

Corporate Governance

The Company is committed to high standards of corporate governance. The Combined Code on Corporate Governance, based on the report of the Hampel Committee, is part of the listing rules of the Financial Services Authority. It applied to the Company throughout the year.

The paragraphs below and in the Remuneration Report on pages 36 to 44 set out how the Company has applied the principles laid down by the Code. The Company has substantially complied with the provisions of the Code, except where stated below or in the Remuneration Report.

The Board

The Board comprises six executive Directors, including the Chairman and the Chief Executive, and nine non-executive Directors. The Board considers that five non-executive Directors may be considered to be independent in the sense used in the Combined Code, namely Messrs Hakkarainen, Lowy and Dunstone, Professor Schwab and Mr Balsemão. This represents a majority of the non-executive directors as recommended by the Code. The Board has not, as required by the Code, identified a senior independent non-executive Director since it believes that to identify such an individual is potentially divisive to a unitary body, as the Board is, and disruptive to the role of the Chairman.

The Company's Articles of Association were amended in February 1999 to meet the requirement of the Combined Code that all Directors should submit themselves for re-election at least once every three years.

The Board meets at least on a quarterly basis and at such other times as are necessary. There is a schedule of matters reserved to the Board. Procedures are established to ensure that the Board receives timely and appropriate information both for those meetings and regularly between meetings.

The Board has established a number of committees with mandates to deal with specific aspects of its business. Details of the membership of these committees are included on page 32. All Directors have access to the advice and services of the Company Secretary and are offered such training as is considered necessary, both on appointment and at any subsequent time. There is an agreed procedure for Directors to take independent professional advice at the Company's expense, if necessary.

Relations with shareholders

The Company maintains a regular programme of contact with its institutional shareholders. In the past year, this has included meetings in London, Scotland and the US. Partly to assist private shareholders, the Company operates a website at www.dmgmt.co.uk on which it posts all announcements and general presentations given to analysts and institutions.

Ordinary shareholders are welcome to attend the Annual General Meeting, of which 20 working days' notice is given.

Internal controls and management of risk

The Group adopts a prudent risk strategy, weighing opportunities for potential gain against threats to overall business objectives and profitability. Senior management addresses the opportunities and uncertainties relating to the business activities of the Group. The risk management process consists of the identification, evaluation and control of risks, which could threaten the achievement of the Group's strategic, operational and financial objectives, as well as the active management of opportunities.

The Group operates on a divisional basis with each of the divisions described on pages 2 and 3 having considerable autonomy as regards its operation and establishment of control systems. Overseeing the divisional structure is a central management responsible to the Board. Certain functions are undertaken centrally, notably newsprint buying, insurance, treasury, tax and pensions.

The Board of Directors has overall responsibility for the Group's system of internal control and has a schedule of matters reserved for its consideration. This system is designed to provide reasonable assurance of the safeguarding of assets and shareholders' investment and the reliability of financial information. Any such system can, however, provide only reasonable, and not absolute, assurance of these matters. The Directors confirm that they have reviewed the effectiveness of the Group's system of internal control.

The Board has delegated responsibility for the evaluation of the benefits and risks of investment opportunities and financing proposals to an executive committee, the Finance Committee. Above certain defined levels, however, the Board must approve programmes relating to acquisition and divestment proposals and capital expenditure.

The Board has established a process for the management of significant risks across the Group. This has been in place for the year under review and up to the date of approval of these accounts and accords with the guidance provided by the Combined Code on Corporate Governance.

Whilst the ultimate responsibility for the system of internal control and the review of its effectiveness resides with the Board, a Risk Committee assists the Board by giving assurance on risk management issues and processes.

The Risk Committee considers reports prepared by central management, by each of the divisions of the Group and by central functions, on a quarterly basis. These reports identify business risks for the Group as a whole and within the divisions and assess the controls in place to manage those risks.

Members of the Risk Committee also maintain direct links with each of the main divisions through attendance at divisional Board meetings. The Committee reports regularly to the Group Board on the results of these processes to enable the Board to determine the overall effectiveness of the system of internal control.

Corporate Governance continued

A Risk Manager assists the Risk Committee and the divisions in the overall risk management process and in its continued improvement. In the year to 29th September, 2002, the Risk Committee has enhanced the current divisional risk reporting processes by a formalisation of the review by the divisional boards of the quarterly risk reports and through a rotational programme of presentations on risk management issues to the Risk Committee.

The Group's Audit Committee, which has been in existence for many years, comprises four non-executive directors: Messrs Gray (its Chairman), Hemingway, Park and Dunstone. Only Mr Dunstone is considered to be independent in the sense used by the Combined Code, but the Board believes that the Committee nevertheless operates independently.

The Audit Committee, on behalf of the Board, has maintained responsibility for the review of financial risk management and of internal financial controls during the year, as these directly relate to the quality of financial reporting. In addition, the Committee reviews a summary of all letters to management prepared by the Group's external auditors following their audit procedures, receives reports from divisional finance directors on an ad hoc basis, throughout the year, and approves any changes to Group accounting policies, which are set centrally. Apart from these specific responsibilities, the Committee is mandated to review all announcements of results issued by the Group and to advise the Board on the appointment of external auditors and on their remuneration.

The Board has commissioned a report from an independent firm of accountants to assess whether it would be appropriate for the Group to adopt a formal internal audit function to co-ordinate activities, carried out across the Group. Its recommendations have been considered by the Audit Committee and a decision will be taken in due course. In the meantime, the Board has taken the view that control processes already in place remain adequate. The Group does not maintain common detailed accounting or operations manuals. Where applicable, divisions maintain their own manuals and undertake regular internal audit work as part of their control process.

One of the Group's subsidiaries, Euromoney Institutional Investor plc, is subject to the requirements of the Combined Code on Corporate Governance in its own right. As disclosed in its latest annual report, it has in place its own system of internal control and risk management processes.

The joint ventures and associates of the Group are also not included in the Group's system of internal control described above. The most significant associate, GWR Group plc, is also a listed company and its own processes for the identification, evaluation and management of significant risks are disclosed in its own annual report.

Directors' Responsibilities for the Preparation of Accounts

The Directors are required by UK company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit or loss, total recognised gains and losses and cash flows of the Group for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 29th September, 2002. The Directors also confirm that applicable accounting standards have been followed and that it is appropriate that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for the system of internal control, for safeguarding the assets of the Company and of the Group and for taking reasonable steps to prevent and detect fraud and other irregularities.

On behalf of the Board

**Rothermere
Chairman**
27th November, 2002