

Income statement

For the year ended 28 March 2010

	Note	2010 Before exceptional items £m	2010 Exceptional items £m	2010 Total £m	2009 Before exceptional items £m	2009 Exceptional items £m	2009 Total £m
Continuing operations							
Turnover	3	280.0	-	280.0	310.9	-	310.9
Operating costs	4	(333.9)	(81.4)	(415.3)	(376.1)	(31.3)	(407.4)
Operating loss	4	(53.9)	(81.4)	(135.3)	(65.2)	(31.3)	(96.5)
Income from other financial assets	6	1.5	-	1.5	4.2	-	4.2
Interest payable and similar charges	7(a)	(2.6)	-	(2.6)	(4.8)	-	(4.8)
Other financing income/(expenses)	7(b)	5.4	-	5.4	(24.4)	-	(24.4)
Interest receivable and similar income	7(a)	89.1	-	89.1	95.3	-	95.3
Share of post-tax losses of joint ventures	14(a)	(32.6)	(96.5)	(129.1)	(67.3)	-	(67.3)
Share of post-tax profit/(losses) of associates	14(b)	-	-	-	0.1	(3.3)	(3.2)
Profit/(loss) before taxation		6.9	(177.9)	(171.0)	(62.1)	(34.6)	(96.7)
Taxation	8	(0.5)	11.0	10.5	14.2	5.3	19.5
Profit/(loss) from continuing operations		6.4	(166.9)	(160.5)	(47.9)	(29.3)	(77.2)
Discontinued activities							
Profit/(loss) for year from discontinued activities	9	3.1	(47.0)	(43.9)	(2.0)	5.2	3.2
Profit/(loss) attributable to equity shareholders		9.5	(213.9)	(204.4)	(49.9)	(24.1)	(74.0)

The notes on pages 44 to 72 form part of these financial statements.

Statement of comprehensive income

For the year ended 28 March 2010

	Note	2010 £m	2009 £m
Loss attributable to equity shareholders		(204.4)	(74.0)
Actuarial (loss)/gain	28	(1.6)	0.5
Deferred taxation credit/(charge) on actuarial (loss)/gain		0.4	(0.1)
Net fair value gain/(loss) - non-current other financial assets	10	34.7	(0.5)
Joint venture - share of:			
- Actuarial loss	14(a)	-	(0.5)
- Deferred taxation credit on actuarial loss	14(a)	-	0.1
- Fair value gain/(loss) - interest rate swap	14(a)	3.9	(4.7)
- Currency translation differences on foreign currency net investments	14(a)	(0.8)	0.3
Acquisition of joint venture			
- Reversal of joint venture profits		-	(4.1)
- Revaluation of previous interest		-	0.7
Net income/(expense) not recognised in the income statement		36.6	(8.3)
Total expense for the year		(167.8)	(82.3)

Balance sheet

As at 28 March 2010

	Note	2010 £m	2009 £m
Assets			
Non-current assets			
Goodwill	11	63.0	105.4
Intangible assets	12	95.9	130.5
Property, plant and equipment	13(a)	44.3	84.1
Investments accounted for using the equity method	14(a),14(b)	247.7	275.2
Deferred tax assets	23	0.3	-
Other financial assets - available for sale	10	173.8	184.5
Other financial assets	14(c)	1.6	1.5
		626.6	781.2
Current assets			
Inventories	15	1.3	1.9
Trade and other receivables	16	57.9	76.7
Other financial assets - available for sale	10	50.0	-
Cash and cash equivalents	18	37.0	83.2
		146.2	161.8
Liabilities			
Current liabilities			
Financial liabilities	19	7.6	7.3
Derivative financial instruments	10	3.3	5.4
Trade and other payables	20	60.6	61.0
Current tax liabilities	17	2.3	8.8
Provisions	22	22.8	9.1
		96.6	91.6
Net current assets		49.6	70.2
Non-current liabilities			
Financial liabilities	19	64.9	72.3
Retirement benefit liabilities	28	2.0	1.9
Other non-current liabilities	21	9.2	5.0
Deferred tax liabilities	23	-	11.4
Provisions	22	14.2	6.9
		90.3	97.5
Net assets		585.9	753.9
Shareholders' equity			
Share capital	24	0.9	0.9
Reserves		585.0	753.0
Total shareholders' equity		585.9	753.9

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 44 to 72 form part of these financial statements.

Statement of changes in equity

For the year ended 28 March 2010

	Share capital £m	Revaluation reserve £m	Non distributable reserve £m	Profit and loss reserve £m	Total reserves £m
At 30 March 2008	0.9	–	–	835.4	836.3
Repayment of 4% cumulative preference shares	–	–	0.1	(0.1)	–
Dividend paid	–	–	–	(0.1)	(0.1)
Loss for the year	–	–	–	(74.0)	(74.0)
Profit/(loss) recognised directly in equity	–	0.7	–	(9.0)	(8.3)
At 29 March 2009	0.9	0.7	0.1	752.2	753.9
Dividend paid	–	–	–	(0.2)	(0.2)
Loss for the year	–	–	–	(204.4)	(204.4)
Profit recognised directly in equity	–	–	–	36.6	36.6
At 28 March 2010	0.9	0.7	0.1	584.2	585.9

Cash flow statement

For the year ended 28 March 2010

	Note	2010 £m	2009 £m
Cash flow from operating activities			
Cash used in operations	26(a)	(36.7)	(45.0)
Interest received		0.5	11.2
Interest paid		(3.3)	(3.3)
Tax (paid)/received		(3.5)	4.5
Net cash used in operating activities		(43.0)	(32.6)
Cash flow from investing activities			
Acquisition of subsidiaries (net of cash acquired)		–	(5.0)
Disposal of trade and assets	9	7.4	–
Deferred consideration paid		–	(209.0)
Purchase of intangibles	12	(4.2)	(9.1)
Purchase of other non-current financial assets	10	(42.1)	(212.6)
Sale of other non-current financial assets	10	38.9	31.6
Proceeds from sale of property, plant and equipment		2.7	0.4
Purchase of property, plant and equipment	13(a)	(1.9)	(31.0)
Purchase of available for sale investment		–	(49.9)
Sale of available for sale investment		–	50.0
Other loans advanced		(0.1)	(0.2)
Dividend received		0.1	0.1
Net cash generated/(used) in investing activities		0.8	(434.7)
Cash flow from financing activities			
Finance lease principal payments		(6.9)	(8.1)
Exchange gain/(loss) on settlement of forward contracts		3.1	(18.8)
Dividends paid		(0.2)	(0.1)
Net cash used in financing activities		(4.0)	(27.0)
Net decrease in cash and cash equivalents		(46.2)	(494.3)
Cash and cash equivalents at beginning of the year		83.2	577.5
Cash and cash equivalents at end of the year		37.0	83.2

Details of discontinued cash flows are shown in note 26(b).

Notes relating to the financial statements

1. Accounting policies

Accounting policies for the year ended 28 March 2010

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements on pages 41 to 72 have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available for sale financial assets, and financial assets and financial liabilities (including derivative financial instruments) at fair value through the income statement. A summary of the more important Group accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The critical estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year relate to goodwill and intangible assets. The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated on page 46. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. The calculations require the use of estimates for cash flow projections based on financial budgets approved by management.

In accordance with section 408 of the Companies Act 2006, the Company is exempt from presenting its income statement.

New accounting standards and IFRIC interpretations

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended IFRSs as of 30 March 2009:

- IAS 1 (revised), "Presentation of financial statements", effective 1 January 2009. The Group has elected to present two performance statements (the income statement and the statement of comprehensive income). In addition IAS 1 (revised) requires the statement of changes in equity to be presented as a primary statement. The other revisions to IAS 1 have not had significant impact.
- IFRS 8, "Operating segments", effective 1 January 2009. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The impact for the Group is presentational only.
- IFRS 7 (amendment), "Financial instruments: disclosures", effective 1 January 2009. The amendment requires enhanced disclosure about fair value measurement and liquidity risk.

In addition the following new and amended IFRSs are effective as of 30 March 2009 but do not have a significant impact on the Group:

- IFRS 1 (revised) "First time adoption of IFRS"
- IFRS 2 (amendment), "Share-based payment transactions"
- IAS 23 (revised), "Borrowing costs"
- IAS 32 (amendment), "Financial instruments: presentation", and consequential amendments to IAS 1, "Presentation of financial statements"
- IAS 39 (amendment), "Eligible hedged items"
- IFRIC 12, "Service concession arrangements"
- IFRIC 15, "Agreements for construction of real estates"
- Annual improvements to IFRSs, effective for annual periods beginning on or after 1 January 2009. This standard improves existing standards and amends 20 standards, basis of conclusions and guidance. The improvements include changes in presentation, recognition and measurement plus terminology.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting period beginning on 29 March 2010 or later periods, but the Group has not early adopted them and currently does not anticipate a significant impact on the Group:

- IFRS 2 (amendments), "Group cash-settled share-based payment transactions"
- IFRS 3 (revised), "Business combinations" and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates" and IAS 31, "Interests in joint ventures"
- IFRS 5 "Disclosures required in respect of non current assets (or disposal groups) classified as held for sale or discontinued operations"
- IFRS 9 "Financial instruments"
- IFRIC 16 "Hedges of a net investment in a foreign operation"
- IFRIC 17 "Distributions of non-cash assets to owners"
- IFRIC 18 "Transfer of assets from customers"
- IFRIC 19 "Extinguishing financial liabilities with equity instruments"
- Annual improvements 2009. This is a collection of amendments to 12 standards as part of the IASB program of annual improvements.

Notes relating to the financial statements continued

Basis of consolidation

The Group accounts consolidate the financial statements of the Company and its subsidiary undertakings for the year ended 28 March 2010, with the exception of the companies within the GMG Radio division which are made up to 31 March 2010.

Subsidiaries are those entities in which the Group has the ability to exercise control, which means it has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. The results of subsidiaries sold or acquired are included in the income statement up to, or from, the date control passes. Intra-group transactions, balances and unrealised gains are eliminated fully on consolidation.

The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

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 parties.

A company is treated as an associate when the Group has a significant influence but not control over that company and has the power to participate in its financial and operating policy decisions.

Investments in joint ventures and associates are accounted for using the equity method of accounting and are initially recognised at cost. The investments are accounted for as joint ventures from the date at which joint control is established. The Group's investment in joint ventures and associates includes goodwill (net of any impairment) identified on acquisition. The Group's share of post acquisition profits or losses are included in the consolidated income statement. When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the undertakings concerned. Where a joint venture or associate has a different year end date to the Group, amounts from the latest audited accounts are adjusted, using management accounts, to bring them into line with the Group's year-end date. The amounts involved are not considered to be material to the Group.

Business combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets and liabilities acquired are measured at fair value at the date of acquisition, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised immediately in the income statement. The Group has a year from the date of acquisition to determine final fair values.

Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

As Group activities are predominantly UK-based, segmental reporting is provided on the basis of business segment only.

Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of VAT, trade discounts and anticipated returns after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

Revenues from barter transactions are recognised when the advertisements are displayed or broadcast and are recorded at the fair value of goods or services received.

Exceptional items

Items of income and expense are recognised as exceptional when their effect on the financial statements is so material that their nature and amount requires separate disclosure. These items are usually non-recurring.

Interest receivable and similar income

Income from bank and short-term deposits is included in the financial statements when receivable.

Dividend income

Dividends receivable are recognised in the financial statements when the shareholder's right to receive payment is established.

Notes relating to the financial statements continued

Property, plant and equipment

All property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price of the asset and directly attributable costs in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Borrowing costs are not capitalised.

Freehold and long leasehold buildings are written off over their estimated useful lives or 50 years, whichever is the shorter. Freehold land is not depreciated.

Depreciation of property, plant and equipment has been calculated to write off original cost by equal instalments over the estimated useful life of the asset concerned. Depreciation is charged on assets from the time they become operational. The principal annual rates used for depreciation are:

Plant and vehicles	6.7% - 33%
Fixtures and fittings	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of property, plant and equipment 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 cash-generating unit. Impairment amounts are charged to the income statement.

Non-current assets held for sale

On classification as held for sale, non-current assets are recognised at the lower of carrying amount and fair value less costs of disposal. Impairment losses on initial classification as held for sale are included in the income statement, as are any gains and losses on subsequent re-measurement.

Translation of foreign currencies

The financial statements are presented in Sterling, which is the Company's functional and presentational currency.

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency other than Sterling are translated into Sterling as follows:

- assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the year end
- income and expense items of overseas subsidiaries are translated at the average rate of exchange for the financial year.

All resulting exchange differences are tracked and recognised in a translation reserve. On disposal of a foreign entity, the appropriate amount of cumulative translation difference relating to the entity is included in the gain or loss on sale in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate.

Foreign currency transactions are translated into Sterling using the exchange rate at the date of the transactions. Any gains or losses resulting on such transactions and from the translation of year end monetary assets and liabilities using year end exchange rates are recognised in the income statement.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition and in accordance with IFRS 3 "Business combinations" is not amortised.

Goodwill is tested for impairment annually at the year end, or at any other time that there is an indication of impairment, and is carried at cost less accumulated impairment losses. Impairment losses are charged to the income statement.

Intangible assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In calculating value in use, future cash flows are discounted and adjusted for the directors' assessment of risk. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(a) Trademarks and licences

Trademarks and licences are shown at historical cost. Amortisation is calculated using the straight-line method to allocate the cost over the lower of estimated useful life or 20 years. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation.

(b) Computer software

Computer software licences are capitalised at cost (including the cost to bring to use). Amortisation is calculated using the straight-line method to allocate the cost over the lower of estimated useful life or five years. Computer software has a finite useful life and is carried at cost less accumulated amortisation.

(c) Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Website development costs are capitalised only if all of the following conditions are met: the asset created can be identified; it is probable that the asset created will generate future economic benefits; and the development cost can be measured reliably. Such assets are amortised on a straight-line basis over their useful economic life. Where no asset can be recognised, development expenditure is charged to the income statement in the period in which it is incurred.

Notes relating to the financial statements continued

Current taxation

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred taxation is recognised in respect of all taxable temporary differences arising at the balance sheet date to the extent that they represent an obligation to pay more tax in the future or a right to pay less tax in the future.

The Group's deferred tax assets and liabilities are calculated using tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are regarded as recoverable and recognised in the financial statements for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that the deferred tax asset will be recovered. The recoverability of losses is assessed on the basis of available evidence, including forecasts which have been prepared and approved by the Board.

No deferred tax asset or liability is recognised in respect of temporary differences associated with investments in subsidiaries and joint ventures where the Group is able to control the timing of the reversal of the temporary differences which will not reverse in the foreseeable future.

Inventories

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

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and other financial assets. The classification depends on the nature and purpose of the financial assets. The classification of financial assets is determined at initial recognition.

(a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the balance sheet.

(c) Other financial assets - available-for-sale

Other financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless there is the intention to dispose of the investment within 12 months of the balance sheet date.

Financial assets are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The assets are initially recognised at fair value plus transaction costs. Gains or losses arising from changes in the fair value of investments classified as available-for-sale are recognised directly in equity, until the financial asset is either sold or becomes impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. This assessment involves considering whether there has been a significant or prolonged decline in the fair value of the asset below its cost, reviewing current financial circumstances and future prospects. If an impairment loss has been incurred, the cumulative loss measured as the difference between the acquisition cost and current fair value is removed from equity and recognised in the income statement.

Notes relating to the financial statements continued

Fair value estimation

Effective 1 April 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Derivative financial instruments and hedge accounting

The use of financial derivatives is governed by the Group's policies approved by the Board of directors, which provides written principles on the use of derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Under IAS 39 "Financial instruments: Recognition and measurement", derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting or for which hedge accounting is not applied are recognised in the income statement as they arise.

The fair value of interest rate swaps is based on the market price of comparable instruments at the balance sheet date if they are publicly traded. The fair value of the forward currency contracts has been determined based on market forward exchange rates at the balance sheet date.

In order to qualify for hedge accounting, the Group is required to document in advance the relationship between the item being hedged and the hedging instrument. The Group is also required to document the relationship between the hedged item and the hedging instrument and demonstrate that the hedge will be highly effective on an on-going basis. This effectiveness testing is re-performed at each period end to ensure that the hedge remains highly effective.

Gains or losses on cash flow hedges that are regarded as highly effective are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement. During the year the Group has not applied hedge accounting.

Trade receivables

Trade receivables are recognised initially at fair value. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and probability that the debtor will enter bankruptcy are considered to be indicators that a trade receivable is impaired. All provisions are reviewed periodically and at the year end are adjusted to reflect the best current estimate.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Borrowings

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period. Finance and issue costs associated with debt are charged to the income statement at a constant rate using the effective interest rate method over the period from the date of issue to the point where there is a genuine commercial possibility that the commercial life of the instrument will expire.

Trade payables

Trade and other payables are recognised at original cost.

Notes relating to the financial statements continued

Provisions

A provision is recognised in the financial statements when an obligation exists at the balance sheet date, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of that obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted where the effect is material.

Contingent liabilities are not recognised, but are disclosed unless an outflow of resources is remote. Contingent assets are not recognised, but are disclosed where an inflow of economic benefit is probable.

Share capital

Ordinary shares are classified as equity.

Finance and operating leases

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the asset at the inception of the lease and the present value of minimum lease payments. The equivalent liability is categorised under current and non-current liabilities. Assets are depreciated over the shorter of the lease term and their estimated useful 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.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Incentives received are recorded as deferred income and spread over the term of the lease on a straight-line basis.

Sale and finance leaseback transactions

Where sale and finance leaseback transactions are entered into as a means of raising finance, the asset is regarded as being retained rather than disposed of and re-acquired. No adjustment to the carrying value or to the expected useful economic life of the asset is therefore made. The difference between the sale price and the fair value is recognised as a liability and charged to the income statement over the period of the lease agreement.

Employee benefit costs

(a) Defined contribution schemes

All of the Group's employees are eligible for membership of defined contribution pension schemes and of those eligible more than 99% are members of such schemes. The costs in respect of these schemes are charged to the income statement as incurred.

(b) Defined benefit schemes

The Group contributes to a small number of closed defined benefit pension schemes. The operating and financing costs of such schemes are recognised separately in the income statement. Service costs and financing costs are recognised in the periods in which they arise. Finance costs are included in operating costs. Actuarial gains or losses in respect of these schemes are shown in the statement of comprehensive income.

The liability in respect of defined benefit pension schemes is the present value of the defined benefit obligation at the balance sheet date less the fair value of the schemes' assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of corporate bonds, which have terms approximating the terms of the related liability.

The charge to the income statement comprises the total contributions payable by the Group to the schemes in the period. Actuarial gains or losses in respect of these schemes are shown in the statement of comprehensive income.

(c) Bonus plans

Liabilities for bonus plans are expected to be settled within three years and are measured at the amount expected to be paid when they are settled.

Notes relating to the financial statements continued

2. Financial risk management

(a) Financial risk factors

The Group's activities may expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk strategy seeks to minimise potential adverse effects on the Group's performance.

Market risk

(i) Foreign exchange risk

The Group has investments in hedge funds in US Dollars and in funds which in turn invest in overseas assets and as a result is exposed to a degree of foreign exchange risk. The Group's policy is to hedge 60% (2009 75%) of the exposure to the US Dollars relating to the investments in hedge funds.

If the US Dollar had weakened/strengthened by 5% with all other variables held constant, the investments in hedge funds would have been approximately £4.8 million lower/higher; however, as the Group's policy is to hedge 60% (2009 75%) of the exposure, the risk would be reduced to £1.9 million.

(ii) Price risk

The Group is exposed to equity securities price risk because of the investments held by the Group. To manage the price risk arising from the investments, the Group has a diverse portfolio.

The table below details whether the gains or losses on the investments would have been higher/lower if the actual returns had been 5% higher/lower, with all other variables held constant.

Statement of comprehensive income movement

Investment category	£m
Global equity	+/- 0.9
Real assets	+/- 1.1
Fixed income	+/- 1.9
Emerging markets	+/- 0.7
Hedge funds	+/- 3.6

(iii) Interest rate risk

The Group has interest-bearing assets, primarily cash, which are at risk of fluctuations in interest rates. These are monitored by the Group treasury function to ensure risks are minimised. Fluctuations in interest rates are unlikely to have a detrimental impact on the Group's operations and therefore the risk is not considered to be significant. If interest rates had been 1% more or less during the year, interest receivable would have increased/decreased by £0.5 million.

Credit risk

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated. Due to this management believe there is no further credit risk provision required in excess of the normal provision for doubtful receivables.

Credit risk arises from deposits with banks and financial institutions. Only banks and financial institutions with a Moody's Investors Service minimum rating of Aa3 (2009 A) are accepted.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient funds available to meet its liabilities when due, under both normal and difficult trading conditions, and without incurring unacceptable losses or risking damage to the Group's reputation. This is achieved through careful cash management including the production and review of regular cash flow forecasts and the optimisation of cash returns on funds held by the Group.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern. Due to the nature of the Group's structure, the Group does not make changes to its equity structure. Debt is managed in line with the Group's treasury policy. The Group maintains a centralised treasury function which operates in accordance with Board approved policies. Its principal objectives are to minimise financial risk whilst maximising returns on cash deposits. Deposits of funds are made with banks and financial institutions approved by the Board and within set credit limits. Variable rates of return are earned on these deposits.

(c) Fair value estimations

The fair value of financial instruments traded in active markets are based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market are using fund managers statements which are based on broker pricing or their own valuation techniques.

Notes relating to the financial statements continued

3. Segmental information

As Group activities are predominantly UK-based, segment information is presented in respect of the Group's business segments, which are based on the Group's management and internal reporting structure as at 28 March 2010. Segmental reporting has been amended in accordance with IFRS 8 and comparative figures restated. The products and services provided by each business segment are disclosed on page 3 in the Guardian Media Group plc Group structure. Other Group activities principally include the Group's share of its joint ventures and associates, Trader Media Group, Emap and Seven Publishing, further information about which can be found in note 14, and the costs associated with the head office.

For the year ended 28 March 2010

	Guardian News & Media £m	GMG Radio £m	GMG Property Services £m	Investment Fund £m	Other Group activities £m	Total £m
Continuing operations						
Turnover	221.0	50.1	8.9	–	–	280.0
Operating (loss)/profit before exceptional items and amortisation of intangibles	(30.9)	0.6	(0.5)	–	(7.1)	(37.9)
Operating loss before exceptional items	(37.8) ¹	(4.7)	(3.9)	–	(7.5)	(53.9)
Operating loss	(55.3) ²	(68.6) ³	(3.9) ⁴	–	(7.5)	(135.3)
Income from other financial assets	–	–	–	1.4	0.1	1.5
Interest payable and similar charges	(2.6)	–	–	–	–	(2.6)
Other financing income	–	–	–	5.4	–	5.4
Interest receivable and similar income	–	–	–	–	89.1	89.1
Post-tax results of joint ventures and associates	–	–	–	–	(129.1)	(129.1)
(Loss)/profit before tax	(57.9)	(68.6)	(3.9)	6.8	(47.4)	(171.0)
Taxation						10.5
Loss for the year from continuing operations						(160.5)
Loss for year from discontinued activities						(43.9)
Loss attributable to equity shareholders						(204.4)
Segment assets	110.6	115.3	24.9	223.8	50.5	525.1
Investment in equity accounted joint ventures and associates	–	0.3	–	–	247.4	247.7
Total assets	110.6	115.6	24.9	223.8	297.9	772.8
Segment liabilities	(110.3)	(10.3)	(4.0)	–	(62.3)	(186.9)
Net assets						585.9
Other segment items:						
Capital expenditure	0.6	0.6	0.2	–	0.5	1.9
Intangible expenditure	3.8	–	–	–	0.4	4.2
Depreciation	7.6	1.5	0.3	–	1.5	10.9
Amortisation of intangible assets	6.9	5.3	3.4	–	0.4	16.0
Impairment of trade receivables	3.4	0.3	0.3	–	–	4.0

¹ Guardian News & Media operating loss before exceptionals includes non-statutory exceptional costs of £3.4 million in respect of bad debts.

² Guardian News & Media operating loss of £55.3 million includes restructuring costs £12.9 million, onerous lease provision £4.6 million and amortisation of intangibles of £6.9 million.

³ GMG Radio operating loss of £68.6 million includes the impairment of goodwill and intangibles of £63.9 million and amortisation of intangibles of £5.3 million.

⁴ GMG Property Services operating loss of £3.9 million includes the amortisation of intangibles of £3.4 million.

Notes relating to the financial statements continued

3. Segmental information continued

For the year ended 29 March 2009

	Guardian News & Media £m	GMG Radio £m	GMG Property Services £m	Investment Fund £m	Other Group activities £m	Total £m
Continuing operations						
Turnover	253.6	46.6	10.7	–	–	310.9
Operating loss before exceptional items and amortisation of intangibles	(26.4)	(6.6)	(1.8)	–	(13.9)	(48.7)
Operating loss before exceptional items	(33.7)	(11.9)	(5.7)	–	(13.9)	(65.2)
Operating loss	(59.1) ¹	(14.8) ²	(11.6) ³	–	(11.0) ⁴	(96.5)
Income from other financial assets	–	–	–	4.0	0.2	4.2
Interest payable and similar charges	(2.4)	–	–	–	(2.4)	(4.8)
Other financing expenses	–	–	–	(24.4)	–	(24.4)
Interest receivable and similar income	0.3	–	–	–	95.0	95.3
Post-tax results of joint ventures and associates	–	–	–	–	(70.5)	(70.5)
(Loss)/profit before tax	(61.2)	(14.8)	(11.6)	(20.4)	11.3	(96.7)
Taxation						19.5
Loss for the year from continuing operations						(77.2)
Loss for the year from discontinued activities						3.2
Loss attributable to equity shareholders						(74.0)
Segment assets	106.4	203.5	33.4	184.5	88.5	616.3
Investment in equity accounted joint ventures and associates	–	0.2	–	–	275.0	275.2
Total assets	106.4	203.7	33.4	184.5	363.5	891.5
Segment liabilities	(88.2)	(37.0)	(7.0)	–	(14.5)	(146.7)
Discontinued activities						9.1
Net assets						753.9
Other segment items:						
Capital expenditure	27.2	1.8	0.6	–	–	29.6
Intangible expenditure	8.3	–	–	–	–	8.3
Depreciation	5.6	1.5	0.5	–	0.2	7.8
Amortisation of intangible assets	7.3	5.3	3.9	–	–	16.5
Impairment of trade receivables	0.1	0.2	0.4	–	–	0.7

¹ Guardian News & Media operating loss of £59.1 million includes the impairment of goodwill and intangibles of £14.3 million, restructuring costs of £3.1 million, the costs associated with Guardian News & Media's move to Kings Place of £8.0 million and amortisation of intangibles of £7.3 million.

² GMG Radio operating loss of £14.8 million includes the impairment of goodwill of £2.9 million and amortisation of intangibles of £5.3 million.

³ GMG Property Services operating loss of £11.6 million includes the impairment of goodwill of £5.9 million and amortisation of intangibles of £3.9 million.

⁴ Other Group activities operating loss includes a credit of £2.9 million in respect of negative goodwill on acquisitions.

Notes relating to the financial statements continued

4. Operating loss

	2010 £m	2009 £m
Raw materials and consumables	34.4	45.5
Other external charges	17.5	23.6
Staff costs (see note 5)	140.3	135.1
Depreciation and impairment of tangible fixed assets:		
- Owned assets	4.2	6.7
- Under finance leases	2.5	1.2
Other expenses	216.4	195.3
	415.3	407.4

Exceptional items totalling £81.4 million charge (2009 £31.3 million) relate to the impairment of goodwill and intangibles £63.9 million, Guardian News & Media restructuring costs of £12.9 million and onerous lease provision £4.6 million. In the prior year, the exceptional items related to impairment of goodwill and intangibles of £23.1 million, costs associated with Guardian News & Media's move to Kings Place of £8.0 million and restructuring costs of £3.1 million, less a £2.9 million credit in respect of negative goodwill on acquisitions.

The following items have been included in arriving at operating loss:

	2010 £m	2009 £m
Amortisation of intangibles	16.0	16.8
Impairment of intangibles	21.8	6.2
Impairment of goodwill	42.1	16.9
Impairment of property, plant and equipment	20.2	0.5
Profit on sale of property, plant and equipment	(0.5)	(0.3)
Other operating lease rentals payable:		
- Plant and machinery	5.5	6.1
- Property	11.6	12.0
Repairs and maintenance expenditure on property, plant and equipment	1.9	2.3
Trade receivables impairment	3.7	0.7

Services provided by the Group's auditors

During the year the Group obtained the following services from the Group's auditors as detailed below:

	2010 £m	2009 £m
Fees payable to Company's auditors for the audit of Parent Company and consolidated financial statements	0.1	0.1
Fees payable to the Company's auditors and its associates for other services:		
- The audit of Company's subsidiaries pursuant to legislation	0.2	0.2
Tax services:		
- Compliance services	-	0.1
- Advisory services	0.2	0.4
Other services not covered above	0.1	0.1
	0.6	0.9

Notes relating to the financial statements continued

5. Employees and directors

Staff costs for the Group during the period including executive and non-executive directors	2010 £m	2009 £m
Wages and salaries	119.4	113.6
Employer's social security costs	11.6	12.0
Employer's pension costs	9.3	9.5
	140.3	135.1

Average monthly number of persons employed including executive and non-executive directors	No.	No.
Production	1,032	1,119
Selling and distribution	796	861
Administration	483	627
	2,311	2,607

Key management compensation	£m	£m
Salaries and short-term employee benefits	6.0	5.9
Post employment benefits	1.1	1.1
Termination benefits	1.5	0.3
	8.6	7.3

Key management comprises directors and certain other senior management of the Group.

Directors' remuneration information required for the financial statements is shown on page 38.

6. Income from other financial assets

	2010 £m	2009 £m
Profit on disposal of other financial assets:		
- Non-current	1.4	4.0
- Current	0.1	0.2
	1.5	4.2

7(a). Finance income and expenses

	2010 £m	2009 £m
Interest expense		
Other interest payable	-	(2.5)
Interest payable on finance leases	(2.6)	(2.3)
Interest payable and similar charges	(2.6)	(4.8)
Interest income		
Interest receivable on cash and cash equivalents	0.2	9.1
Interest receivable and similar income from joint ventures	87.8	84.0
Other interest receivable	1.1	2.2
Interest receivable and similar income	89.1	95.3
Finance income - net	86.5	90.5

7(b). Other financing income/(expenses)

	2010 £m	2009 £m
Fair value gain/(loss) on forward exchange contracts	5.4	(24.4)

Notes relating to the financial statements continued

8. Taxation

Analysis of credit in year

	2010 £m	2009 £m
Current tax		
Continuing operations for the period	–	(5.1)
Adjustments in respect of prior periods	(0.5)	(2.3)
	(0.5)	(7.4)
Deferred taxation		
Continuing operations (note 23)	(10.0)	(12.1)
Taxation	(10.5)	(19.5)

Tax on items charged to the statement of comprehensive income

Deferred tax (credit)/charge on actuarial (loss)/gain	(0.4)	0.1
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Factors affecting tax credit for the year

The tax for the period is higher (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%).

The differences are explained below:

Loss before tax	(171.0)	(96.7)
Loss before taxation multiplied by standard rate of corporation tax of 28% (2009 28%)	(47.9)	(27.1)
Effects of:		
Expenses not deductible for tax purposes	5.0	5.6
Income not taxable	(21.8)	(24.1)
Current year movement on deferred tax	–	0.4
Foreign taxes	(0.1)	0.1
Utilisation of tax losses not previously recognised	(0.1)	(0.2)
Deferred tax asset not previously recognised	–	(0.4)
Impairment of subsidiary goodwill and joint venture company	38.8	4.4
Adjustment to tax charge in respect of joint ventures and associates	9.1	19.0
Adjustment to tax charge in respect of previous periods	(1.8)	(1.2)
Current year losses not recognised	7.0	4.0
Chargeable gains	1.3	–
Total taxation (continuing operations)	(10.5)	(19.5)

Factors that may affect future tax charges

There are no significant factors known at 28 March 2010 which may affect future tax charges (2009 no significant factors).

9. Discontinued activities

The analysis of the results of discontinued operations is as follows:

	2010 £m	2009 £m
Revenue	75.1	94.5
Expenses	(75.2)	(94.0)
Operating (loss)/profit	(0.1)	0.5
Interest payable and similar charges	(0.6)	(0.8)
Loss before tax	(0.7)	(0.3)
Taxation	3.8	(1.7)
Profit/(loss) after taxation	3.1	(2.0)
Loss on disposal of discontinued activities	(47.0)	–
Exceptional item	–	5.2
(Loss)/profit for discontinued activities	(43.9)	3.2

Notes relating to the financial statements continued

9. Discontinued activities continued

On 28 March 2010, the Group disposed of the trade and certain assets of its GMG Regional Media division to Trinity Mirror plc for a total consideration of £44.8 million before working capital adjustments. Total consideration comprises the release by Trinity Mirror plc of a 12 year GMG print liability, valued at £37.4 million, and £7.4 million in cash. A further amount is due in respect of working capital adjustments which will be finalised in line with the Sale Agreement during 2010/11.

Details of discontinued cash flows are shown in note 26(b).

10. Other financial assets - available for sale

	2010 £m	2009 £m
At 30 March 2009	184.5	–
Additions at cost	42.1	212.6
Disposals at fair value	(38.9)	(31.6)
	187.7	181.0
Net gain on disposals - income statement	1.4	4.0
Net fair value gain/(loss) - statement of comprehensive income	34.7	(0.5)
At 28 March 2010	223.8	184.5
Other financial assets include the following:		
Hedge funds	96.0	100.9
Managed funds	102.8	74.0
	198.8	174.9
Short-term funds held for reinvestment	25.0	9.6
	223.8	184.5

The following table presents the Group's assets and liabilities that are measured at fair value at the year end; descriptions of each level are included on page 48.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets - available for sale - asset	78.4	118.6	1.8	198.8
Derivative financial instruments - liability	–	(3.3)	–	(3.3)

The following table shows a summary of the changes in the fair value of the Group's Level 3 instruments during the year:

	£m
At 30 March 2009	4.7
Disposals	(2.9)
Transfers in to Level 3	0.2
Transfers out of Level 3	(0.6)
Net gain - statement of comprehensive income	0.4
As 28 March 2010	1.8

The fair value of fund assets is based on their current bid prices in an active market.

Other financial assets are denominated in the following currencies:

	2010 £m	2009 £m
Sterling	118.1	76.3
US Dollar	105.7	108.2
	223.8	184.5

The fair value of financial instruments traded in active markets are based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in active markets are determined using fund manager statements which are based on broker pricing or their own valuation techniques. None of these assets are considered to be impaired.

Other financial assets - available for sale have been analysed between current and non-current as follows:

	2010 £m	2009 £m
Current	50.0	–
Non-current	173.8	184.5
	223.8	184.5

Notes relating to the financial statements continued

11. Goodwill

	£m
Cost	
At 30 March 2009	156.3
Disposals	(0.6)
At 28 March 2010	155.7
Accumulated impairment	
At 30 March 2009	50.9
Impairment	42.1
Disposals	(0.3)
At 28 March 2010	92.7
Net book value at 28 March 2010	63.0

Goodwill relates principally to the GMG Radio division.

During the year ended 28 March 2010, certain assets were tested for impairment in accordance with IAS 36 "Impairment of assets" and were found to be impaired. The recoverable amount of a CGU was determined based on a value-in-use calculation or market value. The value-in-use calculation used pre-tax cash flow projections based on the financial budgets approved by the Board for 2010/11 and formal business plans for a further two years. Cash flows beyond the three-year period were extrapolated using estimated growth rates. Management determine budgets and business plans based on past performance and its expectations of market development. The discount rates used were pre-tax and reflected specific risks relevant to the industry. Discount rates used ranged between 10.5% and 13.0% and were also benchmarked against comparable peers. An impairment charge of £42.1 million arose from these calculations.

	£m
Cost	
At 31 March 2008	154.1
Acquisition - through business combination	3.9
Disposals	(1.7)
At 29 March 2009	156.3
Accumulated impairment	
At 31 March 2008	35.7
Impairment	16.9
Disposals	(1.7)
At 29 March 2009	50.9
Net book value at 29 March 2009	105.4

Goodwill relates principally to the GMG Radio division.

During the year ended 29 March 2009, certain assets were tested for impairment in accordance with IAS 36 "Impairment of assets" and were found to be impaired. The recoverable amount of a CGU was determined based on a value-in-use calculation or market value. The value-in-use calculation used pre-tax cash flow projections based on the financial budgets approved by the Board for 2009/10 and formal business plans for a further two years. Cash flows beyond the three-year period were extrapolated using estimated growth rates. Management determine budgets and business plans based on past performance and its expectations of market development. The discount rates used were pre-tax and reflected specific risks relevant to the industry. Discount rates used ranged between 8.5% and 12% and were also benchmarked against comparable peers. An impairment charge of £16.9 million arose from these calculations.

During the year the Group completed the following non-material acquisitions:

- the acquisition of 100% of the ordinary share capital of ContentNext Media Inc.
- the acquisition of the remaining 50% of the ordinary share capital of Trafford Park Printers Limited.

Notes relating to the financial statements continued

12. Intangible assets

	Radio licences £m	Other £m	Total £m
Cost			
At 30 March 2009	107.1	67.1	174.2
Additions at cost	–	4.2	4.2
Disposals	–	(3.3)	(3.3)
At 28 March 2010	107.1	68.0	175.1
Accumulated amortisation			
At 30 March 2009	12.3	31.4	43.7
Disposals	–	(2.3)	(2.3)
Impairment in period	21.8	–	21.8
Charge for period	5.3	10.7	16.0
At 28 March 2010	39.4	39.8	79.2
Net book value at 28 March 2010	67.7	28.2	95.9

Other intangible assets mainly comprises computer software which is amortised in accordance with the accounting policy shown in note 1. All amortisation charges in the year have been charged through operating costs in the income statement.

	Radio licences £m	Other £m	Total £m
Cost			
At 31 March 2008	107.1	57.0	164.1
Acquisitions - through business combinations	–	2.1	2.1
Additions at cost	–	9.1	9.1
Transfer to property, plant and equipment	–	(0.5)	(0.5)
Disposals	–	(0.6)	(0.6)
At 29 March 2009	107.1	67.1	174.2
Accumulated amortisation			
At 31 March 2008	7.0	14.2	21.2
Disposals	–	(0.5)	(0.5)
Impairment in period	–	6.2	6.2
Charge for period	5.3	11.5	16.8
At 29 March 2009	12.3	31.4	43.7
Net book value at 29 March 2009	94.8	35.7	130.5

Notes relating to the financial statements continued

13(a). Property, plant and equipment

	Land and buildings £m	Plant and vehicles £m	Fixtures and fittings £m	Assets under construction £m	Total £m
Cost					
At 30 March 2009	36.3	118.7	35.0	0.6	190.6
Additions at cost	–	1.6	0.2	0.1	1.9
Reclassification	–	–	0.6	(0.6)	–
Disposals	(6.8)	(26.2)	(2.3)	–	(35.3)
At 28 March 2010	29.5	94.1	33.5	0.1	157.2
Accumulated depreciation					
At 30 March 2009	16.0	82.9	7.6	–	106.5
Charge for the period	0.9	7.4	2.6	–	10.9
Impairment	3.3	16.4	0.5	–	20.2
Disposals	(1.7)	(21.1)	(1.9)	–	(24.7)
At 28 March 2010	18.5	85.6	8.8	–	112.9
Net book value at 28 March 2010	11.0	8.5	24.7	0.1	44.3

	Land and buildings £m	Plant and vehicles £m	Fixtures and fittings £m	Assets under construction £m	Total £m
Cost					
At 31 March 2008	26.6	141.0	16.3	3.0	186.9
Additions at cost	1.4	8.3	22.4	–	32.1
Acquisitions - through business combinations	9.0	0.7	–	–	9.7
Reclassifications and transfer from intangible assets	–	0.3	2.6	(2.4)	0.5
Disposals	(0.7)	(31.6)	(6.3)	–	(38.6)
At 29 March 2009	36.3	118.7	35.0	0.6	190.6
Accumulated depreciation					
At 31 March 2008	15.6	104.8	11.6	–	132.0
Charge for the period	0.5	9.7	2.3	–	12.5
Impairment	0.5	–	–	–	0.5
Disposals	(0.6)	(31.6)	(6.3)	–	(38.5)
At 29 March 2009	16.0	82.9	7.6	–	106.5
Net book value at 29 March 2009	20.3	35.8	27.4	0.6	84.1

Notes relating to the financial statements continued

13(b). Property, plant and equipment

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

	2010 £m	2009 £m
Cost	104.8	118.7
Accumulated depreciation	(89.3)	(79.6)
Net book value	15.5	39.1

Details of material finance lease arrangements are given in note 19.

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

	2010 £m	2009 £m
Freehold	4.3	9.9
Long leasehold	6.7	8.1
Short leasehold	–	2.3
	11.0	20.3

All Group land and buildings with a net book value in excess of £20,000 were valued by independent third party valuers in accordance with IAS 36 'Impairment of assets' as at 31 December 2008 with the exception of one property which was valued at 28 March 2010 and was found to be impaired.

14. Investments

(a) Interests in joint ventures

	Trader Media Group £m	Emap £m	Total £m
At 30 March 2009			
- Net liabilities	(344.6)	(67.1)	(411.7)
- Goodwill	–	8.4	8.4
- Preference shares and accrued interest	144.0	259.8	403.8
- Loans and accrued interest	188.2	82.3	270.5
	(12.4)	283.4	271.0
Interest on loans and preference shares	50.0	37.8	87.8
Income statement - continuing operations	(14.8)	(17.8)	(32.6)
Statement of comprehensive income	3.9	(0.8)	3.1
Disposals	–	(0.1)	(0.1)
Loan commitment	–	10.8	10.8
Impairment	–	(96.5)	(96.5)
At 28 March 2010			
- Net liabilities	(355.5)	–	(355.5)
- Preference shares and accrued interest	172.3	111.9	284.2
- Loans and accrued interest	209.9	104.9	314.8
	26.7	216.8	243.5

Notes relating to the financial statements continued

14. Investments continued

(a) Interests in joint ventures continued

The Group's share of amounts relating to joint ventures

	Trader Media Group £m	Emap £m	Total £m
Non-current assets	494.6	–	494.6
Current assets	61.4	–	61.4
Current liabilities	(41.0)	–	(41.0)
Non-current liabilities	(870.5)	–	(870.5)
Net liabilities	(355.5)	–	(355.5)
Turnover	125.7	70.5	196.2
Operating profit before exceptional items, restructuring costs and amortisation of intangible assets	52.5	23.1	75.6
Operating profit after exceptional items, restructuring costs and amortisation of intangible assets	50.3	10.8	61.1
Net interest payable and similar charges (excluding gain on debt buy-back)	(72.5)	(36.4)	(108.9)
Gain on debt buy-back and profit on disposal of subsidiary	5.6	–	5.6
Loss before taxation	(16.6)	(25.6)	(42.2)
Taxation	1.8	7.8	9.6
Share of post-tax results from joint ventures	(14.8)	(17.8)	(32.6)

The Group's share of joint ventures capital commitments are included in note 30 on page 71.

The joint ventures have no significant contingent liabilities to which the Group is exposed and nor has the Group significant contingent liabilities in relation to its interest in its joint ventures.

	Trader Media Group £m	Emap £m	Other £m	Total £m
At 31 March 2008				
- Net (liabilities)/assets	(331.6)	(8.0)	8.0	(331.6)
- Goodwill	–	8.4	–	8.4
- Preference shares and accrued interest	119.6	235.4	–	355.0
- Loans and accrued interest	163.2	72.1	–	235.3
	(48.8)	307.9	8.0	267.1
Transfer to subsidiary	–	–	(8.0)	(8.0)
Interest on loans and preference shares	49.4	34.6	–	84.0
Income statement - continuing operations	(9.2)	(58.5)	0.4	(67.3)
Statement of comprehensive income	(3.8)	(0.6)	(0.4)	(4.8)
At 29 March 2009				
- Net liabilities	(344.6)	(67.1)	–	(411.7)
- Goodwill	–	8.4	–	8.4
- Preference shares and accrued interest	144.0	259.8	–	403.8
- Loans and accrued interest	188.2	82.3	–	270.5
	(12.4)	283.4	–	271.0

On 1 October 2008, the Group acquired the remaining 50% interest in Trafford Park Printers Limited for £1.6 million and, in accordance with IAS 27 "Consolidated and separate financial statements", the company is now accounted for as a subsidiary.

Notes relating to the financial statements continued

14. Investments continued

(a) Interests in joint ventures continued

The Group's share of amounts relating to joint ventures (2008/09 continued)

	Trader Media Group £m	Emap £m	Other £m	Total £m
Non-current assets	489.1	311.1	–	800.2
Current assets	56.8	37.2	–	94.0
Current liabilities	(49.5)	(157.5)	–	(207.0)
Non-current liabilities	(841.0)	(257.9)	–	(1,098.9)
Net liabilities	(344.6)	(67.1)	–	(411.7)
Turnover	148.3	84.2	6.5	239.0
Operating profit before exceptional items, restructuring costs and amortisation of intangible assets	55.5	29.0	0.8	85.3
Operating profit after exceptional items, restructuring costs and amortisation of intangible assets	48.9	10.9	0.8	60.6
Net interest payable and similar charges (excluding gain on debt buy-back)	(84.7)	(69.0)	(0.4)	(154.1)
Gain on debt buy-back and profit on disposal of subsidiary	19.6	–	–	19.6
(Loss)/profit before taxation	(16.2)	(58.1)	0.4	(73.9)
Taxation	7.0	(0.4)	–	6.6
Share of post-tax results from joint ventures	(9.2)	(58.5)	0.4	(67.3)

Exceptional items totalling £19.6 million shown above includes the gain on debt buy-back and the profit on disposal of subsidiary at TMG.

The Group's share of joint ventures' capital commitments are included in note 30 on page 71.

The joint ventures have no significant contingent liabilities to which the Group is exposed and nor has the Group significant contingent liabilities in relation to its interest in its joint ventures.

Notes relating to the financial statements continued

14. Investments continued

(b) Interests in associates

	2010 £m	2009 £m
At 30 March 2009		
- Net assets excluding goodwill	4.2	7.1
- Goodwill	-	0.3
	4.2	7.4
Impairment of goodwill		
- Net assets	-	(3.0)
- Goodwill	-	(0.3)
Share of retained profit	-	0.1
At 28 March 2010		
- Net assets excluding goodwill	4.2	4.2

The Group's share of amounts relating to associates

	2010 £m	2009 £m
Total assets	8.5	8.9
Total liabilities	(4.3)	(4.7)
Turnover	13.2	15.5
Share of post-tax profit of associates before exceptional items	-	0.1

A list of principal subsidiary undertakings, joint ventures and associates is given in note 33. The associates have no significant contingent liabilities to which the Group is exposed and nor has the Group significant contingent liabilities in relation to its interest in its associates. The associates have no significant capital commitments.

(c) Other financial assets

	2010 £m	2009 £m
At 30 March 2009	1.5	1.8
Additions at cost	0.1	0.1
Reclassification - debtors	-	(0.4)
At 28 March 2010	1.6	1.5
Other financial assets include the following:		
Unlisted shares	0.2	0.2
Term deposits/loans	1.4	1.3
	1.6	1.5

Notes relating to the financial statements continued

15. Inventories

	2010 £m	2009 £m
Raw materials and consumables	1.3	1.9

The Group consumed £34.4 million (2009 £45.5 million) of inventories during the year (note 4).

16. Trade and other receivables

	2010 £m	2009 £m
Amounts falling due within one year:		
Trade receivables	41.0	56.3
Less: Provision for impairment of receivables	(0.9)	(1.1)
Trade receivables - net	40.1	55.2
Amounts owed by related parties	0.1	2.9
Other debtors	4.5	2.9
Prepayments and accrued income	13.2	15.7
	57.9	76.7

As at 28 March 2010, trade receivables of £0.9 million (2009 £1.1 million) were impaired. The ageing of these receivables is as follows:

	2010 £m	2009 £m
Up to 3 months	0.1	0.2
3 to 6 months	0.2	0.2
Over 6 months	0.6	0.7
	0.9	1.1

As at 28 March 2010, trade receivables of £9.7 million (2009 £10.8 million) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2010 £m	2009 £m
Up to 3 months	8.5	9.6
3 to 6 months	1.1	1.0
Over 6 months	0.1	0.2
	9.7	10.8

Movements on the Group provision for impairment of trade receivables are as follows:

	2010 £m	2009 £m
At 30 March 2009	1.1	1.1
Provision for receivables impairment	4.0	0.9
Receivables written off during the year as uncollectible	(3.9)	(0.7)
Unused amounts reversed	(0.3)	(0.2)
At 28 March 2010	0.9	1.1

The creation and release of provision for impaired receivables is included in operating costs in the income statement (note 4).

17. Current tax

	2010 £m	2009 £m
Current tax liability	2.3	8.8

18. Cash and cash equivalents

	2010 £m	2009 £m
Cash at bank and in hand	11.5	12.5
Short-term bank deposits	25.5	70.7
	37.0	83.2

Notes relating to the financial statements continued

19. Financial liabilities - borrowings

	2010 £m	2009 £m
Current		
Due within one year or on demand:		
Finance lease obligations	7.6	7.3
	2010 £m	2009 £m
Non-current		
Finance lease obligations	64.9	72.3
The total value of obligations under finance leases repayable by instalments:		
- between one to two years	6.1	7.5
- between two to five years	18.6	18.3
- over five years	40.2	46.5
	64.9	72.3
The present value of minimum lease payments are as follows:		
- within one year	10.5	10.5
- greater than one year but less than five years	31.6	36.0
- after five years	47.3	53.6
Total minimum lease payments	89.4	100.1
Less future finance charges	(16.9)	(20.5)
Present value of minimum lease payments	72.5	79.6

20. Trade and other payables - current

	2010 £m	2009 £m
Trade payables	12.1	20.8
Taxation and social security	8.4	4.7
Other creditors	1.4	4.8
Loan commitment to joint venture	10.8	-
Accruals and deferred income	27.9	30.7
	60.6	61.0

21. Other non-current liabilities

	2010 £m	2009 £m
Other creditors	9.1	4.8
Accruals	0.1	0.2
	9.2	5.0

Notes relating to the financial statements continued

22. Provisions

	£m
At 30 March 2009	16.0
Charged to income statement:	
- Additional provisions	33.7
- Unused amounts reversed	(1.4)
Utilised in year	(11.3)
At 28 March 2010	37.0

Provisions have been analysed between current and non-current as follows:

Current	22.8
Non-current	14.2
	37.0

Provisions at 28 March 2010 relate primarily to onerous leases and restructuring costs. More than half is expected to be settled within one year, with the remainder being utilised over the longer term.

	£m
At 31 March 2008	42.9
Charged to income statement:	
- Additional provisions	10.8
- Unused amounts reversed	(9.2)
Utilised in year	(28.5)
At 29 March 2009	16.0

Provisions have been analysed between current and non-current as follows:

Current	9.1
Non-current	6.9
	16.0

Notes relating to the financial statements continued

23. Deferred taxation

Deferred tax is calculated in full on temporary timing differences under the liability method using a tax rate of 28% (2009 28%).

The movement on the deferred taxation account is as shown below:

	2010 £m	2009 £m
At 30 March 2009	11.4	21.7
Income statement credit - continuing operations	(10.0)	(12.1)
Income statement credit - discontinued activity	(1.3)	(0.5)
Additions at cost	-	2.2
Statement of comprehensive income (credit)/charge	(0.4)	0.1
At 28 March 2010	(0.3)	11.4

	Accelerated capital allowances on fixed assets £m	Tax losses carried forward £m	Short-term and other timing differences £m	Acquired intangible assets £m	Total £m
Deferred taxation liabilities					
At 30 March 2009	0.2	-	0.4	31.7	32.3
Reclassified from deferred tax assets	0.2	-	1.6	-	1.8
Income statement credit - continuing operations	-	-	(0.6)	(9.0)	(9.6)
Income statement credit - discontinued activity	(0.2)	-	(0.4)	-	(0.6)
At 28 March 2010	0.2	-	1.0	22.7	23.9
Deferred taxation assets					
At 30 March 2009	(4.3)	(0.5)	(16.1)	-	(20.9)
Reclassified as deferred tax liabilities	(0.2)	-	(1.6)	-	(1.8)
Income statement (credit)/charge - continuing operations	(3.6)	(0.6)	3.8	-	(0.4)
Income statement credit - discontinued activity	(0.6)	-	(0.1)	-	(0.7)
Statement of comprehensive income credit - continuing operations	-	-	(0.6)	-	(0.6)
Statement of comprehensive income charge - discontinued activity	-	-	0.2	-	0.2
At 28 March 2010	(8.7)	(1.1)	(14.4)	-	(24.2)
Net deferred tax asset at 28 March 2010					(0.3)

Net deferred tax liability at 29 March 2009 11.4

Deferred tax assets have not been recognised where they relate to losses in companies where their future utilisation against profits cannot be reasonably foreseen. There is an unrecognised deferred tax asset at the balance sheet date of £14.0 million (2009 £6.1 million).

Deferred tax assets and liabilities are only offset where there is a legally enforceable right to do so and there is an intention to settle the balances net.

No deferred tax has been provided for on unremitted earnings of Group companies overseas as these are considered permanently employed in the business of these companies and, in the case of joint ventures and associates, the taxes would not be material. The aggregate amount of temporary differences associated with interests in joint ventures for which deferred tax liabilities have not been recognised totalled approximately £3.2 million at 28 March 2010.

24. Share capital

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

25. 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 (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.

Notes relating to the financial statements continued

26(a). Cash flow from operating activities

Reconciliation of loss after tax to net cash outflow from operating activities:

Cash generated from operations

	Note	2010 £m	2009 £m
Net loss attributable to equity shareholders		(204.4)	(74.0)
Adjustments for:			
Tax		(10.5)	(15.8)
Depreciation	13	10.9	12.5
Impairment of property, plant and equipment	13	20.2	0.5
Loss on sale of trade and assets	9	47.0	–
Profit on disposal of property, plant and equipment		(0.5)	(0.3)
Negative goodwill	4	–	(2.9)
Impairment of goodwill	11	42.1	16.9
Amortisation of intangibles	12	16.0	16.8
Impairment of intangibles	12	21.8	6.2
Impairment of associates	14(b)	–	3.3
Income from non-current financial assets		(1.5)	(4.2)
Interest receivable and similar income	7(a)	(89.1)	(95.3)
Interest payable and similar charges	7(a)	2.6	5.6
Other financing (income)/expense	7(b)	(5.4)	24.4
Pensions	28	(1.9)	(1.6)
Share of results of joint ventures after taxation		129.1	67.3
Share of results of associates after taxation		–	(0.1)
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries):			
Decrease/(increase) in inventories		0.2	(0.1)
(Increase)/decrease in trade and other receivables		(42.1)	12.5
Increase/(decrease) in trade and other payables		7.8	(8.9)
Increase/(decrease) in provisions		21.0	(7.8)
Cash used in operations		(36.7)	(45.0)

26(b). Cash flow from discontinued activities

Net cash flow attributable to:

	2010 £m	2009 £m
Operating activities	(6.8)	0.6
Investing activities	7.7	(2.8)
Financing activities	(2.1)	(3.7)
	(1.2)	(5.9)

27. Post balance sheet events

There have been no significant events between the balance sheet date and the date of approval of these accounts.

Notes relating to the financial statements continued

28. Pension commitments

Defined contribution schemes

All of the Group's employees are eligible for membership of defined contribution pension schemes and of those eligible more than 99% are members of such schemes. Pension schemes' assets are held in separate trustee-administered funds.

Pension costs for defined contribution schemes are as follows:

	2010 £m	2009 £m
Defined contribution schemes	9.3	9.5

Defined benefit schemes

The Group has two (2009 two) defined benefit pension schemes, both of which have been accounted for in accordance with IAS 19 "Employee benefits".

The Surrey Advertiser Newspaper Holdings Ltd Pension & Life Assurance Scheme was closed to future accrual with effect from 31 March 2006. The most recent actuarial valuation of this Scheme was performed as at 5 April 2009.

The Trafford Park Printers 1990 Pension Scheme was closed to future accrual with effect from 31 December 2006. The most recent actuarial valuation for this Scheme was performed as at 1 April 2007.

The valuations for each of the Schemes have been updated to 28 March 2010 by a qualified independent actuary. The main assumptions made by the actuary were:

	2010	2009
Rate of increase for pensions in payment	3.80% pa	3.50% pa
Rate of increase in deferred pensions	3.80% pa	3.50% pa
Discount rate	5.80% pa	6.80% pa
Inflation assumption	3.80% pa	3.50% pa
Expected return on plan assets:		
Equities	6.60% pa	6.25% pa
Real estate	6.60% pa	6.25% pa
Bonds	5.80% pa	6.80% pa
Gilts	4.60% pa	4.25% pa
Cash	4.00% pa	4.00% pa

The Group has assumed that mortality will be in line with nationally published PMA92 and PFA92 mortality tables related to members' years of birth and incorporating projected medium-term improvements to life expectancy with a minimum future improvement of 1% per annum. The assumptions are that a non-pensioner who retires in 2030 at age 65 will live on average a further 24 years after retirement if they are male and a further 28 years after retirement if they are female. A current pensioner aged 65 will live on average a further 23 years if they are male and a further 26 years if they are female.

The amounts recognised in the balance sheet are determined as follows:

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Present value of funded obligations - all fully or partly funded	29.6	23.1	14.8	16.0	28.2
Fair value of plan assets	(27.6)	(21.2)	(13.7)	(13.3)	(24.9)
	2.0	1.9	1.1	2.7	3.3
Plan liabilities not disclosed	-	-	0.1	0.7	-
Net liability recognised in the balance sheet	2.0	1.9	1.2	3.4	3.3

The amounts recognised in the income statement are as follows:

	2010 £m	2009 £m
Interest cost	1.5	1.3
Expected return on plan assets	(1.1)	(1.0)
Total pension cost recognised in the income statement	0.4	0.3

These charges are included in operating costs.

Notes relating to the financial statements continued

28. Pension commitments continued

The amounts recognised in the statement of comprehensive income are as follows:

	2010 £m	2009 £m
Actuarial (loss)/gain immediately recognised	(1.6)	0.5

Changes in the present value of the defined benefit obligation are as follows:

	2010 £m	2009 £m
At 30 March 2009	23.1	14.8
Acquisitions - through business combinations	-	12.2
Interest cost	1.5	1.3
Actuarial loss/(gain)	5.9	(4.0)
Benefits paid	(0.9)	(1.2)
At 28 March 2010	29.6	23.1

Changes in the fair value of the schemes' assets are as follows:

	2010 £m	2009 £m
At 30 March 2009	(21.2)	(13.7)
Acquisitions - through business combinations	-	(9.6)
Employer contributions	(1.9)	(1.6)
Expected return on assets	(1.1)	(1.0)
Actuarial (gain)/loss	(4.3)	3.5
Benefits paid	0.9	1.2
At 28 March 2010	(27.6)	(21.2)

The actual return on plan assets was a gain of £5.4 million.

The Group expects to contribute £1.9 million to the defined benefit pension schemes during the year ending 3 April 2011.

The major categories of schemes' assets are as follows:

	2010 £m	2009 £m
Equities	10.9	8.4
Bonds	4.1	3.1
Gilts	10.4	8.1
Real estate	0.7	0.7
Cash	1.5	0.9
	27.6	21.2

Analysis of the movement in the balance sheet liability:

	2010 £m	2009 £m
At 30 March 2009	1.9	1.1
Total expense recognised in the income statement	0.4	0.3
Acquisitions - through business combinations	-	2.6
Contributions	(1.9)	(1.6)
Net actuarial loss/(gain) recognised in the year	1.6	(0.5)
At 28 March 2010	2.0	1.9

Notes relating to the financial statements continued

28. Pension commitments continued

Cumulative actuarial losses recognised in equity:

	2010 £m	2009 £m
At 30 March 2009	5.3	4.3
Acquisitions - through business combinations	-	1.5
Net actuarial loss/(gain) recognised in the year	1.6	(0.5)
At 28 March 2010	6.9	5.3

The expected return on assets assumption has been derived by considering the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return assets assumption for the portfolio.

29. Operating lease and similar commitments

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

	Land and buildings		Other	
	2010 £m	2009 £m	2010 £m	2009 £m
Expiring within one year	7.5	7.3	4.2	4.3
Expiring between two and five years inclusive	28.2	30.0	9.6	25.3
Expiring in over five years	96.7	112.5	1.4	37.8
	132.4	149.8	15.2	67.4

30. Capital commitments authorised

Contracts entered into, but not provided for, for property, plant and equipment for the Group amounted to approximately £1.5 million (2009 £1.0 million).

31. Related party transactions

Transactions between subsidiary members of Guardian Media Group plc are not required to be disclosed as these transactions are fully eliminated on consolidation. In the course of normal operations, the Group has traded on an arm's length basis with joint ventures, associates and other related undertakings, principally Trader Media Group, Emap and Trafford Park Printers (until 1 October 2008 when it became a subsidiary). The aggregated transactions which are considered to be material and which have not been disclosed elsewhere in the financial statements are summarised below:

	2010 £m	2009 £m
Sales	3.3	0.4
Purchases	6.0	13.1
Loans made	-	72.1
Preference shares issued	-	235.4
Interest on loans and preference shares	87.8	84.0

At year end, balances outstanding in relation to these transactions amounted to £777.7 million (2009 £674.7 million).

The Group paid £141,907 (2009 £83,509) to two directors of the Scott Trust Limited for services rendered to Guardian News & Media Limited in the normal course of business and paid on a normal arm's length basis. The Group also paid £378,938 (2009 £301,540) to a law firm of which a Scott Trust Limited director is a partner.

During 2009 Guardian Media Group plc paid £59,229 to eight members of the Scott Trust in relation to their duties as trustees. A further £71,299 was paid to two of the trustees, neither of whom are directors of the Group, for services rendered to Guardian News & Media Limited in the normal course of business and paid on a normal arm's length basis. In addition, the Group paid £1,406,404 including substantial disbursements to a law firm of which a further member of the Scott Trust is a partner.

32. Ultimate controlling party

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

Notes relating to the financial statements continued

33. Principal subsidiaries, joint ventures and associates

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 undertakings which, in the opinion of the directors, principally affected the results or financial position of the Group.

(a) Subsidiary undertakings	Description of shares held	Equity holding
Guardian News & Media		
Guardian News & Media Limited [^]	£1 ordinary shares	100%
GMG Radio		
GMG Radio Holdings Limited	£1 ordinary shares	100%
Real Radio Limited [^]	£1 ordinary shares	100%
Real Radio (Scotland) Limited ^{^-}	£1 ordinary shares	100%
Real Radio (Yorkshire) Limited [^]	£1 ordinary shares	100%
Smooth Radio London Limited [^]	£1 ordinary shares	100%
Smooth Radio Limited [^]	£1 ordinary shares	100%
Real Radio (North East) Limited [^]	£1 ordinary shares	100%
Real Radio (North West) Limited [^]	£1 ordinary shares	100%
Smooth Radio Midlands Limited [^]	£1 ordinary shares	100%
Smooth Radio Scotland Limited ^{^-}	£1 ordinary shares	100%
Smooth Radio NE Limited [^]	£1 ordinary shares	100%
Rock Radio Manchester Limited [^]	£1 ordinary shares	100%
GMG Property Services		
Vebra Solutions Limited [^]	£1 ordinary shares	100%
Core Estates Limited [^]	£1 ordinary shares	100%
CFP Software Limited [^]	£1 ordinary shares	100%
(b) Joint venture companies		
Trader Media Group Limited [^]	10p ordinary shares	50.1%
Eden 2 & Cie SCA ^{^+}	30p ordinary shares	32.9%
(c) Associates		
Seven Publishing Group Limited	£0.01 ordinary shares	41.9%
MXR Holdings Limited [^]	£1 ordinary shares	24.3%

[^] Investments not held directly by Guardian Media Group plc

- Registered in Scotland

= Registered in Luxembourg, ultimate holding company of Emap International Limited

+ Following completion of a restructuring during 2010/11 GMG will hold a 32.9% interest in Eden 2 & Cie SCA

All the above subsidiary undertakings, joint ventures and associate companies are incorporated in Great Britain and registered in England and Wales except where noted.