

Guardian Media Group plc

2010 Company financial statements

Report of the directors

The directors present their report and the audited financial statements of the Company for the year ended 28 March 2010.

Activities and review of the business

The Company is the holding company for the Guardian Media Group plc.

Business review and future developments

The loss for the year was £315.6 million (2009 profit £507.1 million). On 3 March 2010, the Board declared a dividend of 22.2p (2009 11.1p) per share on the ordinary share capital amounting to £200,000 (2009 £100,000) which was paid to The Scott Trust Limited on 3 March 2010.

Creditor payment policy

The Company has implemented systems to ensure the prompt recognition of all identifiable liabilities to creditors. Payments are made to these creditors in line with the CBI's Prompt Payment Code. The creditor days figure for the Company for the year was 28 days.

Directors and directors' interests

This information is shown in the Group section of the annual report on pages 13, 14 and 32.

Tax status

The Company is a close company for tax purposes.

Financial risk management

This information is shown in the Group section of the annual report on page 50.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm they have complied with the above requirements in preparing these financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

The directors confirm that so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This statement is given and should be interpreted in accordance with the provision of S418 of the Companies Act 2006.

Going concern

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

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the Annual General Meeting.

By Order of the Board

Phil Boardman

Secretary
9 June 2010

Independent auditors' report

To the members of Guardian Media Group plc

We have audited the Parent Company financial statements of Guardian Media Group plc for the year ended 28 March 2010 which comprise the Company balance sheet and the notes relating to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 75, the directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 March 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the Parent Company financial statements are prepared is consistent with the Parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Guardian Media Group plc for the year ended 28 March 2010.

John Baker (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

9 June 2010

Company balance sheet

As at 28 March 2010

	Note	2010 £m	2009 £m
Assets			
Fixed assets			
Tangible assets	3	–	0.1
Investment fund	4	139.6	185.0
Investments			
Subsidiary undertakings	5	502.0	619.5
Joint ventures	6	206.0	342.6
Associates	7	3.1	3.1
Other investments	8	1.6	1.5
		852.3	1,151.8
Current assets			
Debtors	9	135.0	136.1
Investment fund	4	50.0	–
Cash at bank and in hand		22.5	72.8
		207.5	208.9
Current liabilities			
Creditors: due within one year	10	144.5	129.6
Net current assets		63.0	79.3
Creditors: due after more than one year	11	–	0.1
Retirement benefit liabilities		0.3	–
Net assets		915.0	1,231.0
Capital and reserves			
Share capital	12	0.9	0.9
Non distributable reserve	13	0.1	0.1
Profit and loss reserve	13	914.0	1,230.0
Total shareholders' funds		915.0	1,231.0

These financial statements were approved by the Board of directors on 9 June 2010 and signed on its behalf by:

Amelia Fawcett
Chair

Andrew Miller
Group chief financial officer

The notes on pages 78 to 82 form part of these financial statements.

Notes relating to the financial statements

1. Accounting policies

Accounting basis

The financial statements on pages 77 to 82 have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. Set out below is a summary of the more important accounting policies, which have been applied consistently.

A separate profit and loss account dealing with the results of the Company has not been presented as permitted by section 408 of the Companies Act 2006.

Cash flow statement

As the Group prepares consolidated financial statements under IFRS and prepares its own separate financial statements in accordance with UK accounting standards, the Company is exempt from publishing a cash flow statement.

Depreciation

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

Plant and vehicles	10 - 33%
Fixtures and fittings	10%

Deferred taxation

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

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

No timing differences are recognised in respect of:

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

Deferred tax assets and liabilities are not discounted.

Investments

Fixed asset investments are stated in the financial statements at cost less any provision required to reflect a diminution in value.

Pensions

The Company operates the GMG Lifestyle Plan which is a defined contribution scheme; all Company employees are eligible to be members of this scheme. Contributions are charged to the profit and loss account in the period in which they are payable.

The Company is complying with FRS 17, "Retirement Benefits".

Investment income

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

Notes relating to the financial statements continued

2. (a) Staff costs during the period including executive and non-executive directors

	2010 £m	2009 £m
Wages and salaries	3.8	3.7
Employer's social security costs	0.4	0.4
Employer's pension costs	0.6	0.5
	4.8	4.6

(b) Average monthly number of persons employed including executive and non-executive directors

	2010 No.	2009 No.
Administration	46	46

(c) Auditors' remuneration

	2010 £m	2009 £m
Audit services	0.1	0.1
Other services	0.2	0.2

3. Tangible assets

	Plant and vehicles £m
Cost	
At 30 March 2009	0.2
Disposals	(0.2)
At 28 March 2010	–
Accumulated depreciation	
At 30 March 2009	0.1
Disposals	(0.1)
At 28 March 2010	–
Net book value at 28 March 2010	–
Net book value at 29 March 2009	0.1

4. Investment fund

	2010 £m	2009 £m
At 30 March 2009	185.0	–
Additions at cost	42.1	212.6
Disposals	(37.5)	(27.6)
At 28 March 2010	189.6	185.0

Fixed asset investments comprise investments in hedge funds and other managed funds. The fair values of these investments are detailed in note 10 in the Group section of this report on page 56.

The financial risk objectives and policies of the Company and exposure to risk is shown in the Group section of this report on page 50.

The investment fund has been analysed between fixed assets and current assets as follow:

	2010 £m	2009 £m
Fixed assets	139.6	185.0
Current assets	50.0	–
	189.6	185.0

Notes relating to the financial statements continued

5. Subsidiary undertakings

	Shares £m	Loans £m	Total £m
Cost			
At 30 March 2009	402.1	495.6	897.7
Additions	50.0	17.7	67.7
At 28 March 2010	452.1	513.3	965.4
Amounts written off			
At 30 March 2009	278.2	–	278.2
Charge for the period	111.4	73.8	185.2
At 28 March 2010	389.6	73.8	463.4
Net book value at 28 March 2010	62.5	439.5	502.0
Net book value at 29 March 2009	123.9	495.6	619.5

Details of the principal operating subsidiaries which are either wholly owned by the Company or its subsidiaries are shown in the Group section of this report on page 72.

6. Joint ventures

	Ordinary shares £m	Loans and preference shares £m	Total £m
Cost			
At 30 March 2009	7.0	342.2	349.2
Interest	–	37.8	37.8
At 28 March 2010	7.0	380.0	387.0
Amounts written off			
At 30 March 2009	6.6	–	6.6
Charge for the period	–	174.4	174.4
At 28 March 2010	6.6	174.4	181.0
Net book value at 28 March 2010	0.4	205.6	206.0
Net book value at 29 March 2009	0.4	342.2	342.6

Details of the principal joint ventures are shown in the Group section of this report on page 72.

7. Associates

	Unlisted shares £m
Cost	
At 28 March 2010 and 29 March 2009	10.8
Amounts written off	
At 28 March 2010 and 29 March 2009	7.7
Net book value at 28 March 2010 and 29 March 2009	3.1

Details of the principal associates are shown in the Group section of this report on page 72.

Notes relating to the financial statements continued

8. Other investments

	Unlisted shares £m	Term deposits/ loans £m	Total £m
At 30 March 2009	0.2	1.3	1.5
Additions	–	0.1	0.1
At 28 March 2010	0.2	1.4	1.6

9. Debtors

	2010 £m	2009 £m
Amounts owed by subsidiaries	128.0	124.4
Corporation tax	2.4	4.0
Deferred tax	4.2	6.4
Other debtors	0.1	1.0
Prepayments and accrued income	0.3	0.3
	135.0	136.1

Deferred tax assets have not been recognised where they relate to losses where their future utilisation against profits cannot be reasonably foreseen. There is an unrecognised deferred tax asset at the balance sheet date of £1.4 million (2009 £nil).

10. Creditors: due within one year

	2010 £m	2009 £m
Trade creditors	0.1	0.1
Amounts owed to subsidiaries	137.3	120.7
Taxation and social security	0.9	0.3
Other creditors	4.3	6.5
Accruals and deferred income	1.9	2.0
	144.5	129.6

11. Creditors: due after more than one year

	2010 £m	2009 £m
Accruals and deferred income	–	0.1

12. Share capital

	2010 £m	2009 £m
Authorised, issued, called up and fully paid: 900,000 ordinary shares of £1 each	0.9	0.9

13. Reserves

	Note	Non distributable reserve £m	Profit and loss reserve £m
At 30 March 2009		0.1	1,230.0
Dividend paid	18	–	(0.2)
Loss for the year		–	(315.6)
Retirement benefit liability - transferred from fellow subsidiary		–	(0.2)
At 28 March 2010		0.1	914.0

A separate profit and loss account dealing with the results of the Company has not been presented as permitted by Section 408 of the Companies Act 2006.

Notes relating to the financial statements continued

14. Pensions

Defined benefit scheme

Effective from 8 February 2010, the Company became principal employer of The Surrey Advertiser Newspaper Holdings Ltd Pension & Life Assurance Scheme. The liability has been included on the Company balance sheet at 28 March 2010. This scheme was closed to future accrual with effect from 31 March 2006. The most recent actuarial valuation of this Scheme was performed on 5 April 2009.

Further information in respect of defined benefit pension schemes is shown in the Group section of the annual report on pages 69 to 71.

Defined contribution scheme

The Company operates the GMG Lifestyle Plan which is a defined contribution scheme. The scheme's assets are held in a separately administered fund. Contributions are paid into the scheme by the Company and some of its subsidiaries.

15. Operating lease and similar commitments

There are no material operating leases and similar annual commitments.

16. Contingent liabilities and financial commitments

In the normal course of business the Company 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 overdrafts of certain of its subsidiary companies.
- (b) the Company has given a guarantee to Lloyds Bank PLC in respect of certain leasing obligations of certain subsidiary companies amounting to £72.5 million (2009 £79.6 million).

17. Capital commitments authorised

There are no contracts for capital expenditure for the Company (2009 £nil).

18. Dividends paid

Preference dividends paid during the year amounted to £nil (2009 £1,792).

On 3 March 2010, the Board declared a dividend of 22.2p per share (2009 11.1p) on the ordinary share capital amounting to £200,000 (2009 £100,000) which was paid to The Scott Trust Limited on 3 March 2010.

19. Related party transactions

In accordance with FRS 8 "Related Party Disclosures", the company is exempt from disclosing transactions between subsidiary, joint venture and associate members of Guardian Media Group plc.

In 2008/09, for the six month period to 1 October 2008, when the Scott Trust was wound up, the Guardian Media Group plc paid £59,229 to eight members of the Scott Trust in relation to their duties as trustees.

20. Ultimate controlling party

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