

GUARDIAN NEWSPAPERS LIMITED

REPORT AND ACCOUNTS 1995



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Directors

Peter John Preston
James Charles Markwick
Henry John Roche
Caroline Anne Marland
Ian Wheeler Wright
Ian Stanley Ashcroft
David Ian Anthony Brook
Paul John Naismith
Fiona Morris
David Huw Owen
Alan Charles Rusbridger

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 2nd April 1995

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 interest.

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 £3,275,000 greater than its balance sheet value of £4,475,000.

6. Directors

The directors of the company at 2nd April 1995 are as listed on page 2.

Mr A.C. Rusbridger was appointed as director on 13th September 1994. Mr J. Fenby, who was a director on 3rd April 1994, resigned on 28th February 1995. Mr F.Platt, who was a director on 3rd April 1994, resigned on 31st March 1995 on his retirement from the business. 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 2nd April 1995

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 2nd April 1995. 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', with a stylized flourish at the end.

P.J. Naismith
Secretary
9th June 1995

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.

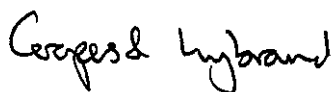
Basis of opinion

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 2nd April 1995 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
9th June 1995**

Guardian Newspapers Limited**PROFIT & LOSS ACCOUNT
for the year ended 2nd April 1995**

	Note	1995 £000	1994 £000
All continuing operations			
Turnover	1	131,717	118,010
Operating costs:			
Raw materials and consumables		25,222	22,136
Other external charges		16,462	15,421
Staff costs	2	35,141	32,082
Depreciation on tangible fixed assets		3,333	2,742
Other operating charges		59,280	55,120
Operating loss	3	(7,721)	(9,491)
Exceptional redundancy costs	4	0	(5,568)
Share of losses in associated companies		(496)	(145)
Loss on ordinary activities before taxation		(8,217)	(15,204)
Tax credit on loss on ordinary activities	5	2,401	4,462
Loss for the financial year		<u>(5,816)</u>	<u>(10,742)</u>
Statement of deficit			
Balance at 4th April 1994		(51,738)	(20,393)
Loss for the year		(5,816)	(10,742)
Goodwill written off		0	(20,603)
Balance at 2nd April 1995		<u>(57,554)</u>	<u>(51,738)</u>

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.

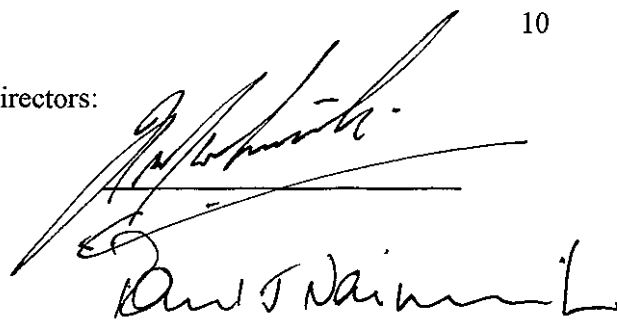
The notes on pages 9 to 14 form a part of these accounts.

Auditors' report page 5.

Guardian Newspapers Limited**BALANCE SHEET****as at 2nd April 1995**

	Note	1995 £000	1994 £000
Fixed Assets			
Tangible assets	6	18,026	18,352
Investments			
Subsidiary companies	7a	0	0
Associated companies	7b	647	420
Other investments	7c	854	854
Current assets			
Amount owed by fellow subsidiary - group relief		2,184	4,650
Current liabilities			
Amounts owed by associated companies		(109)	0
Amount owed to holding company		<u>(78,280)</u>	<u>(74,916)</u>
Net current liabilities		<u>(76,205)</u>	<u>(70,266)</u>
Total current liabilities less assets		(56,678)	(50,640)
Provisions for liabilities and charges			
Deferred taxation	8	(776)	(998)
		<u>(57,454)</u>	<u>(51,638)</u>
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account		(57,554)	(51,738)
	10	<u>(57,454)</u>	<u>(51,638)</u>

Directors:



These accounts were approved by the Board of Directors on 9th June 1995.

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

Auditors' report page 5.

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.

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 1995

1. Turnover

Sales are made substantially in the U.K.

2. Staff costs

(a) Staff costs during the year including executive directors

	1995 £000	1994 £000
Wages and salaries	27,802	26,098
Employers social security costs	2,762	2,635
Employers pension costs	2,176	1,859
Severance payments	2,401	1,490
	<u>35,141</u>	<u>32,082</u>

(b) Average number of persons employed including executive directors

	No.	No.
Production	550	568
Selling and distribution	301	277
Administration	79	86
	<u>930</u>	<u>931</u>

(c) Emoluments of directors

	1995 £000	1994 £000
as directors	0	0
as executives (including pension scheme contributions)	1,435	1,378
	<u>1,435</u>	<u>1,378</u>

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

Emoluments	1995	1994
£0 - £5,000	1	1
£55,001 - £60,000	0	1
£60,001 - £65,000	3	1
£65,001 - £70,000	0	1
£75,001 - £80,000	0	1
£80,001 - £85,000	0	1
£85,001 - £90,000	2	0
£90,001 - £95,000	0	1
£95,001 - £100,000	3	0
£105,001 - £110,000	0	1
£110,001 - £115,000	0	1
£120,001 - £125,000	1	0
£140,001 - £145,000	0	1
£145,001 - £150,000	1	0
£155,001 - £160,000	0	1
£165,001 - £170,000	1	0
£175,001 - £180,000	0	1
£190,001 - £195,000	1	0

The remuneration of the highest paid director, who was also the chairman, amounted to £190,530 (1994 £177,191).

Guardian Newspapers Limited**NOTES****relating to the Accounts 1995 - continued**

	1995 £000	1994 £000
3. Operating loss		
The following amounts have been charged in arriving at the operating loss		
Depreciation charge for the year on tangible owned fixed assets	3,333	2,742
Operating lease rentals:		
Plant and Machinery	<u>4,216</u>	<u>3,929</u>

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

4. Exceptional redundancy costs

The amount charged in the previous year represents the redundancy costs incurred following a major review of business operations. The taxation credit at note 5 is stated after tax relief of £1,837,000 provided in respect of these items.

5. Tax on loss on ordinary activities	1995 £000	1994 £000
Current year credit		
Group Relief	2,179	4,650
Deferred taxation	<u>386</u>	<u>(59)</u>
	2,565	4,591
Prior year		
Group relief	0	(13)
Deferred taxation	<u>(164)</u>	<u>(116)</u>
	<u>2,401</u>	<u>4,462</u>

Guardian Newspapers Limited

NOTES

relating to the Accounts 1995 - continued

6. Tangible fixed assets

	Land and Buildings	Plant and Vehicles	Fixtures and Fittings	Total
	£000	£000	£000	£000
Cost				
At 4th April 1994	5,800	20,262	4,079	30,141
Additions	0	2,650	502	3,152
	5,800	22,912	4,581	33,293
Less : Disposals	0	916	489	1,405
At 2nd April 1995	5,800	21,996	4,092	31,888
Depreciation				
At 4th April 1994	1,170	8,544	2,075	11,789
Charge for year	155	2,627	551	3,333
	1,325	11,171	2,626	15,122
Less : Disposals	0	773	488	1,261
At 2nd April 1995	1,325	10,398	2,138	13,861
Net book value				
At 2nd April 1995	4,475	11,598	1,954	18,026
Net book value				
At 3rd April 1994	4,630	11,718	2,004	18,352

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

	£000
Long leasehold	4,413
Short leasehold	62
	<u>4,475</u>

Guardian Newspapers Limited

NOTES

relating to the Accounts 1995 - continued

7. Investments			
a) Shares in subsidiary companies		1995	1994
At 2nd April 1995 at cost		£	£
		109	105
b) Associated Companies	Shares	Loans	Total
Cost	£000	£000	£000
At 4th April 1994	1,084	79	1,163
Additions	390	0	390
Redemptions/repayments	0	(40)	(40)
At 2nd April 1995	1,474	39	1,513
Amounts written off			
At 4th April 1994	(703)	(40)	(743)
Written off in year	(163)	40	(123)
At 2nd April 1995	(866)	0	(866)
Net Book Value at 2nd April 1995	608	39	647
Net Book Value at 3rd April 1994	381	39	420

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.

Subsidiary Companies	Description of shares held by the company	Equity Holding
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 %
Incorporated and operating in U S A		
Manchester Guardian Inc	Common stock \$100 par value	100 %
Associated companies		
Fourth Estate Ltd	£1 ordinary shares	50 %
Education and Job Fairs Ltd	£1 ordinary shares	33 %
	£1 preference shares	33 %
Incorporated and operating in South Africa		
M & G Media (PTY) Limited	Equity holding	43 %

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 1995 - continued

7c) Other investments	1995	1994
Unlisted shares	£000	£000
Cost at 4th April 1994	854	954
Transfer to related companies	0	(100)
At 2nd April 1995	854	854

Amounts written off		
At 4th April 1994	0	(100)
Transfer to related companies	0	100
At 2nd April 1995	0	0

Net Book Value at 2nd April 1995	854	854
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8. Deferred taxation	1995	1994
	£000	£000

This comprises provision for the full potential liability as follows :

Accelerated tax allowances on fixed assets	904	1,126
Other timing differences	(128)	(128)
	776	998

Movement in the year :		
At 4th April 1994	998	823
(Release)charge to profit and loss account	(222)	175
At 2nd April 1995	776	998

9. Called up share capital	1995	1994
Authorised, issued, called up and fully paid	£000	£000
Ordinary shares of £1 each	100	100

Guardian Newspapers Limited

NOTES

relating to the Accounts 1995 - continued

10. Reconciliation of movements in shareholders' funds

	1995 £000	1994 £000
Opening shareholders' funds	(51,638)	(20,293)
Loss for the financial year	(5,816)	(10,742)
Goodwill written off in year on acquisitions	0	(20,603)
Closing shareholders' funds	<u>(57,454)</u>	<u>(51,638)</u>
Cumulative goodwill written off to reserves	<u>(20,965)</u>	<u>(20,965)</u>

11. Capital commitments authorised

Contracts for capital expenditure amounted to approximately £413,000 (1994 £1,705,000). Expenditure authorised but not contracted for amounted to £136,000 (1994 £182,000).

12. Operating lease and similar commitments

The company has entered into a number of operating leases and similar commitments. The total amount payable under these leases in the next year is as follows, analysed where the commitment expires within:

	1995 £000	1994 £000
One year	1,133	1,178
Two to five years	3,399	3,535
	<u>4,532</u>	<u>4,713</u>

13. 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.

14. 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).

15. 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.

Auditors' report page 5.