GUARDIAN MEDIA GROUP

# Guardian Media Group plc Annual Report and Accounts 2002

Guardian Media Group plc is a UK media business with interests in national newspapers, community newspapers, magazines, radio and internet businesses. The company is wholly-owned by the Scott Trust.

The Scott Trust was created in 1936 to secure the financial and editorial independence of the Guardian in perpetuity.

**Financial highlights of 2001/2002**

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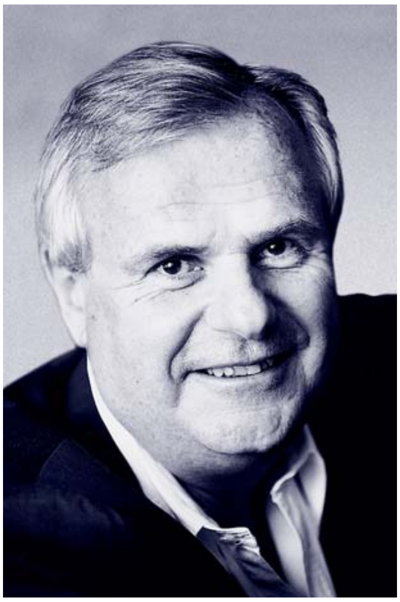
|---|---|
| Group sales (including joint ventures and associates) | **£456.4 million** |
| Group profit before taxation | **£9.8 million** |
| Group net funds | **£164.3 million** |
| Group net assets | **£332.8 million** |

**Company number 94531**

# Chairman's statement



**Paul Myners**
**Chairman, GMG**

The year under review fully justifies the term 'challenging'. The economic downdraft accelerated by the events of September 11th 2001 affected all business sectors, but media and communications in particular. It was no respecter of size either: AOL/Time Warner, Vivendi and ntl all suffered in turn, while the standing of ITV Digital's owners made little difference to the fate of that venture. It was a year which took its toll across the entire sector on jobs, revenues, investment, business reputations, and corporate profitability.

GMG was not immune to these events. Although turnover increased by 4% to £456 million, pre-tax profits fell from £67 million last year to £9.8 million. However, the contribution made by the different divisions that make up the Group illustrate the underlying strengths of our unique ownership structure and our core and over-riding purpose – the continued investment in the quality and reputation of the Guardian and the Observer.

During the year to which this report relates, we have chosen to fund the losses in our National Newspaper Division, from the profits and cash flow from other divisions of the Group. The major profit contribution comes from the strength of the Regional Newspaper Division, and our 48% shareholding in Trader Media Group, which generated a significant and welcome growth in profitability. We have also invested almost £4 million in supporting the new regional Real Radio stations in South Wales, Scotland and Yorkshire. All of this has been achieved whilst maintaining a strong net funds position of £164 million and a small increase in net assets to £333 million.

This was a year which proved the resilience of the principles which have guided this organisation through its history and which have enabled us to emerge from a testing period in a strong position.

We know more about our uncertain world than any generation before us knew about theirs. If we wish, we can access instant information with a global perspective, or in the finest local detail. Yet we live in a society where there appears to be mounting disengagement from political activity at every level, and where there is increasing alarm at the projection of celebrity over substance. Against a backdrop of economic unpredictability and lurking anxieties about terrorism, there is a real challenge for society to become engaged by meaningful issues.

This is, of course, why GMG exists. Not, as I have said before, simply to make profit. Nor to keep a legion of shareholders happy. Or to take the seductive short-term course in trimming strategies to suit the passing corporate mood of the moment. We exist so that our main titles, the Guardian and the Observer, can continue to set a standard of journalistic excellence in the public interest. They achieve this aim brilliantly. I believe that their success is indicated not just by circulation, or advertising revenue, or even awards from their peers, but also, for example, by the way in which they have set the benchmark for new media brand extensions. This has been done with flair and originality, and not at the expense of the underlying journalistic integrity and commitment which has been our trademark for 181 years.

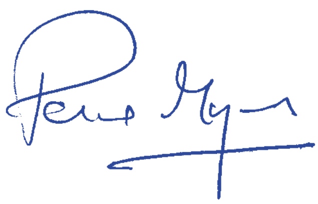
The outstanding success of Guardian Unlimited reflects a combination of careful commercial planning and first-class creativity, justifying our strategy of building our new businesses in a wholly integrated way, rather than as detached elements of the core organisation. This has produced new users of our new publishing platforms, new readers and new opportunities for our advertisers. It has also enabled us to continue to develop niche businesses such as: workthing.com, the GMG recruitment site providing an important range of services to job-seekers, recruiters and employers; our joint venture, learn.co.uk, an e-learning company providing digital curriculum material to schools; and in the regional newspapers division in manchesteronline.co.uk and fish4.co.uk. This significant investment in our internet activities totals £33 million across the Group during the year, all of which has been charged to the profit and loss account.

In the economic and social complexities of the first decade of the 21st Century, the philosophy of the Scott Trust, which owns GMG, is more relevant than ever, enabling us, as it does, to operate free from short-term concerns. It also requires us to observe and maintain the highest professional standards in every aspect of our operations, through our businesses, in our relationships with our customers, staff and suppliers as well as in our devotion to the public service principles which guide us.

Last December marked the retirement of Jeremy Bullmore as a non-executive Director of GMG. Jeremy joined the Board of the Guardian and Manchester Evening News plc in 1988. GMG owes him a great debt of gratitude for his distinguished service as a Director of the Company during a crucial period of its development. I have greatly appreciated his wisdom and advice in the two years that I have been Chairman. The Board will miss him greatly.

Following Jeremy's retirement we welcome John Bartle as a non-executive Director of the Board. Until the end of 1999, John was the joint Chief Executive of the advertising agency, Bartle Bogle Hegarty, which he co-founded in 1982. He brings a wealth of relevant experience from the advertising and agency world and is already making a significant contribution to our deliberations.

I am pleased to record my thanks and appreciation to all of our staff throughout the Group for their superb performance in enhancing the quality and reputation of everything that we do, in what has been a demanding and difficult year.



# Guardian Media Group plc Board of directors

*From left to right:*

**Hugo Young +**
Chairman of the Scott Trust
Age 63. Hugo Young attends all meetings of the Guardian Media Group plc Board, ex officio, and also chairs the Remuneration Committee of the Board.

**John Bartle+**
Non-Executive
Aged 57. Joined the Board in 2002. He was previously co-founder and joint CEO of advertising agency BBH, co-founder of TBWA London and has worked for Cadbury Schweppes. He has a number of Non-Executive appointments in the communications sector, including COI Communications.

**Carolyn McCall**
Managing Director,
National Newspaper Division
Aged 40. Appointed to the Board in 2000. Appointed to Guardian Newspapers Board in 1995. She is a Non-Executive Director of New Look Group plc and a Trustee of Tools for Schools (a business/education initiative co-founded by the Guardian).

**John Harris**
Non-Executive
Aged 54. Joined the company in 1984 and was appointed to the Board in 1989. Was Chief Executive of Auto Trader Division until May 2000. Now Chief Executive of the UK Publishing and Printing Division of Trader Media Group Limited.

* Audit Committee
\+ Remuneration Committee

**Robert Phillis**
Chief Executive,
Guardian Media Group plc
Aged 56. Joined the company in December 1997 from the BBC where he was Deputy Director-General. He was previously Chief Executive of ITN, Group Managing Director of Carlton Communications plc and Managing Director of Central Independent Television plc.

**Giles Coode-Adams OBE DL***
Non-Executive
Aged 63. Joined the Board in 1999. He was formerly a Managing Director and then senior advisor to Lehman Brothers and from 1991 to 1997 was Chief Executive of the Royal Botanic Garden, Kew, Foundation. He is a Non-Executive Director of The Simon Group plc and Rathbone Brothers plc. He also chairs the Audit Committee of GMG.

**Ian Ashcroft**
Chief Executive,
Regional Newspaper Division
Aged 56. Joined Manchester Evening News in 1972. Moved to Guardian Newspapers Limited where he became Deputy Managing Director. He was appointed to the Board in 1996. He is also Chairman of Trafford Park Printers Limited and Fish4 Limited and a Director of IFRA.

**Andrew Karney*+**
Non-Executive
Aged 60. Joined the Board in 1997. He is a Director of Baronsmead VCT 3 plc, Communicandum Limited and a number of technology companies. He was for many years an Executive Director of Logica plc and was a founder Director of Cable London plc.

**Paul Myners *+**
Chairman
Aged 54. Joined the group in March 2000. He is also an independent director on the board of The Bank of New York Inc., Marks and Spencer Group plc and mmO2 plc. Previously held directorships include Celltech Group plc, Gartmore plc, National Westminster Bank plc, Orange plc and N.M. Rothschild & Sons Limited.

**Philip Boardman**
Company Secretary
Aged 45. Joined the company and appointed Secretary in 2001. Previously he was Group Financial Controller of Hickson International PLC and Fenner PLC.

**Nicholas Castro**
Group Finance Director
Aged 51. Joined the company and Board in 1998. He was previously Group Finance Director of Yorkshire Tyne Tees Television Holdings plc and a partner with KPMG in London.

**Elizabeth Forgan OBE+**
Non-Executive
Aged 56. Joined the Board in 1998. She was formerly Director of Programmes at Channel 4 TV, Managing Director of BBC Network Radio, a Guardian journalist and a member of The Scott Trust. She is Chair of the Heritage Lottery Fund.

**Alan Rusbridger**
*(not present in photograph)*
Editor, The Guardian
Aged 48. Joined the Board in 1999. Joined the Guardian as a reporter in 1979, became Deputy Editor in 1993, appointed to Guardian Newspapers Board in 1994 and became Editor in 1995. He is Executive Editor of the Observer.

# Guardian Media Group plc structure

GUARDIAN MEDIA GROUP

### National Newspaper Division

- Publishers of The Guardian; The Observer; The Guardian Weekly; Guardian Europe and Money Observer.
- Electronic publishers of guardianunlimited.co.uk and learn.co.uk (55% owned) which provides learning resources for school students.

### Regional Newspaper Division

- Publishers of the Manchester Evening News, Reading Evening Post and co-publishers with Associated Newspapers of Metro (Greater Manchester).
- Publishers of 41 weekly newspapers throughout Greater Manchester, Cheshire, Lancashire, Surrey, Berkshire and Hampshire.
- Electronic publishers of manchesteronline.co.uk and other sites relating to the weekly newspapers.

### Radio Division

- Operates regional radio stations under the Real Radio brand in South Wales; South and West Yorkshire and Central Scotland.
- Holds a 39.5% shareholding in 22 local radio stations via Radio Investments Limited.
- *Holds an 18.4% shareholding in jazz fm, broadcasting in London and the North West.
- Holds a 33.3% shareholding in Oneword Radio, a channel on the national digital radio multiplex.
- Holds a 13.1% shareholding in MXR, a holder of regional digital multiplex licences.
- Holds a 22% shareholding in Digital News Network, provider of news services.

### Trader Media Group (48%)

- A magazine publishing and printing company.
- Titles include Auto Trader, Top Marques, Bike Trader, Truck Trader, Caravan Trader, Boats and Yachts, Buy a Boat, Auto Freeway, Ad Trader, TNT Magazine, SX Magazine and Classic American.
- Electronic publishers of autotrader.co.uk and adtrader.co.uk.
- Publishing subsidiaries in The Netherlands, Italy and South Africa.

### Other Interests

- workthing.com (95.4%)
  A company that provides recruitment and advertising services by way of electronic media.
- PeopleBank (95.4%)
  A company that provides hosted and corporate recruitment sites and searchable CV databases.
- Trafford Park Printers (50%)
  Prints The Guardian, Manchester Evening News, The Daily Telegraph and The Sunday Telegraph.
- Channel M (60%)
  A restricted service licence television station for Manchester.
- **M&G Media (86.7%)
  Publisher of a leading South African newspaper, Mail & Guardian.
- Fish4 (21.6%)
  A company that provides electronic classified advertising services.
- Artsworld (27.5%)
  A digital television subscription channel.

* On 7th May 2002, GMG announced its intention to bid for the entire share capital of jazz fm plc. The offer was declared wholly unconditional on 5th July 2002.

** Since the financial year end, GMG has reduced its shareholding to 10%.

# Chief executive's review of operations

**Bob Phillis**
**Chief Executive, GMG**

The year under review tested some of the world's largest organisations to the limit. It also tested society's nerve. But within GMG, as the Chairman has pointed out, the year also served to prove the unique value of our flagship titles, the Guardian and Observer, and our regional newspapers which support them.

No strategic plan had comprehended the character of the events of September 11th 2001, but GMG's enduring philosophy stood it in good stead in the kind of circumstances which its founders could not have imagined, but which their successors, through the Scott Trust, had skilfully insured against. No short-term schemes ran into trouble; no over-investment in new media projects risked the rest of the organisation; no decline in advertising revenues undermined the operations of our main titles.

This comment from the Managing Director of National Newspapers, Carolyn McCall, sums up the point of what we do:

> "September 11th and its aftermath dominated the news agenda. More people turned to newspapers to make sense of the world. Significantly, they turned to the Guardian, 85% of incremental broadsheet newspaper sales post-September 11th were attributed to the Guardian, highlighting the paper's ability to offer unparalleled coverage from an incredibly diverse range of columnists and contributors. This illustrated once again the trust readers have in the integrity and quality of the journalism and the value of a truly independent perspective."

Underpinned by the benefits of our corporate plan - the enhancement of our main publications, the extended reach of our digital publishing capacity, and the broadened base of our diverse range of media activities – GMG has emerged strongly from a testing year.

**National Newspapers**

Despite this financial year being the worst for advertising revenue in a decade, the Guardian had some notable successes. Like every media owner, its advertising revenue was significantly below the previous year, but it achieved strong market share figures across all industry sectors. Its recruitment advertising market share was the highest in its history at 63%.

The Guardian has shown healthy growth year on year for every day of the week. It has been the best performing title in the quality daily market with an average sale of 405,453 (ABC April 2001-March 2002), up 2.4% year on year. The proportion of copies sold at full price, 85%, was the highest amongst the quality broadsheet market.

The Guardian's editorial excellence was rewarded by another clutch of awards. Alan Rusbridger was awarded Editor of the Year for the second time at the What The Papers Say Awards. The citation praised the quality of writing, the breadth of coverage, the diversity of views, the news coverage from the war front, and the editorial line.

In addition to September 11th, the Guardian continued its high profile agenda-setting role, with the Welcome to Britain series in G2, a three-day investigation into asylum and immigration into the UK which was re-published in booklet form in June 2001. It also continued its in-depth look at life in the public sector with a ground-breaking publication interviewing people at every level. The Guardian has also initiated through its pages a debate on the monarchy.

Kath Viner won Newspaper Magazine Editor of the Year at the British Society of Editors Awards for the redesigned Weekend Guardian.

At the UK Press Awards, the Guardian won Front Page of the Year (September 12th) and Emma Brockes won Features Writer of the Year. Suzanne Goldenberg, our Jerusalem correspondent, has won three major awards: the Edgar Wallace Trophy for reporting of the highest quality, presented by the London Press Club; the James Cameron Memorial Award which praised her consistently impartial coverage, and the What the Papers Say Award. The newspaper also won the National Newspaper of the Year accolade in the CRE's Race in the Media Awards.

The Guardian's marketing has continued its reputation for innovation and creativity, which has been recognised by the marketing industry. The Guardian and Guardian Unlimited received the Marketing Week Effectiveness Award for the most effectively marketed media brand of 2001/02. It also won two further trophies in the Campaign Press Awards.

The Observer has had an outstanding year, continuing to buck every trend in the Sunday broadsheet market. It delivered its budget, despite the advertising recession. This financial year has seen some of its highest sales figures. The average sale of 464,883 (ABC April 2001-March 2002) is a 7.3% increase year on year, significantly outperforming the national quality Sunday market. It also had the highest full price sale in the market at 86%.

Editorially, the Observer has followed the very successful Observer Sport Monthly (OSM) with the launch in April 2001 of the Observer Food Monthly (OFM), which has already been short-listed for its first award and has contributed to continued strong circulation gains.

In recognition of its success, both editorially and commercially, Media Week awarded the Observer, Media Brand of the Year, 2001.

The Observer was also awarded Scoop of the Year (Hinduja affair) at the What the Papers Say Awards, and OSM won Magazine of the Year at the UK Press Awards for its writing and innovation. The paper was short-listed for team of the year for coverage of September 11th. Lyn Barber won Interviewer of the Year at the UK Press Awards for her high profile interviews in Life Magazine and OFM.

# Chief executive's review of operations

continued

The performance of the Observer has been driven by a clear strategy of investment in product development and journalism in order to give the paper real differentiation in a highly competitive Sunday market.

**Regional Newspapers**
Community newspapers showed their resilience and emerged largely unscathed. Against falls in television and national press revenues, regional press advertising grew by 0.4% in the financial year, with GMG Regional seeing a 5% rise.

Advertising revenues were below budget from the first quarter and a process of tightening costs began. Newsprint usage was cut so that a 12% price rise was converted into a 6% cost rise.

The trend in circulation has been to reduce bulk sales and concentrate on 'actively purchased' copies. Both the Reading and Manchester evenings finished the year with an encouraging uplift, although this was in the context of an overall ABC decline during the year as a whole. Surrey followed a similar pattern, but sales were affected by teething difficulties associated with the introduction of a new press at the production centre in Reading. The overall trend in the northern weeklies has been a 1% sales loss.

The flagship of the Regional Newspapers Division, the Manchester Evening News (MEN), received an impressive range of awards during the year. For the second year running, the MEN was runner-up in the UK Press Gazette's Evening Newspaper of the Year award. Sarah Lester won the Northern Daily Newspaper Journalist of the Year Award, for among other things investigations into prostitution and a fraudulent lawyer in Manchester. Photographer Dave Thompson was awarded the Society of Editors Newcomer of the Year Award at the same BT sponsored Northern Awards ceremony. Peter Sharples, MEN finance writer won the UK Press Gazette Personal Finance Writer award for the third successive year, a unique and unparalleled achievement for a national award.

The Stockport Express was recognised as 'the complete package' in winning the Northern Weekly Newspaper of the Year and Robert Bottomley, now with the Manchester Evening News, was highly commended in the Weekly News Journalist of the Year Awards whilst at the Stockport Express. In addition, the Reading Evening Post gained recognition with a Highly Commended award from the Newspaper Society for the Best Outdoor Campaign.

City Living, built on the popularity of 'loft living', was launched in Manchester in September and a new weekly newspaper, The Advertiser, was launched in north-east Manchester in March 2002. This is seen as an important part of community-building in the regeneration of a formerly derelict area which now has the Commonwealth Games stadium as its centrepiece.

The £11 million investment in an all-colour press and computer-to-plate pre-press technology at Reading came into full operation in January. This enabled the new Surrey editor, Marnie Wilson, to redesign the titles in the Surrey Advertiser stable.

The new MEN editorial system became fully live in March and negotiations continue on the move from Deansgate to new premises in the centre of the city.

**New Media**
Guardian Unlimited is now the UK's most popular newspaper website with more traffic and users than any other paper's online offering.

Editorially, its coverage of events as diverse as the General Election, Wimbledon and September 11th stood out from the competition and combined the intelligence and independent voice of the Guardian with the Internet's immediacy and interactivity. A new one-day record traffic figure was set on September 12th, with 2.5 million impressions. Traffic for September 2001 rose to 42 million and then to 53 million for October, a year on year increase of 125%. Significantly, a large proportion of the people who visited GU during this period stayed with the site and by March it was recording over 50 million page impressions per month and 4.5 million unique users.

GU won Website of the Year at the UK Press Awards for the second time in three years.

Although a difficult year for online revenues, GU still managed to carry more advertising than any of its rivals and grow its online recruitment revenues by more than 20% year on year.

Learn.co.uk (renamed learnthings Ltd), has evolved rapidly over the past year from being a pure internet offering to becoming the leading subscription-based online content provider for schools. Learnpremium, learn's subscription product, has been on sale since November 2001 and is now deployed in more than 700 schools. Our content was shortlisted for the Baftas, it won the yell.com Best Education Site award, and the Anglo-Saxon package for primary schools has won a number of design awards. With this year's revision in May, traffic topped 5 million, which makes learn.co.uk the most used revision site in the UK.

Workthing's first full year of trading was difficult, but encouraging. It now has more than a quarter of a million registered users and site traffic reached a seasonal high in January with nearly 5 million page views and a million job searches from over 300,000 unique users, proving the site's value for reaching job seekers. Despite the difficult recruitment climate in the second half of the year, workthing.com continued to attract blue-chip names such as UBS Warburg, B&Q, Bae, Eurostar and Glaxo, and major recruitment consultancies such as Search and Pertemps.

Workthing acquired PeopleBank, the leading UK provider of corporate recruiting sites, at the end of November. The acquisition and integration of its staff and products went smoothly and PeopleBank's founder, Bill Shipton, the President of the Association of Online Recruiters, is now the Commercial Director of Workthing.

As part of its partnership with the Guardian, Workthing also successfully completed the launch and powering of the recruitment sites of Guardian Unlimited.

Manchesteronline won a series of awards during the year and Fish4 strengthened its position, particularly in the jobs market. Page deliveries now exceed 20 million a month. Websites in Surrey and Reading are well established and sites are being launched for all of GMG's northern weeklies.

# Chief executive's review of operations

continued

**GMG Radio**
A year of remarkable growth and achievement has seen the division win and launch one new regional licence and acquire another. GMG Radio's three regional stations now broadcast to a population of 7.5 million adults. In South Wales, where the division began, the Real Radio service attracts one in five listeners in the area and was trading profitably only fifteen months after its launch in October 2000. In June 2001, we acquired Scot FM from The Wireless Group for £25.1 million. It was re-launched as Real Radio in January and already has a market share of 8.7%, overtaking BBC Scotland in the Central Scotland transmission area. On 25th March, Real Radio was launched in Yorkshire and early signs are that it will be as successful as our two other stations.

GMG's other interests include Radio Investments, a company with 22 local radio stations which is well positioned to take advantage of any opportunities which might result from possible industry deregulation.

At the end of the financial year, GMG held an 18.4% shareholding in jazz fm plc, which broadcasts to audiences of over 1.1 million in London and the North West. On May 7th 2002, GMG announced its intention to bid for the entire share capital of the company. The revised and recommended offer of 195p per share valued jazz fm at approximately £44.5 million. The offer was declared wholly unconditional on 5th July 2002.

The addition of jazz fm to the GMG radio division creates a significant and attractive platform of five large commercial stations for national, regional and local advertisers, now able to reach 30% of the adult population in the United Kingdom. jazz fm also has an enterprise division, which embraces the sale of CD's under the Hed Kandi, jazz fm and Stereo Sushi labels, the organisation of concerts and the provision of an on-line listening site on the internet. This division will provide an important extension of our business activities and will benefit the radio division as a whole. This represents a further major step forward in implementing the strategy of building a strong radio division within GMG.

**Trader Media**
In my review last year, I reported on the launch of the new company, Trader Media Group Limited (TMG), created through the merger of GMG's Auto Trader interests with those owned by BC Partners, the European venture capitalists.

Since then, major progress has been made. TMG now publishes some 72 titles with a combined circulation of more than one million copies a week, including Auto Trader, but also the well-known motoring titles Bike Trader, Truck Trader, Caravan Trader, Classic American and Top Marques. The portfolio also includes AdTrader, the UK's biggest circulating free ads title, TNT and SX, the market-leading free titles for independent travellers in London, as well as Marine Trader Media, the leading publication in Europe for buying and selling water craft.

TMG operates the UK's busiest automotive website, autotrader.co.uk, with monthly page impressions now approaching 70 million, and the general classified site, adtrader.co.uk. Both are available as interactive services on digital television and mobile phones.

The overseas divisions in South Africa, the Netherlands and Italy have continued to develop successfully with significant earnings growth in the year.

In its first year of trading as an integrated company, TMG produced an 11% increase on revenues year on year. It has built on this success under a single board and management structure in the year ended March 2002, producing revenues in excess of £230 million, an increase of nearly 20% year on year. There have been significant increases in circulation numbers and revenues across all titles and advertising yields have continued to improve with the introduction of full colour printing. The success of the websites with market-leading traffic, as well as major new clients from the big motoring brands and dealer groups, has seen the UK New Media Division operations move into profit.

TMG remains ambitious and positive about the coming year, based on a stronger economy. With planned new product developments and further partnerships with powerful brands, the company is well positioned to reinforce its market leadership.

**Group Outlook**
In my review of operations last year, I warned that operating profit in 2001/2002 would not be maintained at the level of recent years. We had not, however, fully anticipated the depth and longevity of the economic slowdown and the impact of September 11th. Nevertheless the speedy and vigorous action taken by management across the Group has ensured that we are in a strong position to benefit from the eventual upturn in the economy. Whilst we do not anticipate any significant upturn in the levels of advertising demand until the second half of the financial year, the start to the new year has been encouraging.

As we see, and anticipate further consolidation in the wider communications and media sector, foreshadowed by the recent publication of the draft Communications Bill, GMG will be in a strong position to take advantage of any opportunities that might arise to strengthen our portfolio.

Since the end of the financial year, GMG has reduced its shareholding in M&G Media to 10%, transferring control to Southern African interests.

The success and health of any organisation is essentially dependent on the energy, skills, creativity and commitment of its staff. The year under review has been extremely challenging and the response of those working throughout GMG has been magnificent. I would like to record my thanks and appreciation for the contribution and efforts of all concerned.

# The Scott Trust

**Hugo Young**
**Chairman, The Scott Trust**

The Scott Trust, which owns the Guardian Media Group, was created in 1936 to secure the financial and editorial independence of the then Manchester Guardian in perpetuity.

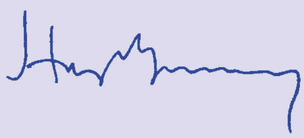
These same basic principles have been extended to apply to the Observer since its acquisition by the Group in 1993.

The members of the Trust are a mix of company managers and employees, together with a cohort of outsiders, including two descendants of C. P. Scott. Two trustees have retired this year under the Trust's rules of tenure. I would like to thank Lord Phillips of Sudbury (appointed 1991) and Malcolm Dean (appointed 1994) for the invaluable contribution each has made in a period when significant choices were required, and our flagship newspapers, along with GMG as a whole, enjoyed considerable expansion.

I would like to welcome both Geraldine Proudler and Larry Elliott who have joined the Trust during the year under review, and look forward to the contribution that they will make to our work in the years ahead.

What binds Trustees together is a passionate belief in the purpose of the Guardian and the Observer, and the other newspapers the Trust owns. It remains at heart a newspaper Trust. But we are also stewards of an idea of ownership that reaches right through the company. This idea is to own a successful business, run on decent principles, governed by long-term goals that other media businesses, facing irresistible short-term pressures, are finding it harder to stick to.

We believe that the Trust is well placed to safeguard the future as effectively as our predecessors have done in the past.



# The Scott Trustees

**Hugo Young (Chairman)**
Aged 63. Member and Chairman of the Trust since 1989. Joined the Guardian as a political columnist in 1984, from the Sunday Times where he had been Deputy Editor.

**Larry Elliot**
Aged 46. Joined the Trust in 2002. He joined the Guardian as an industrial reporter from the Press Association in 1988. He became economics correspondent in 1989 and economics editor in 1995.

**Anne Lapping**
Aged 60. Joined the Trust in 1994. She is a Director of Brook Lapping Productions Limited and Deputy Chair of an NHS Trust. She was formerly on the board of Channel Four Television Company Limited and a writer on the Economist.

**Paul Myners**
Aged 54. Joined the Trust and Group in March 2000. He is also an independent director on the board of The Bank of New York Inc., Marks and Spencer Group plc and mmO2 plc. Previously held directorships include Celltech Group plc, Gartmore plc, National Westminster Bank plc, Orange plc and N.M. Rothschild & Sons Limited.

**Geraldine Proudler**
Aged 45. Joined the Trust in 2001. She is a solicitor specialising in media law. Partner at law firm Olswang. She headed the teams acting for the Guardian in its successful defences of libel actions brought by cabinet minister Jonathan Aitken and Neil Hamilton MP.

**Robert Phillis**
Aged 56. Joined the Trust and Company in December 1997 from the BBC where he was Deputy Director-General. He was previously Chief Executive of ITN, Group Managing Director of Carlton Communications plc and Managing Director of Central Independent Television plc.

**Peter Preston**
Aged 64. Joined the Trust in 1979. He was Editor of the Guardian from 1975 to 1995 and afterwards became Editor in Chief of the Guardian and the Observer, before retiring in 1998. He is a Co-Director of the Guardian Foundation, Chairman of the British Executive of the International Press Institute and a Governor of the British Association for Central and Eastern Europe.

**Alan Rusbridger**
Aged 48. Joined the Trust in 1997 and the Board in 1999. Joined the Guardian as a reporter in 1979, became Deputy Editor in 1993, appointed to Guardian Newspapers Board in 1994 and became Editor in 1995. He is Executive Editor of the Observer.

**Jonathan Scott**
Aged 54. Joined the Trust in 1988. He is currently a Director of KPMG Corporate Finance where he has been for 4 years and he was previously a Director of SBC Warburg.

**Martin Scott**
Aged 60. Joined the Trust in 1988. He worked for the Company in Manchester from 1965 to 1978. He is a speaker and consultant at Ashridge and other business schools.

# Community

Serving the public interest rather than purely pursuing profit is a tradition which has underpinned the philosophy of GMG and its predecessors since the 19th Century. Social and community values are not only encouraged, but are put into practice through the growing number of community initiatives created and supported by the Group and its companies.

In sponsoring the Manchester 2002 Commonwealth Games, GMG recognised the event's potential to bring lasting economic, social and infrastructure benefits to the community that will endure long after the closing ceremony. As a result, young people will have access to new sporting facilities, education programmes, job opportunities and a range of initiatives aimed at producing real improvements in local community life.

Through its titles, GMG is playing its part in developing and contributing to this legacy. For example, Greater Manchester Weekly Newspapers Group joined forces with regeneration agencies to launch a new community newspaper in East Manchester, 'The Advertiser', creating new jobs and the GMG Vocational Development Award to assist young people from the community to embark on a career in journalism. The Chief Executive of New East Manchester Limited, Tom Russell, said that access to the information and opinion provided by a local, editorially independent newspaper was essential if local people were to be informed and enabled to play their part in the improvement of the area. Working with Youth Charter for Sport, GMG is providing 1,000 tickets for young people across the UK who would not otherwise be able to attend such an event. It has also offered 15 young people of all backgrounds and abilities, from the Greater Manchester area, the chance to visit South Africa and bring back ideas that can impact on their own communities.

The Rt Hon Estelle Morris MP judging a winning entry in the British citizen competition produced by St Michaels Secondary School, Cleveland, shown opposite.

Education is of particular importance to GMG and earlier this year the Group launched a competition in 6,000 secondary schools to encourage young people to think about what it means to be a British citizen in today's multi-cultural society. The winners, chosen by a panel including Lord Puttnam; the Rt Hon Estelle Morris MP, Secretary of State for Education and Skills; the Guardian columnist Polly Toynbee; the BBC newscaster Moira Stuart, and Carrie and David Grant, who were voice coaches for Pop Idol, will lead out the 72 teams at the Commonwealth Games Opening Ceremony on 25th July 2002.

Trader Media Group has also provided bursaries for young people for the Duke of Edinburgh Awards Scheme and Outward Bound Patrons Company. Appleweb Offset has been working closely with the Children's Adventure Farm Trust in co-operative initiatives, while Kent and South-East AdTrader is developing work experience schemes with local schools and colleges.

During 2001, a total of 45 schools and colleges from the ten local education authorities in Greater Manchester took part in Manchester Evening News projects. The MEN-sponsored Commonwealth Games swimmer, James Hickman, was involved in several workshops for secondary school pupils covering writing, IT skills and interview techniques. The workshops

culminated in students producing a front page incorporating articles written about their day, using the skills they had learned. MEN readers also nominated unsung local heroes for the Evening News Community Awards. Categories included the workplace, local community, local sport, education and the National Health Service.

GMG's National Newspaper Division has created a highly successful Community Scheme, marked by a Dragon Award for corporate social responsibility from the Corporation of London. The scheme has developed partnerships with three local schools near the London offices of the Guardian and Observer. At the Elizabeth Garrett Anderson girls secondary school, a culturally diverse inner city comprehensive of over 1,200 pupils where over 50 languages are spoken, it has been the driving force behind the school's transformation into a specialist language centre.

In addition, our volunteers have helped with reading, mentoring, IT support and the creation of a £30,000 global garden. Business in the Community has asked GMG Chief Executive, Bob Phillis, to host a fact-finding visit to the school later this year by senior UK industry executives interested in developing their own corporate social responsibility programmes. Two other partner schools, the Richard Cloudesley special needs, and the Hugh Myddleton primary, receive help from staff with key specialist knowledge, from assistance with reading programmes for six to seven-year-olds through to photographic and cartoon projects.

On a broader front, £250,000 has been invested in the charity, Tools for Schools, which sources high quality computers from industry and then refurbishes and upgrades them before they are installed in primary and secondary schools.

A total of 700 schools have received more than 12,000 computers, benefiting 250,000 children to date. Some £4 million has also been spent on an archive and education centre opposite the Farringdon Road headquarters building. Two full-time education officers will pilot school workshops, focusing on newspaper production, with historical and citizenship projects linked into the newspaper archive. The centre is expected to serve 2,000 students a year. A partnership with Children's Express, which provides a programme of learning through journalism for disadvantaged young people, has included support from Guardian Unlimited website staff who have redesigned the charity's website. Sponsorship continues of six annual bursaries for journalism students at City University, London, and the University of Central Lancashire, Preston, with two bursaries offered specifically to students from ethnic minorities. In addition, GMG itself remains a founder sponsor of the Teaching Awards, providing national recognition of excellence in the classroom.

Elsewhere in the Group, the Wokingham Times won South East Berkshire's Work Experience Employer Recognition Award for an outstanding contribution to the central work experience scheme for schools in the area. The Reading Evening Post played a leadership role in revealing the scale of the town's heroin problem, as well as lending its support to a campaign to provide more police officers in the area. In Guildford, the Advertiser put its weight behind an appeal to raise £100,000 for a patient information centre at a local hospital. This kind of involvement is mirrored across GMG's companies, from radio stations to local newspapers, and from magazines to its flagship newspaper titles. We are pleased and proud to perpetuate, develop and build upon the philosophy and practices established by our predecessors the pioneer of Corporate Social Responsibility!

# Financial review

**Turnover**
Group turnover (including share of joint ventures and associates) for the year of £456.4 million increased by 4% on last year. Advertising revenue (excluding joint venture and associate operations) decreased by 3.2% to £244.8 million. Circulation revenue (excluding joint venture and associate operations) increased by 12.0% to £76.9 million.

**Profits**
The Group achieved a profit before taxation of £9.8 million (2001 £67.3 million). This figure includes income from investments and net interest receivable which totalled £6.9 million (2001 £11.8 million).

Underlying these results is a charge to the profit and loss account of £33.0 million (2001 £34.0 million) in further development of the Group's Internet activities.

The Group achieved a net profit of £2.9 milliion (2001 profit of £26.1 million) on the sale/closure of operations.

**Taxation**
The Group taxation charge of £3.9 million (2001 £25.2 million) represents a 39.8% charge on Group profits.

**Cash flow**
The Group consumed £28.5 million of cash in the year (2001 generation of £18.2 million). Net cash outflow from continuing operating activities amounted to £6.0 million (2001 inflow of £19.9 million). Cash inflows include net interest and dividends of £21.6 million (2001 £20.2 million). Cash outflows comprised mainly net expenditure on acquisitions less disposals of £13.1 million (2001 £19.7 million inflow), tax of £14.8 million (2001 £16.7 million), and net capital expenditure of £17.5 million (2001 £18.5 million). Major capital projects in the year included the installation of a new press for the Regional Newspaper Division at Reading which has now been completed. In summary, cash outflow, before management of liquid resources and financing, amounted to £28.5 million (2001 inflow £18.2 million).

**Balance sheet**
As at 31st March 2002, the Group had net assets of £332.8 million, an increase of £5.2 million on last year. Working capital showed a net increase of £7.5 million.

The Group continues to be in a strong financial position, with net funds of £164.3 million, a decrease of £29.2 million over the previous year.

**Accounting standards**
The Group has complied with three new accounting standards this year FRS 17 'Retirement Benefits', FRS 18 'Accounting Policies', FRS 19 'Deferred tax'; none of these has had a significant effect on the Group's results for the year.

**Treasury policy**
Funds are deposited with a number of leading UK and international banks. Interest rates on deposits are fixed for the term of the deposits. The Group's international activities and foreign exchange exposure are limited. As at 31st March 2002, the Group had no debt other than £7.2 million of finance leases (2001 £7.4 million) of which only £0.5 million is repayable within one year, and funds on deposit of £155.1 million (2001 £178.0 million). Interest rates on the majority of leases are at floating rates.

**Events**
The significant events in the financial year ended 31st March 2002 occurred in the Radio Division.

In June 2001, we acquired the company Scot FM Limited, which owned the Scottish regional analogue radio licence, for £25.1 million.

In July 2001, we were awarded the analogue radio licence for West and South Yorkshire. This brought our ownership to three regional licences.

**Nick Castro**

# Report of the directors

The Directors present their report and the audited financial statements of the Group for the year ended 31st March 2002.

**1. Activities and review of the business**
The principal activity of the Group is the dissemination of news, information and advertising matter by way of print and other media. The Directors consider the principal activities of the Group to be one class of business.

The Group results for the period are set out in the Group profit and loss account on page 16. A review of the Group's performance and future prospects is contained in the Chairman's statement on page 2 and the Chief executive's review of operations on pages 5 to 7. The company has paid a preference dividend of 4.0p per share amounting to £4,000. The Directors do not recommend payment of any dividend on the ordinary shares.

**2. Directors' responsibilities**
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31st March 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Group's website. Information published on the Internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**3. Going concern**
After reviewing the Group's cash balances and projected cash flows the Directors believe that the Group has adequate resources to continue operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

**4. 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 Group and so that their views can be taken into account in making decisions which are likely to affect their interests.

**5. Employment of disabled persons**
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

**6. Creditor payment policy**
The Group has implemented systems to ensure the prompt recognition of all identifiable liabilities to creditors and payments are made to these creditors in line with the CBI's Prompt Payers Code. The creditor days figure for the company for the year was 25 days (2001 26 days).

**7. Donations**
Charitable donations amounted to £110,700 (2001 £157,100). There were no contributions to political organisations during the period.

**8. Ownership**
All the ordinary shares of Guardian Media Group plc are owned by the Scott Trust.

**9. Directors**
The Directors at 31st March 2002 are listed on page 3.

Jeremy Bullmore, who was a Non-Executive Director on 1st April 2001, resigned on his retirement from the Group on 31st December 2001. John Bartle was appointed as a Non-Executive Director on 1st January 2002.

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 or its subsidiaries and joint ventures with the exception of J R Harris who holds 0.83% of the ordinary shares of 1p in Trader Media Group Limited.

# Report of the directors

continued

### 10. Directors emoluments

| | Salary/ fees £000 | Performance related bonus £000 | Benefits in kind £000 | **Total 2002 £000** | Total 2001 £000 | Employer's contributions to money purchase pension schemes **2002 £000** | 2001 £000 |
|---|---|---|---|---|---|---|---|
| P Myners | 50 | – | – | **50** | 50 | **–** | – |
| R W Phillis | 278 | 72 | 16 | **366** | 560 | **97** | 94 |
| I S Ashcroft | 200 | 100 | 16 | **316** | 349 | **47** | 33 |
| N Castro | 163 | 50 | 12 | **225** | 303 | **48** | 46 |
| C A Marland (*to 31st December 2000) | – | – | – | **–** | 216 | **–** | 29 |
| C McCall (*from 28th October 2000) | 215 | 66 | 15 | **296** | 190 | **56** | 8 |
| A C Rusbridger | 241 | – | 12 | **253** | 233 | **21** | 24 |
| Non-executive directors | | | | | | | |
| J Bartle (*from 1st January 2002) | 6 | – | – | **6** | – | **–** | – |
| J J D Bullmore (*to 31st December 2001) | 19 | – | – | **19** | 25 | **–** | – |
| J G S Coode-Adams | 25 | – | – | **25** | 25 | **–** | – |
| E A L Forgan | 25 | – | – | **25** | 25 | **–** | – |
| J R Harris (*Non Executive from 1st June 2000) | – | – | – | **–** | 46 | **–** | 3 |
| A L Karney | 25 | – | – | **25** | 25 | **–** | – |
| | 1,247 | 288 | 71 | **1,606** | 2,047 | **269** | 237 |

* Date of appointment, resignation or other changes to directorships.

**Salary/fees**
Salaries and fees have been set by the Remuneration Committee having regard to market conditions.

The company has paid Trader Media Group Limited £25,000 for the services of J R Harris as a Non-Executive Director of the company. J R Harris's emoluments as an executive director of Trader Media Group Limited are included in their financial statements.

**Performance related bonus**
The bonus arrangements of executive directors have been determined by the Remuneration Committee.

a) The bonus arrangements for R W Phillis and N Castro are based on a formula related to profit before tax above a minimum threshold.

b) The bonus arrangements for C McCall and I S Ashcroft are based on annual pre-determined divisional and group financial performance targets and personal objectives. The whole bonus is treated as earned in the year it is awarded but payment of one third is deferred for two years and is normally conditional on the director continuing as an employee. In the case of C McCall the performance bonus excludes the deferred element which has been shown as a future contribution to the pension scheme. Similar bonus arrangements apply to other senior executives in the operating divisions.

c) A C Rusbridger has no contractual entitlement to a bonus payment.

**Pensions**
Retirement benefits are accruing to the executive directors under money purchase schemes. J R Harris and I S Ashcroft are also members of a top-up scheme providing defined benefits. This scheme is non-contributory as regards the members and in the opinion of the actuary, no contributions are required to be made by the company as the scheme is fully funded to meet its liabilities as they fall due.

**Benefits in kind**
These relate to the provision of motor car, fuel and healthcare benefits.

### 11. Auditors
The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board

**Phil Boardman**
Secretary
8th July 2002

# Independent auditors' report

To the members of Guardian Media Group plc

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cashflow statement, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

**Respective responsibilities of directors and auditors**
The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board.

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 regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the report of the directors, the chairman's statement, the chief executive's review of operations, the Scott Trust report, the community report and the financial review.

**Basis of audit 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 affairs of the company and the Group at 31st March 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**PricewaterhouseCoopers**
Chartered Accountants and
Registered Auditors
Manchester

8th July 2002

# Group profit and loss account

For the year ended 31st March 2002

| | Note | 2002 £m | 2002 £m | 2001 restated £m | 2001 restated £m |
|---|---|---|---|---|---|
| **Turnover including share of joint ventures and associates** | | | | | |
| Continuing operations | | **455.0** | | 437.4 | |
| Acquisitions | | **1.4** | | – | |
| | | | **456.4** | | 437.4 |
| Less: share of joint ventures | | | **(116.0)** | | (84.8) |
| Less: share of associates | | | **(4.9)** | | (4.0) |
| **Group turnover** | 2 | | **335.5** | | 348.6 |
| Operating costs | 3 | | **(354.7)** | | (339.0) |
| **Group operating (loss)/profit** | | | | | |
| Continuing operations | | **(16.8)** | | 9.6 | |
| Acquisitions | | **(2.4)** | | – | |
| | 5 | | **(19.2)** | | 9.6 |
| Share of profit of joint ventures | | | **25.6** | | 20.1 |
| Share of losses of associates | | | **(4.8)** | | (0.3) |
| **Total operating profit: group and share of joint ventures and associates** | | | **1.6** | | 29.4 |
| Exceptional items: | | | | | |
| Disposal of subsidiaries, joint ventures and associates | 6 | | **2.9** | | 26.1 |
| Disposal of fixed asset investments | 6 | | **(1.6)** | | – |
| **Profit on ordinary activities before interest and taxation** | | | **2.9** | | 55.5 |
| Income from fixed asset investments | 7 | | **1.0** | | 1.8 |
| Interest receivable and similar income | 8 | | **33.3** | | 33.5 |
| Interest payable and similar charges | 9 | | **(27.4)** | | (23.5) |
| **Profit on ordinary activities before taxation** | | | **9.8** | | 67.3 |
| Tax on profit on ordinary activities | 10 | | **(3.9)** | | (25.2) |
| **Profit on ordinary activities after taxation** | | | **5.9** | | 42.1 |
| Equity minority interests | 27 | | **(0.4)** | | (0.6) |
| **Profit for the financial period** | 11 | | **5.5** | | 41.5 |
| Preference dividend paid | | | **–** | | – |
| **Retained profit for the period** | 26 | | **5.5** | | 41.5 |

The notes on pages 22 to 38 form part of these financial statements.

The 2001 turnover has been restated to include additional information in respect of joint ventures and associates.

# Group balance sheet

As at 31st March 2002

| | Note | | **2002** | | 2001 |
|---|---|---|---|---|---|
| | | **£m** | **£m** | £m | £m |
| **Fixed assets** | | | | | |
| Intangible assets | 12 | | **25.9** | | 1.5 |
| Tangible assets | 13 | | **53.3** | | 49.4 |
| Investment property | | | **–** | | 0.2 |
| **Investments** | | | | | |
| Joint ventures | 15 | | | | |
| Share of gross assets | | **25.7** | | 23.1 | |
| Share of gross liabilities | | **(17.6)** | | (10.7) | |
| Goodwill arising on acquisition | | **–** | | – | |
| | | | **8.1** | | 12.4 |
| Loans to joint ventures | 15 | | **262.8** | | 257.1 |
| Associates | 16 | | **17.3** | | 18.6 |
| Other investments | 17 | | **9.9** | | 13.1 |
| | | | **377.3** | | 352.3 |
| **Current assets** | | | | | |
| Stocks | 19 | **1.5** | | 1.6 | |
| Debtors | | | | | |
| - due within one year | 20 | **68.9** | | 77.1 | |
| Cash at bank and in hand | | **171.5** | | 200.9 | |
| | | **241.9** | | 279.6 | |
| **Current liabilities** | | | | | |
| Creditors: amounts falling due within one year | 21 | **(67.2)** | | (83.0) | |
| **Net current assets** | | | **174.7** | | 196.6 |
| **Total assets less current liabilities** | | | **552.0** | | 548.9 |
| **Creditors: amounts falling due after more than one year** | 22 | | **(6.9)** | | (7.2) |
| **Provisions for liabilities and charges** | | | | | |
| Deferred taxation | 23 | | **–** | | – |
| Joint ventures | 15 | | | | |
| Share of gross assets | | **71.2** | | 71.6 | |
| Share of gross liabilities | | **(287.2)** | | (289.6) | |
| Goodwill arising on acquisition | | **3.7** | | 3.9 | |
| | | | **(212.3)** | | (214.1) |
| **Net assets** | | | **332.8** | | 327.6 |
| **Capital and reserves** | | | | | |
| Called up share capital | 24 | | **1.0** | | 1.0 |
| Revaluation reserve | 25 | | **–** | | 0.5 |
| Profit and loss account | 26 | | **331.8** | | 326.1 |
| Equity shareholders' funds | | | **332.7** | | 327.5 |
| Non-equity shareholders' funds | | | **0.1** | | 0.1 |
| **Total shareholders' funds** | | | **332.8** | | 327.6 |
| Equity minority interests | 27 | | **–** | | – |
| | | | **332.8** | | 327.6 |

These financial statements were approved by the Board of Directors on 8th July 2002 and signed on its behalf by:

**Paul Myners**
*Chairman*

**Nick Castro**
*Finance Director*

The notes on pages 22 to 38 form part of these financial statements.

# Company balance sheet

As at 31st March 2002

| | Note | £m | 2002 £m | £m | 2001 £m |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 13 | | **2.2** | | 0.2 |
| Investment property | | | **–** | | 0.2 |
| **Investments** | | | | | |
| Subsidiary undertakings | 14 | | **162.6** | | 54.6 |
| Joint ventures | 15 | | **14.7** | | 10.5 |
| Associates | 16 | | **12.2** | | 12.4 |
| Other investments | 17 | | **4.3** | | 10.0 |
| | | | **196.0** | | 87.9 |
| **Current assets** | | | | | |
| Investments | 18 | **16.1** | | 37.0 | |
| Stocks | 19 | **1.4** | | 1.5 | |
| Debtors | | | | | |
| - due within one year | 20 | **111.1** | | 87.8 | |
| Cash at bank and in hand | | **70.6** | | 200.2 | |
| | | **199.2** | | 326.5 | |
| **Current liabilities** | | | | | |
| Creditors: amounts falling due within one year | 21 | **(251.5)** | | (230.6) | |
| **Net current (liabilities)/assets** | | | **(52.3)** | | 95.9 |
| **Total assets less current liabilities** | | | **143.7** | | 183.8 |
| **Creditors: amounts falling due after more than one year** | 22 | | **(0.2)** | | (0.1) |
| **Net assets** | | | **143.5** | | 183.7 |
| **Capital and reserves** | | | | | |
| Called up share capital | 24 | | **1.0** | | 1.0 |
| Revaluation reserve | 25 | | **–** | | 0.5 |
| Profit and loss account | 26 | | **142.5** | | 182.2 |
| Equity shareholders' funds | | | **143.4** | | 183.6 |
| Non-equity shareholders' funds | | | **0.1** | | 0.1 |
| **Total shareholders' funds** | | | **143.5** | | 183.7 |

These financial statements were approved by the Board of Directors on 8th July 2002 and signed on its behalf by:

**Paul Myners**
*Chairman*

**Nick Castro**
*Finance Director*

The notes on pages 22 to 38 form part of these financial statements.

# Group statement of total recognised gains and losses

For the year ended 31st March 2002

| | 2002 £m | 2001 £m |
|---|---|---|
| Profit for the financial period | **5.5** | 41.5 |
| Unrealised deficit on revaluation of investments | **(0.5)** | – |
| Exchange differences | **0.2** | (0.2) |
| Total recognised gains and losses relating to the period | **5.2** | 41.3 |

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

**Reconciliation of movements in group shareholders' funds**

| | | |
|---|---|---|
| Balance at 2nd April 2001 | **327.6** | 284.0 |
| Retained profit for the period | **5.5** | 41.5 |
| Other recognised losses for the period | **(0.5)** | – |
| Exchange differences | **0.2** | (0.2) |
| Goodwill written back | **–** | 2.3 |
| Balance at 31st March 2002 | **332.8** | 327.6 |

The notes on pages 22 to 38 form part of these financial statements.

# Group cash flow statement

For the year ended 31st March 2002

| | Note | 2002 £m | 2001 £m |
|---|---|---|---|
| **Net cash (outflow)/inflow from continuing operating activities (see page 21)** | | **(6.0)** | 19.9 |
| **Dividends from joint ventures and associates** | | **–** | 1.2 |
| **Returns on investments and servicing of finance** | | | |
| Dividends paid to minority shareholders | | **–** | (0.2) |
| Other dividends received | | **1.0** | 1.8 |
| Interest received | | **20.9** | 17.7 |
| Finance lease interest paid | | **(0.3)** | (0.3) |
| Net cash inflow from returns on investments and servicing of finance | | **21.6** | 19.0 |
| **Taxation** | | **(14.8)** | (16.7) |
| **Capital expenditure and financial investment** | | | |
| Purchase of tangible fixed assets | | **(18.3)** | (21.8) |
| Purchase of intangible fixed assets | | **–** | (0.6) |
| Sale of tangible fixed assets | | **0.8** | 3.3 |
| Purchase of other fixed asset investments | | **(0.7)** | (5.8) |
| Sale of other fixed asset investments | 6 | **2.0** | – |
| Net cash outflow for capital expenditure and financial investment | | **(16.2)** | (24.9) |
| **Acquisitions and disposals** | | | |
| Purchase of shares in subsidiary companies | 30 | **(20.3)** | (0.8) |
| Sale of shares in subsidiary companies | 6 | **1.8** | 5.6 |
| Purchase of shares in joint ventures and associates | 30 | **(2.9)** | (12.4) |
| Loans repaid in joint venture companies | | **–** | 247.7 |
| Sale of shares in joint ventures and associates | | **–** | 28.3 |
| Cash disposed of with subsidiary | | **–** | (7.3) |
| Loans made to joint ventures | | **(4.2)** | (248.9) |
| Loans repaid by joint ventures | | **12.8** | 6.7 |
| Loans made to associates | | **(0.3)** | – |
| Loans repaid by investments | | **–** | 0.8 |
| Net cash (outflow)/inflow for acquisitions and disposals | | **(13.1)** | 19.7 |
| **Cash (outflow)/inflow before management of liquid resources and financing** | | **(28.5)** | 18.2 |
| **Management of liquid resources** | | | |
| Cash returned from/(placed) on short term deposit | | **22.9** | (13.0) |
| Net cash inflow/(outflow) from management of liquid resources | | **22.9** | (13.0) |
| **Financing** | | | |
| Payment of principal under finance lease | | **(0.2)** | (0.3) |
| Repayment of loan notes | | **–** | (0.3) |
| Net cash outflow from financing | | **(0.2)** | (0.6) |
| **(Decrease)/increase in cash in the period** | 28 | **(5.8)** | 4.6 |

# Reconciliation of net cash flow to movements in net funds

For the year ended 31st March 2002

| | Note | 2002 £m | 2001 £m |
|---|---|---|---|
| (Decrease)/increase in cash in the period | | **(5.8)** | 4.6 |
| Cash (inflow)/outflow from (decrease)/increase in liquid resources | | **(22.9)** | 13.0 |
| Cash outflow from decrease in lease financing | | **0.2** | 0.6 |
| Change in net funds resulting from cash flows | | **(28.5)** | 18.2 |
| Exchange differences | | **(0.7)** | (0.2) |
| Movement in net funds in the period | | **(29.2)** | 18.0 |
| Opening net funds | | **193.5** | 175.5 |
| Closing net funds | 28 | **164.3** | 193.5 |

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

| | 2002 £m | 2001 £m |
|---|---|---|
| **Continuing activities** | | |
| Operating (loss)/profit | **(19.2)** | 9.6 |
| Depreciation | **14.0** | 11.2 |
| Amortisation | **2.3** | 0.3 |
| Profit on sale of tangible fixed assets | **–** | (2.2) |
| Decrease/(increase) in stocks | **0.1** | (0.4) |
| Increase in debtors | **(1.2)** | (27.1) |
| (Decrease)/increase in creditors | **(2.0)** | 28.5 |
| Net cash (outflow)/inflow from continuing operating activities | **(6.0)** | 19.9 |

# Notes

relating to the 2002 financial statements

## 1. Accounting policies

**Accounting basis**
The financial statements on pages 16 to 38 have been prepared in accordance with applicable accounting standards in the United Kingdom. Set out below is a summary of the more important Group accounting policies, which have been applied consistently. The financial statements have been prepared on the historical cost basis as modified by the revaluation of certain assets.

**Changes in accounting policy**
The company has adopted FRS 19 'Deferred Tax' and the transitional arrangements under FRS 17 'Retirement benefits' in these financial statements. The adoption of these standards represents a change in accounting policy but this has not resulted in the restatement of any comparative figures.

FRS 18 'Accounting policies' has been adopted in the current year but this did not require any change in accounting policy.

**Basis of consolidation**
The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31st March 2002. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, the subsidiary's assets and liabilities at the date of acquisition are recorded at their fair values reflecting their condition at that date. Goodwill is capitalised as an intangible asset and written off to the profit and loss account over its estimated useful life, a maximum period of 20 years.

As permitted by FRS 10, goodwill written off prior to 1999 has not been reinstated.

**Joint ventures and associates**
A company is treated as an associate when the Group has a participating interest in its equity share capital and exercises a significant influence over operating and financial policy.

A company is treated as a joint venture when the Group holds an interest on a long term basis and jointly controls the company with one or more venture parties.

Long term loans to joint ventures include interest rolled up which will not be paid until the principal loan repayment date. The prior year figures have been re-analysed to include interest roll up which had previously been shown within debtors.

The Group's share of profits less losses of joint ventures and associates are included in the consolidated profit and loss account, and the Group's share of their net assets is included in the consolidated balance sheet. These amounts are taken from the audited financial statements of the undertakings concerned. Where a joint venture or an associate has a different year end date to the Group, amounts from the latest audited financial statements are adjusted, using management accounts, to bring in to line with the Group's year end date. The amounts involved are not material to the Group.

**Depreciation and carrying value of fixed assets**
Tangible fixed assets, other than freehold land, are stated at cost less depreciation. Depreciation of tangible fixed assets has been calculated to write off original cost by equal instalments over the estimated useful life of the asset concerned. The principal annual rates used for depreciation are:

| | |
|---|---|
| Plant | 10% |
| Computer equipment | 20%-33% |
| Motor vehicles | 20% |
| Furniture, fixtures and fittings | 10% |

Freehold and leasehold buildings are written off over their estimated useful lives or fifty years, whichever is the shorter. Freehold land is not depreciated.

In accordance with SSAP 19, depreciation is not charged on freehold and long leasehold investment property which is included in the balance sheet at valuation; short leasehold investment property is written off over the period of the unexpired term.

Depreciation is charged on assets from the time they become operational.

The carrying value of fixed assets is reviewed for impairment if events or changes in circumstances suggest that their carrying amount may not be recoverable. When an impairment review is undertaken, the recoverable amount is calculated as the net present value of expected future cash flows of the relevant income generating unit.

**Deferred taxation**
The Group has adopted FRS 19 'Deferred Taxation' in these financial statements.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

**1. Accounting policies** (continued)

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted. The recoverability of tax losses is assessed by reference to forecasts which have been prepared and approved by the Board.

No timing differences are recognised in respect of:

- fair value adjustments to acquired tangible fixed assets where there is no commitment to sell the asset,
- gains on the sale of assets where those gains have been rolled over into replacement assets, and
- additional tax which would arise if the profits of overseas subsidiary undertakings, joint ventures and associates were distributed, in excess of those dividends that have been accrued.

The deferred tax assets and liabilities are not discounted.

**Turnover**
Turnover represents the amount of goods and services (net of VAT, trade discounts and anticipated returns) provided to external customers.

Circulation and advertising revenue is recognised on publication, broadcast or display.

**Stocks**
Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first in, first out basis.

**Translation of foreign currencies**
Assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling at the year end and the results of overseas subsidiaries are translated at the average rate of exchange for the financial year. Exchange differences arising from the translation of the opening net investment in subsidiaries and on long term inter-company balances used to finance those investments, together with differences from the translation of the results of those companies at the average rate, are taken to reserves. Other exchange differences are taken to the profit and loss account.

**Pensions**
The majority of the Group's employees are members of defined contribution pension schemes operated by the parent company. The charge to the profit and loss account comprises the total contributions payable to the schemes in the period. The expected cost of pensions in respect of defined benefit schemes operated by Group companies is charged to operating profit so as to spread the cost of pensions over the service lives of employees. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes. The cost is assessed in accordance with the advice of independent qualified actuaries.

The Group is complying with SSAP 24 'Accounting for Pension Costs' and providing the transitional disclosures under FRS 17 'Retirement benefits' (see note 36).

**Investment income**
Income from bank and short term deposits is included in the financial statements when receivable. Dividends are included in the accounting period in which they are received.

**Finance and operating leases**
Assets held under finance leases are capitalised at the fair value of the asset at the inception of the leases, with an equivalent liability categorised under creditors due within and after one year. Assets are depreciated over the shorter of the lease term and their estimated useful economic life. Finance charges are allocated to accounting years over the life of each lease to produce a constant rate of return on the outstanding balance.

Costs in respect of operating leases are charged to operating profit when incurred.

**Valuation of investments**
The valuation of investments are reviewed annually and any major changes incorporated in the financial statements. Listed investments are valued by the Directors at the lower of cost or market value. Unlisted investments are stated at cost, except where the net asset value is below cost in which case a provision is made for any impairment in accordance with FRS 11.

**Website development costs**
Design and content costs of a website are capitalised if there is a reasonable expectation that the future economic benefits generated by the website are in excess of amounts capitalised. All other costs are written off as incurred.

Website planning costs and expenditure to maintain and operate the website once developed, are charged against profits in the year in which they are incurred.

# Notes

relating to the 2002 financial statements - continued

**2. Turnover**

Sales are made substantially in the U.K.

**3. Operating costs**

| | 2002 | 2001 |
|---|---|---|
| | £m | £m |
| Raw materials and consumables | 57.7 | 50.4 |
| Other external charges | 47.7 | 52.9 |
| Staff costs (see note 4) | 105.0 | 105.4 |
| Depreciation of tangible fixed assets | 14.0 | 11.2 |
| Amortisation of goodwill | 2.3 | 0.3 |
| Other operating charges | 128.0 | 121.0 |
| Profit on sale of tangible fixed assets | – | (2.2) |
| | 354.7 | 339.0 |

**4. Staff costs**

| | 2002 | 2001 |
|---|---|---|
| | £m | £m |
| (a) Staff costs during the period including executive directors | | |
| Wages and salaries | 89.9 | 90.6 |
| Employer's social security costs | 9.9 | 9.7 |
| Employer's pension costs | 5.2 | 5.1 |
| | 105.0 | 105.4 |

| | | |
|---|---|---|
| (b) Average number of persons employed including executive directors | No. | No. |
| Production | 1,531 | 1,435 |
| Selling and distribution | 1,301 | 1,203 |
| Administration | 476 | 464 |
| | 3,308 | 3,102 |

| | 2002 | 2001 |
|---|---|---|
| (c) Emoluments of directors of Guardian Media Group plc | £000 | £000 |
| Aggregate emoluments | 1,606 | 2,047 |
| Company pension contributions to money purchase schemes | 269 | 237 |

Retirement benefits are accruing to six directors under a money purchase scheme (2001 six directors) and to two directors under a defined benefit scheme (2001 two directors).

| | | |
|---|---|---|
| Highest paid director | | |
| Aggregate emoluments - salary and benefits | 294 | 286 |
| - performance related bonus | 72 | 274 |
| Company pension contributions to money purchase schemes | 97 | 94 |

The remuneration of the chairman amounted to £50,000 (2001 £50,000).

# Notes

relating to the 2002 financial statements - continued

| **5. Group operating profit** | **2002 £m** | 2001 £m |
|---|---|---|
| The following amounts have been charged in arriving at the operating profit: | | |
| Depreciation - tangible owned fixed assets | **12.0** | 10.5 |
| - tangible fixed assets held under finance leases | **2.0** | 0.7 |
| Auditors' remuneration (parent company £81,370 (2001 £79,000)) | **0.2** | 0.2 |
| Operating lease rentals: | | |
| Plant and machinery | **7.8** | 7.9 |
| Buildings | **0.6** | 0.9 |

Remuneration of the company's auditors for provision of non-audit services to the company and its subsidiaries was £0.8 million (2001 £0.9 million).

**6. Exceptional items**

During the year the Group disposed of its interests in:

| | **Proceeds £m** | **Cost £m** | **Profit/ (loss) £m** |
|---|---|---|---|
| GMG 1994 (deferred consideration) | **1.8** | **–** | **1.8** |
| Disposal of overseas subsidiaries (including reversal of provisions shown within creditors year ended 1st April 2001 £0.9m) | **–** | **(1.1)** | **1.1** |
| Disposal of subsidiaries, joint ventures and associates | **1.8** | **1.1** | **2.9** |
| Unidad Editorial | **2.0** | **0.4** | **1.6** |
| Artsworld (provision for loss on disposal) | **–** | **3.2** | **(3.2)** |
| Disposal of fixed asset investments | **2.0** | **3.6** | **(1.6)** |

The tax effect on the exceptional items above is £nil.

During the year ended 1st April 2001 the Group disposed of its interest in:

| | Proceeds £m | Net assets disposed of £m | Goodwill £m | Profit £m |
|---|---|---|---|---|
| **Subsidiaries** | | | | |
| Sydney Auto Trader Pty Limited, Sydney Buy and Sell Pty Limited, WA Auto Trader Pty Limited | 5.6 | 0.4 | 1.6 | 3.6 |
| **Joint Venture** | | | | |
| GMG Endemol Entertainment plc | 26.0 | 0.7 | 2.0 | 23.3 |
| **Associate** | | | | |
| Fourth Estate Limited | 2.3 | 1.1 | 0.3 | 0.9 |
| Profit on disposal of subsidiaries, joint venture and associate | 33.9 | 2.2 | 3.9 | 27.8 |
| Closure costs of overseas subsidiaries (including provisions shown within creditors of £1.4 million). | | | | (1.7) |
| | | | | 26.1 |

## 7. Income from fixed asset investments

| | 2002 £m | 2001 £m |
|---|---|---|
| Dividends from unlisted investments | **1.0** | 1.8 |

## 8. Interest receivable and similar income

| | 2002 £m | 2001 £m |
|---|---|---|
| **Group:** | | |
| Interest on cash at bank and short term investments | **6.9** | 11.4 |
| Interest receivable from joint ventures | **24.7** | 21.9 |
| Other interest receivable | **1.7** | 0.2 |
| | **33.3** | 33.5 |

## 9. Interest payable and similar charges

| | 2002 £m | 2001 £m |
|---|---|---|
| **Group:** | | |
| Finance leases | **0.3** | 0.3 |
| Other loans | **0.1** | – |
| **Joint ventures:** | | |
| Other loans | **27.0** | 23.2 |
| | **27.4** | 23.5 |

## 10. Tax on profit on ordinary activities

**(a) Analysis of charge in period**

| | 2002 £m | 2001 £m |
|---|---|---|
| **Current tax** | | |
| **Group:** | | |
| UK Corporation tax on profits for the period at 30% | **6.0** | 24.8 |
| Adjustments in respect of prior periods | **(2.5)** | (1.3) |
| | **3.5** | 23.5 |
| **Joint ventures:** | | |
| UK Corporation tax on profits for the period at 30% | **0.8** | 0.7 |
| Adjustments in respect of prior periods | **0.1** | – |
| Foreign taxes | **0.7** | – |
| **Associates:** | | |
| UK Corporation tax on profits for the period at 30% | **(0.3)** | 0.1 |
| | **4.8** | 24.3 |
| **Deferred tax** | | |
| **Group:** | | |
| Current year | **–** | 0.5 |
| Prior periods | **–** | 0.5 |
| **Joint ventures:** | | |
| Current year | **(0.9)** | (0.1) |
| **Tax on profit on ordinary activities** | **3.9** | 25.2 |

**10. Tax on profit on ordinary activities** (continued)

| (b) Factors affecting tax charge for the period | 2002 £m | 2001 £m |
|---|---|---|
| Profit on ordinary activities before tax | **9.8** | 67.3 |
| Profit on ordinary activities multiplied by standard rate of corporation tax of 30% | **2.9** | 20.2 |
| Effects of: | | |
| Expenses not deductible for tax purposes | **2.1** | 4.9 |
| Deferred tax asset movement not recognised | **2.0** | 0.5 |
| Foreign taxes | **0.1** | – |
| Group relief not paid for | **0.2** | – |
| Adjustment to tax charge in respect of previous periods | **(2.5)** | (1.3) |
| **Current tax charge for period** | **4.8** | 24.3 |

(c) **Factors that may affect future tax charges**

The Group has a core element of permanent differences relating to non tax deductible items such as capital costs which will generally give rise to a tax charge in excess of 30%.

No provision has been made for deferred tax on gains recognised on revaluing investments nor on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. At present there are no binding agreements to sell these investments. The total amount unprovided is £0.8 million.

**11. Profit of the parent company**

As permitted by section 228 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The Group results for the period include a loss of £39.2 million (2001 profit £25.3 million) which is dealt with in the financial statements of the parent company.

| 12. Intangible assets | The Group £m |
|---|---|
| **Cost** | |
| At 2nd April 2001 | 1.9 |
| Additions | 26.7 |
| At 31st March 2002 | **28.6** |
| **Accumulated amortisation** | |
| At 2nd April 2001 | 0.4 |
| Charge for period | 2.3 |
| At 31st March 2002 | **2.7** |
| **Net book value** | |
| At 31st March 2002 | **25.9** |
| **Net book value** | |
| At 1st April 2001 | 1.5 |

Intangible assets comprise mainly goodwill which is amortised over the directors estimate of its useful life of up to 20 years.

**13. Tangible fixed assets**

| **Group** | Land and buildings £m | Plant and vehicles £m | Fixtures and fittings £m | Total £m |
|---|---|---|---|---|
| **Cost** | | | | |
| At 2nd April 2001 | 13.8 | 58.8 | 25.2 | 97.8 |
| Acquisition of subsidiaries | – | 0.4 | 0.8 | 1.2 |
| Reclassification | (0.4) | – | 0.4 | – |
| Additions | 4.0 | 7.0 | 7.3 | 18.3 |
| Disposals | – | (6.5) | (0.2) | (6.7) |
| At 31st March 2002 | **17.4** | **59.7** | **33.5** | **110.6** |
| **Depreciation** | | | | |
| At 2nd April 2001 | 2.8 | 32.8 | 12.8 | 48.4 |
| Acquisition of subsidiaries | – | 0.2 | 0.6 | 0.8 |
| Reclassification | (0.1) | – | 0.1 | – |
| Charge for period | 0.3 | 8.2 | 5.5 | 14.0 |
| Disposals | – | (5.8) | (0.1) | (5.9) |
| At 31st March 2002 | **3.0** | **35.4** | **18.9** | **57.3** |
| **Net book value** | | | | |
| At 31st March 2002 | **14.4** | **24.3** | **14.6** | **53.3** |
| **Net book value** | | | | |
| At 1st April 2001 | 11.0 | 26.0 | 12.4 | 49.4 |

Assets held under finance leases, capitalised and included in plant and vehicles:

| | **2002 £m** | 2001 £m |
|---|---|---|
| Cost | **8.0** | 8.0 |
| Accumulated depreciation | **(8.0)** | (6.0) |
| Net book value | **–** | 2.0 |

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

| | **2002 £m** | 2001 £m |
|---|---|---|
| Freehold | **10.6** | 5.5 |
| Long leasehold | **3.7** | 5.1 |
| Short leasehold | **0.1** | 0.4 |
| | **14.4** | 11.0 |

**Company**

Fixed assets at cost and net book value of £2.2 million, comprise of long leasehold land and buildings £0.2 million (2001 £0.2 million) and plant and machinery £2.0 million (2001 £nil).

### 14. Subsidiary undertakings

| The company | Unlisted shares £m | Loan stock £m | Total £m |
|---|---|---|---|
| Cost | | | |
| At 2nd April 2001 | 56.9 | – | 56.9 |
| Additions | 103.0 | 10.0 | 113.0 |
| At 31st March 2002 | **159.9** | **10.0** | **169.9** |
| **Amounts written off** | | | |
| At 2nd April 2001 | 2.3 | – | 2.3 |
| Charge in period | 5.0 | – | 5.0 |
| At 31st March 2002 | 7.3 | – | 7.3 |
| **Net book value at 31st March 2002** | **152.6** | **10.0** | **162.6** |
| Net book value at 1st April 2001 | 54.6 | – | 54.6 |

Particulars of the principal subsidiary companies are given in note 37.

On 5th December 2001 the company acquired the entire issued share capital of GMG Jersey Limited (a newly incorporated company) for £99.8 million.

### 15. Joint ventures

| | Investments | Provisions | | | |
|---|---|---|---|---|---|
| | Share of net assets £m | Share of net assets/ (liabilities) £m | Goodwill £m | Loans £m | Total £m |
| **(a) The group** | | | | | |
| At 2nd April 2001 | 12.4 | (218.0) | 3.9 | 257.1 | 55.4 |
| Additions | – | – | – | 4.2 | 4.2 |
| Disposals | – | – | – | (12.8) | (12.8) |
| Share of retained profit/(loss) | (4.3) | 2.0 | – | – | (2.3) |
| Amortisation | – | – | (0.2) | – | (0.2) |
| Interest | – | – | – | 14.3 | 14.3 |
| **At 31st March 2002** | **8.1** | **(216.0)** | **3.7** | **262.8** | **58.6** |

**(b)** The details of the loan investments in joint ventures are as follows:

| | Loan £m | Interest rolled up £m | Total £m | Repayment due | Interest rate |
|---|---|---|---|---|---|
| Senior debt loan (unsecured) | 82.3 | – | 82.3 | see below | LIBOR plus upward margin based on a consolidated earnings ration |
| Unsecured loan notes | 89.0 | 22.5 | 111.5 | 31/03/2009 | 12.75% |
| | 6.0 | 1.4 | 7.4 | 31/03/2009 | 12.00% |
| | 3.9 | 1.0 | 4.9 | 31/03/2009 | 15.00% |
| Term loan facility (unsecured) | 25.0 | – | 25.0 | 31/12/2008 | LIBOR plus 2.5% |
| | 25.0 | – | 25.0 | 30/03/2009 | LIBOR plus 2.5% |
| Unsecured loan | 6.7 | – | 6.7 | no fixed repayment date | Interest free |
| **At 31st March 2002** | **237.9** | **24.9** | **262.8** | | |

The senior loan debt is repayable in instalments every 6 months until June 2005 in accordance with the loan agreements, £14.5 million is repayable within one year.

**15. Joint ventures** (continued)

| | | 2002 £m | 2001 £m |
|---|---|---|---|
| (c) | The group's aggregate share in its joint ventures is detailed below: | | |
| | Share of fixed assets | **60.8** | 56.6 |
| | Share of current assets | **36.1** | 38.1 |
| | Share of liabilities due within one year | **(37.2)** | (42.5) |
| | Share of liabilities due after one year | **(267.6)** | (257.8) |
| | Share of net liabilities | **(207.9)** | (205.6) |
| | Analysed in balance sheet: | | |
| | Fixed assets | **8.1** | 12.4 |
| | Provisions for liabilities and charges | **(216.0)** | (218.0) |
| | | **(207.9)** | (205.6) |

**(d)** Dividends received by the Group from joint venture companies were £nil (2001 £1.0 million).

| | | Shares £m | Loans £m | Total £m |
|---|---|---|---|---|
| (e) | **The company** | | | |
| | **Cost** | | | |
| | At 2nd April 2001 | 14.6 | 2.5 | 17.1 |
| | Additions | 4.2 | – | 4.2 |
| | At 31st March 2002 | **18.8** | **2.5** | **21.3** |
| | **Amounts written off** | | | |
| | At 31st March 2002 and 2nd April 2001 | **6.6** | **–** | **6.6** |
| | **Net book value at 31st March 2002** | **12.2** | **2.5** | **14.7** |
| | Net book value at 1st April 2001 | 8.0 | 2.5 | 10.5 |

Particulars of the principal joint venture companies are given in note 37.

**16. Associates**

| | | Interests in associates £m | Loans £m | Goodwill £m | Total £m |
|---|---|---|---|---|---|
| (a) | **The group** | | | | |
| | At 2nd April 2001 | 13.8 | – | 4.8 | 18.6 |
| | Additions | 2.9 | 0.3 | – | 3.2 |
| | Share of retained loss | (3.9) | (0.3) | – | (4.2) |
| | Amortisation | – | – | (0.3) | (0.3) |
| | At 31st March 2002 | **12.8** | **–** | **4.5** | **17.3** |

Particulars of the additions are given in note 30(d).

**16. Associates** (continued)

| (b) **The company** | Shares £m | Loans £m | Total £m |
|---|---|---|---|
| Cost | | | |
| At 2nd April 2001 | 12.1 | 0.3 | 12.4 |
| Additions | 0.2 | 0.3 | 0.5 |
| At 31st March 2002 | **12.3** | **0.6** | **12.9** |
| Amounts written off | | | |
| At 2nd April 2001 | – | – | – |
| Written off during the year | 0.1 | 0.6 | 0.7 |
| At 31st March 2002 | **0.1** | **0.6** | **0.7** |
| **Net book value at 31st March 2002** | **12.2** | **–** | **12.2** |
| Net book value at 1st April 2001 | 12.1 | 0.3 | 12.4 |

(c) Dividends received by the Group from associates were £nil (2001 £0.2 million).

Particulars of the principal associates are given in note 37.

**17. Other investments**

| (a) **The group** | Listed shares £m | Unlisted shares £m | Term deposits/ loans £m | Total £m |
|---|---|---|---|---|
| Cost | | | | |
| At 2nd April 2001 | 3.9 | 6.2 | 3.0 | 13.1 |
| Additions at cost | – | 0.1 | 0.6 | 0.7 |
| Disposals | – | (0.4) | – | (0.4) |
| Revaluation | 0.7 | (1.0) | – | (0.3) |
| Amounts written off | – | (1.5) | (1.7) | (3.2) |
| At 31st March 2002 | **4.6** | **3.4** | **1.9** | **9.9** |

| (b) **The company** | Listed shares £m | Unlisted shares £m | Term deposits/ loans £m | Total £m |
|---|---|---|---|---|
| Cost | | | | |
| At 2nd April 2001 | 3.9 | 3.1 | 3.0 | 10.0 |
| Additions at cost | – | – | 0.5 | 0.5 |
| Disposals | – | (0.3) | – | (0.3) |
| Transfer to subsidiary company | (2.4) | – | – | (2.4) |
| Revaluation | 0.7 | (1.0) | – | (0.3) |
| Amounts written off | – | (1.5) | (1.7) | (3.2) |
| At 31st March 2002 | **2.2** | **0.3** | **1.8** | **4.3** |

Market value of investments listed on the London Stock Exchange as at 31st March 2002 for the Group amounted to £5.8 million (2001 £6.8 million) and for the Company £3.4 million (2001 £6.8 million).

Details of shareholdings are given in note 37.

## 18. Current asset investments

The company's investment in subsidiary undertaking comprises of redeemable preference shares held in GMG Investco Limited (a wholly owned subsidiary undertaking). The preference shares are redeemable on demand at the issuer's option. Under the rights of the preference shares, the proceeds receivable on redemption are €59.4 million. Hence they are accounted for as Euro denominated assets and re-translated at year end exchange rates, with any foreign exchange gains or losses taken to the profit and loss account of the company. The gross amount of €59.4 million has reduced to €26.3 million as a result of impairment of underlying investments held in subsidiary companies by GMG Investco Limited. This has no impact on the Group profit and loss account. When translated at the year end exchange rate this equates to £16.1 million.

## 19. Stocks

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2002** | 2001 | **2002** | 2001 |
| | **£m** | £m | **£m** | £m |
| Raw materials and consumables | **1.5** | 1.6 | **1.4** | 1.5 |

## 20. Debtors

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2002** | 2001 | **2002** | 2001 |
| | **£m** | £m | **£m** | £m |
| Trade debtors | **47.6** | 54.1 | **41.3** | 47.9 |
| Amounts owed by subsidiaries | **–** | – | **59.0** | 31.9 |
| Amounts owed by joint ventures and associates | **4.9** | 5.9 | **0.4** | – |
| Other debtors | **3.7** | 10.6 | **2.3** | 2.5 |
| Prepayments and accrued income | **12.7** | 6.5 | **8.1** | 5.5 |
| | **68.9** | 77.1 | **111.1** | 87.8 |

## 21. Creditors: amounts falling due within one year

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2002** | 2001 | **2002** | 2001 |
| | **£m** | £m | **£m** | £m |
| Obligations under finance leases | **0.5** | 0.3 | **–** | – |
| Trade creditors | **18.7** | 20.5 | **16.1** | 15.9 |
| Amounts owed to subsidiaries | **–** | – | **198.7** | 176.9 |
| Amounts owed to joint ventures | **0.2** | 12.3 | **–** | – |
| Corporation tax | **1.6** | 13.3 | **1.8** | 6.1 |
| Taxation and social security | **4.9** | 4.9 | **3.7** | 4.2 |
| Other creditors | **8.5** | 2.5 | **1.5** | 1.6 |
| Accruals and deferred income | **32.8** | 29.2 | **29.7** | 25.9 |
| | **67.2** | 83.0 | **251.5** | 230.6 |

## 22. Creditors: amounts falling due after more than one year

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2002** | 2001 | **2002** | 2001 |
| | **£m** | £m | **£m** | £m |
| Obligations under finance leases | **6.7** | 7.1 | **–** | – |
| Other creditors | **0.2** | 0.1 | **0.2** | 0.1 |
| | **6.9** | 7.2 | **0.2** | 0.1 |
| The total value of obligations under finance leases repayable by instalments | | | | |
| - within one year | **0.5** | 0.3 | **–** | – |
| - within two to five years | **2.4** | 2.0 | **–** | – |
| - over five years | **4.3** | 5.1 | **–** | – |
| | **7.2** | 7.4 | **–** | – |

## 23. Deferred taxation

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2002** | 2001 | **2002** | 2001 |
| | **£m** | £m | **£m** | £m |
| **Provided** | | | | |
| Accelerated tax allowances on fixed assets | **0.3** | 1.3 | **–** | – |
| Short term and other timing differences | **(0.3)** | (1.3) | **–** | – |
| | **–** | – | **–** | – |

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2002** | 2001 | **2002** | 2001 |
| | **£m** | £m | **£m** | £m |
| **Total potential deferred tax liability/(asset)** | | | | |
| Accelerated tax allowances on fixed assets | **0.2** | 1.3 | **–** | – |
| Short term and other timing differences | **(1.0)** | (0.6) | **(0.9)** | (0.3) |
| Tax losses carried forward | **(2.1)** | (0.7) | **–** | – |
| Capital gains/revaluations | **0.8** | 0.3 | **0.4** | 0.3 |

Deferred tax assets have not been recognised on the basis that they either relate to losses in companies where their future utilisation against profits cannot be reasonably foreseen, or they arise on short term timing differences which, it is considered, will not reverse to create deductions against which future profits of the Group can be offset.

## 24. Called up share capital

| | The Company | |
|---|---|---|
| | **2002** | 2001 |
| | **£m** | £m |
| **Authorised, issued, called up and fully paid:** | | |
| 100,000 4% cumulative preference shares of £1 each | **0.1** | 0.1 |
| 900,000 ordinary shares of £1 each | **0.9** | 0.9 |
| | **1.0** | 1.0 |

The 4% cumulative preference shares have no voting rights attached and in the event of a winding up of the company are not entitled to any surplus assets.

## 25. Revaluation reserve

| | The Group | The Company |
|---|---|---|
| | £m | £m |
| At 2nd April 2001 | 0.5 | 0.5 |
| Revaluation of investment property | (0.2) | (0.2) |
| Revaluation of listed investments | (0.3) | (0.3) |
| At 31st March 2002 | **–** | **–** |

## 26. Profit and loss account

| | The Group | The Company |
|---|---|---|
| | £m | £m |
| The movement on retained profits is analysed below: | | |
| At 2nd April 2001 | 326.1 | 182.2 |
| Retained profit/(loss) for the period | 5.5 | (39.2) |
| Exchange differences | 0.2 | (0.5) |
| At 31st March 2002 | **331.8** | **142.5** |

Cumulative goodwill written off to group reserves £58.8 million (2001 £58.8 million).

### 27. Equity minority interests

| | The Group £m |
|---|---|
| At 2nd April 2001 | – |
| Profit and loss account | (0.4) |
| less: share of joint ventures | (0.4) |
| At 31st March 2002 | – |

### 28. Analysis of net funds

| | 2001 £m | Cash flow £m | Exchange Differences £m | **2002 £m** |
|---|---|---|---|---|
| **Net cash:** | | | | |
| Cash at bank and in hand | 200.9 | (28.7) | (0.7) | **171.5** |
| Less: deposits treated as liquid resources | (178.0) | 22.9 | – | **(155.1)** |
| | 22.9 | (5.8) | (0.7) | **16.4** |
| **Liquid resources:** | | | | |
| Deposits included in cash | 178.0 | (22.9) | – | **155.1** |
| **Debt:** | | | | |
| Finance leases | (7.4) | 0.2 | – | **(7.2)** |
| | (7.4) | 0.2 | – | **(7.2)** |
| Net funds | 193.5 | (28.5) | (0.7) | **164.3** |
| **Analysed in balance sheet:** | | | | |
| Cash at bank and in hand | 200.9 | | | **171.5** |
| Finance leases | | | | |
| within one year | (0.3) | | | **(0.5)** |
| after one year | (7.1) | | | **(6.7)** |
| | 193.5 | | | **164.3** |

### 29. Post balance sheet events

On 30th June 2002, the Group reduced its shareholding in M&G Media (PTY) Limited to 10%, transferring control to Southern African interests.

A recommended offer for jazz fm plc which valued the company at approximately £44.5 million became unconditional on 5th July 2002.

### 30. Acquisitions and disposal

Acquisitions and disposal during the period are as follows:

(a) On 8th June 2001, the Group acquired the entire share capital of Scot FM Limited for a total consideration of £25.1 million. Goodwill arising on this transaction of £25.4 million has been capitalised and will be amortised over 20 years. On 22nd January 2002, the company changed its name from Scot FM Limited to Real Radio (Scotland) Limited.

(b) On 29th November 2001, the Group acquired 95.4% of the share capital of HR Information Limited (trading as PeopleBank) for a total consideration of £1.2 million. Goodwill arising on this transaction of £1.3 million has been written off during the year.

(c) On 6th December 2001, the Group disposed of Automarche SNC for nil consideration.

(d) During the year, the Group acquired additional shares in four associates for £2.9 million (of which £2.7 million related to Fish4 Limited).

**Summary of the effect of increased investment in subsidiaries, joint ventures and associates during the period:**

| | Net Cash paid £m | Deferred consideration £m | Total consideration £m | Net liabilities acquired £m | Goodwill capitalised £m |
|---|---|---|---|---|---|
| Acquisition of subsidiaries | 20.3 | 6.0 | 26.3 | (0.4) | 26.7 |
| Associates | 2.9 | – | 2.9 | – | 2.9 |
| | **23.2** | **6.0** | **29.2** | **(0.4)** | **29.6** |

The net liabilities recorded in the books of the acquired entities were considered to be at their fair values.

The acquisitions reduced the Group's net operating cash flows by £2.4 million, reduced taxation by £0.4 million and utilised £0.6 million for capital expenditure.

In their last financial periods, the acquisitions made a loss after taxation and minority interest of £3.3 million. For the period since then to the dates of acquisition, the acquisitions made a loss after taxation and minority interests of £1.1 million.

### 31. Capital commitments authorised

Contracts for capital expenditure and investments for the Group amounted to approximately £2.2 million (2001 £9.7 million). There are no capital commitments in respect of the company (2001 £nil).

### 32. Contingent liabilities and financial commitments

In the normal course of business the Group has given guarantees in respect of commercial transactions.

These include:

(a) The company has given a guarantee to The Royal Bank of Scotland plc to secure the liabilities of certain of its subsidiary companies. At 31st March 2002, no subsidiary company had a bank overdraft (2001 £nil).

(b) The company has given joint and several guarantees and indemnities and sole guarantees in respect of certain leasing obligations of Trafford Park Printers Limited and Berkshire Press Limited amounting to £11 million.

(c) The company has given a sole guarantee on behalf of a subsidiary company in respect of a printing agreement with West Ferry Printers Limited amounting to a maximum of £25 million.

### 33. Operating lease and similar commitments

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

| | Land and buildings | | Other | |
|---|---|---|---|---|
| | **2002 £m** | 2001 £m | **2002 £m** | 2001 £m |
| Expiring within one year | **–** | – | **–** | – |
| Expiring between two and five years inclusive | **0.5** | 0.1 | **–** | – |
| Expiring in over five years | **0.1** | 0.3 | **8.0** | 7.7 |
| | **0.6** | 0.4 | **8.0** | 7.7 |

There are no operating leases or similar commitments in respect of the company (2001 £nil).

**34. Related party transactions**

Transactions between subsidiary members of the Guardian Media Group plc are not required to be disclosed under FRS 8 as these transactions are fully eliminated on consolidation. In the course of normal operations, the Group has traded on an arms length basis with joint ventures, associates and other related undertakings, principally Trafford Park Printers and Trader Media Group joint ventures. The aggregated transactions which are considered to be material and which have not been disclosed elsewhere in the financial statements are summarised below:

| | £m |
|---|---|
| Sales | 2.7 |
| Purchases | 15.8 |
| Loan repayments | 12.8 |
| Interest on loans | 24.7 |

As at 31st March 2002, material balances outstanding in relation to these transactions were:

| | £m |
|---|---|
| Loans (including interest rolled up) | 262.8 |

During the year the Guardian Media Group plc paid £90,000 to nine members of the Scott Trust in relation to their duties as Trustees. A further £234,000 was paid to four of the Trustees, none of whom are directors of the Group, for services rendered to Guardian Newspapers Limited and paid on a normal arms length basis. No members of the board received additional remuneration for services as a Trustee.

**35. Ultimate controlling party**

The ultimate controlling party of the Group is the Scott Trust which owns 100% of the issued ordinary share capital of Guardian Media Group plc.

**36. Pensions**

More than 90% of the Group's employees are members of defined contribution pension schemes operated by the company. The Group also contributes to a small number of pension schemes which are of the defined benefit type. Pension scheme assets are held in separate trustee administered funds. The total pension charge for the Group is shown in note 4(a).

The most recent triennial actuarial valuations of the defined benefit pension schemes stated that the assets of the schemes were sufficient to cover the liabilities as at the date of valuation. The actuaries' recommendations on the level of funding are being followed.

**Financial Reporting Standard No. 17**
The following information is provided to comply with the transitional arrangements of FRS 17, 'Retirement benefits'.

The market value of the schemes' assets as at 31st March 2002 was £16.0 million of which 53.6% was invested in equities, 35.2% was invested in bonds and 11.2% was allocated to other investments.

The assumed rates of return on assets for the year beginning 1st April 2002 are 7.00% pa on equities, 5.00% on bonds and 5.25% on other investments.

The present value of the schemes' estimated liabilities at 31st March 2002 was £13.4 million and the resulting estimated surplus was £1.8 million (net of deferred taxation).

# Notes

relating to the 2002 financial statements - continued

**36. Pensions** (continued)

The main assumptions used to calculate the present value of liabilities are:

| | |
|---|---|
| Inflation rate | 2.7% pa |
| Rate of increase in salaries | 3.5% pa |
| Rate of increase for pensions in payment | 2.7% pa |
| Rate of increase for pensions in deferment | 2.6% pa |
| Discount rate | 6.0% pa |

For illustrative purposes, the effect of recognising the whole of the estimated pension surplus in the Group's balance sheet at 31st March 2002 would be:

| | **2002 £m** |
|---|---|
| **Net assets** | |
| Net assets excluding pension surplus | **332.8** |
| Surplus in the scheme | **1.8** |
| Net assets including pension surplus | **334.6** |
| **Reserves** | |
| Profit and loss reserve excluding pension surplus | **331.8** |
| Surplus in the scheme | **1.8** |
| Profit and loss reserve including pension surplus | **333.6** |

**37. Subsidiaries and other companies**

The principal activity of the subsidiaries, joint ventures and associates is the dissemination of news, information and advertising matter by way of print and other media. The following information relates to those undertakings which, in the opinion of the directors, principally affected the results or financial position of the Group.

| (a) **Subsidiary undertakings** | Description of shares held | Equity holding |
|---|---|---|
| **National Newspaper Division** | | |
| Guardian Newspapers Limited^ | £1 ordinary shares | 100% |
| Guardian Press Centre Limited^ | £1 ordinary shares | 100% |
| M & G Media Limited=^ | 1 cent ordinary shares | 86.7% |
| **Regional Newspapers Division** | | |
| Greater Manchester Newspapers Limited^ | £1 ordinary shares | 100% |
| Surrey and Berkshire Newspapers Limited^ | £1 ordinary shares | 100% |
| | £1 deferred shares | 100% |
| Star Newspapers (Camberley) Limited^ | £1 ordinary shares | 100% |
| Channel M Television Limited^ | £1 ordinary shares | 60% |
| **Radio Division** | | |
| GMG Radio Holdings Limited | £1 ordinary shares | 100% |
| Real Radio Limited^ | £1 ordinary shares | 100% |
| Real Radio (Scotland) Limited^*– | £1 ordinary shares | 100% |
| Real Radio (Yorkshire) Limited^ | £1 ordinary shares | 100% |
| Smooth Radio South Wales Limited^ | £1 ordinary shares | 100% |
| **Other** | | |
| Guardian Media Group Jersey Limited+ | 1JPY ordinary shares | 100% |
| HR Information Limited^ | 1p ordinary shares | 95.4% |
| Workthing Limited | 10p ordinary shares | 95.4% |

The subsidiary undertakings are incorporated in Great Britain and registered in England and Wales except where noted.

– Incorporated in Scotland
= Incorporated in South Africa
+ Incorporated in Jersey
^ Investments not held directly by Guardian Media Group plc
* Latest audited financial statements December 2001, adjusted to 31st March 2002

**37. Subsidiaries and other companies** (continued)

| | | | |
|---|---|---|---|
| **(b)** | **Joint venture companies** | Description of total shares | Percentage holding |
| | Trader Media Group Limited^ | 17,964,240 ordinary shares of 1p | 48% |
| | | 2,700,000 fixed dividend, non voting ordinary shares of £1 | 100% |
| | Trafford Park Printers Limited | 10,000 ordinary shares of £1 | 50% |
| | Guardian Education Interactive Limited^ | 14,545,000 £1 ordinary shares | 55% |
| **(c)** | **Associates** | | |
| | Radio Investments Limited | 1,893,680 ordinary shares of 10p | 39.5% |
| | Fish4 Limited^ | 38,076,392 ordinary shares of £1 | 21.6% |
| **(d)** | **Other significant interests** | | |
| | jazz fm plc | 22,517,786 ordinary shares of 1p | 18.4% |

^ Investments not held directly by Guardian Media Group plc

All the above companies are incorporated in Great Britain and registered in England and Wales and operate principally in their country of incorporation.

# Group five year review

| | Year to 31st March 2002 £m | 1st April 2001 £m | 2nd April 2000 £m | 28th March 1999 £m | 29th March 1998 £m |
|---|---|---|---|---|---|
| **Turnover including share of joint ventures** | **456.4** | 437.4 | 439.0 | 411.1 | 387.6 |
| Less: share of joint ventures | **(116.0)** | (84.8) | (48.2) | (39.8) | (17.7) |
| Less: share of associates | **(4.9)** | (4.0) | (0.9) | (5.5) | (2.3) |
| **Group turnover** | **335.5** | 348.6 | 389.9 | 365.8 | 367.6 |
| Operating costs | **(354.7)** | (339.0) | (347.6) | (319.7) | (324.8) |
| **Operating (loss)/profit** | **(19.2)** | 9.6 | 42.3 | 46.1 | 42.8 |
| Share of profit/losses of joint ventures and associates | **20.8** | 19.8 | 5.1 | 4.0 | 2.4 |
| **Total group operating profit including share of joint ventures and associates** | **1.6** | 29.4 | 47.4 | 50.1 | 45.2 |
| Exceptional items | **1.3** | 26.1 | 16.0 | 5.5 | – |
| **Profit on ordinary activities before interest and taxation** | **2.9** | 55.5 | 63.4 | 55.6 | 45.2 |
| Income from fixed asset investments | **1.0** | 1.8 | 0.3 | 4.0 | 0.8 |
| Net interest receivable | **5.9** | 10.0 | 9.8 | 8.6 | 7.0 |
| **Profit on ordinary activities before taxation** | **9.8** | 67.3 | 73.5 | 68.2 | 53.0 |
| Tax on profit on ordinary activities | **(3.9)** | (25.2) | (22.3) | (21.1) | (18.7) |
| **Profit on ordinary activities after taxation** | **5.9** | 42.1 | 51.2 | 47.1 | 34.3 |
| **Assets employed** | | | | | |
| Fixed assets | **79.2** | 51.1 | 70.0 | 69.0 | 48.7 |
| Investments | **35.3** | 44.1 | 34.6 | 32.7 | 24.9 |
| Cash at bank and in hand less obligations under finance leases | **164.3** | 193.5 | 175.8 | 137.1 | 120.4 |
| Other net assets/(liabilities) | **54.0** | 38.9 | 4.6 | (3.5) | (9.0) |
| **Net assets** | **332.8** | 327.6 | 285.0 | 235.3 | 185.0 |

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