3	(13,247)	(7,721)
Amounts written off subsidiary company		(87)	0
Share of losses in associated companies		(66)	(496)
Loss on ordinary activities before taxation		(13,400)	(8,217)
Tax credit on loss on ordinary activities	4	3,937	2,401
Loss for the financial year		(9,463)	(5,816)
Statement of deficit			
Balance at 3rd April 1995		(57,554)	(51,738)
Loss for the year		(9,463)	(5,816)
Goodwill written off		(166)	0
Balance at 31st March 1996		(67,183)	(57,554)

The company has no recognised gains and losses other than those included in the losses above, and therefore no separate statement of total recognised gains and losses has been presented.


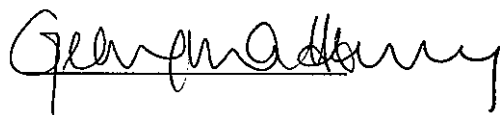
There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

The notes on pages 9 to 14 form a part of these accounts.

**Guardian Newspapers Limited****BALANCE SHEET  
as at 31st March 1996**

	Note	1996 £000	1995 £000
<b>Fixed Assets</b>			
Tangible assets	5	17,447	18,026
<b>Investments</b>			
Subsidiary companies	6a	480	0
Associated companies	6b	730	647
Other investments	6c	1,964	854
<b>Current assets</b>			
Amount owed by fellow subsidiary - group relief		3,824	2,184
<b>Current liabilities</b>			
Amounts owed to associated companies		(65)	(109)
Amount owed to holding company		<u>(90,816)</u>	<u>(78,280)</u>
<b>Net current liabilities</b>		<u>(87,057)</u>	<u>(76,205)</u>
<b>Total current liabilities less assets</b>		(66,436)	(56,678)
<b>Provisions for liabilities and charges</b>			
Deferred taxation	7	(647)	(776)
		<u>(67,083)</u>	<u>(57,454)</u>
<b>Capital and reserves</b>			
Called up share capital	8	100	100
Profit and loss account		(67,183)	(57,554)
	9	<u>(67,083)</u>	<u>(57,454)</u>

Directors:

These accounts were approved by the Board of Directors on 26th September 1996.

The notes on pages 9 to 14 form a part of these accounts.

## Guardian Newspapers Limited

### ACCOUNTING POLICIES

#### Accounting basis

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below. The accounts have been prepared on the historical cost basis.

The trading assets and liabilities of the company are dealt with in the books and controlled by the holding company.

#### Depreciation

Depreciation of tangible fixed assets has been calculated to write off original cost by equal instalments over the expected useful life of the asset concerned. The principal annual rates used for depreciation are :

Plant	5-10%	Motor vehicles	20%
Computer Equipment	20%	Furniture, fixtures and fittings	10%

Freehold and leasehold buildings are written off over their expected useful lives or sixty years, whichever is the shorter.

In the year of acquisition, depreciation is charged only on those assets in use for more than six months.

#### Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

#### Repairs and renewals

All expenditure on repairs and renewals is charged to revenue as incurred.

#### Turnover

This represents amounts invoiced to customers (net of VAT) less discounts and bad debts.

#### Operating leases

Costs in respect of operating leases are charged in arriving at the operating loss on a straight line basis over the period of the lease.

#### Investments

Shares in subsidiary and associated companies and in other investments are shown at cost less any amounts written off.

#### Goodwill

Goodwill arising on acquisitions is written off against retained profits.

# Guardian Newspapers Limited

## NOTES

### relating to the Accounts 1996

#### 1. Turnover

Sales are made substantially in the U.K.

#### 2. Staff costs

##### (a) Staff costs during the year including executive directors

	1996 £000	1995 £000
Wages and salaries	28,612	27,802
Employers social security costs	2,896	2,762
Employers pension costs	2,222	2,176
Severance payments	2,062	2,401
	<u>35,792</u>	<u>35,141</u>

##### (b) Average number of persons employed including executive directors

	No.	No.
Production	527	550
Selling and distribution	319	301
Administration	85	79
	<u>931</u>	<u>930</u>

##### (c) Emoluments of directors

	1996 £000	1995 £000
as directors	0	0
as executives (including pension scheme contributions)	1,451	1,435
	<u>1,451</u>	<u>1,435</u>

The following table shows the number of directors receiving emoluments (excluding pension scheme contributions) within the bands stated.

Emoluments	1996	1995
£0 - £5,000	1	1
£25,001 - £30,000	1	0
£30,001 - £35,000	1	0
£45,001 - £50,000	1	0
£60,001 - £65,000	0	3
£75,001 - £80,000	2	0
£85,001 - £90,000	1	2
£95,001 - £100,000	2	3
£100,001 - £105,000	1	0
£110,001 - £115,000	1	0
£120,001 - £125,000	0	1
£125,001 - £130,000	1	0
£130,001 - £135,000	1	0
£145,001 - £150,000	1	1
£165,001 - £170,000	0	1
£175,001 - £180,000	1	0
£190,001 - £195,000	0	1

The remuneration of the highest paid director, who was also the chairman, amounted to £175,381 (1995 £190,530).

# Guardian Newspapers Limited

## NOTES

### relating to the Accounts 1996 - continued

	1996 £000	1995 £000
<b>3. Operating loss</b>		
The following amounts have been charged in arriving at the operating loss		
Depreciation charge for the year on tangible owned fixed assets	3,523	3,333
Operating lease rentals:		
Plant and Machinery	4,262	4,216

Auditors remuneration for audit and non audit services has been borne by the holding company.

<b>4. Tax on loss on ordinary activities</b>	1996 £000	1995 £000
Current year credit		
Group Relief	3,808	2,179
Deferred taxation	150	386
	<u>3,958</u>	<u>2,565</u>
Prior year		
Group relief	0	0
Deferred taxation	(21)	(164)
	<u>3,937</u>	<u>2,401</u>

# Guardian Newspapers Limited

## NOTES relating to the Accounts 1996 - continued

### 5. Tangible fixed assets

	Land and Buildings	Plant and Vehicles	Fixtures and Fittings	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 3rd April 1995	5,800	21,996	4,092	31,888
Additions	0	2,211	824	3,035
	5,800	24,207	4,916	34,923
Less : Disposals	0	433	5	438
At 31st March 1996	5,800	23,774	4,911	34,485
<b>Depreciation</b>				
At 3rd April 1995	1,325	10,398	2,138	13,861
Charge for year	156	2,818	549	3,523
	1,481	13,216	2,687	17,384
Less : Disposals	0	343	5	348
At 31st March 1996	1,481	12,873	2,682	17,036
Net book value				
At 31st March 1996	4,319	10,901	2,229	17,447
Net book value				
At 2nd April 1995	4,475	11,598	1,954	18,027

The net book value of land and buildings is made up as follows :

	£000
Long leasehold	4,262
Short leasehold	57
	<u>4,319</u>

**NOTES****relating to the Accounts 1996 - continued**

<b>6. Investments</b>			
a) Shares in subsidiary companies			1996
Cost			£000
At 3rd April 1995			0
Transfer from associated companies			304
Additions			731
At 31st March 1996			<u>1,035</u>
Amounts written off			
At 3rd April 1995			0
Transfer from associated companies			(303)
Written off in year			(252)
At 31st March 1996			<u>(555)</u>
Net Book Value at 31st March 1996			<u>480</u>
b) Associated Companies	Shares	Loans	Total
Cost	£000	£000	£000
At 3rd April 1995	1,474	39	1,513
Additions	125	113	238
Transfer to subsidiaries companies	(304)	0	(304)
At 31st March 1996	<u>1,295</u>	<u>152</u>	<u>1,447</u>
Amounts written off			
At 3rd April 1995	(866)	0	(866)
Written off in year	(154)	0	(154)
Transfer to subsidiaries companies	303	0	303
At 31st March 1996	<u>(717)</u>	<u>0</u>	<u>(717)</u>
Net Book Value at 31st March 1996	<u>578</u>	<u>152</u>	<u>730</u>
Net Book Value at 2nd April 1995	<u>608</u>	<u>39</u>	<u>647</u>

The principal activity of the subsidiary and associated companies is the dissemination of news, information and advertising matter by way of print and other media. The subsidiary companies together with the associated companies are incorporated in Great Britain and registered in England and Wales, except where stated.

<b>Subsidiary Companies</b>	<b>Description of shares held by the company</b>	<b>Equity Holding</b>
Guardian Press Centre Limited	£1 ordinary shares	100%
Guardian Business Services Limited	£1 ordinary shares	100%
Guardian News Service Limited	£1 ordinary shares	100%
Guardian Publications Limited	£1 ordinary shares	100%
Guardian Magazines Limited	£1 ordinary shares	100%
Karadean Limited	£1 ordinary shares	100%
<b>Incorporated and operating in U S A</b>		
Manchester Guardian Inc	Common stock \$100 par value	100%
<b>Incorporated and operating in South Africa</b>		
M & G Media (PTY) Limited	1 cent ordinary shares	71.8%
<b>Associated companies</b>		
Fourth Estate Limited	£1 ordinary shares	50%
Education and Job Fairs Limited	£1 ordinary shares	33%
	£1 preference shares	33%

The company is exempt from preparing group accounts because it is itself a wholly owned subsidiary included in the accounts of the holding company.

**Guardian Newspapers Limited****NOTES****relating to the Accounts 1996 - continued**

6c) Other investments	1996
Unlisted shares	£000
Cost at 3rd April 1995	854
Additions	1,110
At 31st March 1996	<u>1,964</u>
Amounts written off	
At 3rd April 1995	0
Written off in year	0
At 31st March 1996	<u>0</u>
Net Book Value at 31st March 1996	<u>1,964</u>

**7. Deferred taxation**

1996	1995
£000	£000

This comprises provision for the full potential liability as follows :

Accelerated tax allowances on fixed assets	1,052	904
Other timing differences	(405)	(128)
	<u>647</u>	<u>776</u>

Movement in the year :

At 3rd April 1995	776	998
Release to profit and loss account	(129)	(222)
At 31st March 1996	<u>647</u>	<u>776</u>

**8. Called up share capital**

Authorised, issued, called up and fully paid

1996	1995
£000	£000

Ordinary shares of £1 each	<u>100</u>	<u>100</u>
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## Guardian Newspapers Limited

### NOTES

#### relating to the Accounts 1996 - continued

##### 9. Reconciliation of movements in shareholders' funds

	1996 £000	1995 £000
Opening shareholders' funds	(57,454)	(51,638)
Loss for the financial year	(9,463)	(5,816)
Goodwill written off in year on acquisitions	(166)	0
Closing shareholders' funds	<u>(67,083)</u>	<u>(57,454)</u>
Cumulative goodwill written off to reserves	<u>(21,131)</u>	<u>(20,965)</u>

##### 10. Capital commitments authorised

Contracts for capital expenditure amounted to approximately £783,000 (1995 £413,000). Expenditure authorised but not contracted for amounted to £547,000 (1995 £136,000).

##### 11. Operating lease and similar commitments

The company has entered into a number of operating leases and similar annual commitments. The total amount payable under these leases is as follows:

	1996 £000	1995 £000
Expiring within one year	971	1,133
Expiring between two and five years inclusive	<u>2,914</u>	<u>3,399</u>
	<u>3,885</u>	<u>4,532</u>

##### 12. Close company

The company is a close company under the provisions of the Income and Corporation Taxes Act 1988. There has been no change in the status since the end of the financial year.

##### 13. Pensions

The majority of the company's employees are members of a defined contribution pension scheme operated by the holding company. The pension charge for the year is shown in note 2(a).

##### 14. Ultimate holding company

The company's ultimate holding company is Guardian Media Group plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the ultimate holding company's consolidated financial statements may be obtained from The Secretary, Guardian Media Group plc, 164 Deansgate, Manchester M60 2RR.