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**The Guardian and
Manchester Evening News plc.
Report and accounts 1985**



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Directors

Peter Walter Gibbings *Chairman*
John Martin Clay
Stanley Porter
James Charles Markwick
Peter John Preston
Henry John Roche
Rt. Hon. Lord Lever
Raymond Stanley Tindle
Michael Ronald Unger
Donald Victor Frederick Chappell

Secretary

Arthur Vincent Townsend

Auditors

Coopers & Lybrand *Chartered Accountants*
St. James's House
Charlotte Street, Manchester M1 4DZ

Solicitors

Lovell, White & King
21 Holborn Viaduct
London EC1A 2DY

Addleshaw Sons & Latham
Dennis House
1 Marsden Street
Manchester M2 1JD

Bankers

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

Registered Office

164 Deansgate
Manchester M60 2RR

Report of the Directors

for the year ended 30th March 1985

1 Business review

The group profit for the year and appropriation thereof are set out in the Group Profit and Loss Account on page 7. A review of the Group's performance and future prospects is contained in the Chairman's Statement on page 4. The company has paid a Preference Dividend of 2.8p per share amounting to £2,800. 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 Activity

The principal activity of the group continues to be the printing and publication of newspapers.

3 Lancashire and Cheshire County Newspapers Limited

On the 23rd May 1985 the former related company Lancashire and Cheshire County Newspapers Limited became a wholly owned subsidiary.

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 company and so that their views can be taken into account in making decisions which are likely to affect their interest.

5 Employment of disabled persons

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

6 Tangible fixed assets

The market value of the freehold and leasehold property is estimated by the directors to be approximately £1,877,000 greater than its balance sheet value of £5,584,000.

The movements in tangible fixed assets during the year are set out in the table on page 13.

During the year the Guardian premises at Farringdon Road, London were acquired and a deposit was paid on new plant for the Guardian London printing centre at the Isle of Dogs scheduled for completion in 1987.

7 Donations and subscriptions

£50,363 was given for charitable purposes or to trade associations. There were no donations or subscriptions for political purposes.

8 Ownership

All the ordinary shares of The Guardian and Manchester Evening News plc are owned by The Scott Trust.

9 Directors

The directors at 30th March 1985 are listed on page 2. Mr. D.V.F. Chappell was appointed as a director on 1st January 1985. Mr G.P. Taylor retired as a director on 31st December 1984. All other directors served throughout the year. Mr D.V.F. Chappell died on 6th September 1985.

According to the Register kept under section 29 of the Companies Act 1967, no director had any interest in the shares of the company.

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

10 Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By Order of the Board
A V Townsend
Secretary

13th September 1985

Chairman's Statement

I am pleased to report that the Group profit for the financial year 1984/85 after tax and minority interests rose to £4,909,000 from £3,353,000 for the previous year. This represented a welcome step forward following the deep recession of the early '80s.

The Guardian again had an excellent year both in terms of circulation growth and advertisement revenue. Sales rose by 5% and in March this year a circulation of 500,000 copies was reached. Advertisement revenue was very buoyant with volume increasing by 22% and the growth in Classified was outstanding. Unfortunately, costs also rose very rapidly and as a result of a number of problems in the production area, the paper was distributed very irregularly in some parts of the U.K., notably Scotland and the West Country. Our immediate aim is to overcome this situation.

Looking further ahead, it is clear that if The Guardian is to continue to grow in both circulation and paging, the present arrangements with Times Newspapers under which we hire plant and other facilities for printing and publishing in London, will not be adequate. We must have greater capacity. After careful examination of various sites, we decided to build and equip our own plant and publishing establishment on the Isle of Dogs and we have given three years' notice to Times Newspapers to terminate our arrangements with them by January 1988. All the major contracts both for the building, presses and other equipment have been signed and work on the site has already commenced. We hope to be in a position to move in during 1987. The total cost of this investment in The Guardian's future will be in the region of £20m and means that a quarter of a century after the start of London printing, The Guardian will be totally independent, owning all its buildings and means of production.

The Manchester Evening News had an extremely good year for circulation. The sales of all large evening newspapers have been very disappointing for many years so it is particularly pleasing to be able to report that the Manchester Evening News circulation rose by 6.6% during the year, reinforcing its position as the largest evening newspaper outside London. Advertising

remained rather flat although there was some continued increase in Situations Vacant.

The results of both the paid-for and free weeklies, in the Greater Manchester area improved, particularly the latter. We are very conscious of the continuing development of free newspapers and we intend to be involved in all aspects of this important market. Since the end of the financial year we have acquired the 50% of Lancashire & Cheshire County Newspapers Limited owned by Thomson Regional Newspapers so that the company publishing paid-for and free newspapers in South Manchester is now a wholly owned subsidiary.

In the South, the Surrey Advertiser Group had another excellent year despite considerable competition. It publishes both paid-for and free newspapers covering all levels of the local market and aims to provide both its readers and advertisers with unrivalled choice and value for money.

Our Automart magazines continued to show good growth.

Turning to current trading, the level of economic activity in areas covered by our publications is not showing a noticeable advance on the previous year, and The Guardian has suffered particularly from labour disputes which have held back its growth. However, the overall position is reasonably satisfactory with a strong performance so far from our main car magazine.

After 18 years with The Guardian Mr Gerry Taylor retired last Christmas and I would like to thank him for all he did both as Managing Director of The Guardian since 1973 and before that as its Advertisement Director. He was succeeded by Mr Harry Roche who was previously Managing Director of the Manchester Evening News.

Finally I would like to thank all our staff for their help during the past year.

P. W. Gibbings
Chairman

Auditors' Report

to the members of
The Guardian and Manchester Evening News plc

We have audited the accounts on pages 6 to 21 in accordance with approved Auditing Standards. The accounts have been prepared under the Historical Cost Convention as modified by the revaluation of certain assets. In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 30th March 1985 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

Coopers & Lybrand
Chartered Accountants
13th September 1985
Manchester

Accounting Policies

Accounting basis

The accounts on pages 7 to 21 have been prepared on the historical cost basis as modified by the revaluation of certain assets.

Basis of consolidation

The group profit and loss account and balance sheet include the accounts of the parent company and all its subsidiaries. Goodwill arising on acquisitions is written off against retained profits.

The group's share of the results of its related companies is taken into account.

The accounts of the overseas subsidiary company, Manchester Guardian Inc. have been prepared as at 31st December in order to facilitate the preparation of the group accounts. All other subsidiaries have made up accounts to the 30th March 1985.

Depreciation

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

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

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

In accordance with Statement of Standard Accounting Practice No. 19, depreciation is not charged on long leasehold investment property which is included in the balance sheet at valuation; short leasehold investment property is included at valuation which is written off over the period of the unexpired term.

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

Deferred taxation

Except in respect of any tax reduction which can be reasonably expected to continue for the future, provision is made for deferred taxation at the rate of corporation tax ruling at the time when the liability is likely to arise.

Repairs and renewals

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

Turnover

This represents amounts invoiced to customers 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.

Translation of foreign currencies

Assets and liabilities denominated in foreign currency are translated to 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 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.

Pensions

The company maintains a contributory pension scheme for its employees. The scheme is administered by trustees appointed by the company and the members. Payments made to the scheme and charged annually in the accounts are based on actuarial advice. The assets and liabilities of the scheme are valued periodically by actuaries, normally at intervals of not more than three years.

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.

Group Profit & Loss Account

for the year ended 30th March 1985

	Note	1985 £000	1984 £000
Turnover	1	98,102	87,047
Operating costs:			
Raw materials and consumables		15,234	13,506
Other external charges		9,363	8,694
Staff costs	2	43,551	39,886
Depreciation on tangible fixed assets		1,212	972
Other operating charges		22,836	19,084
Group operating profit	3	5,901	4,905
Share of profits less losses of related companies		6	141
Income from fixed asset investments	4	918	912
Other interest receivable and similar income	5	1,542	816
Interest payable and similar charges	6	(218)	(238)
Profit on ordinary activities before taxation		8,149	6,536
Tax on profit on ordinary activities	7	(2,980)	(3,088)
Profit on ordinary activities after taxation		5,169	3,448
Profit attributable to minority interest		(260)	(95)
Profit for the financial year attributable to The Guardian and Manchester Evening News plc.	8	4,909	3,353
Preference dividend paid		(3)	(3)
Retained profit		4,906	3,350
Statement of consolidated retained profits			
Retained profit for the year	23	4,906	3,350
Exchange differences		287	92
Transfer from revaluation reserve	22	4,611	—
Balance at 31st March 1984		14,898	11,456
Balance at 30th March 1985		24,702	14,898

The Notes on pages 11 to 21 form a part of these accounts.

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Group Balance Sheet

as at 30th March 1985

	Note	£000	1985 £000	1984 £000
Fixed assets				
Tangible assets	9		14,426	5,955
Investments:				
Investment property	10		1,751	1,752
Related companies	12		1,966	1,656
Other investments	13		31,387	32,911
Current assets				
Stocks	14	1,825		344
Debtors	15	15,654		12,831
Taxation recoverable		53		53
Cash at bank and in hand		3,522		7,828
		<u>21,054</u>		<u>21,056</u>
Deduct current liabilities				
Creditors: amounts falling due within one year	16	13,223		11,693
Taxation	17	3,683		3,026
		<u>16,906</u>		<u>14,719</u>
Net current assets			<u>4,148</u>	<u>6,337</u>
Total assets less current liabilities			<u>53,678</u>	<u>48,611</u>
Creditors: amounts falling due after more than one year	18		1,374	1,612
Provisions for liabilities and charges				
Pensions and similar obligations	19		873	854
Deferred taxation	20		7,308	7,354
			<u>44,123</u>	<u>38,791</u>
Capital and reserves				
Called up share capital	21		1,000	1,000
Revaluation reserve	22		17,684	22,327
Profit and loss account	23		24,702	14,898
Shareholders' funds			<u>43,386</u>	<u>38,225</u>
Minority interest			737	566
			<u>44,123</u>	<u>38,791</u>

Directors: P. W. Gibbings
S. Porter

These accounts were approved by the Board of Directors 13th September 1985

The notes on pages 11 to 21 form a part of these accounts.

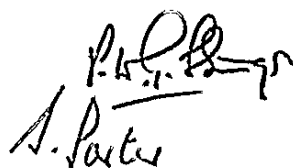
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Balance Sheet

as at 30th March 1985

	Note	£000	1985 £000	1984 £000
Fixed assets				
Tangible assets	9		11,355	3,481
Investments:				
Investment property	10		1,751	1,752
Subsidiary companies	11		2,916	2,911
Related companies	12		1,892	1,653
Other investments	13		15,075	32,169
Current assets				
Stocks	14	1,584		265
Debtors	15	12,888		10,902
Taxation recoverable		—		53
Cash at bank and in hand		2,189		6,515
		<u>16,661</u>		<u>17,735</u>
Deduct current liabilities				
Creditors: amounts falling due within one year	16	15,239		12,984
Taxation	17	1,050		1,116
		<u>16,289</u>		<u>14,100</u>
Net current assets			<u>372</u>	<u>3,635</u>
Total assets less current liabilities			<u>33,361</u>	<u>45,601</u>
Creditors: amounts falling due after more than one year	18		1,374	1,612
Provisions for liabilities and charges				
Pensions and similar obligations	19		873	854
Deferred taxation	20		2,114	6,862
			<u>29,000</u>	<u>36,273</u>
Capital and reserves				
Called up share capital	21		1,000	1,000
Revaluation reserve	22		6,598	22,265
Profit and loss account	23		21,402	13,004
Shareholders' funds			<u>29,000</u>	<u>36,273</u>

Directors: P. W. Gibbings
S. Porter



The notes on pages 11 to 21 form a part of these accounts.

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Group Statement of Source and Application of Funds

for the year ended 30th March 1985

	1985	1984
	£000	£000
Source of Funds		
Profit on ordinary activities before taxation	8,149	6,536
Adjustments for items not involving the movement of funds:		
Depreciation of tangible fixed assets and investment property	1,213	973
Profit on sales of investments	(372)	(421)
Profit on sale of tangible fixed assets	(44)	(62)
Related company taxation	66	(314)
Provision for unfunded pensions	19	89
Exchange differences	287	92
Total generated from operations	9,318	6,893
Funds from other sources		
Proceeds from sales of investments	9,954	6,421
Proceeds from sales of tangible fixed assets	260	284
Loans repaid by related companies	75	94
	19,607	13,692
Application of funds		
Taxation paid	2,383	1,392
Dividends paid	3	3
Purchase of tangible fixed assets	9,899	2,100
Purchase of investments	8,138	9,399
Long term loan repayment	16	17
Bank loan repayment	222	223
Loan to related company	389	261
Minority Interest	89	(66)
Variations in working capital		
Stocks	1,481	(1,450)
Debtors	2,823	645
Current creditors excluding bank loans and overdrafts	(1,578)	(14)
	2,726	(819)
Movement in net liquid funds		
(Decrease)/Increase in cash at bank and in hand	(4,306)	921
Decrease in bank overdrafts	48	261
	(4,258)	1,182
	19,607	13,692

Notes

relating to the Accounts 1985

1. Turnover

Sales are made substantially in the UK.

2. Staff costs

(a) Staff costs during the year including executive directors

	1985 £000	1984 £000
Wages and salaries	38,981	34,222
Employers social security costs	2,344	2,404
Employers pension costs	1,982	1,750
Severance payments	244	1,500
	<u>43,551</u>	<u>39,886</u>

(b) Average number of persons employed including executive directors

	No.	No.
Production	1,749	1,799
Selling and distribution	903	890
Administration	339	342
	<u>2,991</u>	<u>3,031</u>

(c) Higher paid employees

The number of employees whose emoluments, excluding pension contributions, exceeded £30,000 were as follows:

Emoluments	
£30,001 – £35,000	<u>2</u>
	<u>—</u>

(d) Emoluments of directors of

The Guardian and Manchester Evening News plc

as directors

as executives (including pension scheme contributions)

Pensions to past directors

	£000	£000
	5	4
	529	516
	<u>—</u>	<u>4</u>
	<u>534</u>	<u>524</u>

The following table shows the number of directors receiving emoluments (excluding pension scheme contributions) within the bands stated. The table also shows where relevant the take-home pay for 1984/85 after deducting income tax and national insurance. It has been assumed for this purpose that the recipient was a married man with no other source of income.

Emoluments	Take-home pay	1985	1984
0 – £5,000	0 – £3,467	3	2
£5,001 – £10,000	£3,468 – £5,985	1	—
£10,001 – £15,000		—	1
£15,001 – £20,000		—	1
£20,001 – £25,000		—	1
£25,001 – £30,000		—	1
£30,001 – £35,000		—	1
£35,001 – £40,000	£21,692 – £23,941	2	2
£40,001 – £45,000	£23,942 – £26,004	1	1
£45,001 – £50,000	£26,005 – £28,004	2	2
£50,001 – £55,000	£28,005 – £30,004	1	1
£55,001 – £60,000	£30,005 – £32,004	1	—

The remuneration of the highest paid director, who was the chairman, amounted to £58,512 (1984 £52,587).

Notes

relating to the Accounts 1985 — *continued*

	1985 £000	1984 £000
3. Group operating profit		
The following amounts have been charged in arriving at the operating profit		
Auditors remuneration (parent company £21,800)	59	60
Hire of plant and machinery (including £324,000 charged by related company)	444	442
4. Income from fixed asset investments		
Dividends on investments	486	60
Listed on the stock exchange	113	552
Unlisted	175	155
Rents received on investment property	144	145
Interest on loan to related company		
	918	912
5. Other interest receivable and similar income		
Profit on sale of investments	372	421
Interest on bank and short term investments	1,137	380
Interest on corporation tax repayment	—	5
Other interest receivable	33	10
	1,542	816
6. Interest payable and similar charges		
Bank loan	174	201
Long term loan	16	21
Other loans	28	16
	218	238
7. Tax on profit on ordinary activities		
(a) Current year		
Group:		
Corporation tax at 45%	1,914	2,676
Deferred taxation	1,031	(81)
Tax credit on United Kingdom dividends received	180	184
Overseas taxation	29	30
	3,154	2,809
Related companies:		
Corporation tax at 45%	(22)	124
Deferred taxation	14	(31)
	3,146	2,902
(b) Prior year		
Group — corporation tax	(83)	(35)
— deferred taxation	(19)	—
Related company — corporation tax	(58)	—
— deferred taxation	—	221
	2,980	3,088

The charge for deferred taxation in the year provides for the full potential liability at the rate of corporation tax ruling at the time when the liability is likely to arise.

Notes

relating to the Accounts 1985 – continued

8. Profit of the parent company

As provided for by Section 149(5) of the Companies Act 1948, the profit and loss account of the parent company is not presented as part of these accounts. The group profit for the year includes £3,503,000 (1984 £2,726,000) which is dealt with in the accounts of the parent company.

	Land and Buildings £000	Plant and Vehicles £000	Fixtures and Fittings £000	The company Total £000	Land and Buildings £000	Plant and Vehicles £000	Fixtures and Fittings £000	The group Total £000
9. Tangible fixed assets								
Cost								
At 31st March 1984	545	4,183	1,082	5,810	1,606	6,863	1,534	10,003
Additions	4,195	4,244	311	8,750	4,384	5,129	386	9,899
	<u>4,740</u>	<u>8,427</u>	<u>1,393</u>	<u>14,560</u>	<u>5,990</u>	<u>11,992</u>	<u>1,920</u>	<u>19,902</u>
Less:								
Disposals	—	307	—	307	21	530	3	554
	<u>4,740</u>	<u>8,120</u>	<u>1,393</u>	<u>14,253</u>	<u>5,969</u>	<u>11,462</u>	<u>1,917</u>	<u>19,348</u>
At 30th March 1985								
Depreciation at 31st March 1984	219	1,580	530	2,329	335	2,941	772	4,048
Charge for year	30	632	122	784	52	994	166	1,212
	<u>249</u>	<u>2,212</u>	<u>652</u>	<u>3,113</u>	<u>387</u>	<u>3,935</u>	<u>938</u>	<u>5,260</u>
Less:								
Disposals	—	215	—	215	2	333	3	338
	<u>249</u>	<u>1,997</u>	<u>652</u>	<u>2,898</u>	<u>385</u>	<u>3,602</u>	<u>935</u>	<u>4,922</u>
Net book value at 30th March 1985	<u>4,491</u>	<u>6,123</u>	<u>741</u>	<u>11,355</u>	<u>5,584</u>	<u>7,860</u>	<u>982</u>	<u>14,426</u>

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

	The company £000	The group £000
Freehold	90	796
Long leasehold	8	380
Short leasehold	<u>4,393</u>	<u>4,408</u>
	<u>4,491</u>	<u>5,584</u>

Included in additions to plant and machinery of the company and the group are deposits of £3,538,000 for the new Guardian London printing centre on which no depreciation has been charged.

Notes

relating to the Accounts 1985 – *continued*

	The group and company		
	Long leasehold £000	Short leasehold £000	Total £000
10. Investment property			
At 30th March 1985 and 31st March 1984 at valuation	1,135	635	1,770
Depreciation			
At 31st March 1984	—	18	18
Charge for the year	—	1	1
At 30th March 1985	—	19	19
Net book value at 30th March 1985	1,135	616	1,751
Historical cost of revalued property	739	32	771

The above properties were valued at 31st March 1984, the basis of valuation being open market value for existing use.

	Unlisted shares £000	Loan stock £000	Total £000
11. Subsidiary companies			
Cost			
At 31st March 1984	6,115	789	6,904
Additions	—	115	115
Repayments	—	(100)	(100)
At 30th March 1985	6,115	804	6,919
Amounts written off			
At 31st March 1984	3,415	578	3,993
Charge in year	—	10	10
At 30th March 1985	3,415	588	4,003
Net book value at 30th March 1985	2,700	216	2,916

Particulars of subsidiary companies are given in note 27.

Notes

relating to the Accounts 1985 – *continued*

12. Related companies

(a) Cost

At 31st March 1984

Additions

Repayments

At 30th March 1985

Amounts written off

At 31st March 1984

Charge in year

At 30th March 1985

Net book value — the company

Share of retained profits

Net book value — the group

Unlisted shares £000	Loans £000	Total £000
62	1,786	1,848
—	389	389
—	(75)	(75)
62	2,100	2,162
—	195	195
—	75	75
—	270	270
62	1,830	1,892
		74
		1,966
	1985 £000	1984 £000

- (b) The balance sheet of the major related company, Northprint Manchester Limited, contained the following significant items attributable to The Guardian and Manchester Evening News plc

Assets:

Fixed assets

Liabilities:

Loans by shareholders

1,551	1,237
1,551	1,237

- (c) Dividends received from related companies £nil

Particulars of related companies are given in note 27.

Notes

relating to the Accounts 1985 – *continued*

13. Other investments

(a) The group

	Listed shares £000	Unlisted Shares £000	Total £000
Cost or valuation	1,449	31,462	32,911
At 31st March 1984	—	8,308	8,308
Acquisitions at cost	—	(9,752)	(9,752)
Disposals	16,479	(16,479)	—
Shares now listed	—	(80)	(80)
Revaluation in year	—	—	—
At 30th March 1985	17,928	13,459	31,387
Analysis	738	8,808	9,546
Cost	17,190	4,651	21,841
Valuation	17,928	13,459	31,387

The historical cost of investments included at a valuation amounted to £340,000.

Market value of listed investments at 30th March 1985 amounted to £40,135,000 (1984 £1,999,000).

(b) The company

Cost or valuation	1,449	30,720	32,169
At 31st March 1984	—	8,304	8,304
Acquisitions at cost	—	(9,590)	(9,590)
Disposals	—	(15,728)	(15,728)
Transfers to subsidiary company	684	(684)	—
Shares now listed	—	(80)	(80)
Revaluation in year	—	—	—
At 30th March 1985	2,133	12,942	15,075
Analysis	732	8,313	9,045
Cost	1,401	4,629	6,030
Valuation	2,133	12,942	15,075

The historical cost of investments included at a valuation amounted to £332,000. Market value of listed investments at 30th March 1985 amounted to £3,359,000 (1984 £1,999,000).

Certain investments of the company and the group were revalued by the directors at 31st March 1984 at the lower end of the band within which they would expect prices to fluctuate. Certain investments acquired during the year have been revalued at 30th March 1985 at market value.

Details of shareholdings of voting significance are given in note 27.

Notes

relating to the Accounts 1985 – *continued*

	The company £000	1985 The group £000	The company £000	1984 The group £000
14. Stocks				
Raw materials and consumables	1,584	1,825	265	344
15. Debtors				
Trade debtors	9,900	12,828	8,548	11,171
Amounts owed by group companies – subsidiaries	729	—	1,164	—
Amounts owed by related companies	43	43	10	10
Other debtors	803	949	521	646
Prepayments and accrued income	1,413	1,834	659	1,004
	<u>12,888</u>	<u>15,654</u>	<u>10,902</u>	<u>12,831</u>
16. Creditors: amounts falling due within one year				
Bank loans and overdrafts	222	222	222	270
Trade creditors	3,121	3,847	2,554	3,223
Amounts owed to subsidiaries	3,843	—	2,917	—
Amounts owed to related companies	582	582	826	826
Other creditors	676	930	476	668
Taxation and social security	1,123	1,330	975	1,193
Accruals and deferred income	5,672	6,312	5,014	5,513
	<u>15,239</u>	<u>13,223</u>	<u>12,984</u>	<u>11,693</u>
17. Taxation				
United Kingdom corporation tax	702	2,911	912	2,668
on the profit for the year	343	738	197	321
On the profit of previous years	5	5	7	7
Income tax on annual payments	—	29	—	30
Overseas tax	<u>1,050</u>	<u>3,683</u>	<u>1,116</u>	<u>3,026</u>

Notes

relating to the Accounts 1985 — *continued*

18. Creditors: amounts falling due after more than one year

Bank loan
Long term loan

The group and company	
1985	1984
£000	£000
1,222	1,444
152	168
<hr/>	<hr/>
1,374	1,612

- (a) The bank loan is repayable in half yearly instalments of £111,000, interest is charged at a market rate fixed quarterly.
(b) Long term loan from the Pension Scheme; the tenth of twenty equal annual repayments was made on 29th March 1985. Interest is charged on the loan at a market rate which is fixed annually. The rate used for 1984/85 was 9%.

The total value of loans repayable by instalment, any part of which falls due after more than five years

Bank loan — within one year
 — two to five years
 — over five years
Long term loan — within one year
 — two to five years
 — over five years

The group and company	
1985	1984
£000	£000
222	222
889	889
333	556
17	17
67	67
85	101
<hr/>	<hr/>
1,613	1,852

19. Pensions and similar obligations

Provision for unfunded pensions:

At 31st March 1984

Charge for the year

At 30th March 1985

854	765
19	89
<hr/>	<hr/>
873	854

Notes

relating to the Accounts 1985 – *continued*

	The company £000	1985 The group £000	The company £000	1984 The group £000
20. Deferred taxation				
This comprises provision for the full potential liability as follows:				
Accelerated tax allowances on fixed assets	1,780	2,290	1,094	1,594
Revaluation of other investments	646	5,396	6,365	6,390
Other timing differences	(312)	(312)	(597)	(590)
	<u>2,114</u>	<u>7,374</u>	<u>6,862</u>	<u>7,394</u>
Less: ACT recoverable	—	66	—	40
	<u>2,114</u>	<u>7,308</u>	<u>6,862</u>	<u>7,354</u>

The movement on deferred taxation provision is analysed as follows:

	The company £000	The group £000
At 31st March 1984	6,862	7,394
Tax on profit on ordinary activities	970	1,012
	<u>7,832</u>	<u>8,406</u>
Revaluation Reserve:		
Revaluation in the year	(30)	(30)
Transfer to taxation on investments sold	(970)	(1,002)
Release on investments transferred to subsidiary company	(4,718)	—
	<u>2,114</u>	<u>7,374</u>
At 30th March 1985		

There is a potential liability for taxation, not provided above, on the revaluation of investments and investment property, which are not expected to be sold in the foreseeable future, amounting to £1,400,000.

	1985 £000	1984 £000
21. Called up share capital		
Authorised, issued, called up and fully paid		
4% cumulative preference shares of £1 each (now 2.8% and related tax credit)	100	100
Ordinary shares of £1 each	<u>900</u>	<u>900</u>
	<u>1,000</u>	<u>1,000</u>

Notes

relating to the Accounts 1985—continued

22. Revaluation reserve

The movement on revaluation reserve is analysed below:

	The company £000	The group £000
At 31st March 1984	22,269	22,327
Revaluation of other investments	(80)	(80)
Deferred tax on revaluation	30	48
Release of revaluation surplus on investments transferred to subsidiary company	(11,010)	—
Revaluation surplus on investments sold, transferred to retained profits as realised	(4,611)	(4,611)
	<u>6,598</u>	<u>17,684</u>
At 30th March 1985		

23. Profit and loss account

The movement on consolidated retained profits is analysed below:

	The company £000	Subsidiary companies £000	Related companies £000	The group £000
At 31st March 1984	13,004	1,891	3	14,898
Profit for the year retained	3,500	1,335	71	4,906
Exchange differences	287	—	—	287
Transfer from revaluation reserve	4,611	—	—	4,611
	<u>21,402</u>	<u>3,226</u>	<u>74</u>	<u>24,702</u>
At 30th March 1985				

24. Capital commitments authorised

Contracts for capital expenditure and investments for the group amounted to approximately £9,635,000 (1984 £500,000). Expenditure authorised but not contracted for amounted to £7,124,000 (1984 £492,000).

25. Contingent liabilities and financial commitments

(a) There are contingent liabilities of approximately £14,000 (1984 £16,000) in respect of guarantees to third parties in connection with housing loans to employees and £99,000 (1984 £94,000) in respect of a bond with the Association of British Travel Agents.

(b) The company has given a guarantee to The National Westminster Bank PLC to secure the liabilities of certain of its subsidiary companies. At 30th March 1985 the bank overdrafts of subsidiary companies amounted to £nil (1984 £48,000).

26. Close company

The company is a close company under the provisions of the Income and Corporation Taxes Act 1970.

Notes

relating to the Accounts 1985 – *continued*

22. Revaluation reserve

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Notes

relating to the Accounts 1985 – *continued*

27. Subsidiaries and other companies

The principal activity of the subsidiary and related companies is the printing and publication of newspapers.

(a) Subsidiary companies

Incorporated in UK

	Description of shares held	Equity holding
Manchester Evening News Limited	£1 ordinary shares	100%
Guardian Newspapers Limited	£1 ordinary shares	100%
Guardian Publications Limited	£1 ordinary shares	100%
Guardian Business Services Limited	£1 ordinary shares	100%
Gemini News Service Limited	£1 ordinary shares	100%
*G. & A. N. Scott Limited	£1 ordinary shares	100%
Manchester Times Limited	£1 ordinary shares	100%
*Swain and Co. Limited	£1 ordinary shares	100%
The Advertiser Limited	£1 ordinary shares	100%
Manchester News Limited	£1 ordinary shares	100%
GMEN 1984 Limited	£1 ordinary shares	100%
*Surrey Advertiser Newspaper Holdings Limited	£1 ordinary shares	85%
	£1 deferred shares	85%
Rawnam Limited	£1 ordinary shares	60%
Maracomp Limited	£1 ordinary shares	75%
Midland Automart Limited	£1 ordinary shares	55%

Incorporated in USA

*The Manchester Guardian Inc.	Common stock \$100 par value	100%
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*Turnover of £14,395,000, profit before tax of £3,686,000 and net assets of £4,218,000 included in these accounts are in respect of subsidiaries not audited by the parent company's auditors.

(b) Related companies

Incorporated in UK

Northprint Manchester Limited	£1 ordinary shares	50%
Lancashire and Cheshire County Newspapers Limited	£1 ordinary shares	50%
South London Trader Limited	£1 ordinary shares	50%

(c) Other significant interests

Incorporated in UK

Anglia Television Group PLC	Voting shares	22%
	Non-voting shares	4%
Piccadilly Radio PLC	Voting shares	15%
	Non-voting shares	15%

The parent company plays no part in the management of Anglia Television Group PLC and therefore in the opinion of the directors this investment does not fall to be treated as a related company

28. Current cost accounts

Due to uncertainty as to the future form of inflation adjusted accounts and in accordance with the present status of Statement of Standard Accounting Practice No. 16 no current cost accounts have been included this year.

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