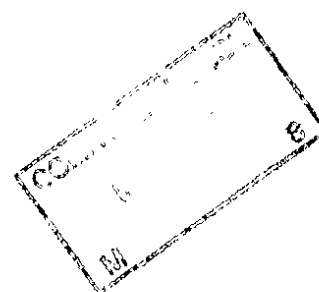


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GUARDIAN NEWSPAPERS LIMITED

REPORT AND ACCOUNTS 1992



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Directors

Peter John Preston
James Charles Markwick
Henry John Roche
Caroline Anne Marland
Ian Wheeler Wright
Frank Platt
Ian Stanley Ashcroft
David Brook
Jonathon Fenby
Paul John Naismith
Fiona Morris
David Huw Owen

Secretary

Paul John Naismith

Registered Auditor

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

Company Registration Number 908396

Registered Office

164 Deansgate
Manchester M60 2RR

REPORT OF THE DIRECTORS

for the year ended 28th March 1992

1. Business review

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

The directors do not recommend the payment of a dividend.

2. Activity

The printing and 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 in 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 the leasehold property is estimated by the directors to be £5,561,000 greater than its balance sheet value of £4,939,000.

The movements in tangible fixed assets during the year are set out in the table on page 10.

6. Directors

The Directors at 28th March 1992 are listed on page 2.

Mrs F. Morris and Mr D.H. Owen were appointed as directors on 12th November 1991, all other directors served throughout the year.

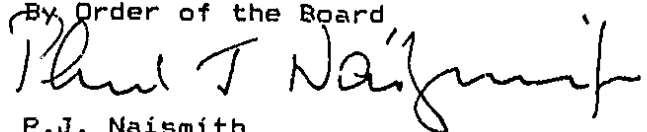
According to the Register kept under section 325 of the Companies Act 1985, no director had any interest in the shares of the company.

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

7. Auditor

A resolution to reappoint the auditor, Coopers & Lybrand will be proposed at the annual general meeting. Until 1 June 1992 the Firm practised in the name of Coopers & Lybrand Deloitte.

By Order of the Board



P.J. Naismith
Secretary
22nd June 1992

REPORT OF THE AUDITOR

to the members of
Guardian Newspapers Limited

We have audited the financial statements on pages 5 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 28th March 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand

Chartered Accountants and Registered Auditor
Manchester
22nd June 1992

ACCOUNTING POLICIES

Accounting basis

The accounts on pages 6 to 12 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.

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%
Computer Equipment	20%
Motor vehicles	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 at the rate of corporation tax ruling at the time when the liability is likely to arise, except in respect of any tax reduction which can be reasonably expected to continue for the foreseeable future.

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.

Investments

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

Guardian Newspapers Limited

PROFIT & LOSS ACCOUNT

for the year ended 28th March 1992

	Note	1992 £000	1991 £000
Turnover	1	72,172	72,165
Operating costs:			
Raw materials and consumables		14,785	16,706
Other external charges		4,679	4,413
Staff costs	2	22,324	23,407
Depreciation on tangible fixed assets		1,918	1,691
Other operating charges		34,342	32,282
Operating loss	3	(5,876)	(6,334)
Exceptional item : severance payments		0	(1,594)
Amounts written off investments		(110)	0
Loss on ordinary activities before taxation		(5,986)	(7,928)
Tax (charge)/credit on loss on ordinary activities	4	(1,545)	2,706
Loss before extraordinary item		(7,531)	(5,222)
Extraordinary item	5	0	(2,447)
Loss for the year		(7,531)	(7,669)
Statement of deficit			
Balance at 31st March 1991		(8,014)	(345)
Loss for the year		(7,531)	(7,669)
Goodwill written off		(348)	0
Balance at 28th March 1992		(15,893)	(8,014)

The notes on pages 8 to 12 form a part of these accounts.

Auditor's report page 4.

Guardian Newspapers Limited

BALANCE SHEET

as at 28th March 1992

	Note	£000	1992 £000	£000	1991 £000
Fixed Assets					
Tangible assets	6		11,496		12,773
Subsidiary companies	7a		0		0
Related Companies	7b		260		0
Other investments	7c		854		501
Current assets					
Amount owed by fellow subsidiary					
- group relief		13		3,404	
Current liabilities					
Amount owed to holding company		(27,975)		(23,668)	
Net current liabilities			(27,962)		(20,264)
Total current liabilities less assets			(15,352)		(6,990)
Provisions for liabilities and charges					
Deferred taxation	8		(441)		(924)
			(15,793)		(7,914)
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account			(15,893)		(8,014)
			(15,793)		(7,914)

Directors:

*D.W. Wen**P. J. H. H. H. H.*

These accounts were approved by the Board of Directors on 22nd June 1992
The notes on pages 8 to 12 form a part of these accounts.

Auditor's report page 4.

Guardian Newspapers Limited
NOTES
relating to the Accounts 1992

1. Turnover

Sales are made substantially in the U.K.

	1992 £000	1991 £000
2. Staff costs		
(a) Staff costs during the year including executive directors		
Wages and salaries	19,018	19,824
Employers social security costs	1,732	1,810
Employers pension costs	1,574	1,773
	<hr/> 22,324	<hr/> 23,407
(b) Average number of persons employed including executive directors	No.	No.
Production	434	442
Selling and distribution	200	210
Administration	64	73
	<hr/> 698	<hr/> 725
(c) Emoluments of directors	£000	£000
as directors	0	0
as executives (including pension scheme contributions)	1,012	721
	<hr/> 1,012	<hr/> 721

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

Emoluments	1992	1991
0 - £5,000	1	1
£15,001 - £20,000	1	2
£25,001 - £30,000	1	1
£45,001 - £50,000	2	0
£60,001 - £65,000	0	1
£65,001 - £70,000	1	1
£70,001 - £75,000	0	1
£75,001 - £80,000	2	0
£85,001 - £90,000	0	1
£95,001 - £100,000	1	1
£105,001 - £110,000	1	0
£115,001 - £120,000	0	1
£125,001 - £130,000	1	0
£150,001 - £155,000	1	0

The remuneration of the highest paid director, who was also the chairman, amounted to £151,432 (1991 £118,005).

NOTES

relating to the Accounts 1992 - continued

3. Operating loss	1992	1991
The following amounts have been charged	£000	£000
in arriving at the operating loss		
Operating lease rentals:		
Plant and Machinery	4,093	2,424
Buildings	0	105

Auditors remuneration has been borne by the holding company

4. Tax on loss on ordinary activities		
Current year credit/(charge)		
Group relief	0	2,576
Deferred taxation	184	130
	184	2,706
Prior year		
Group relief	(2,028)	0
Deferred taxation	299	0
	(1,545)	2,706

Taxation on the loss for the year has been eliminated by group relief surrendered for which no payment is to be received.
The prior year charge arises from the surrender of group relief in 1991 for which payment has not been received.

5. Extraordinary item		
Costs relating to the closure of		
Northprint Manchester Limited	0	3,275
Related tax credit - group relief	0	(828)
	0	2,447

Guardian Newspapers Limited

NOTES

relating to the Accounts 1992 - continued

6. Tangible fixed assets

	Land and Buildings	Plant and Vehicles	Fixtures and Fittings	Total
	£000	£000	£000	£000
Cost				
At 31st March 1991	5,710	10,262	2,596	18,568
Additions	90	407	202	699
	5,800	10,669	2,798	19,267
Less:				
Disposals	0	155	4	159
At 28th March 1992	5,800	10,514	2,794	19,108
Depreciation				
At 31st March 1991	710	4,031	1,054	5,795
Charge for year	151	1,472	295	1,918
	861	5,503	1,349	7,713
Less:				
Disposals	0	98	3	101
At 28th March 1992	861	5,405	1,346	7,612
Net book value				
At 28th March 1992	4,939	5,109	1,448	11,496

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

	£000
Long leasehold	4,863
Short leasehold	76
	4,939

NOTES

relating to the Accounts 1992 - continued

7. Investments**a) Shares in subsidiary companies**

At 28th March 1992 at cost

1992	1991
£	£
105	105

b) Related Company

Cost

At 31st March 1991

Transfer from other investments

Additions

At 28th March 1992

Shares £000	Loans £000	Total £000
0	0	0
178	0	178
401	39	440
579	39	618

Amounts written off

At 31st March 1991

Written off in year - Goodwill on acquisition

- Provision for losses

1992	1991	
£	£	£000
0	0	0
(348)	0	(348)
(10)	0	(10)

At 28th March 1992

(358)	0	(358)
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Net Book Value at 28th March 1992

221	39	260
-----	----	-----

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

Subsidiary Companies

Guardian Press Centre Limited
Guardian Business Services Limited
Guardian News Service Limited
Guardian Publications Limited

Description of shares held by the company

Equity Holding

£1 ordinary shares	100 %
£1 ordinary shares	100 %
£1 ordinary shares	100 %
£1 ordinary shares	100 %

Incorporated in U S A

Manchester Guardian Inc

Common stock \$100 par value

100 %

Related Company

Fourth Estate Ltd

£1 ordinary shares

50 %

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

c) Other investments

Unlisted shares

Cost at 31st March 1991

Transfer from holding company

Acquisitions at cost

Transfer to related companies

1992	1991
£000	£000
501	0
0	325
631	178
(178)	0

At 28th March 1992

954	501
-----	-----

Amounts written off

At 31st March 1991

Written off in year

0	0
(100)	0

At 28th March 1992

(100)	0
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Net Book Value at 28th March 1992

854	501
-----	-----

Guardian Newspapers Limited

NOTES

relating to the Accounts 1992 - continued

8. Deferred taxation

This comprises provision for the potential liability as follows:

Accelerated tax allowances on fixed assets

Other timing differences

1992
£000

1991
£000

621 1,040
(180) (116)

441 924

Movement in the year :

At 31st March 1991

924 0

Acquired from holding company

0 1,054

Release to profit and loss account

(483) (130)

At 28th March 1992

441 924

9. Called up share capital

Authorised, issued, called up and fully paid

Ordinary shares of £1 each

100 100

10. Capital commitments authorised

Contracts for capital expenditure amounted to approximately £35,000 (1991 £263,000). Expenditure authorised but not contracted for amounted to £7,794,000 (1991 £21,000).

11. 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:

One year

Two to five years

1992 1991
£000 £000
1,367 1,361
4,101 4,083
5,468 5,444

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

Auditor's report page 4.