GUARDIAN MEDIA GROUP

Guardian Media Group plc Annual Report and Accounts 2001

# Contents

Guardian Media Group plc is a UK media business with interests in national newspapers, regional and local newspapers, magazines and radio. 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 2000/2001**

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| Group sales (including joint ventures) down 1% | **£440 million** |
| Group operating profit before exceptional items down 38% | **£29 million** |
| Group profit before taxation down 8% | **£67 million** |
| Group net funds up 10% | **£194 million** |
| Group net assets up 15% | **£328 million** |

**Company number 94531**

# The Scott Trust

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

The Scott Trust is an unusual owner of a substantial British business. Its assets combine two somewhat different cultures. The majority of them are run like other commercial operations, which means being intensely conscious of efficiency and profit in the service of highly competitive markets. Trader Media, which we helped to build from almost nothing, along with our regional newspapers and our expanding radio interests, would not flourish if they weren't a commercial match for some very potent rivals.

The Guardian and the Observer are also run commercially. Their brief is to be profit seeking, and their commercial departments, like their editorial teams, are respected across the newspaper industry. But the uniqueness of the Trust gives all its newspapers, especially the national titles, a big advantage. The proprietor plays no part in the editorial content of any of them, and is the guarantor, thanks to the Trust structure, against unwanted takeover by predators.

When the Trust was formed, in 1936, the purpose of its founders was to preserve the Manchester Guardian. The immediate threat to the great paper came from death duties, but the solution endures into modern times as protection against the worst effects of belonging to a quoted company. The paper had acquired a world reputation under its celebrated owner-editor, C P Scott, and might have foundered but for the far-sighted generosity of his descendants. When they handed it over to the Trust, it was with only one instruction, that the business and newspapers should be "carried on as nearly as may be upon the same principles as they have heretofore been conducted".

When the business was small, this was not a hard rule to follow. For several decades, there was the Guardian, the Manchester Evening News and a few satellite papers round Manchester. But under the hand of some gifted managers, the business base grew substantially, into one that, in the current year, turned over £439.9m. This involves larger choices and bigger risks, but has not altered the essential ethos that seeks to combine moral purpose, which places the Guardian at the pinnacle of GMG's business objectives, with hardheaded commercial operation.

The Trust does not manage the business. A trustee from an earlier period once said: "It is largely passive, as long as everything is going right". But when the business is as big as this one has become, the sole shareholder has an important strategic responsibility. It is less than a Prime Minister, overseeing every decision, but more than a monarch, confined to listening and warning. It meets regularly to hear management account for progress in each division. It is the forum of final approval for the GMG budget. If it doesn't like an investment avenue the management is exploring, it can say so. The limits of "as heretofore", though necessarily flexible in an age when much has happened that was unimaginable in 1936, remain in trustees' minds. Every business in the Group needs resources, and in the division of what looks like the most prudent allocation, the Trust has a vital part to play.

This is eased by its membership, a mix of company managers and employees, together with a cohort of outsiders, including two descendants of C P Scott. 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. As the internet accelerates, collapsing plans and prophecies at the speed of light, the old Trust, we think, is oddly well placed to handle the new challenges.

# The Scott Trust Trustees

**Hugo Young* (Chairman)**
Aged 62. 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.

**Malcolm Dean**
Aged 62. Joined the Trust in 1994. He has served on the Guardian for over 30 years working as a roving reporter, social policy leader-writer and section editor. Society, the paper's social policy supplement, began as a column under his name. He later went on to launch it as a separate section covering the entire social policy spectrum.

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

**Paul Myners**
Aged 52. Joined the Trust and Group in March 2000. He is also Chairman of Gartmore Investment Management plc and Deputy Chairman of PowerGen plc. Previously held directorships include Celltech Group plc, National Westminster Bank plc, Orange plc and N.M. Rothschild & Sons Limited.

**Andrew Phillips**
**(Lord Phillips of Sudbury)**
Aged 62. Joined the Trust in 1991. Founder partner of solicitors Bates, Wells & Braithwaite; Non-Executive Director of Faraday Underwriting Limited and Gough Hotels Limited; President of the Citizenship Foundation and Solicitors Pro Bono Group; Trustee of other charities. Regular broadcaster. Life Peer.

**Robert Phillis**
Aged 55. 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 63. 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 47. 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 53. Joined the Trust in 1988. He is currently a Director of KPMG Corporate Finance where he has been for 3 years and he was previously a Director of SBC Warburg.

**Martin Scott**
Aged 59. Joined the Trust in 1988. He worked for the company in Manchester from 1965 to 1978. He is Client Director at Ashridge College.

* As Chairman of the Trustees, Hugo Young attends all meetings of the Guardian Media Group plc Board, ex officio, and also chairs the Remuneration Committee of the Board.

# Chairman's statement

**Paul Myners**
**Chairman**

The Group has continued to make good progress in pursuit of our ambitious and distinct goals.

On a total turnover of £440 million, pre-tax profits fell from last year's record £73.5 million to £67.3 million. Increased spending on the Group's new media initiatives is reflected in a reduction in total operating profit which fell from £47.4 million to £29.4 million. New media investment expensed through the profit and loss account involved a net cost of over £34 million in the year compared with £7 million in the previous year. Net cash inflow from continuing operations, at £20 million, was below that of the last three years, as a consequence of our commitment to sustained development spending. However, our net cash position continued to strengthen to £194 million from £176 million in the previous year. At 1st April 2001 the Group had net assets of £328 million.

Successful organisations do not stand still. In the global communications environment, quality and competitiveness are increasingly the partners of progress in a sector which is undergoing a period of intense challenge and change.

Last year I drew attention to the role of the Scott Trust, which owns GMG. The Trust enables us to operate free from short-term concerns, placing priority on our primary mission: securing the future of the Guardian and Observer. The value of the Trust has always been apparent, both through its staunch defence of our independence and its instinctive support of our editorial values. But a companion strength is its ability to take the long strategic view and, with the Board, thus support the executive in its continuing aim to provide the soundest financial base for our main titles.

GMG owns an actively managed portfolio of media businesses, supported by our core organisational competencies. We recognise that our key challenge is to apply our skills in a commercially competitive way while respecting and drawing strength from the values of the Trust. These principles relate as keenly to our new media and radio activities, which have grown rapidly in the last year, as to established parts of the business. The value of our forward-looking approach can be judged by the broad progress which has been made by our new ventures at a time when the experience at other media groups has been markedly less happy.

I indicated last year that a developing asset of our trusted brands - the Guardian, Observer and Manchester Evening News - was their ability to extend successfully into new media, particularly at a time when traditional advertising revenues were coming under pressure. The continuing progress of the Guardian has been echoed by its website, Guardian Unlimited, emphasising that inherent journalistic talent allied to technological innovation can be a powerful combination when set within a carefully judged business plan.

Our vision of high journalistic standards characterising a core product which we intend to deliver in an increasing variety of ways, matches today's more technologically versatile and mobile consumers. While that approach may be in tune with 21st Century media markets, its origins can be traced back nearly 150 years when the Guardian - then merely a weekly - decided to publish six days a week, giving itself, in the current idiom, a larger platform on which to develop its consumer base.

The Chief Executive's report contains a detailed perspective of the Group's range of activities, and I would like to draw attention to the continuing circulation successes of the Guardian and Observer based on heavy investment in product development and marketing; the success of our radio operations; and the strength of our regional newspapers and the newly created Trader Media Group. In addition, in this year's report there is a more detailed record of the growing effort being made by companies across the organisation to support community initiatives, both at local and national levels, focusing on young people in particular. Whilst each company has developed its own programme of community involvement, there is also an impressive record of voluntary work undertaken by individuals.

# Guardian Media Group plc Board of directors

Last November marked the retirement of the Managing Director of Guardian Newspapers Limited (GNL), Caroline Marland. She joined the company in 1976 and in a career of remarkable progress worked her way through GNL to join the Board in 1995. Caroline's sharp mind and sense of style were distinctive features at the Board and within the Guardian, where her leadership skills made a profound impact. I and my colleagues wish her well in what we know will be anything but a quiet retirement. I hope the story of her successful career will encourage others to see the Group as a provider of opportunity for those with talent and a wish to aspire to the highest professional standards.

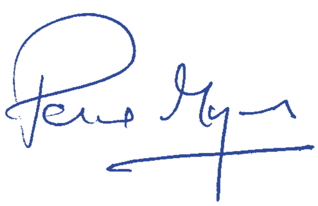
Following Caroline's retirement, we welcome Carolyn McCall to the GMG Board as her successor. Carolyn was appointed in October 2000. She is already making a confident and significant contribution to our deliberations.

The financial year end also coincided with the retirement of Arthur Townsend, the Company Secretary and Deputy Financial Director. Arthur had worked for the Manchester Evening News and GMG for 32 years, during which time he contributed significantly to the growth and development of the organisation. We wish him a long, happy and active retirement. Arthur is succeeded by Phil Boardman, who joins us from Hickson International PLC.

We owe much to the dedication of our people. Although there are fewer certainties in present-day life, the commitment to high standards of those who work within GMG ensure that there is a consistent and enduring value to what we do.

We do not do it simply for profit.

We do it for the privilege of serving the public interest.



**Paul Myners *+**
Chairman
Aged 52. Joined the group in March 2000. He is also Chairman of Gartmore Investment Management plc and Deputy Chairman of PowerGen plc. Previously held directorships include Celltech Group plc, National Westminster Bank plc, Orange plc and N.M. Rothschild & Sons Limited.

**Ian Ashcroft**
Chief Executive, Regional Newspaper Division
Aged 55. 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.

**Jeremy Bullmore CBE+**
Non-Executive
Aged 71. Joined the company and Board in 1988. He is a Non-Executive Director of WPP Group plc and was formerly Chairman of J. Walter Thompson Company (London) Limited.

**Nicholas Castro**
Group Finance Director
Aged 50. 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.

**Giles Coode-Adams OBE DL***
Non-Executive
Aged 62. 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 the Guardian Media Group plc Board.

**Elizabeth Forgan OBE+**
Non-Executive
Aged 55. Joined the Board in 1998. Founder Senior Commissioning Editor Channel 4 TV. She was formerly the Managing Director of BBC Network Radio, a Guardian journalist and a member of The Scott Trust. She is Chair of the Heritage Lottery Fund.

**John Harris**
Non-Executive
Aged 53. 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 UK Publishing Division of Trader Media Group Limited.

**Andrew Karney*+**
Non-Executive
Aged 59. 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.

**Carolyn McCall**
Managing Director, National Newspaper Division
Aged 39. Joined the company in 1986. Appointed to the Board in 2000. 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).

**Robert Phillis**
Chief Executive, Guardian Media Group plc
Aged 55. 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.

**Alan Rusbridger**
Editor in Chief, The Guardian
Aged 47. 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.

**Philip Boardman**
Company Secretary
Aged 44. Joined the company and appointed Secretary in 2001. Previously he was Group Financial Controller of Hickson International PLC and Fenner PLC.

* Audit Committee
\+ Remuneration Committee

# 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 44 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 (from 2002) and Central Scotland.
- Operates 24 local radio stations via Radio Investments Limited (39.2%).
- Holds an 18.7% shareholding in Jazz FM, broadcasting in London and the North West.
- Holds a 33% shareholding in Oneword Radio, a channel on the national digital radio multiplex.
- Member of a consortium (13.1%) which owns MXR, a holder of regional digital multiplex licences.

### Trader Media Group (48%)

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

### Other Interests

- workthing.com (89.6%)
  A company that provides recruitment and advertising services by way of electronic media.
- M&G Media (86.4%)
  Publisher of a leading South African newspaper, Mail & Guardian.
- Trafford Park Printers (50%)
  Prints The Guardian, Manchester Evening News, The Daily Telegraph and The Sunday Telegraph.
- Channel M (51%)
  A restricted service licence television station for Manchester.
- Fish4 (21.6%)
  A company that provides electronic classified advertising services.
- Artsworld (27.5%)
  A digital television subscription channel.

# Chief executive's review of operations

**Bob Phillis**
**Chief Executive**

The year under review has been characterised by a period of some economic uncertainty in the second half of the year and a flight from high tech businesses based on stand-alone internet operations. As the Chairman has noted, one of the great strengths of the unique ownership structure of GMG is the ability to take a long term strategic view of the development of our existing operations and the investment in new businesses necessary to safeguard the continuing financial strength of the Group.

In our strategic review eighteen months ago, we identified the need to enhance our flagship publications, to extend the reach of our digital publishing capacity and to broaden the base of our diverse portfolio of media activities. Considerable progress has been made in meeting these objectives and in restructuring the Group during the year. This has involved an increasing amount of revenue expenditure in product development, new media and the building of our radio operations. All of this has been achieved while adding £18 million to our net cash resources, which stood at nearly £200 million at the year-end. This puts the Group in a strong position to capitalise on further opportunities for growth that are likely to arise during the current financial year.

**The Newspapers**

During the year, the Guardian, our flagship title, has been able to build on the firm foundations established during the past five years. Sales at 399,696 have remained stable in a continuously decreasing market, enabling its share to grow to 17.01% of the quality broadsheet market. Advertisement revenues for the Guardian grew by £12 million on the previous year.

Editorially, the Guardian has been responsible for a number of high profile agenda-setting campaigns, including the debate on the future of the Monarchy, the state of the prison service, Britain's public services, and an examination of the patenting of human genes. In September, Guardian North was launched, offering its readers a national newspaper with more local news, sport and art reviews.

During the year, we commissioned extensive research into consumer reading habits on weekdays and at weekends. This has led to a sharper focus during the week on news, sport and industry-related supplements (such as Media, Education and Society Guardian) and the launch on 21st April 2001 of a significantly enhanced new-look Saturday newspaper, with lifestyle and leisure supplements.

The Guardian's editorial excellence has been recognised by a wide range of industry awards: Newspaper of the Year at the 2001 Newspaper Awards for clear evidence of profit, market share, outstanding design and strong circulation performance; Best Daily Newspaper on the world-wide web at the same awards; Young Journalist of the Year (Emma Brockes) at the British Press Awards 2001; National Newspaper Journalist of the Year (Vikram Dodd) at the Commission for Racial Equality's Race in the Media Awards 2001. At the What The Papers Say Awards, Tom Jenkins was named Sports Photographer of the Year for his work on both the Guardian and the Observer.

The Observer has enjoyed a remarkably successful year. The March 2001 ABC figure of 451,834 was up 10.8% year on year. The six-month October to March figure was up 8.12% at 445,119, demonstrating sustained growth against the trend in the Sunday quality newspaper market.

# Chief executive's review of operations

continued

Advertising revenue performance was also strong, with year-on-year growth exceeding £2 million.

This performance has been driven by a clear strategy of investment in product development, designed to give the Observer a true point of difference against its competitors in the quality Sunday market. The major publishing event was the launch of the Observer Sports Monthly (OSM) in May 2000. It has been applauded throughout the industry, winning the award of Supplement of the Year at the British Press Awards and Magazine Launch of the Year, given by Campaign Magazine. This process of product innovation and investment continued with the launch of Observer Food Monthly in April.

In March, the Observer published the Britain Uncovered Supplement, a probing poll into the more nefarious side of British life. Coupled with strong features on the more surprising aspects of our society, it made for compelling reading, strong advertising and the second highest sale of the financial year.

The Observer also won a number of other notable awards in the last year. Roger Alton was named Editor of the Year and Andrew Rawnsley was judged Columnist of the Year at the What the Papers Say Awards; Murdo Macleod, News Photographer of the Year at the same event; Faisal Islam, Wincott Award for Financial Journalism; Kevin Mitchell, Sports Feature Writer and Sports Journalist of the Year at the Sports Writers Association and Sport England Awards, while the Observer won Newspaper of the Year at the Picture Editor Awards 2000.

The Manchester Evening News (MEN) faced a tough year in a fragmenting market affecting all metropolitan daily newspapers as well as commercial television.
A strong editorial team produced a string of exclusives demonstrating its leading role in investigative journalism amongst Britain's regional evening newspapers. These included the former prostitute at the centre of the Jeffrey Archer libel trial being killed in a car crash with an armed robber; a three-part expose which "named and shamed" the men behind the city's vice trade; and how a Manchester social worker was a leading figure in a group linked to the Real IRA terror group which planted the Omagh bomb.
In addition, our journalists launched and sustained the Manchester Metro ahead of Associated Newspapers' launch of their national title.
After our successful court action over the Metro title, Associated and MEN now jointly produce the free morning paper in the city.

The fact that commercially 2000-01 was the Evening News' most successful year is due to its reputation, its ability to deliver a quality readership, a highly professional advertisement department and its pre-eminence in the jobs market. It is also a result of using technology to reduce costs and deliver efficiency.

Within the Greater Manchester area, the regional newspapers' total circulation of paid for, evening and weekly papers and free newspapers exceeded 2.6 million copies per week. The particular feature of the MEN's battleground was the intense competition from free newspapers of all descriptions.

Paid-for weeklies across the UK are enjoying stable circulation and an increased advertisement market share, but it is the free sector of the industry which is showing the strongest growth in readership and advertising. In Cheshire & Lancashire the Stockport Express, Wilmslow Express, Macclesfield Express, Rossendale Free Press and Middleton Guardian all achieved circulation increases. Our strength in the Greater Manchester weeklies lies with our large free newspapers: the Manchester Metro; Stockport Times; the Tameside, Oldham, and West Manchester Advertisers. Here the strategy has been to increase editorial pagination and improve design and colour content.
The result has been increased advertisement revenue. The purchase of the South Manchester Reporter allowed us to merge this title with the South Manchester Express and the new paper's coverage of a string of important suburbs has expanded significantly, leading to increased revenue and a subsequent contribution to profit.

Surrey & Berkshire had an outstanding year. In Reading, a re-designed Evening Post significantly increased its full-price sale to a new unaudited level of just below 17,000 copies a day.

The Reading Standard was redesigned and renamed Reading Central, with delivery extended from homes to buses and street distribution, whilst in Surrey, The Rush was produced for the county's commuters and represented another benefit to flow from the new Stoke Mill operation. The Surrey Advertiser remains one of the country's dominant weekly papers, with a weekly sale of over 43,000, and the Surrey Advertiser series has a total weekly sale of over 117,000.

During the year Guardian Media Group expressed an interest in acquiring all, or part of, the assets of the RIM (Regional Independent Media) group of Regional Newspapers. Following a thorough and searching investigation by the Competition Commission, GMG was granted permission to proceed separately and/or jointly with Johnston Press and Newsquest. The objective was to strengthen the Greater Manchester hub of our regional newspaper operations. Regrettably little progress was made in the year under review.

**New Media**

GMG continues to make significant investments in internet and interactive services. Despite the severe downturn in the high technology marketplace, we are continuing our strategy of investment in websites that build on our strengths in editorial and classified advertising and our presence in particular communities. We have developed a number of strong and well regarded on-line brands that support and enhance our print businesses. Revenue from the sites is steadily increasing, but the scale of the investment is such that our investment strategy is regularly reviewed. To date, we have achieved or exceeded our goals for these investments.

Guardian Unlimited has continued to achieve national and international recognition. During the year, new specialist channels, including media, society and politics, together with a website for the Observer, have been launched and Guardian Unlimited is now available on interactive television, mobile phones and hand-held devices. As an endorsement of its progress, it was judged Best Daily Newspaper on the world-wide web at the 2000-01 Newspaper Awards; Best Consumer Media Site by New Media Age 2000; Online Media Owner of the Year by Media Week 2000; and won Revolution's award for the Best Use of New Media by a media owner. Traffic and user figures have been similarly impressive. In March, audited page impressions exceeded 30 million with 2.4 million unique users, confirming it as the largest and most popular UK newspaper website.

Following the completion of a joint venture between GNL and a South African education web content business - Education Interactive Solutions - we launched learn.co.uk. The site aims to provide learning resources for school students aged four to nineteen, covering every aspect of the national curriculum, as well as lessons based on the Guardian archive. Content is now building at a rapid rate, covering the whole secondary spectrum and there are plans to move into primary resources. Learn.co.uk has been chosen as the lead content provider for the first of the Government's education broadband networks and reached close to 3 million page impressions a month during this year's revision season. Learn.co.uk appeals to three key audiences: pupils, teachers and parents with one clear and simple proposition.

GMG also launched Workthing, a recruitment site providing a wide range of services to job seekers, recruiters and employers. It is now fully operational, employing eighty people in its own separate office accommodation. Its role within GMG is to focus on digital recruitment outside of those areas where Guardian Unlimited is strongly established. Workthing addresses sectors such as IT, Finance, FMCG and Retail, New Media, Travel and Engineering. Job vacancies from the Guardian in Public Sector, Education and Media are given additional distribution through the Workthing site and in return Workthing is currently completing the use of its technology to drive the job search functionality within the Guardian Unlimited sites.

Workthing operates in a highly competitive marketplace, but has established itself as one of the leading on-line recruitment sites by paying close attention to the needs of its users and of HR managers in the sectors that it serves. A superior job search capability, meaningful career advice and development, and an emphasis on high service levels has resulted in 3.5 million page views, three hundred thousand unique users and monthly figures of over three quarters of a million job searches. Workthing is attracting blue chip corporate clients and new customers and revenue streams into the Group.

Our regional newspaper websites have been reorganised under a holding company, GMG Regional Digital, with the objective of developing site content, services and revenue. Manchesteronline, was relaunched as a regional portal in the Autumn with a new range of services and its quality and range of services has been recognised in the Newspaper Society's New Media Awards as the Best Daily Newspaper Internet Site. Within Manchesteronline, Sportloco, a specialist site for amateur sports was launched during the year, and at the same awards was named Best Internet Site of the Year, Best Niche Internet Site and Best Online Community Site. The judges described sportloco.com as "having massive future potential, using the internet to its best to satisfy the needs of amateur sports". The Group's weekly newspapers in the Greater Manchester area have sites within the portal, providing news and services specific to their areas. Get Reading has been relaunched as a portal for the Reading area, while the established Surrey Advertiser site has continued to carry significant traffic. Sites for other towns in Surrey and Berkshire are planned.

Through GMG Regional Digital, we are also one of the largest shareholders, along with other regional newspaper owners, in Fish4, the national classified site. Fish4 Jobs is now the biggest jobs site in the UK, with Fish4 Cars and Fish4 Homes also seeing significant traffic.

Through the Group's investment in Trader Media, we also have a significant stake in the Auto Trader and Ad Trader websites. Auto Trader is the largest car classified site in the UK, currently running at an average of 28 million page impressions per month providing an essential service to car dealers and other private advertisers. This site, also available via cable television and mobile telephone, is expected to be trading profitably by the end of the current financial year.

**Radio**

The diversification of our media portfolio away from its heavy concentration on the printed word had been identified as a key strategic objective almost three years ago. At that time GMG held small stakes – 15.1% in Jazz FM and 8.1% in Radio Investments Limited (RIL). Considerable progress has been made since that time. Our stake in Jazz FM is now 18.7% and GMG has Board representation. RIL has been restructured and expanded. GMG and Caledonia Investments each hold 39.2% of the equity with GWR converting its minority stakes in a number of the operating stations to a 20% holding in RIL. Ralph Bernard, Chairman of GWR plc, has joined the RIL Board. Together, we aim to make RIL the largest local radio group in the UK. With the acquisition of Mix 96 and Sun FM during the year, RIL now controls 24 local radio stations.

The greatest success story during the year was the launch of Real Radio in South Wales at the beginning of October. It has been regarded as the most successful launch of a commercial regional radio station in the UK, with the first official audience figures showing a reach of 19%, average listening of 12 hours a week and an audience share of 11.5%. The operation is performing 12 months ahead of its original business plans. GMG also believes that digital radio is the future of the medium and has invested significant sums in the development of our radio brands in preparation for a successful take-up of digital radio. We are one of the founders of Oneword Radio, which broadcasts on the national digital network and which won the Sony Award for the Digital Radio Station of the Year in April and we have entered into an agreement with EMAP to transmit our Real Radio brand across the UK on seven of their northern local digital services.

Since the year-end, we added further to the strength of our regional radio operations with the acquisition of Scot FM from The Wireless Group for £25.5 million; and the award by the Radio Authority of the regional licence for South and West Yorkshire. Both of these stations provide the opportunity to extend the Real Radio brand. An application for the East Midlands' regional licence will be submitted later in the year.

**Partnerships**

Perhaps the most significant event of the financial year ended 1st April 2001 was the merger of GMG's Auto Trader interests with those of Hurst Publishing Group Limited owned by European venture capitalists, BC Partners. The new company, Trader Media Group Limited (TMG) is jointly owned by GMG plc and BC Partners.

In its first year of trading as an integrated company, TMG produced revenues in excess of £220 million, an 11% increase year on year. There have been significant increases in circulation numbers and revenues across all titles and advertising yields have been increased with the introduction of full colour printing in all our publications. Under a single board and management structure the benefits of integration from the merger have exceeded both plans and expectations. The brand awareness across the UK of Auto Trader has been enhanced by the Perfect Partners campaign and the Supermart and Diamond FreeAds titles have been rebranded AdTrader. The objective is to be the single brand that people choose for buying or selling used vehicles, whichever channel they choose, print or media. In addition to the 28 million page impressions per month on autotrader.co.uk, there are an additional 8 million page impressions made through our digital television service offered by NTL, Telewest and ITV Digital and our on-line services have been enhanced and extended through our partnerships with Microsoft Car View, Pendragon and British Car Auctions.

The merger has already resulted in stronger systems, improved productivity and customer services, a rationalisation of printing capacity and a centralisation of our main database services at a new complex in Newton Le Willows.

The year under review also saw the acquisition of the TNT and Southern Cross titles for £34 million and their successful integration into TMG. Over 100,000 copies of these free magazines are distributed in London each week and there has already been a significant uplift in profitability year on year.

Prospects for TMG in the coming year are good with further growth in revenues and profit based on clear market leadership in all of its operations.

# Chief executive's review of operations

continued

**Television**
As part of the realignment of our interests, we sold our 50% share in GMG Endemol Entertainment plc, created as a joint venture between Broadcast Communications and Endemol Entertainment in 1998, realising a profit of £23.3 million. We have, however, maintained our interest in television via a 27.5% stake in Artsworld, a subscription-based arts channel, chaired by Sir Jeremy Isaacs which was launched in December 2000.

In Manchester, we have launched a local television service, Channel M, on a Restricted Service Licence from the ITC, targeted at the youth population in Greater Manchester. This early exploratory entry into local television services is part of our strategy to provide a multi-platform media service to the conurbation.

**Group outlook**
After a third successive year of pre-tax profits of close to £70 million, the prospects for the current financial year look more challenging. The uncertainty in the economy, associated with a slowdown in the United States, the timing of the general election, the bursting of the dot.com bubble and the sharp decline in telecoms and technology stocks has led to a perceptible weakening in levels of national advertising demand in a number of key categories. Fortunately for the Group, recruitment advertising in the public sector remains strong, the regional newspapers are still performing strongly and Trader Media Group has made an encouraging start to the year. Nevertheless, given our commitment to maintain investment in new media, operating profit will not be maintained at the level of recent years.

In these circumstances, the importance of exercising financial rigour across all of our operations, which I highlighted last year, becomes even more important. However, it is one of the great benefits of our unique ownership structure that these proper managerial disciplines can be exercised within a framework where long-term strategic objectives need not be sacrificed in pursuit of short-term financial performance. It is for this reason that the continuous monitoring of all our internet operations across the Group has allowed us to refine and adjust our plans in light of progress and performance against agreed objectives. This process continues, but contrasts starkly with the swings from hasty investment and dramatic cutbacks that we have witnessed in other parts of the media sector.

The changing economic environment also creates opportunities for further acquisitions, if opportunities that fit within our strategic objectives become available at the right price. The strength of our balance sheet, and in particular our cash reserves, place GMG in a strong position to take advantage of such opportunities.

Once again, the progress that has been made during the year, and our creative and editorial successes, which I have reflected in this review, are entirely due to the skill and dedication of our staff. I would like to record my thanks and appreciation for the way in which everyone has contributed to another successful year for GMG.

East Manchester is not a place that easily attracts positive headlines. In 1971, it had 34,000 jobs. In the next quarter of a century, 20,000 of these disappeared. One in ten of the area's unemployed has never had a paid job. Well over a third have been out of work for two years or more. There is, in any case, locally a general lack of the right skills - particularly IT, basic literacy and numeracy - needed to get the jobs which do exist. Wages are low and a survey two years ago revealed that over half of East Manchester's households depended on benefits.

It has not been a particularly easy place in which to grow up either. Nearly one in five children achieve no GCSEs. Nearly seven out of ten under-5s suffer from dental disease and the under-16 conception rate is one of the highest in Britain.

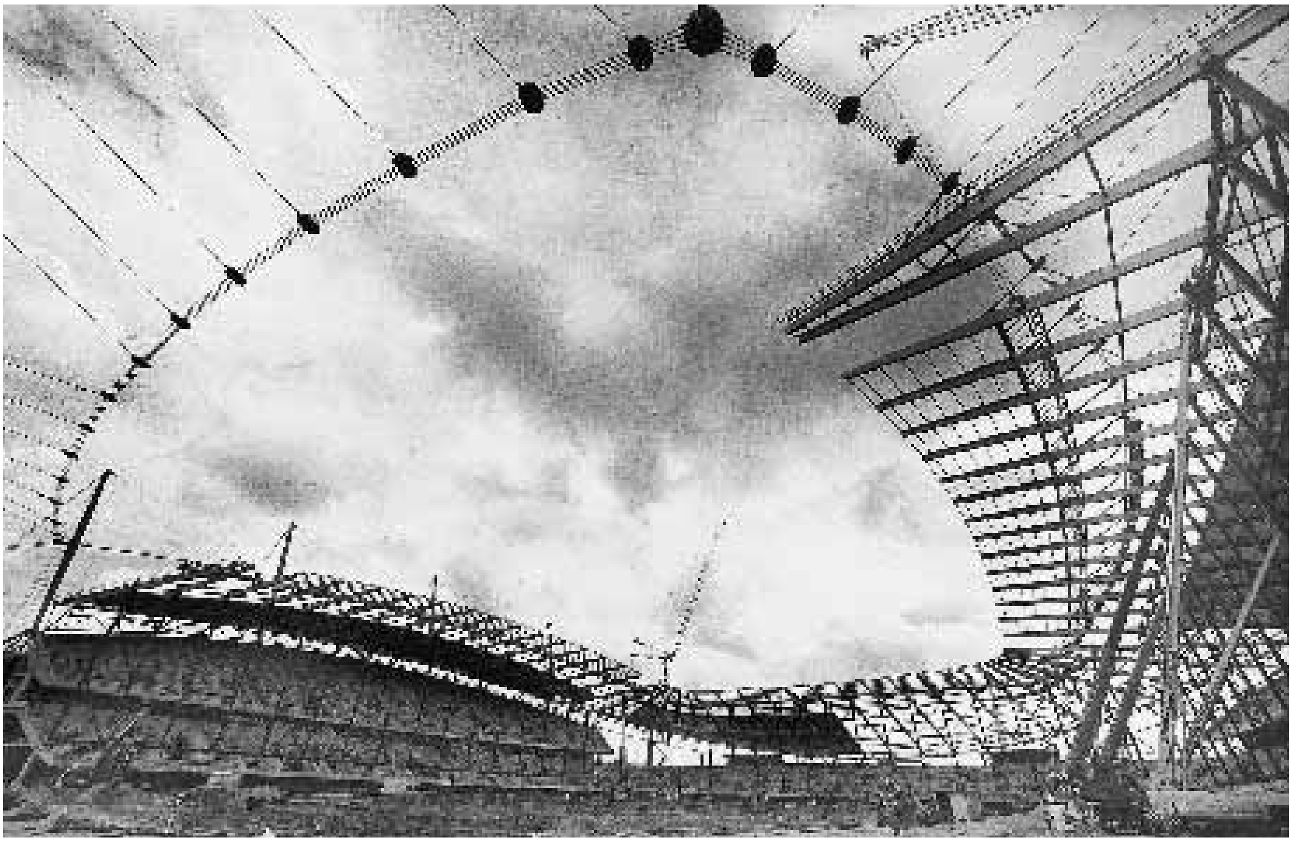
And to complete the picture: in some areas, whole streets are virtually empty and abandoned. Fear of crime is the most significant concern for local people.

Supporting the task of the regeneration of East Manchester is one of the prime reasons behind Guardian Media Group's decision to be a major sponsor of the 2002 Commonwealth Games. The current investment in world class sports facilities in the area is not only helping to revive the local economy, but will leave long-term benefits for the community once the Games are over. Our focus is less on an international sporting occasion than on support for an initiative which will not only help to rebuild East Manchester, but is designed to promote employment and education, help young people in particular, strengthen multi-cultural relations, and contribute towards real improvements in local community life.

Those overall aims form a distinctive thread, which runs through the community policies of the Group and its companies. We continue as a founder sponsor of the Teaching Awards and Tools for Schools, as well as supporting the New Deal programme of job opportunities for longer-term unemployed people, Business In The Community, and the Media Trust, which provides media resources to the UK voluntary sector in partnership with the communications industry.
In addition, the Guardian Foundation, which seeks to help the cause of good journalists and good journalism around the world, has continued its work during the year, from Eastern Europe, through the Balkans, to Africa.

But as in Manchester - the birthplace of the Guardian - many of our partnerships are with our neighbourhood communities.
In London, for example, in Clerkenwell and Islington, on the doorstep of the Guardian's main offices, volunteers underpin financial support through the Guardian/Observer Community project by building lasting relationships with organisations working in the education field, tackling homelessness, helping the elderly, as well as those involved in a wide range of arts-based initiatives. All of these activities are based within a 15-minute walk of the Guardian Newspapers' offices. Community Service Volunteers not only help train those within GNL who wish to help, but help monitor the development of educational projects.

A £50,000 donation to the Elizabeth Garrett Anderson girls' comprehensive school has drawn in nearly £1.5 million additional funding, enabling a high-tech language complex to be built on the site. To ensure that the development progresses smoothly,



Manchester's Commonwealth Games stadium nearing completion

GNL has put together a team of senior executives to act as an advisory panel to the school's managers to provide them with a range of project management skills. At the Richard Cloudesley special needs school, nearly 30 volunteers have worked with students on reading, web-building, horse riding and music and a Guardian cartoonist also ran a five-day cartoon workshop.

GNL operates a £10,000 matched-funding scheme and for every pound a member of staff raises, the company matches it up to £100. Mencap, Salford Women's Aid and a number of local schools are among organisations that have benefited so far. In addition, GNL plans to enable the public to have a direct involvement in its new £3.6 million archive centre, which will also be the home of a curriculum-based resource available to local schools, as well as others nationally.
The company is also a core funder of the award-winning Newspaper Education Trust (NET), based at our West Ferry printers in London's Docklands. NET operates like a newspaper newsroom, but is designed specifically for primary and secondary schoolchildren.
A £20,000 contribution makes it possible for 20,000 pupils a year to spend a day covering live news stories as they break, while learning ICT, literacy and office skills. GNL's classified sales department provides free advertising for some of the community scheme charities, such as Streets Alive and Tools for Schools, but also, when space is available, for other organisations such as VSO and the Leukaemia Research Fund. The sponsorship and events department offers bursaries for 30 places on social conferences that it organises. The people department has also started working with Workable, a charity which brings together employers with skilled disabled people who are unable to find work.

Manchester Evening News' staff continue to support the Wood Street Mission, which provides clothes for poor children, household goods for their parents, plus food and toys at Christmas. They also support "Lifeshare" during the Christmas period by loaning them two vans for 12 days to distribute food, etc. to homeless people.

The owners of the Guardian Media Group, the Scott Trust, also meet on a regular basis to make donations to local good causes.

All of the Group's local papers support their communities with a range of initiatives. After the recent race riots, the Oldham Advertiser launched an "I believe in Oldham" campaign in a bid to bring communities together and also help to rebuild the town's image. Thousands of car stickers bearing the campaign message have been distributed throughout the area.
In Reading, the Evening Post was shortlisted for two awards for its campaigning community work.

Trader Media Group is committed to an intensive policy of community support and many individual TMG staff raised funds for charitable causes. Working with the Duke of Edinburgh's Outward Bound scheme, Trader Media sponsored a trip to Wales for 40 children from Berkshire schools. Ten of the children had never been on holiday before.

More information about GMG-wide community work, and in particular, about the part played by individual members of staff, is published in our annual report to employees.
If you would like a copy, please write to the Chief Executive, 75 Farringdon Road, London EC1M 3JY, or visit our website at www.gmgplc.co.uk.

Big-hearted Guardian staff doing voluntary work at Elizabeth Garrett Anderson school, Islington.

Manchester's Wood St Mission – where one size doesn't always fit all.

# Financial review

**Turnover**
Group turnover (including share of joint ventures) for the year of £439.9 million increased by 4.6% on last year after adjusting for the sale of the Group's share of GMG Endemol Entertainment plc. Advertising revenue (excluding joint venture operations) increased by 8.7% to £252.7 million. Newspaper revenue in National Newspaper and Regional Newspaper divisions recorded a decline of 3.2% and 7.5% respectively.

**Profits**
The significant event in the financial year ended 1st April 2001 occurred in May 2000, when Hurst Publishing Group Limited acquired Auto Trader Holdings Limited from the Group. The consideration for this transaction comprised a 48% interest in Hurst Publishing Group Limited, which is now trading as Trader Media Group Limited.

Prior to the sale of Auto Trader Holdings Limited to Hurst Publishing Group Limited, the Group held its Auto Trader operations through subsidiaries, joint ventures and associates. The Group's holding in Trader Media Group is now accounted for as a joint venture. The impact of this change of accounting is set out in the table below:

Underlying these results is a significant revenue investment of over £34.0 million (2000 £7.0 million) in further development of the Group's internet activities.

The Group generated a net profit of £26.1 million (2000 £16.0 million) on the sale/closure of operations, principally arising from the proceeds of the sale of the Group's share of GMG Endemol Entertainment plc.

Income from investments and net interest receivable totalled £11.8 million (2000 £10.1 million), giving an overall Group profit before taxation of £67.3 million (2000 £73.5 million).

**Taxation**
The Group taxation charge of £25.2 million (2000 £22.3 million) represents a 37% charge on Group profits. The sale of Auto Trader Holdings Limited and the financing of Trader Media Group Limited have resulted in a structural increase in the tax charge.

**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 1st April 2001, the Group had no debt other than £7.4 million of finance leases (2000 £7.7 million) of which only £0.3 million is repayable within one year, and funds on deposit of £178.0 million (2000 £165.0 million). Interest rates on the majority of leases are at floating rates.

**Cash flow**
The Group generated £18.2 million of cash in the year (2000 £39.0 million). Net cash inflow from continuing operating activities amounted to £19.9 million (2000 £57.8 million). Cash inflows also included net interest and dividends of £20.2 million (2000 £9.5 million) and net proceeds from acquisitions and disposals of £19.7 million (2000 £8.7 million outflow). Cash outflows comprised mainly tax of £16.7 million (2000 £23.4 million), and net capital expenditure of £18.5 million (2000 £13.8 million). Major capital projects in the year included the installation of a new press for the Regional Newspaper Division at Reading which will be completed during 2001/2002. In summary, cash inflow, before management of liquid resources and financing, amounted to £18.2 million (2000 £39.0 million).

**Balance sheet**
As at 1st April 2001, the Group had net assets of £327.6 million, an increase of £42.6 million on last year. Working capital showed a net decrease of £3.4 million.

The Group continues to be in a strong financial position, with net funds of £193.5 million, an increase of £18.0 million over the previous year.

**Nick Castro**

| | **2001 £m** | 2000 £m |
|---|---|---|
| Group operating profit excluding the results of Trader Media Group Ltd (2000 excluding Auto Trader Holdings Ltd operations) | **6.6** | 20.2 |
| Share of operating profit from Trader Media Group Ltd (2000 profits from Auto Trader Holdings Ltd operations) | **22.4** | 24.1 |
| | **29.0** | 44.3 |
| Profit from other joint ventures and associates | **0.4** | 3.1 |
| Total operating profit: group and share of joint ventures and associates | **29.4** | 47.4 |

# Report of the directors

**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 18. A review of the Group's performance and future prospects is contained in the Chairman's statement on pages 4 and 5 and the Chief executive's review of operations on pages 7 to 11. The company has paid a preference dividend of 4.0p per share amounting to £4,000. In view of the need to conserve resources for long term capital expenditure, 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 1st April 2001 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.

**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 accounts.

**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 company 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. Tangible fixed assets**
The market value of freehold and leasehold property is estimated by the Directors to be approximately £6.0 million greater than its balance sheet value of £11.0 million.

The movements in tangible fixed assets during the period are set out in the table on page 29 .

**7. 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 26 days (2000 29 days).

**8. Donations**
Charitable donations amounted to £157,100 (2000 £106,600). There were no contributions to political organisations during the period.

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

**10. Directors**
The Directors at 1st April 2001 are listed on page 5.

Caroline Marland, who was a Director on 3rd April 2000, resigned on her retirement from the business on 31st December 2000. Carolyn McCall was appointed as a Director on 28th October 2000.

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.

# Report of the directors

continued

### 11. Directors emoluments

| | Salary/ fees £000 | Performance related bonus £000 | Benefits in kind £000 | **Total 2001 £000** | Total 2000 £000 | Employer's contributions to money purchase pension schemes **2001 £000** | 2000 £000 |
|---|---|---|---|---|---|---|---|
| R W Phillis | 272 | 274 | 14 | **560** | 555 | **94** | 93 |
| I S Ashcroft | 171 | 163 | 15 | **349** | 279 | **33** | 33 |
| N Castro | 161 | 131 | 11 | **303** | 297 | **46** | 46 |
| J R Harris | 29 | 14 | 3 | **46** | 263 | **3** | 16 |
| (*Non-executive from 1st June 2000) | | | | | | | |
| C A Marland | 154 | 50 | 12 | **216** | 310 | **29** | 34 |
| (*to 31st December 2000) | | | | | | | |
| C McCall | 95 | 88 | 7 | **190** | – | **8** | – |
| (*from 28th October 2000) | | | | | | | |
| A C Rusbridger | 221 | – | 12 | **233** | 164 | **24** | 11 |
| (*from 29th July 1999) | | | | | | | |
| Non-executive directors | | | | | | | |
| P Myners | 50 | – | – | **50** | 4 | **–** | – |
| (*from 1st March 2000) | | | | | | | |
| J J D Bullmore | 25 | – | – | **25** | 25 | **–** | – |
| J G S Coode-Adams | 25 | – | – | **25** | 23 | **–** | – |
| (*from 29th April 1999) | | | | | | | |
| E A L Forgan | 25 | – | – | **25** | 25 | **–** | – |
| Lord Gavron | | | | | | | |
| (*to 29th February 2000) | – | – | – | **–** | – | **–** | – |
| A L Karney^ | 25 | – | – | **25** | 38 | **–** | – |
| | 1,253 | 720 | 74 | **2,047** | 1,983 | **237** | 233 |

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

^ Fees paid include £nil (2000 £12,500) in respect of computer consultancy.

**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 disclosed in their accounts.

**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. 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. 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 and healthcare benefits.

### 12. 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
24th July 2001

# Report of the auditors

To the members of Guardian Media Group plc

We have audited the financial statements on pages 18 to 38.

**Respective responsibilities of directors and auditors**
The directors are responsible for preparing the Annual Report. As described on page 15, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. 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.

**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 1st April 2001 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

24th July 2001

# Group profit and loss account

For the year ended 1st April 2001

| | Note | 2001<br>£m | 2000<br>£m |
|---|---|---|---|
| **All continuing activities:-** | | | |
| **Turnover including share of joint ventures** | | **439.9** | 444.5 |
| Less: share of joint ventures | | **(91.3)** | (54.6) |
| **Group turnover** | 2 | **348.6** | 389.9 |
| Operating costs | 3 | **(339.0)** | (347.6) |
| **Group operating profit** | 5 | **9.6** | 42.3 |
| Share of profit of joint ventures | | **20.1** | 5.1 |
| Share of (losses)/profit of associates | | **(0.3)** | 0.0 |
| **Total operating profit: group and share of joint ventures and associates** | | **29.4** | 47.4 |
| Exceptional items: | | | |
| Profit on disposal of subsidiaries, joint venture and associate | 6 | **26.1** | 0.0 |
| Profit on disposal of fixed asset investments | 6 | **0.0** | 16.0 |
| **Profit on ordinary activities before interest and taxation** | | **55.5** | 63.4 |
| Income from fixed asset investments | 7 | **1.8** | 0.3 |
| Interest receivable and similar income | 8 | **33.5** | 9.9 |
| Interest payable and similar charges | 9 | **(23.5)** | (0.1) |
| **Profit on ordinary activities before taxation** | | **67.3** | 73.5 |
| Tax on profit on ordinary activities | 10 | **(25.2)** | (22.3) |
| **Profit on ordinary activities after taxation** | | **42.1** | 51.2 |
| Equity minority interests | 27 | **(0.6)** | (1.3) |
| **Profit for the financial period** | 11 | **41.5** | 49.9 |
| Preference dividend paid | | **0.0** | 0.0 |
| **Retained profit for the period** | 26 | **41.5** | 49.9 |

The notes on pages 24 to 38 form part of these accounts.

# Group balance sheet

As at 1st April 2001

| | Note | | 2001 | | 2000 |
|---|---|---|---|---|---|
| | | £m | £m | £m | £m |
| **Fixed assets** | | | | | |
| Intangible assets | 12 | | **1.5** | | 3.4 |
| Tangible assets | 13 | | **49.4** | | 66.4 |
| Investment property | 14 | | **0.2** | | 0.2 |
| **Investments** | | | | | |
| Joint ventures | 16 | | | | |
| Share of gross assets | | **23.1** | | 47.0 | |
| Share of gross liabilities | | **(10.7)** | | (25.9) | |
| Goodwill arising on acquisition | | **0.0** | | 2.4 | |
| | | | **12.4** | | 23.5 |
| Loans to joint ventures | 16 | | **246.5** | | 6.2 |
| Associates | 17 | | **18.6** | | 1.3 |
| Other investments | 18 | | **13.1** | | 9.8 |
| **Current assets** | | | | | |
| Stocks | 20 | **1.6** | | 1.7 | |
| Debtors | | | | | |
| - due after more than one year | 21 | **10.6** | | 0.0 | |
| - due within one year | 21 | **77.1** | | 68.2 | |
| | | **87.7** | | 68.2 | |
| Cash at bank and in hand | | **200.9** | | 183.5 | |
| | | **290.2** | | 253.4 | |
| **Current liabilities** | | | | | |
| Creditors: amounts falling due within one year | 22 | **83.0** | | 70.8 | |
| **Net current assets** | | | **207.2** | | 182.6 |
| **Total assets less current liabilities** | | | **548.9** | | 293.4 |
| **Creditors: amounts falling due after more than one year** | 23 | | **7.2** | | 8.0 |
| **Provisions for liabilities and charges** | | | | | |
| Deferred taxation | 24 | | **0.0** | | 0.4 |
| Joint ventures | 16 | | | | |
| Share of gross assets | | **(71.6)** | | 0.0 | |
| Share of gross liabilities | | **289.6** | | 0.0 | |
| Goodwill arising on acquisition | | **(3.9)** | | 0.0 | |
| | | | **214.1** | | 0.0 |
| **Net assets** | | | **327.6** | | 285.0 |
| **Capital and reserves** | | | | | |
| Called up share capital | 25 | | **1.0** | | 1.0 |
| Revaluation reserve | | | **0.5** | | 0.5 |
| Profit and loss account | 26 | | **326.1** | | 282.5 |
| Equity shareholders' funds | | | **327.5** | | 283.9 |
| Non-equity shareholders' funds | | | **0.1** | | 0.1 |
| **Total shareholders' funds** | | | **327.6** | | 284.0 |
| Equity minority interests | 27 | | **0.0** | | 1.0 |
| | | | **327.6** | | 285.0 |

These accounts were approved by the Board of Directors on 24th July 2001 and signed on its behalf by:

**Paul Myners**
*Chairman*

**Nick Castro**
*Finance Director*

The notes on pages 24 to 38 form part of these accounts.

# Company balance sheet

As at 1st April 2001

| | Note | 2001 £m | 2001 £m | 2000 £m | 2000 £m |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 13 | | **0.2** | | 0.2 |
| Investment property | 14 | | **0.2** | | 0.2 |
| **Investments** | | | | | |
| Subsidiary companies | 15 | | **54.6** | | 40.7 |
| Joint ventures | 16 | | **10.5** | | 27.0 |
| Associates | 17 | | **12.4** | | 0.1 |
| Other investments | 18 | | **10.0** | | 5.0 |
| **Current assets** | | | | | |
| Investments | 19 | **37.0** | | 0.0 | |
| Stocks | 20 | **1.5** | | 1.1 | |
| Debtors | | | | | |
| - due after more than one year | 21 | **0.0** | | 0.0 | |
| - due within one year | 21 | **87.8** | | 76.6 | |
| Cash at bank and in hand | | **200.2** | | 179.5 | |
| | | **326.5** | | 257.2 | |
| **Current liabilities** | | | | | |
| Creditors: amounts falling due within one year | 22 | **230.6** | | 173.4 | |
| **Net current assets** | | | **95.9** | | 83.8 |
| **Total assets less current liabilities** | | | **183.8** | | 157.0 |
| **Creditors: amounts falling due after more than one year** | 23 | | **0.1** | | 0.6 |
| **Net assets** | | | **183.7** | | 156.4 |
| **Capital and reserves** | | | | | |
| Called up share capital | 25 | | **1.0** | | 1.0 |
| Revaluation reserve | | | **0.5** | | 0.5 |
| Profit and loss account | 26 | | **182.2** | | 154.9 |
| Equity shareholders' funds | | | **183.6** | | 156.3 |
| Non-equity shareholders' funds | | | **0.1** | | 0.1 |
| **Total shareholders' funds** | | | **183.7** | | 156.4 |

These accounts were approved by the Board of Directors on 24th July 2001 and signed on its behalf by:

**Paul Myners**
*Chairman*

**Nick Castro**
*Finance Director*

The notes on pages 24 to 38 form part of these accounts.

# Group statement of total recognised gains and losses

For the year ended 1st April 2001

| | 2001 £m | 2000 £m |
|---|---|---|
| Profit for the financial period | **41.5** | 49.9 |
| Exchange differences | **(0.2)** | (0.2) |
| Total recognised gains and losses relating to the period | **41.3** | 49.7 |

**Note of group historical cost profits and losses**

| | 2001 £m | 2000 £m |
|---|---|---|
| Profit on ordinary activities before taxation | **67.3** | 73.5 |
| Realisation of revaluation surplus on investments sold in the period | **0.0** | 0.3 |
| Historical cost profit on ordinary activities before taxation | **67.3** | 73.8 |
| Historical cost profit for the period retained after taxation, minority interests and dividends | **41.5** | 50.2 |

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

| | 2001 £m | 2000 £m |
|---|---|---|
| Balance at 3rd April 2000 | **284.0** | 234.3 |
| Retained profit for the period | **41.5** | 49.9 |
| Exchange differences | **(0.2)** | (0.2) |
| Goodwill written back | **2.3** | 0.0 |
| Balance at 1st April 2001 | **327.6** | 284.0 |

The notes on pages 24 to 38 form part of these accounts.

# Group cash flow statement

For the year ended 1st April 2001

| | Note | 2001 £m | 2000 £m |
|---|---|---|---|
| **Net cash inflow from continuing operating activities** | | **19.9** | 57.8 |
| **Dividends from joint ventures and associates** | | **1.2** | 1.8 |
| **Returns on investments and servicing of finance** | | | |
| Dividends paid to minority shareholders | | **(0.2)** | (1.3) |
| Other dividends received | | **1.8** | 0.3 |
| Interest received | | **17.7** | 9.0 |
| Interest paid | | **0.0** | 0.0 |
| Finance lease interest paid | | **(0.3)** | (0.3) |
| Net cash inflow from returns on investments and servicing of finance | | **19.0** | 7.7 |
| **Taxation** | | **(16.7)** | (23.4) |
| **Capital expenditure and financial investment** | | | |
| Purchase of tangible fixed assets | | **(21.8)** | (15.3) |
| Purchase of intangible fixed assets | | **(0.6)** | 0.0 |
| Sale of tangible fixed assets | | **3.3** | 1.5 |
| Purchase of other fixed asset investments | | **(5.8)** | (2.5) |
| Sale of other fixed asset investments | | **0.0** | 1.8 |
| Sale of other fixed asset investments - exceptional item | 6 | **0.0** | 18.3 |
| Net cash (outflow)/inflow for capital expenditure and financial investment | | **(24.9)** | 3.8 |
| **Acquisitions and disposals** | | | |
| Purchase of shares in subsidiary companies | | **(0.8)** | (1.0) |
| Sale of shares in subsidiary companies | | **5.6** | 0.0 |
| Purchase of shares in joint ventures and associates | | **(12.4)** | (7.6) |
| Loans repaid in joint venture companies | | **247.7** | 0.0 |
| Sale of shares in joint ventures and associates | | **28.3** | 0.0 |
| Cash disposed of with subsidiary | | **(7.3)** | 0.0 |
| Loans made to joint ventures and associates | | **(248.9)** | (2.0) |
| Loans repaid by joint ventures and associates | | **6.7** | 1.9 |
| Loans repaid by investments | | **0.8** | 0.0 |
| Net cash inflow/(outflow) for acquisitions and disposals | | **19.7** | (8.7) |
| **Cash inflow before management of liquid resources and financing** | | **18.2** | 39.0 |
| **Management of liquid resources** | | | |
| Cash placed on short term deposit | | **(13.0)** | (24.4) |
| Net cash outflow from management of liquid resources | | **(13.0)** | (24.4) |
| **Financing** | | | |
| Payment of principal under finance lease | | **(0.3)** | (0.2) |
| Repayment of loan notes | | **(0.3)** | 0.0 |
| Net cash outflow from financing | | **(0.6)** | (0.2) |
| **Increase in cash in the period** | 28 | **4.6** | 14.4 |

# Reconciliation of net cash flow to movements in net funds

For the year ended 1st April 2001

| | Note | 2001 £m | 2000 £m |
|---|---|---|---|
| Increase in cash in the period | | **4.6** | 14.4 |
| Cash outflow from increase in liquid resources | | **13.0** | 24.4 |
| Cash outflow from decrease in debt and lease financing | | **0.6** | 0.2 |
| Change in net funds resulting from cash flows | | **18.2** | 39.0 |
| Exchange differences | | **(0.2)** | (0.2) |
| Movement in net funds in the period | | **18.0** | 38.8 |
| Opening net funds | | **175.5** | 136.7 |
| Closing net funds | 28 | **193.5** | 175.5 |

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

| **Continuing activities** | 2001 £m | 2000 £m |
|---|---|---|
| Operating profit | **9.6** | 42.3 |
| Depreciation | **11.2** | 12.5 |
| Amortisation | **0.3** | 0.2 |
| Profit on sale of tangible fixed assets | **(2.2)** | (0.3) |
| Profit on sale of other fixed asset investments | **0.0** | (0.2) |
| (Increase)/decrease in stocks | **(0.4)** | 0.1 |
| Increase in debtors | **(27.1)** | (2.5) |
| Increase in creditors | **28.5** | 5.7 |
| Net cash inflow from continuing operating activities | **19.9** | 57.8 |

The increase in stocks, debtors and creditors shown above do not agree with the movements shown on the Group balance sheet principally because of the effect of stocks, debtors and creditors of companies acquired or disposed of during the year.

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

| | Cash consideration £m | Cash acquired £m | Net cash paid £m | Net assets/ (liabilities) acquired £m | Goodwill capitalised £m |
|---|---|---|---|---|---|
| Subsidiary : | | | | | |
| Acquisition of minority interests in group companies | 0.8 | 0.0 | 0.8 | (0.1) | 0.9 |
| Joint ventures and associates | 13.2 | 0.0 | 13.2 | 6.2 | 7.0 |
| | **14.0** | **0.0** | **14.0** | **6.1** | **7.9** |

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

# Notes

relating to the 2001 accounts

## 1. Accounting policies

**Accounting basis**
The accounts on pages 18 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 accounts have been prepared on the historical cost basis as modified by the revaluation of certain assets.

**Basis of consolidation**
The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings made up to 1st April 2001. 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, all of the subsidiary's assets and liabilities that exist 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 Financial Reporting Standard 10, goodwill previously written off has not been reinstated. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the Group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

**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 ventures under a contractual arrangement.

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 accounts 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 accounts are adjusted to bring into line with the Group's year end date. The amounts involved are not material to the Group.

**Depreciation and carrying value of fixed assets**
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 Statement of Standard Accounting Practice 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 fully 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**
Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that there is a reasonable probability that a taxation liability will crystallise in the foreseeable future.

**Turnover**
This represents amounts invoiced to customers (net of VAT) less discounts.

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

**1. Accounting policies** (continued)

**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.

**Investment income**
Income from bank and short term deposits is included in the accounts 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.

**Revaluation of investments**
The valuations of investment property and certain other investments are reviewed annually and any major changes incorporated in the accounts. Listed investments are valued by the Directors at the lower end of the band within which market prices are expected to fluctuate. Unlisted investments are stated at Directors' valuation based on the Group's share of net asset value, except where this is below cost in which case a provision is made for any impairment in accordance with Financial Reporting Standard 11. Investment property is valued every three years by independent consultant surveyors.

**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.

**2. Turnover**

Sales are made substantially in the U.K.

| **3. Operating costs** | **2001** | 2000 |
|---|---|---|
| | **£m** | £m |
| Raw materials and consumables | **50.4** | 49.7 |
| Other external charges | **52.9** | 54.6 |
| Staff costs (see note 4) | **105.4** | 114.0 |
| Depreciation of tangible fixed assets | **11.2** | 12.6 |
| Amortisation of goodwill | **0.3** | 0.2 |
| Other operating charges | **121.0** | 117.0 |
| Profit on sale of tangible fixed assets | **(2.2)** | (0.3) |
| Profit on sale of other fixed asset investments | **0.0** | (0.2) |
| | **339.0** | 347.6 |

## 4. Staff costs

| | | 2001 £m | 2000 £m |
|---|---|---|---|
| (a) | Staff costs during the period including executive directors | | |
| | Wages and salaries | **89.0** | 96.1 |
| | Employer's social security costs | **9.7** | 9.9 |
| | Employer's pension costs | **5.1** | 5.1 |
| | Severance payments | **1.6** | 2.9 |
| | | **105.4** | 114.0 |

| | | No. | No. |
|---|---|---|---|
| (b) | Average number of persons employed including executive directors | | |
| | Production | **1,435** | 1,844 |
| | Selling and distribution | **1,203** | 1,937 |
| | Administration | **464** | 627 |
| | | **3,102** | 4,408 |

| | | 2001 £000 | 2000 £000 |
|---|---|---|---|
| (c) | Emoluments of directors of Guardian Media Group plc | | |
| | Aggregate emoluments | **2,047** | 1,983 |
| | Company pension contributions to money purchase schemes | **237** | 233 |

Retirement benefits are accruing to six directors under a money purchase scheme (2000 six directors) and to two directors under a defined benefit scheme (2000 three directors).

| Highest paid director | 2001 | 2000 |
|---|---|---|
| Aggregate emoluments - salary and benefits | **286** | 280 |
| - performance related bonus | **274** | 275 |
| Company pension contributions to money purchase schemes | **94** | 93 |

The remuneration of the chairman amounted to £50,000 (2000 £4,167 from 1st March 2000).

## 5. Group operating profit

| | 2001 £m | 2000 £m |
|---|---|---|
| The following amounts have been charged in arriving at the operating profit: | | |
| Depreciation - tangible owned fixed assets | **10.5** | 11.6 |
| - tangible fixed assets held under finance leases | **0.7** | 1.0 |
| Auditors' remuneration (parent company £79,000 (2000 £74,330)) | **0.2** | 0.2 |
| Operating lease rentals: | | |
| Plant and machinery | **13.0** | 12.2 |
| Buildings | **1.0** | 0.7 |

Remuneration of the company's auditors for provision of non-audit services to the company and its subsidiaries was £0.9 million (2000 £0.6 million).

**6. Exceptional items**

During the year the Group disposed of its interests 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 |

During the year ended 2nd April 2000 the Group disposed of its interest in GMTV and part of its interest in Unidad Editorial.

| | Proceeds £m | Cost £m | Profit £m |
|---|---|---|---|
| **Investments** | | | |
| GMTV | 16.8 | 1.8 | 15.0 |
| Unidad Editorial | 1.5 | 0.5 | 1.0 |
| | 18.3 | 2.3 | 16.0 |

**7. Income from fixed asset investments**

| | **2001 £m** | 2000 £m |
|---|---|---|
| Dividends from unlisted investments | **1.8** | 0.3 |
| | **1.8** | 0.3 |

**8. Interest receivable and similar income**

| | **2001 £m** | 2000 £m |
|---|---|---|
| Interest on cash at bank and short term investments | **11.4** | 8.6 |
| Interest receivable from joint ventures | **21.9** | 0.2 |
| Other interest receivable | **0.2** | 1.1 |
| | **33.5** | 9.9 |

**9. Interest payable and similar charges**

| | 2001 £m | 2000 £m |
|---|---|---|
| **Group:** | | |
| Finance leases | **0.3** | 0.1 |
| **Joint ventures:** | | |
| Other loans | **23.2** | 0.0 |
| | **23.5** | 0.1 |

**10. Tax on profit on ordinary activities**

| | 2001 £m | 2000 £m |
|---|---|---|
| **(a) Current period** | | |
| Group: | | |
| Corporation tax at 30% (2000 30%) | **24.8** | 22.2 |
| Deferred taxation | **0.5** | (0.7) |
| | **25.3** | 21.5 |
| **Joint ventures:** | | |
| Corporation tax at 30% (2000 30%) | **0.7** | 1.9 |
| Deferred taxation | **(0.1)** | 0.0 |
| **Associates:** | | |
| Corporation tax at 30% (2000 30%) | **0.1** | 0.0 |
| | **26.0** | 23.4 |
| **(b) Prior year** | | |
| Group: | | |
| Corporation tax at 30% (2000 30%) | **(1.3)** | (1.1) |
| Deferred taxation | **0.5** | 0.1 |
| **Joint ventures:** | | |
| Corporation tax at 30% (2000 30%) | **0.0** | (0.1) |
| | **25.2** | 22.3 |

The Group taxation charge of £25.2 million represents a 37% charge on Group profits. The sale of Auto Trader Holdings Limited and the financing of Trader Media Group Limited have resulted in a structural increase in the tax charge.

**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 accounts. The Group results for the period include a profit of £25.3 million (2000 profit £95.0 million) which is dealt with in the accounts of the parent company.

## 12. Intangible assets

| | The Group £m |
|---|---|
| **Cost** | |
| At 3rd April 2000 | 3.6 |
| Additions | 1.8 |
| Disposals | (3.6) |
| At 1st April 2001 | **1.8** |
| **Accumulated amortisation** | |
| At 3rd April 2000 | 0.2 |
| Disposals | (0.2) |
| Charge for period | 0.3 |
| At 1st April 2001 | **0.3** |
| **Net book value** | |
| At 1st April 2001 | **1.5** |
| **Net book value** | |
| At 2nd April 2000 | 3.4 |

Goodwill is amortised over 20 years, being the directors estimate of its useful life. During the year the Group acquired the remaining 15% minority interest in Real Radio Limited which resulted in goodwill of £0.9 million.

## 13. Tangible fixed assets

| Group | Land and buildings £m | Plant and vehicles £m | Fixtures and fittings £m | Total £m |
|---|---|---|---|---|
| **Cost** | | | | |
| At 3rd April 2000 | 18.9 | 79.4 | 20.2 | 118.5 |
| Disposal of subsidiaries | (4.8) | (32.3) | (1.0) | (38.1) |
| Additions | 0.5 | 14.8 | 6.6 | 21.9 |
| Disposals | (0.8) | (3.1) | (0.6) | (4.5) |
| At 1st April 2001 | **13.8** | **58.8** | **25.2** | **97.8** |
| **Depreciation** | | | | |
| At 3rd April 2000 | 3.2 | 39.1 | 9.8 | 52.1 |
| Disposal of subsidiaries | (0.5) | (10.4) | (0.6) | (11.5) |
| Charge for period | 0.3 | 6.8 | 4.1 | 11.2 |
| Disposals | (0.2) | (2.7) | (0.5) | (3.4) |
| At 1st April 2001 | **2.8** | **32.8** | **12.8** | **48.4** |
| **Net book value** | | | | |
| At 1st April 2001 | **11.0** | **26.0** | **12.4** | **49.4** |
| **Net book value** | | | | |
| At 2nd April 2000 | 15.7 | 40.3 | 10.4 | 66.4 |

On 24th May 2000 Hurst Publishing Group Limited acquired a subsidiary company, Auto Trader Holdings Limited, from the Group, the consideration for which was a 48% interest in Hurst Publishing Group Limited which is now trading as Trader Media Group Limited.

**13. Tangible fixed assets** (continued)

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

| | 2001 | 2000 |
|---|---|---|
| | £m | £m |
| Cost | **8.0** | 8.0 |
| Accumulated depreciation | **(6.0)** | (5.3) |
| Net book value | **2.0** | 2.7 |

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

| | 2001 | 2000 |
|---|---|---|
| | £m | £m |
| Freehold | **5.5** | 9.0 |
| Long leasehold | **5.1** | 6.7 |
| Short leasehold | **0.4** | 0.0 |
| | **11.0** | 15.7 |

**Company**
Fixed assets at cost and net book value, which comprise long leasehold land and buildings, amount to £0.2 million (2000 £0.2 million).

**14. Investment property**

| | The group and company | | |
|---|---|---|---|
| | Freehold | Long leasehold | Total |
| | £m | £m | £m |
| **Net book value** | | | |
| at 1st April 2001 and 3rd April 2000 | 0.1 | 0.1 | 0.2 |
| Historical cost of revalued property | 0.0 | 0.0 | 0.0 |

The above properties have been valued by CB Hillier Parker Limited as at 31st March 1999, the basis of valuation being open market value for existing use. As at 1st April 2001 the directors believe this value is appropriate.

**15. Subsidiary companies**

| | Unlisted shares | Loan stock | Total |
|---|---|---|---|
| **The company** | £m | £m | £m |
| Cost | | | |
| At 3rd April 2000 | 43.0 | 0.8 | 43.8 |
| Additions | 13.9 | 0.0 | 13.9 |
| Disposals | 0.0 | (0.8) | (0.8) |
| At 1st April 2001 | **56.9** | **0.0** | **56.9** |
| **Amounts written off** | | | |
| At 3rd April 2000 | 2.3 | 0.8 | 3.1 |
| Disposals | 0.0 | (0.8) | (0.8) |
| At 1st April 2001 | **2.3** | **0.0** | **2.3** |
| **Net book value at 1st April 2001** | **54.6** | **0.0** | **54.6** |
| Net book value at 2nd April 2000 | 40.7 | 0.0 | 40.7 |

Additions relate to the increase in share capital of existing subsidiaries.

Particulars of the principal subsidiary companies are given in note 36.

**16. Joint ventures**

| | Investments | | Provisions | | | |
|---|---|---|---|---|---|---|
| | Share of net assets £m | Goodwill £m | Share of net assets/ (liabilities) £m | Goodwill £m | Loans £m | Total £m |
| **(a) The group** | | | | | | |
| At 3rd April 2000 | 21.1 | 2.4 | 0.0 | 0.0 | 6.2 | 29.7 |
| Reclassification | (2.6) | 0.0 | 2.6 | 0.0 | 0.0 | 0.0 |
| Additions | 5.6 | 0.0 | (215.7) | 4.1 | 248.9 | 42.9 |
| Disposals | (0.7) | 0.0 | 0.0 | 0.0 | (6.7) | (7.4) |
| Transfer to associates | (10.7) | (2.4) | 0.0 | 0.0 | 0.0 | (13.1) |
| Transfer to debtors | 0.0 | 0.0 | 0.0 | 0.0 | (1.9) | (1.9) |
| Share of retained loss | 0.7 | 0.0 | (4.9) | 0.0 | 0.0 | (4.2) |
| Dividends | (1.0) | 0.0 | 0.0 | 0.0 | 0.0 | (1.0) |
| Amortisation | 0.0 | 0.0 | 0.0 | (0.2) | 0.0 | (0.2) |
| At 1st April 2001 | **12.4** | **0.0** | **(218.0)** | **3.9** | **246.5** | **44.8** |

**(b)** Loans comprise £99.0 million of unsecured loan notes repayable by 31st March 2009 (interest receivable at 12%, 12.75% and 15%), £76.0 million of unsecured senior loan repayable by 24th May 2007 (interest receivable at LIBOR plus 2%), £19.0 million of unsecured senior loan repayable by 24th May 2008 (interest receivable at LIBOR plus 2.25%), £50 million of unsecured senior subordinated loan repayable by 30th March 2009 (interest receivable at LIBOR plus 2.5%) and £2.5 million of unsecured loan with no fixed repayment date (interest free).

| | **2001 £m** | 2000 £m |
|---|---|---|
| **(c)** The group's aggregate share in its joint ventures is detailed below: | | |
| Share of fixed assets | **56.6** | 24.6 |
| Share of current assets | **38.1** | 22.4 |
| Share of liabilities due within one year | **(42.5)** | (11.3) |
| Share of liabilities due after one year | **(257.8)** | (14.6) |
| Share of net assets | **(205.6)** | 21.1 |
| Analysed in balance sheet: | | |
| Fixed assets | **12.4** | 21.1 |
| Provisions for liabilities and charges | **(218.0)** | 0.0 |
| | **(205.6)** | 21.1 |

**(d)** Dividends received by the Group from joint venture companies were £1.0 million (2000 £1.8 million).
On 24th May 2000 Hurst Publishing Group Limited acquired a subsidiary company, Auto Trader Holdings Limited, from the Group, the consideration for which was a 48% interest in Hurst Publishing Group Limited which is now trading as Trader Media Group Limited. This has been accounted for as a swap of shares resulting in goodwill of £4.1 million.

During the year Radio Investments Limited acquired shares in a number of radio stations in exchange for the issue of more of its own shares. As a result of this the Group's shareholding in Radio Investments Limited was diluted from 48.7% to 39.2% and is no longer deemed to be a joint venture. This interest has been transferred to associates.

**16. Joint ventures** (continued)

| | | Shares | Loans | Total |
|---|---|---|---|---|
| (e) | **The company** | £m | £m | £m |
| | **Cost** | | | |
| | At 3rd April 2000 | 27.9 | 5.7 | 33.6 |
| | Disposals | (1.4) | (1.3) | (2.7) |
| | Transfer to associates | (11.9) | 0.0 | (11.9) |
| | Transfer to debtors | 0.0 | (1.9) | (1.9) |
| | At 1st April 2001 | **14.6** | **2.5** | **17.1** |
| | **Amounts written off** | | | |
| | At 1st April 2001 and 3rd April 2000 | **6.6** | **0.0** | **6.6** |
| | **Net book value at 1st April 2001** | **8.0** | **2.5** | **10.5** |
| | Net book value at 2nd April 2000 | 21.3 | 5.7 | 27.0 |

Particulars of the principal joint venture companies are given in note 36.

**17. Associates**

| | | Interests in associates | Goodwill | Total |
|---|---|---|---|---|
| (a) | **The group** | £m | £m | £m |
| | At 3rd April 2000 | 1.3 | 0.0 | 1.3 |
| | Additions | 1.4 | 2.9 | 4.3 |
| | Disposals | (1.1) | 0.0 | (1.1) |
| | Transfer from investments | 2.1 | 0.0 | 2.1 |
| | Transfer from joint ventures | 10.7 | 2.4 | 13.1 |
| | Share of retained loss | (0.4) | 0.0 | (0.4) |
| | Amortisation | 0.0 | (0.5) | (0.5) |
| | Dividends | (0.2) | 0.0 | (0.2) |
| | At 1st April 2001 | **13.8** | **4.8** | **18.6** |

| | | Shares | Loans | Total |
|---|---|---|---|---|
| (b) | **The company** | | | |
| | Cost | £m | £m | £m |
| | At 3rd April 2000 | 0.1 | 0.0 | 0.1 |
| | Additions | 0.1 | 0.3 | 0.4 |
| | Transfer from joint ventures | 11.9 | 0.0 | 11.9 |
| | At 1st April 2001 | **12.1** | **0.3** | **12.4** |

**(c)** Dividends received by the Group from associates were £0.2 million (2000 £40,000).

During the year the Group and the Company increased its interest in Fish4 Limited from 19.6% to 21.6%, this interest has been transferred from investments to associates. Goodwill of £2.9 million arose on this acquisition and will be amortised over 20 years, being the directors' estimate of its useful economic life.

Particulars of the principal associates are given in note 36.

## 18. Other investments

**(a) The group**

| | Listed shares £m | Unlisted shares £m | Term deposits/ loans £m | Total £m |
|---|---|---|---|---|
| Cost or valuation | | | | |
| At 3rd April 2000 | 1.9 | 6.9 | 1.0 | 9.8 |
| Additions at cost | 2.0 | 1.0 | 2.8 | 5.8 |
| Disposals | 0.0 | 0.0 | (0.8) | (0.8) |
| Reversal of provision | 0.0 | 0.4 | 0.0 | 0.4 |
| Transfer to associates | 0.0 | (2.1) | 0.0 | (2.1) |
| At 1st April 2001 | **3.9** | **6.2** | **3.0** | **13.1** |
| **Analysis** | | | | |
| Cost | 2.4 | 4.9 | 3.0 | 10.3 |
| Valuation | 1.5 | 1.3 | 0.0 | 2.8 |
| | **3.9** | **6.2** | **3.0** | **13.1** |

**(b) The company**

| | Listed shares £m | Unlisted shares £m | Term deposits/ loans £m | Total £m |
|---|---|---|---|---|
| Cost or valuation | | | | |
| At 3rd April 2000 | 1.9 | 2.1 | 1.0 | 5.0 |
| Additions at cost | 2.0 | 1.0 | 2.8 | 5.8 |
| Disposals | 0.0 | 0.0 | (0.8) | (0.8) |
| At 1st April 2001 | **3.9** | **3.1** | **3.0** | **10.0** |
| **Analysis** | | | | |
| Cost | 2.4 | 1.8 | 3.0 | 7.2 |
| Valuation | 1.5 | 1.3 | 0.0 | 2.8 |
| | **3.9** | **3.1** | **3.0** | **10.0** |

The historical cost of investments included at valuation for both Group and Company amounted to £2.5 million. Market value of investments listed on the London Stock Exchange at the 1st April 2001 amounted to £6.8 million (2000 £3.4 million).

Details of shareholdings are given in note 36.

## 19. Current asset investments

The current asset investment comprises redeemable preference shares issued during the year by GMG Investco Limited (a wholly owned subsidiary). The preference shares are redeemable within 12 months 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 retranslated at year end exchange rates, with any foreign exchange gains or losses taken to the profit and loss account. At the year end exchange rate of €1.6082 the amount of the investment was £37.0 million.

### 20. Stocks

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2001** | 2000 | **2001** | 2000 |
| | **£m** | £m | **£m** | £m |
| Raw materials and consumables | **1.6** | 1.7 | **1.5** | 1.1 |

### 21. Debtors

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2001** | 2000 | **2001** | 2000 |
| | **£m** | £m | **£m** | £m |
| Trade debtors | **54.1** | 57.8 | **47.9** | 43.6 |
| Amounts owed by subsidiaries | **0.0** | 0.0 | **31.9** | 27.7 |
| Amounts owed by joint ventures and associates | **5.9** | 2.4 | **0.0** | 0.1 |
| Other debtors | **10.6** | 0.9 | **2.5** | 0.5 |
| Prepayments and accrued income | **6.5** | 7.1 | **5.5** | 4.7 |
| | **77.1** | 68.2 | **87.8** | 76.6 |
| Amounts falling due after one year: | | | | |
| Amounts owed by joint ventures and associates | **10.6** | 0.0 | **0.0** | 0.0 |
| | **87.7** | 68.2 | **87.8** | 76.6 |

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2001** | 2000 | **2001** | 2000 |
| | **£m** | £m | **£m** | £m |
| Obligations under finance leases | **0.3** | 0.3 | **0.0** | 0.0 |
| Trade creditors | **20.5** | 20.7 | **15.9** | 16.2 |
| Amounts owed to subsidiaries | **0.0** | 0.0 | **176.9** | 127.6 |
| Amounts owed to joint ventures | **12.3** | 0.8 | **0.0** | 0.0 |
| Corporation tax | **13.3** | 13.0 | **6.1** | 3.3 |
| Taxation and social security | **4.9** | 8.8 | **4.2** | 5.3 |
| Other creditors | **2.5** | 0.8 | **1.6** | 0.1 |
| Accruals and deferred income | **29.2** | 26.4 | **25.9** | 20.9 |
| | **83.0** | 70.8 | **230.6** | 173.4 |

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2001** | 2000 | **2001** | 2000 |
| | **£m** | £m | **£m** | £m |
| Obligations under finance leases | **7.1** | 7.4 | **0.0** | 0.0 |
| Other creditors | **0.1** | 0.6 | **0.1** | 0.6 |
| | **7.2** | 8.0 | **0.1** | 0.6 |
| The total value of obligations under finance leases repayable by instalments: | | | | |
| - within one year | **0.3** | 0.3 | **0.0** | 0.0 |
| - within two to five years | **2.0** | 1.6 | **0.0** | 0.0 |
| - over five years | **5.1** | 5.8 | **0.0** | 0.0 |
| | **7.4** | 7.7 | **0.0** | 0.0 |

### 24. Deferred taxation

| | The Group 2001 £m | The Group 2000 £m | The Company 2001 £m | The Company 2000 £m |
|---|---|---|---|---|
| **Provided** | | | | |
| Accelerated tax allowances on fixed assets | **0.0** | 2.4 | **1.3** | 0.0 |
| Short term and other timing differences | **0.0** | (2.0) | **(1.3)** | 0.0 |
| | **0.0** | 0.4 | **0.0** | 0.0 |

The movement on deferred taxation provision is analysed as follows:

| | The Group £m |
|---|---|
| At 3rd April 2000 | 0.4 |
| Disposals | (1.4) |
| Tax on profit on ordinary activities | 1.0 |
| At 1st April 2001 | **0.0** |

| | The Group 2001 £m | The Group 2000 £m | The Company 2001 £m | The Company 2000 £m |
|---|---|---|---|---|
| **Unprovided** | | | | |
| Revaluation of fixed asset investments | **0.3** | 0.3 | **0.3** | 0.3 |
| Short term and other timing differences | **0.0** | 0.0 | **(0.3)** | (0.3) |
| | **0.3** | 0.3 | **0.0** | 0.0 |

### 25. Called up share capital

| | The Company 2001 £m | The Company 2000 £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.

### 26. Profit and loss account

| | The Group £m | The Company £m |
|---|---|---|
| The movement on retained profits is analysed below: | | |
| At 3rd April 2000 | 282.5 | 154.9 |
| Retained profit for the period | 41.5 | 25.3 |
| Goodwill written back | 2.3 | 0.0 |
| Exchange differences on current asset investment | 0.0 | 2.0 |
| Exchange differences | (0.2) | 0.0 |
| At 1st April 2001 | **326.1** | **182.2** |

Cumulative goodwill written off to group reserves totalled £62.3 million (2000 £64.6 million).

# Notes

relating to the 2001 accounts - continued

**27. Equity minority interests**

| | The Group £m |
|---|---|
| At 3rd April 2000 | 1.0 |
| Profit and loss account | (0.6) |
| less: share of joint ventures | 0.5 |
| Disposals | (0.9) |
| At 1st April 2001 | **0.0** |

**28. Analysis of net funds**

| | 2000 £m | Cash flow £m | Exchange Differences £m | **2001 £m** |
|---|---|---|---|---|
| **Net cash:** | | | | |
| Cash at bank and in hand | 183.5 | 17.6 | (0.2) | **200.9** |
| Less: deposits treated as liquid resources | (165.0) | (13.0) | 0.0 | **(178.0)** |
| | 18.5 | 4.6 | (0.2) | **22.9** |
| **Liquid resources:** | | | | |
| Deposits included in cash | 165.0 | 13.0 | 0.0 | **178.0** |
| Debt: | | | | |
| Finance leases | (7.7) | 0.3 | 0.0 | **(7.4)** |
| Loan notes | (0.3) | 0.3 | 0.0 | **0.0** |
| | (8.0) | 0.6 | 0.0 | **(7.4)** |
| Net funds | 175.5 | 18.2 | (0.2) | **193.5** |
| **Analysed in balance sheet:** | | | | |
| Cash at bank and in hand | 183.5 | | | **200.9** |
| Finance leases | | | | |
| – within one year | (0.3) | | | **(0.3)** |
| – after one year | (7.4) | | | **(7.1)** |
| Loan notes (included in equity minority interests) | (0.3) | | | **0.0** |
| | 175.5 | | | **193.5** |

**29. Post balance sheet events**

On the 31st May 2001 the Group disposed of its remaining interest in Unidad Editorial.

On the 28th June 2001 the Group acquired Scot FM Limited for a total consideration of £25.5 million.

**30. Capital commitments authorised**

Contracts for capital expenditure and investments for the Group amounted to approximately £9.7 million (2000 £4.1 million). There are no capital commitments in respect of the company (2000 £nil).

### 31. 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 1st April 2001 no subsidiary company had a bank overdraft (2000 £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.

### 32. 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 | |
|---|---|---|---|---|
| | **2001** | 2000 | **2001** | 2000 |
| | **£m** | £m | **£m** | £m |
| Expiring within one year | **0.1** | 0.1 | **0.0** | 0.0 |
| Expiring between two and five years inclusive | **0.7** | 0.1 | **0.0** | 0.0 |
| Expiring in over five years | **0.7** | 0.4 | **7.7** | 7.9 |
| | **1.5** | 0.6 | **7.7** | 7.9 |

There are no operating lease or similar commitments in respect of the company (2000 £nil).

### 33. Related party transactions

Transactions between subsidiary members of the Guardian Media Group plc are not required to be disclosed under Financial Reporting Standard 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 the 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 | 0.9 |
| Purchases | 16.8 |
| Loan repayments | 5.0 |
| Interest on loans | 21.9 |

As at 1st April 2001, material balances outstanding in relation to these transactions were:

| | £m |
|---|---|
| Loans | 246.7 |
| Interest on loans | 16.5 |

During the year Guardian Media Group plc paid £90,000 to seven members of the Scott Trust in relation to their duties as Trustees. A further £239,000 was paid to three 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.

## 34. Ultimate controlling party

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

## 35. Pensions

The majority 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. These defined benefit schemes are insignificant in relation to the Group's overall pension arrangements. 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.

## 36. 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 subsidiary companies, which in the opinion of the directors, principally affected the results or financial position of the Group. The subsidiary companies are incorporated in Great Britain and registered in England and Wales except where noted.

| (a) | **Subsidiary companies** | 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 | 86.4% |
| | **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 | 51% |
| | **Other** | | |
| | GMG Radio Holdings Limited | £1 ordinary shares | 100% |
| | Real Radio Limited^ | £1 ordinary shares | 100% |
| | Workthing Limited^ | 10p ordinary shares | 89.6% |

= Incorporated in South Africa
^ Investments not held directly by Guardian Media Group plc

| (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 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 | 39.2% |
| | Fish4 Limited | 10,473,675 ordinary shares of £1 | 21.6% |

| (d) | **Other significant interests** | | |
|---|---|---|---|
| | Jazz fm plc | 22,445,812 ordinary shares of 1p | 18.7% |

^ 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 | 1st April 2001 £m | 2nd April 2000 £m | 28th March 1999 £m | 29th March 1998 £m | 30th March 1997 £m |
|---|---|---|---|---|---|
| **Turnover including share of joint ventures** | **439.9** | 444.5 | 411.6 | 390.8 | 348.1 |
| Less: share of joint ventures | **(91.3)** | (54.6) | (45.8) | (23.2) | (21.9) |
| **Group turnover** | **348.6** | 389.9 | 365.8 | 367.6 | 326.2 |
| Operating costs | **(339.0)** | (347.6) | (319.7) | (324.8) | (302.8) |
| **Operating profit** | **9.6** | 42.3 | 46.1 | 42.8 | 23.4 |
| Share of profit/losses of joint ventures and associates | **19.8** | 5.1 | 4.0 | 2.4 | 1.1 |
| **Total group operating profit including share of joint ventures and associates** | **29.4** | 47.4 | 50.1 | 45.2 | 24.5 |
| Exceptional items | **26.1** | 16.0 | 5.5 | 0.0 | (19.7) |
| **Profit on ordinary activities before interest and taxation** | **55.5** | 63.4 | 55.6 | 45.2 | 4.8 |
| Income from fixed asset investments | **1.8** | 0.3 | 4.0 | 0.8 | 0.4 |
| Net interest receivable | **10.0** | 9.8 | 8.6 | 7.0 | 5.2 |
| **Profit on ordinary activities before taxation** | **67.3** | 73.5 | 68.2 | 53.0 | 10.4 |
| Tax on profit on ordinary activities | **(25.2)** | (22.3) | (21.1) | (18.7) | (5.0) |
| **Profit on ordinary activities after taxation** | **42.1** | 51.2 | 47.1 | 34.3 | 5.4 |
| **Assets employed** | | | | | |
| Fixed assets | **51.1** | 70.0 | 69.0 | 48.7 | 49.4 |
| Investments | **44.1** | 34.6 | 32.7 | 24.9 | 24.6 |
| Cash at bank and in hand less obligations under finance leases | **193.5** | 175.8 | 137.1 | 120.4 | 85.7 |
| Other net assets/(liabilities) | **38.9** | 4.6 | (3.5) | (9.0) | 0.3 |
| **Net assets** | **327.6** | 285.0 | 235.3 | 185.0 | 160.0 |

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